



Employment and gender differences in the informal economy

Valentina Stoevska (stoevska@ilo.org)

Department of Statistics

International Labour Office- Geneva

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Overview

- Growth of the informal economy
- Components of employment in the informal economy
- Statistical definitions
- Latest available data - some findings
- References



Growth of the informal economy

- Population growth, urbanization, longer life expectancies
- Globalisation and push towards market liberalization: competition's pressure on employers to hire workers at low wages with few benefits or to outsource the production of goods and services (non-standards, atypical, irregular, precarious labour arrangements)
- Impact of crisis: loss of jobs, decreased earnings (former wage workers, unemployed, underemployed seek work in the informal economy)

This growth has led to increasing vulnerability, job insecurity, inequality.

- Exists everywhere, incl. industrialised countries, and in the formal sector (relevance and meaning varies by country)



Informal sector: Motives for participation

- Survival strategy: lack of other jobs, obstacles to employment in the formal sector, need to supplement family income;
- Independence;
- Flexible work arrangements, especially for women with household responsibilities;
- Profitable income-earning opportunity;
- Competitiveness
 - Non-compliance: Regulations, tax payments, social security contributions \Rightarrow reduced production costs



Statistics on employment in the informal economy- Uses

- Essential to obtaining a clear idea of the contributions of all workers, women in particular, to the economy.
- Useful for analytical and policy-making purposes:
 - improving the working conditions and legal and social protection of persons engaged in informal economy;
 - increasing the productivity of informal economic activities;
 - developing training and skills;
 - organizing informal sector producers and workers;
 - implementing appropriate regulatory frameworks, governmental reforms, urban development.

Ultimate goal: increased earnings and reduced risks of the working poor in the informal economy



ICLS Conceptual framework: Employment in the informal economy

Employment in the IS' and 'informal employment' refer to different aspects of the «informalisation» of employment:

- **Employment in IS: employment in informal enterprises.**
- defined in terms of characteristics of production units/enterprises (enterprise based)
- **Informal employment: employment in informal jobs.**
- defined in terms of characteristics of persons or their jobs (job based)

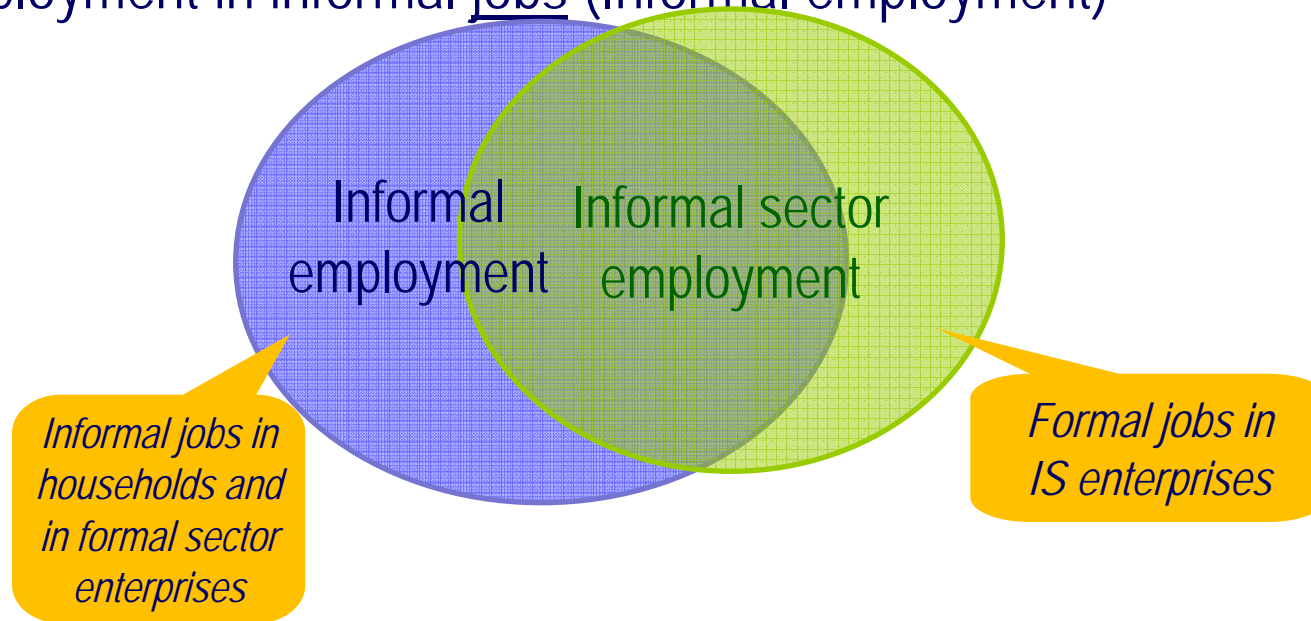
Employment in informal economy: Sum of employment in IS enterprises and informal employment outside of IS enterprises



Employment in the informal economy Components

Two components:

- Employment in informal sector enterprises (IS employment)
- Employment in informal jobs (Informal employment)



- **Employment in informal economy:** Sum of employment in IS enterprises and informal employment outside of IS enterprises



Employment in the informal economy

Components

Production units	Informal jobs	Formal jobs
Informal sector enterprises	A	B
Other units of production (formal sector enterprises & households)	C	D

Informal sector employment	$A + B$
Informal employment	$A + C$
Informal employment outside of the informal sector	C
Employment in the informal economy	$A + B + C$



Informal sector employment Definition -15th ICLS (1993)

- Persons who, in a reference period, were employed in at least one informal sector enterprise, regardless of status in employment and whether it was their main or second job
- Hence, all jobs in informal sector enterprises

Informal Sector Enterprises

- Enterprises not registered under specific forms of national legislation,
- Small- scale (enterprise size below low threshold)
- Private unincorporated enterprises- not constituted as separate legal entities,
- No complete accounts available,
- At least some goods or services produced for sale or barter,
- Engaged in non-agricultural activities (for practical reasons).



