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Economic class and labour market inclusion: Poor and middle class workers in developing Asia and the Pacific

Phu Huynh and Steven Kapsos



Economic and Labour Market Analysis Department

Regional Office for Asia and the Pacific

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July 2013

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Preface

The International Labour Organization (ILO) is devoted to advancing opportunities for women and men to obtain decent and productive work. It promotes rights at work and encourages decent employment opportunities, enhanced social protection and strengthened dialogue processes in handling work-related issues. As countries in the Asia-Pacific region navigate a sustainable recovery from the global economic crisis, the ILO Decent Work Agenda and the Global Jobs Pact provide critical policy frameworks for strengthening the foundation for a more inclusive and sustainable future.

In recent decades, developing Asia and the Pacific has sustained formidable economic growth which has helped lift millions of people out of poverty. The region's rapid and resilient economic progress, however, has been accompanied by increasing inequality and persistent vulnerability. These patterns are evident particularly in the labour markets of the developing economies of the region. In that regard, this paper examines quantitative trends and characteristics of the poor, near poor and middle class working population in developing Asia and the Pacific. With a special focus on Cambodia, India, Indonesia and Viet Nam, it provides empirical evidence for policies that would help reduce working poverty, foster middle class jobs and promote inclusive labour markets.

This paper is part of the *ILO Asia-Pacific Working Paper Series*, which is designed to enhance our understanding of decent work issues, stimulate their discussion and encourage knowledge sharing and further research that will promote decent work in Asia and the Pacific.

Yoshiteru Uramoto
Regional Director for Asia and the Pacific

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Abstract

Using an absolute definition of poverty and the middle class, this paper presents trends and estimates of the poor, near poor and middle class working population in developing Asia and the Pacific. It finds that since 1991 working poverty has fallen remarkably while middle class jobs now account for nearly two-fifths of all employment in the region (671 million middle class workers). However, a sizeable share of workers (around 28 per cent or 497 million) still live just above the poverty line and remain highly vulnerable to falling into poverty. The paper also applies a class-based framework for assessing inequality in the labour market, with a special focus on Cambodia, India, Indonesia and Viet Nam. It provides empirical evidence that economic participation is inversely related to affluence, while educational attainment and access to better quality jobs both increase with higher economic class status. In addition, it presents sex- and age-disaggregated analysis to highlight particular gaps for poor women and youth and the measures that can help strengthen their position in the labour market.

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1. Introduction and background

Since the onset of the global financial crisis in 2008, economic prospects around the world have been tenuous and have spurred policy-makers in developing Asia to re-examine the current model of economic growth. With the slow recovery in external markets, policy focus in many countries of the region has shifted towards fostering domestic consumption and investment and increasing intra-regional exports.

Domestic markets and intra-regional trade in Asia could be bolstered significantly by a growing and thriving middle class. Evidence suggests that being middle class is associated with better access to jobs with regular wages and greater investment in health and education.¹ In recent decades the expansion of the middle class in developing Asia has been remarkable, rising from 21 per cent of the total population in 1990 to 56 per cent in 2008.² Simultaneously, there has been a dramatic decrease in the share of people living in extreme poverty from 55.2 per cent to 24 per cent during the same period.³ These positive trends have been driven by various factors including deeper market integration, rapid structural transition from agriculture into industry and services, reliance on low-wage manufacturing exports and remarkable labour productivity growth especially in manufacturing and industry.

While existing research studies have provided estimates of the size of the middle class and others have examined trends in working poverty, less is known about the specific job-related features of different economic classes and the extent that labour markets are inclusive of poor and near poor workers vis-à-vis middle class workers.⁴ To that end, this paper presents new measurements of workers by economic class in developing Asia and the Pacific and their distinguishing employment characteristics. By applying a class-based framework for assessing inequality in the labour market, this paper aims to shed light on some decent work challenges that must be addressed in order to eradicate working poverty, foster growth of the middle class and promote inclusive labour markets.

Following this introduction, Section 2 of this paper outlines the methodology used to define the different economic class groups and describes the underlying data sources. Section 3 draws upon research conducted by Kapsos and Bourmpoula (2013) and presents regional estimates and projections of workers by economic class in developing Asia and the Pacific, while highlighting key findings in the three subregions of East Asia, South-East Asia and the Pacific and South Asia. Section 4 focuses on a sample of four developing economies (Cambodia, India, Indonesia and Viet Nam) and examines the distinctive features that characterize the poor, near poor and middle class in relation to economic participation, education attainment and access to better quality jobs. It looks at these various dimensions from both a gender- and youth-based perspective. Section 5 concludes with a summary of key findings and highlights some areas for further research and analysis.

¹ A. Banerjee and E. Duflo: “What is middle class about the middle classes around the world?”, in *Journal of Economic Perspectives*, Vol. 22, No. 2, Spring 2008, pp. 3-28.

² N. Chun: *Middle class size in the past, present, and future: A description of trends in Asia*, ADB Economics Working Paper Series No. 217 (Manila, Asian Development Bank, 2010). Estimates are based on an absolute definition of consumption expenditures equalling US\$2–US\$20 per person per day (in 2005 purchasing power parity United States dollars).

