

Issues in Developing a Common Framework on Informal Employment

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Motivation

- To move closer to a coordinated framework for measuring informal employment in developed countries
- In so doing, take into account existing work on nonstandard and newly emerging forms of employment
- To discuss definitions in the context of the concepts that have been applied to developing countries
- Is a “common framework” possible? Desirable?

Organization

- Overview
- Informal employment: concepts, definitions, measurements (Heintz)
- Nonstandard employment: distribution of risk and authority (Carré)
- Summary of challenges and questions

Our approach

- Informal employment
 - “Regulatory status”
 - To what extent is the employment relationship/arrangement governed by a formal regulatory system?
- “Forms of employment”
 - Distribution of risk and authority
 - Employment status/Status in employment
 - Non-standard employment

Schema

		“REGULATORY STATUS”	
		<i>Formal</i>	<i>Informal</i>
FORMS OF EMPLOYMENT INCLUDING STATUS IN EMPLOYMENT AND NONSTANDARD ARRANGEMENTS	Category A		
	Category B		
	Category C		
	Category D		
	etc.		

Informality and “regulatory status”

- How are labor markets regulated and what constitutes “unregulated” employment?
 - State regulation
 - Non-state regulation
 - Collective bargaining
 - Employer practices/strategies
 - Norms and conventions
 - Other collective action (gender, race, ethnicity/ nationality)
 - Issue: informal employment is also ‘regulated’ by distinct social institutions

Informal Employment, ICLS

- Informal sector – enterprise-based. Includes all informal enterprises.
- Employment in informal sector – all persons employed in informal enterprises
- Informal employment – jobs-based. All workers in informal jobs.
 - Informal workers in formal enterprises
 - Informal workers outside of any enterprise (e.g. domestic workers, paid employees)

Informal Employment, ICLS

- Paid employees
 - Lack of social protection
 - Lack of employment benefits
 - Violation of national labor laws/standards
- Self-employed (employers, own-account)
 - Unincorporated (household) enterprises
 - Not registered (size criterion also used). Lack of formal accounts.
- Unpaid contributing family workers – all
- Household production of goods for own-use (excludes household production of services)

Applying concepts, definitions: questions for developed countries

- Paid employees. What indicator to use?
 - Violation of national labor law/standards
 - large differences in the institutional settings
 - Individual legal status v. legal status of the job (e.g. unauthorized immigrants)
 - Social protection
 - to what extent is social protection tied to employment?
 - similar set of social protections across countries (or legally mandated standards)
 - Employment benefits
 - Which benefits are the best indicators of informality?
- Different indicators/definitions in different countries.
- How much relativism is acceptable?

Applying concepts, definitions: questions for developed countries

- Self-employed
 - Developing countries: registration status
 - Developed countries
 - “Undeclared” (income from employment not declared, self/wage employment)
 - “Unregulated” (violates laws/standards)
 - “Underground” (illicit activities, goods, services)
 - Is it measured? What are the gaps?
 - Where to draw the line?
 - Ambiguous employment status. e.g. disguised wage employment (can informal wage employment become formal self-employment?)

Categories for Status in Employment and Forms of Employment

- Nonstandard forms of employment:
Diverge on degree of economic risk and/or
autonomy
- ICSE-93 categories:
 1. employees
 2. employers
 3. own-account workers
 4. members of producers' cooperatives
 5. contributing family workers
 6. residual.

How international Status in Employment categories dovetail with nonstandard forms of employment

- Unambiguous cases
 - Temporary wage workers
 - Self-employed employers and own-account
- Blurred lines between categories
 - Intermediate cases
 - Ambiguous cases

Forms of nonstandard employment

- International congruence for some
- Forms requiring attention
 - Part-time employment as a status
 - Short hours part-time
 - “Contingency”: expected employment continuity
 - Dependent own-account self-employment

Some conceptual and implementation issues

- Documenting illegal practices
- Ambiguous situations and those in “legal vacuum”

What concepts? Feasible options?

- Voluntariness
- Multiple job holding
- Excessively long hours

Expanding Status in Employment

- Wage
 - Short-term hires, fixed-term, “contingent employment”
 - Part-time, volatile hours, atypical work time
 - Brokered employees
 - Paid on commission
- Self-employment
 - Dependent self-employment
 - self-employed with volatile working hours, seasonal or erratic employment

Goals and questions

- Getting a handle on changes in employment: cross national statistics and other methods needed.
 - Informality and developed countries
 - Nonstandard work and status in employment
- Intersection of informal employment and nonstandard forms of employment- a place to start

- Broadening ICSE-93 categories
- Potential gains from applying definitional criteria for informal employment to all countries
- Indicators for informal and formal employment have to be institutionally specific
 - What guidelines and recommendations to structure data for cross national comparison?