Informal employment

Definition - 17th ICLS (2003)

Total number of informal jobs carried out in (i) formal sector enterprises, (ii) informal sector enterprises or (iii) households (paid domestic workers, persons engaged in production for own-consumption), during a given reference period.

- **Informal wage employment** - all employees whose employment relationship is, in law or in practice, not subject to
 - national labour legislation,
 - income taxation,
 - social protection or
 - entitlement to certain employment benefits (advance notice of dismissal, severance pay, paid annual or sick leave, etc.)



Employees

- In informal jobs in formal sector enterprises,
- Paid domestic workers employed by households.

Contributing family workers

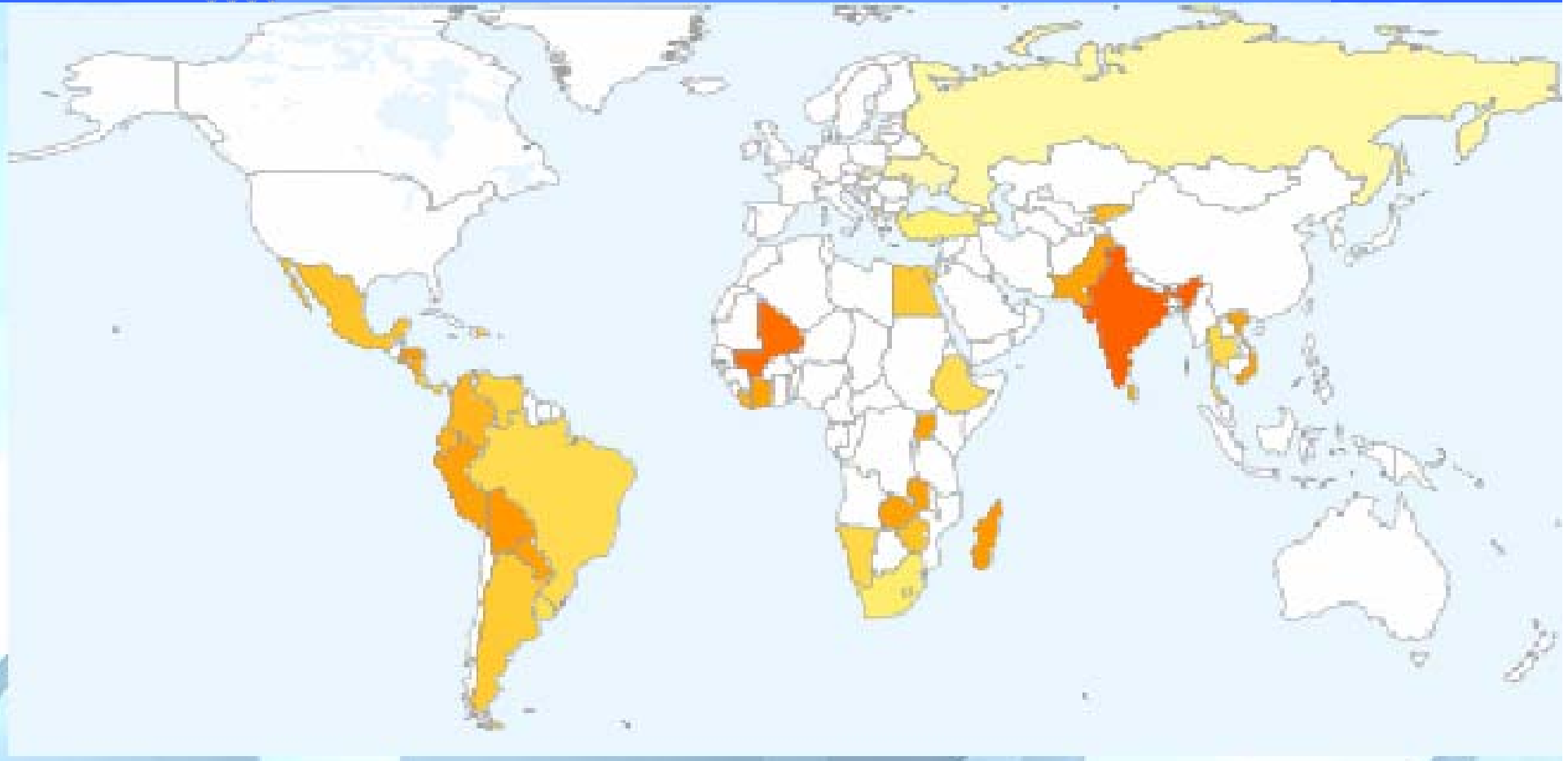
- Working in formal sector enterprises.

