



Women in Informal Employment  
Globalizing and Organizing

# **Informal Employment Across Developed and Developing Countries-Progress in International Statistics**

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# Two related subjects

- Application of definition of Informal Employment (IE) to developed economies - why
- Revision of International Classification of Status in Employment (ICSE-93) – for both developed and developing countries
  - Dependent Contractors category

# WIEGO focus

- Changes in employment
- Understand extent and composition of informal employment worldwide
- Measure and analyze employment change using similar framework across countries
- Draw attention to workers with no, or little, social protection due to work arrangement

# Developed Countries Context – Relevance to Informal Employment (IE)

- Bulk of employment in formal sector
- Formal enterprises - at the center of processes that create informal employment
- Regulation-rich + consistent enforcement (mostly)
- To understand IE, emphasizing access to employment-based social protection

→ Informal employment = job and worker not covered by employment-based social protection and/or labor standards *de jure or de facto*

→ Relationship of employment arrangements to **regulation**

# Developed countries: three employment trends relevant to informal employment

1. Differentiation within employee/dependent employment: → Arrangements with reduced, or no, social protection. (10% of employees in OECD in non-standard arrangements- 2010)

To determine whether they fit IE definition, countries must:

→ What is **key** employment-based social protection without which worker experiences greater exposure to risk; and determine *which worker subgroups* are affected

# Trends (cont'd)

2. ↗ of labor standards violations for employees in some industries in some countries → *de facto* informal employment
3. ↗ arrangements that blur boundary between dependent employment and self-employment

### 3. Jobs at boundary between dependent and self-employment

- Individual workers economically dependent on another entity (not autonomous).
  - Without autonomy to make decisions about how to engage with the market: access depends on other entity (company, digital platform)
  - Treated as self-employed → provide own social protection
- Candidates for “Dependent Contractor” status

**Dependent contractors:** Strong interest in *both* developing and developed countries.

- ILO Revision of International Classification of Status in Employment (ICSE-93)- WIEGO in tripartite Expert Group.
  - Why: DCs do not fit in ICSE-93 dichotomy: Dependent/employee vs. Self-employed
    - Developed countries: individual contractors; on-demand/gig workers
    - Developing countries: homeworkers, industrial outworkers, service providers → do not fit in either category
- Separate category under creation



# Dependent contractors: *Working* definition

- Employed persons with no employees (currently “own-account” SE) whose access to the market depends on resources provided by an entity that directly benefits from the work performed by the contractor.
- Are dependent on another economic unit for access to raw materials, capital items or clients. Their work may be organized or supervised by another economic unit as a client or that mediates access to clients.
- Are paid for the end product (work “for profit,” not for pay).

# Dependent Contractors Definition- cont'd

- Gets at core elements of economic dependency – not addressed in ICSE-93
- ICSE-93: *Conflates* 2 criteria: autonomy in economic decision making and risk/capital investment/work “for profit” → ICSE-Rev = split into two separate hierarchies
- Dependent Contractor within proposed ICSE classified:
  - *Dependent* on the autonomy dimension
  - Work “for profit” on the “risk/investment” dimension (for SNA)

Note: may own some tools but *not* capital/mechanism necessary for accessing clients/markets.
- Some countries may create sub-categories within dependent contractor

# Work ahead: Conceptual

- Improve precision of notion of economic dependency
  - To cover range: homeworkers in developing countries; and “tied” individual consultants, on-demand/gig workers in developed countries
  - But to separate high-end consultants (independent) from homeworkers producing “on specifications”
  - To cover: formal as well as informal activities

# Work ahead: Operational Criteria

Under consideration:

- a) Autonomy in setting price (negotiation with customer, market price) vs. price being set by another entity (contractor, buyer) and the worker having no effective leverage;
- b) Being (un)able to sell one's production or service except through an intermediary or agent;
- c) Having a single main client.

First two being tested by countries. Third already in use but ambiguous results so far.

# In short: Pending ICLS 2018

- Progress on revision of ICSE
  - Dependent contractors: Enable developing countries to classify large groups of informal worker (e.g. homeworkers, industrial outworkers) and developed countries to deal with blurred boundary between Dependent/employee and self-employment
  - Sub-categories of Dependent/employees for non-standard workers are developed and clearly specified
  - Will facilitate cross-national estimates of informal employment