Own-account workers

- Engaged in goods production exclusively for final use by own household (if employed according to 13th ICLS employment definition).



Some findings re employment in informal economy
(based on national LFS data that are processed by using international
definitions of informal employment/informal sector)



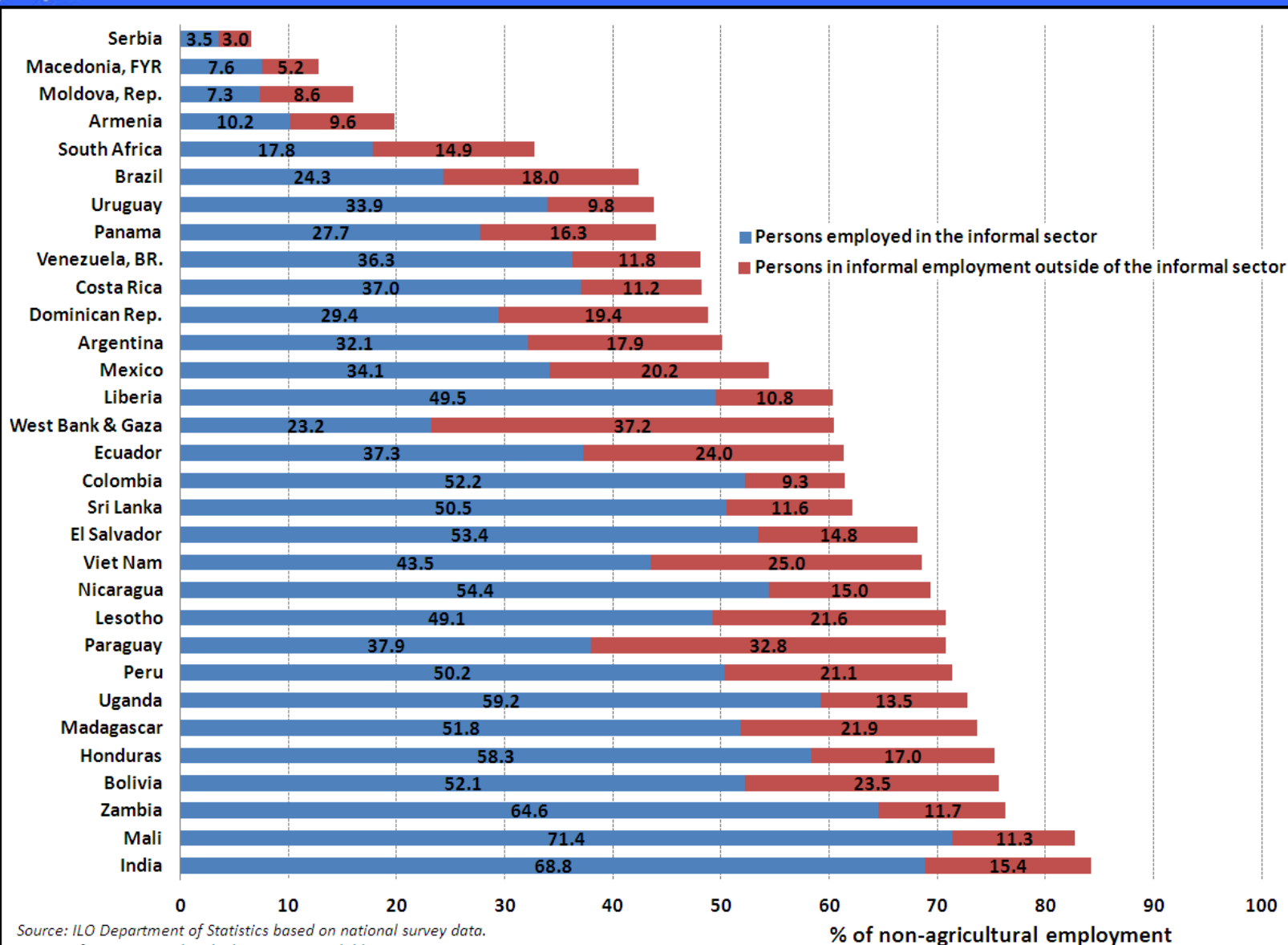


Latest available data

- Compiled 2010 – 2011
- Source: National labour force surveys
- Reference period: latest available (2004-2010)
- Review of LFS questionnaires to identify countries with data
- 50+ replies
- Focus on criteria as per international standards



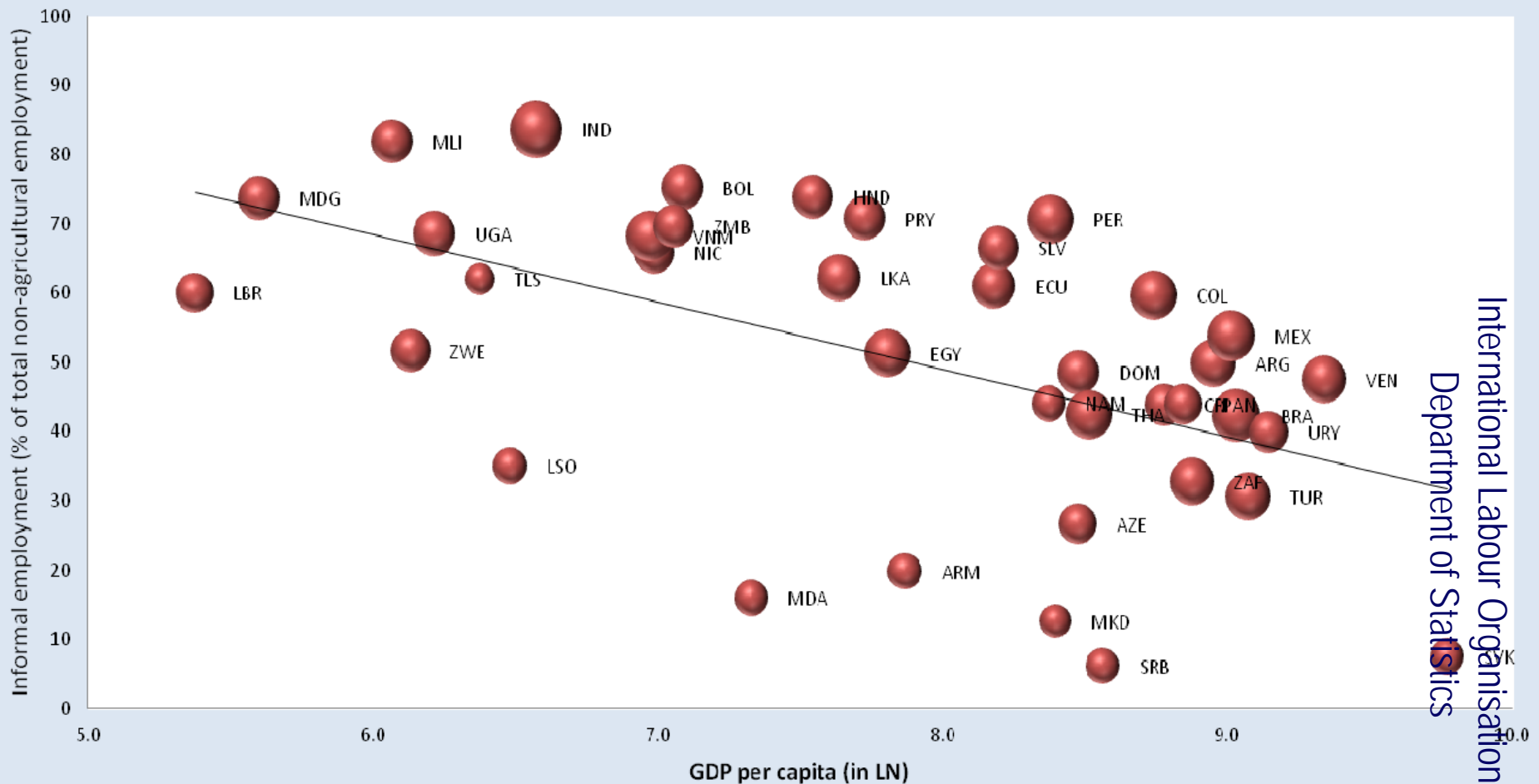
Informal employment in and outside informal sector, as % of non-agricultural employment



Source: ILO Department of Statistics based on national survey data.
 Note: Refers to main job only, latest year available.



Informal employment and GDP per capita



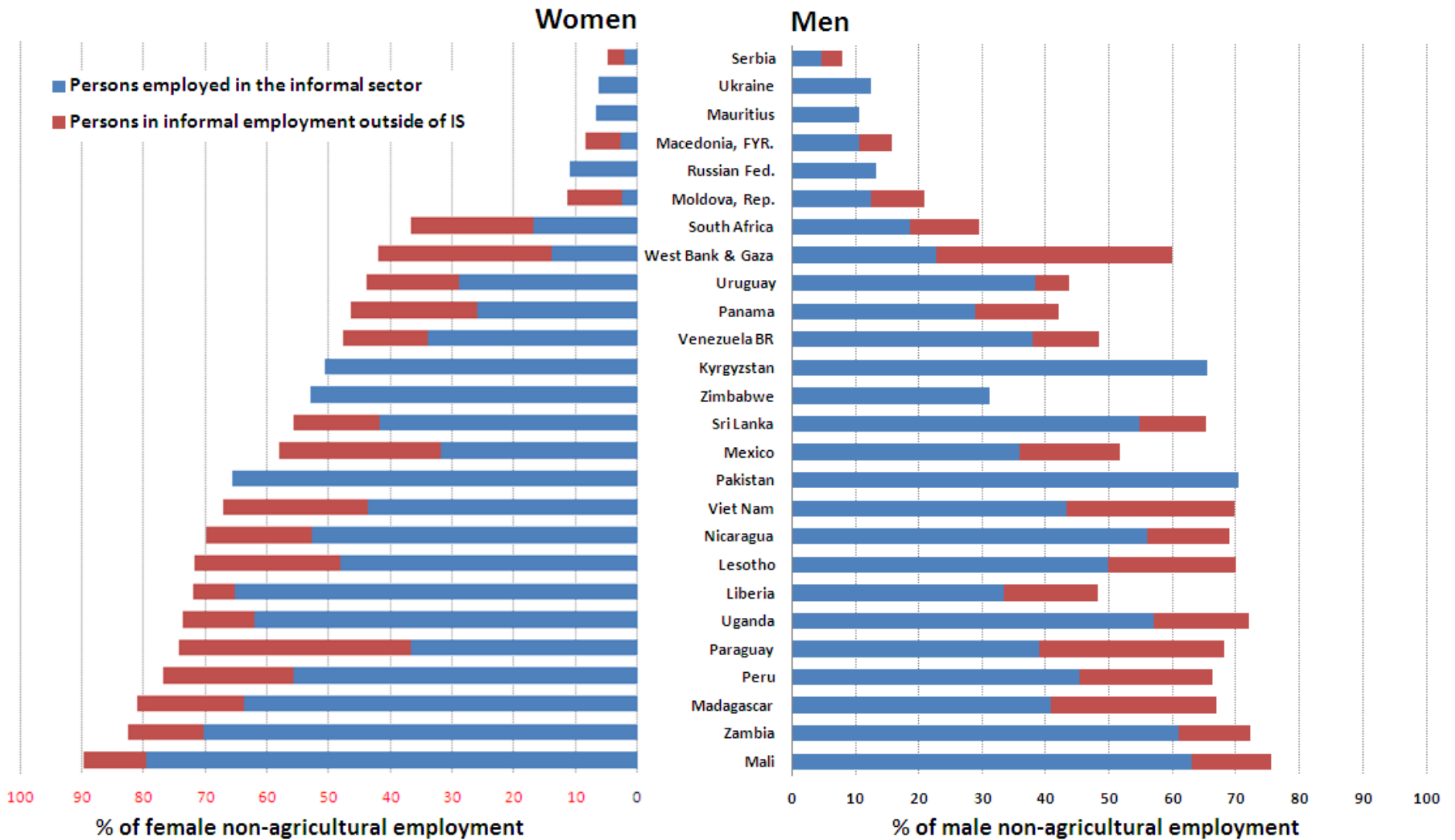
International Labour Organisation,
Department of Statistics

Source: ILO, Department of Statistics

Share of informal employment in total non-agricultural employment declines as the level of development rises.



Informal employment in and outside informal sector, by sex as % of female/male non-agricultural employment

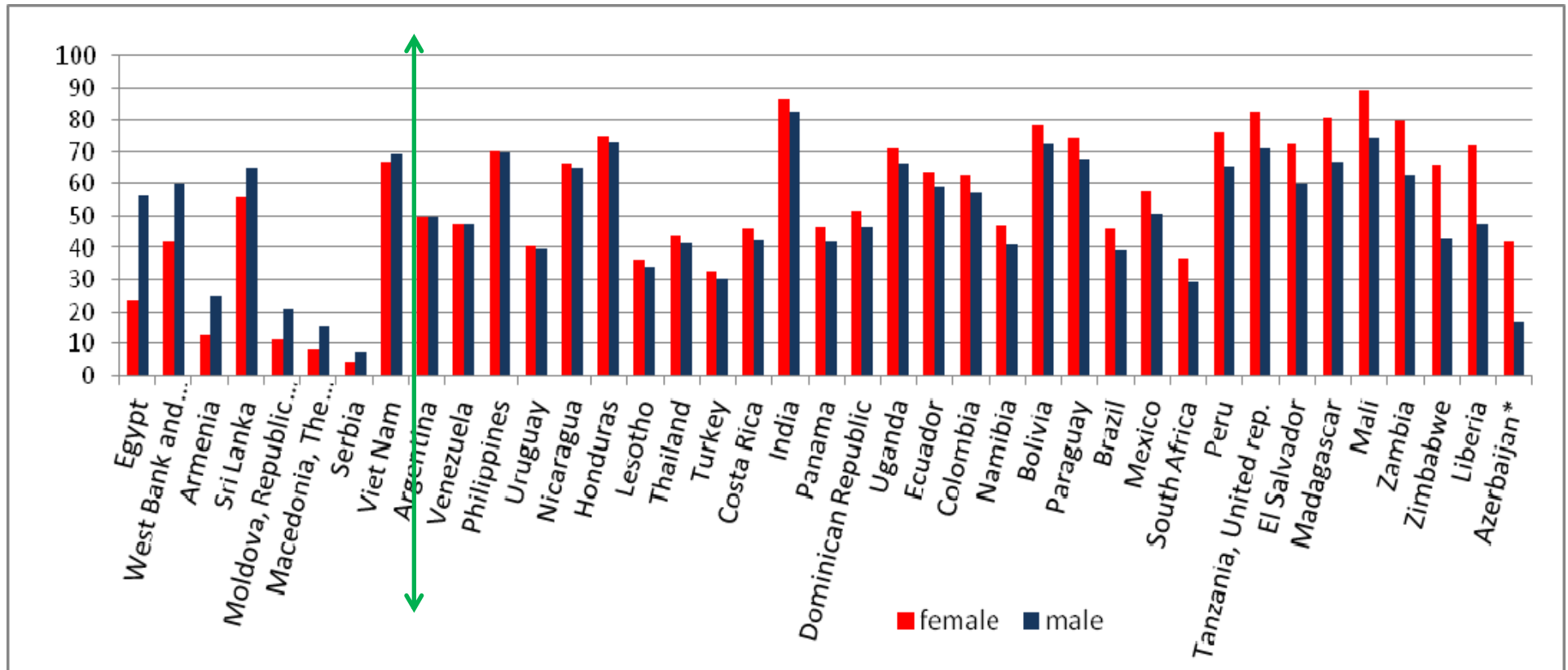


Source: ILO Department of Statistics based on national survey data.
 Note: Refers to main job only, latest year available.



Employment in the informal economy Gender differences

Informal employment in non-agricultural activities by sex for selected countries, %

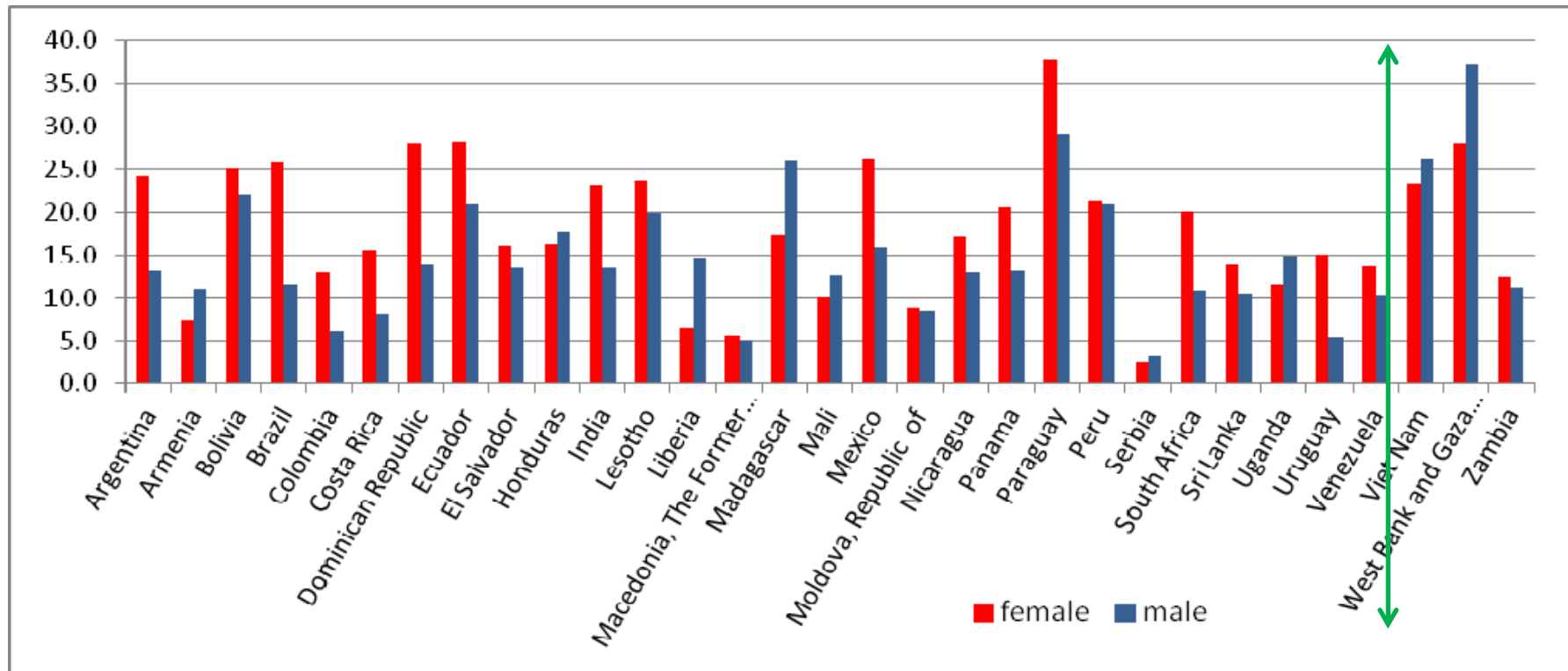


Women are more likely than men to have informal jobs, suggesting that women turn to the informal jobs more often than men because they lack opportunities or they face other obstacles to formal employment.



Employment in the informal economy Gender differences

Informal employment outside informal sector, in non-agricultural activities, by sex for selected countries, %

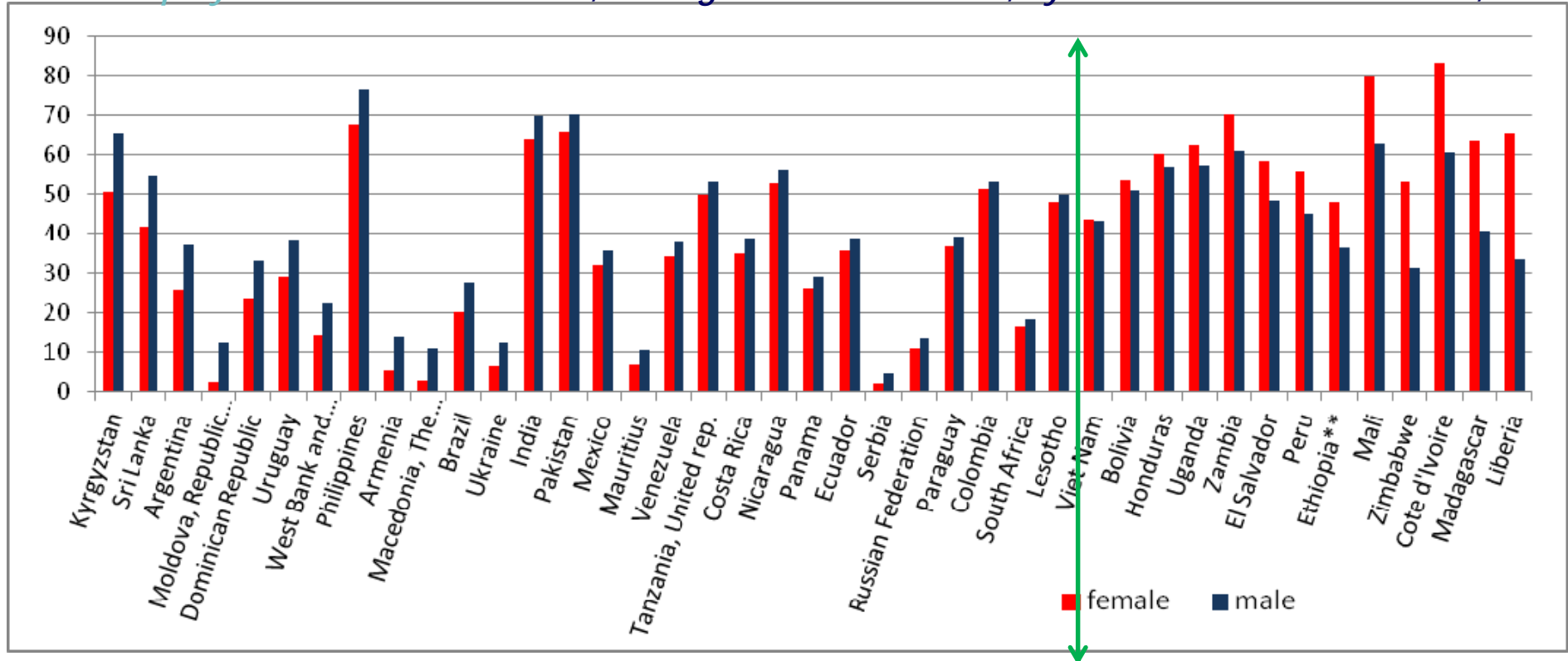


Women are more likely than men to have informal jobs outside the informal sector.



Employment in the informal economy Gender differences

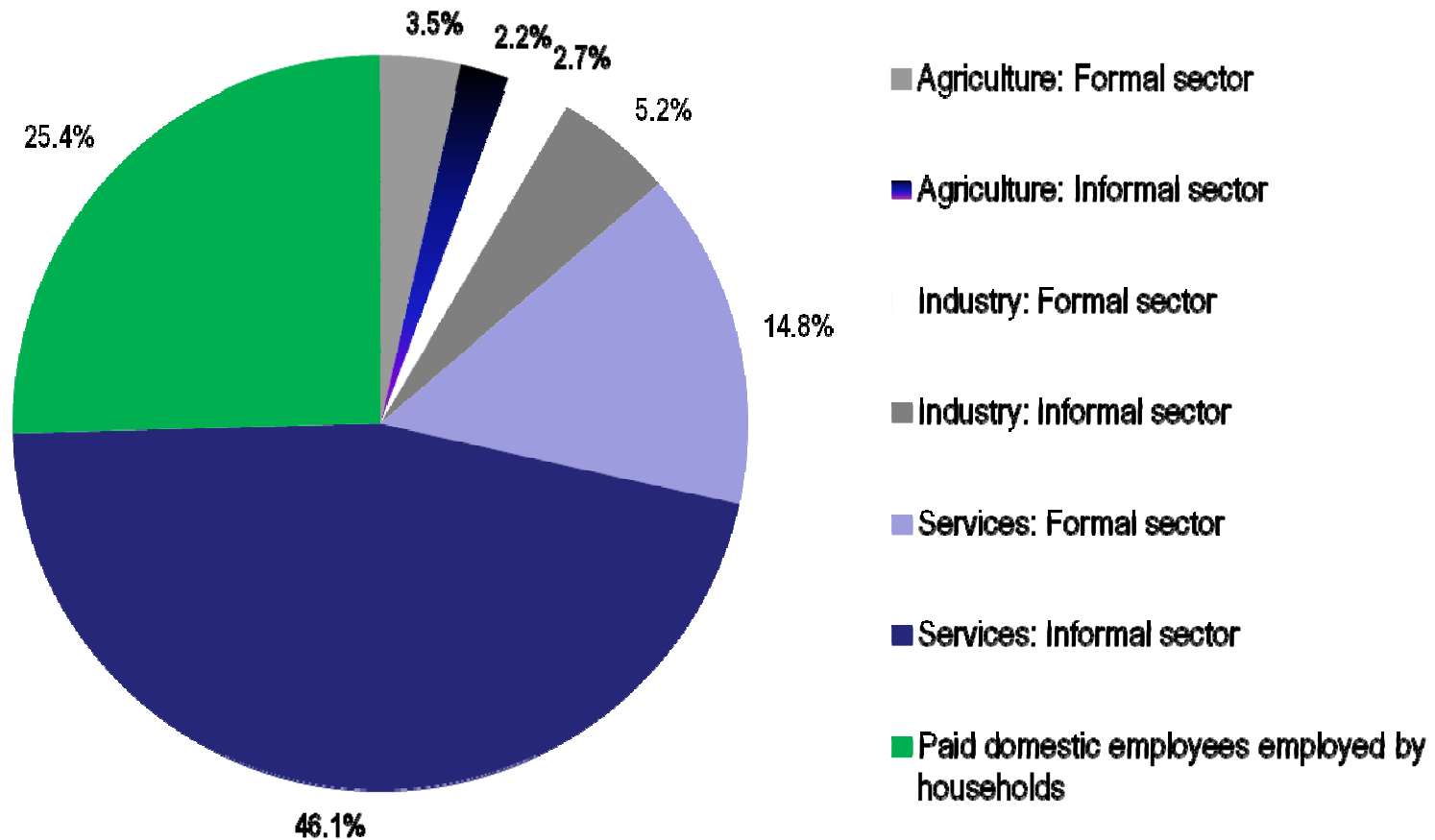
Employment in informal sector, non-agricultural activities, by sex for selected countries, %



*Women are less likely than men to have jobs in informal sector enterprises.
Men outnumber women in informal sector enterprises.*

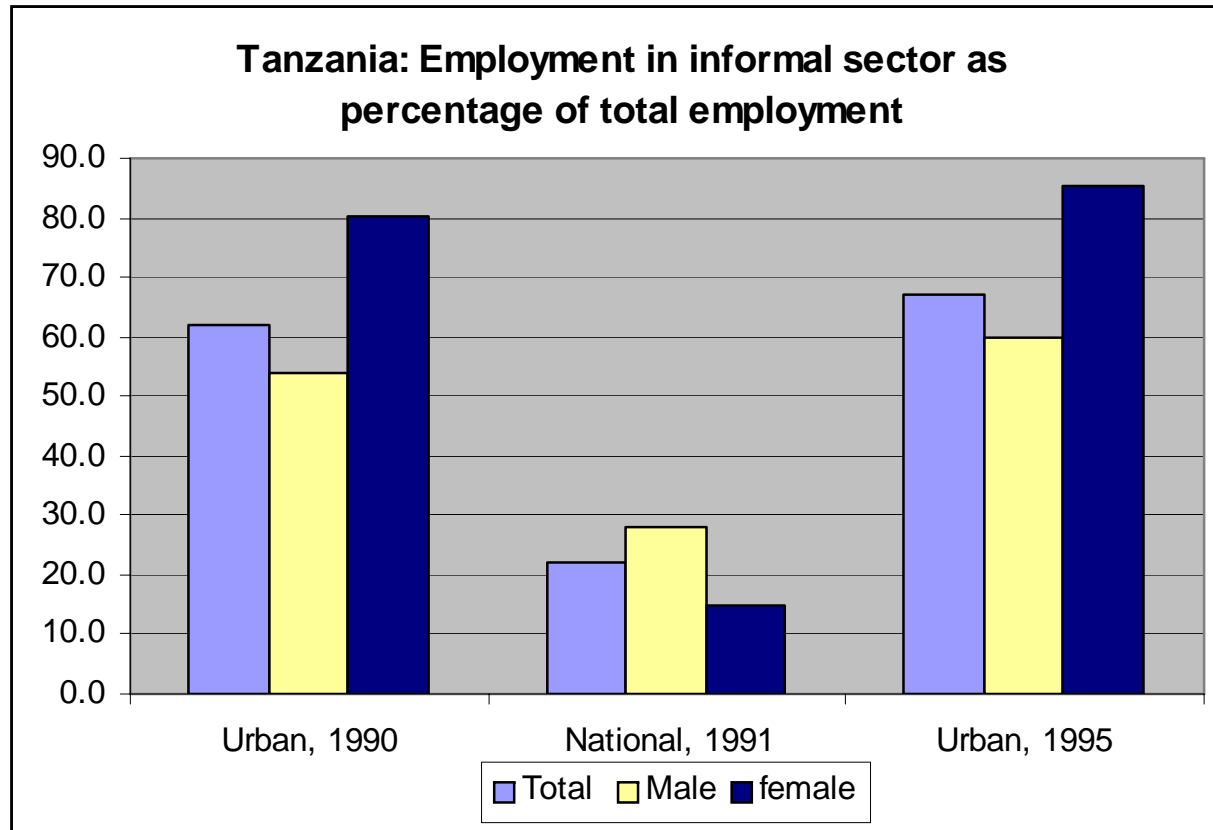


Informal employment by economic sector and formal/informal enterprises: South Africa, 2010, Q4





Need for disaggregation by geographic region (urban/rural)





References

- [Resolution concerning statistics of employment in the informal sector](#)
(adopted by the Fifteenth International Conference of Labour Statisticians, 1993)
- **Guidelines concerning a statistical definition of informal employment**
(adopted by the Seventeenth International Conference of Labour Statisticians, 2003)
<http://www.ilo.org/global/statistics-and-databases/standards-and-guidelines/lang--en/index.htm>
- **LABORSTA**, an [International Labour Office](#) database on labour statistics operated by the [ILO Department of Statistics](#) <http://laborsta.ilo.org>



Thank you