³ Estimates are based on the international poverty line of US\$1.25 per person per day. Source: Authors’ calculations from World Bank: PovcalNet.

⁴ For further discussion on working poverty, for example, see: ILO: *Key Indicators of the Labour Market*, Seventh edition (Geneva, 2011), Chapter 1; S. Kapsos: *Estimating growth requirements for reducing working poverty: Can the world halve working poverty by 2015?*, Employment Strategy Papers No. 14 (Geneva, ILO, 2004).

2. Data and methodology

This paper follows the economic class definitions set forth in Kapsos and Bourmpoula (2013), classifying workers living in households with per capita consumption or income below US\$1.25 per day (at purchasing power parity) as “extreme working poor” (class 1), those living in households with per-capita consumption or income between US\$1.25 and US\$2 per day as “moderate working poor” (class 2), and between US\$2 and US\$4 as “near poor workers” (class 3). Given the relatively small cohort of workers above US\$13 per day in our sample of countries, we have opted to combine the two middle class cohorts defined by Kapsos and Bourmpoula (2013), corresponding to US\$4-US\$13 and US\$13 and above, into one group covering the “developing middle class and above” (class 4).

Class 1 follows the definition of extreme poverty utilized for the Millennium Development Goals (MDGs) as set forth by Chen and Ravallion (2008). Class 2 is consistent with the widely used international measurement of moderate poverty. The US\$2 per day upper threshold for this class is equivalent to the median poverty line among a sample of national poverty lines for developing and transition economies. This measure is intended to provide an indication of those households whose members are poor, but not failing to meet basic human needs such as an acceptable daily caloric intake.

Class 3 is established as a measure of workers that are not poor, but are highly vulnerable to slipping into poverty. The choice of US\$4 as an upper bound for this group follows the findings of Banerjee and Duflo (2008) and Kapsos and Bourmpoula (2013) related to key demographic, health, education and labour market characteristics for this group. Across a sample of 39 developing countries, Kapsos and Bourmpoula (2013) find that a substantially higher share of the near poor class of workers is in wage employment (35.3 per cent) than the two working poor classes. However they find that the near poor segment clearly differs from the middle class segments, which have more than 60 per cent of workers in wage employment. Thus, workers in the “near poor” class are much more likely than their middle class counterparts to be in informal, vulnerable jobs.

Class 4 encompasses the “developing middle class and above”, or those workers living in households with per capita consumption of US\$4 and above. As a point of reference, Ravallion (2008) notes that the United States’ poverty line in 2005 is equal to approximately US\$13 per person per day. Many of the workers in this class are therefore poor based on a developed world absolute standard, but living above the threshold of poverty or near poverty of the lower three classes. Most workers in this class are a nascent consumer class and are able to afford nonessential goods and services, including some international consumer goods. They are more likely to have higher levels of education and to have access to quality health care than the lower classes. Workers at the upper end of this class are likely to be able to afford a wide range of international consumer products and would be considered middle class based on a developed world standard.

It should be noted that there is little consensus in the literature as to an appropriate absolute definition of the middle class in developing countries. The definitions utilized in this paper are similar to Ravallion (2009), who defines the middle class in developing countries as those living in households with per capita consumption between US\$2 and US\$13 per day at PPP. In a comparable vein, Banerjee and Duflo (2008) define the middle class as those living between US\$2 and US\$10 per day. Focusing on developing countries in Asia, Chun (2010) defines the middle class as those between US\$2 and US\$20, and notes that a large share of people in the US\$2-US\$4 range have high degrees of vulnerability to poverty, while those in the range of US\$4 to US\$10 per day are able to live beyond the subsistence level, consuming non-essential goods and having the ability to save.

Definitions of the middle class that differ substantially from that used in the present analysis include Ferreira et al. (2013), who define middle class households in Latin American countries as those with between US\$10 and US\$50 in per capita income. The lower-bound is based on a 10 per cent probability of falling into poverty over a five-year period. The authors argue that this definition is primarily applicable for middle-income countries. Kharas (2010) defines the middle class as individuals living in households with per capita daily consumption of between US\$10 and US\$100 at PPP. The lower bound is set at the average poverty line of Portugal and Italy, while the upper bound is equal to twice the median income in Luxemburg. The Kharas definition sets a high bar for “middle class”, consistent with a focus on a “consumer class”, akin to consumers in the developed world. Similarly, Loayza et al. (2012) define the middle class as those households with per capita incomes above US\$10 at PPP.

Following past practice for defining the working poor, the estimates of employment by economic class presented here are based on a cross-tabulation of employment status and economic class status, whereby employment status is defined at the individual level (whether or not an individual is employed) while economic class status is determined by per capita household consumption in the household in which the individual lives. The estimate of total employment in a given class is equal to the number of persons of working-age that: 1) are employed; and 2) are living in a household with per capita consumption between the upper- and lower-limits of per-capita consumption for the economic class. The regional and subregional estimates and projections in Section 3 are based on an econometric model that utilizes a database covering 62 household surveys worldwide, of which 12 countries are from the developing Asia-Pacific region.⁵

In Section 4 a sample of four developing Asian countries was selected in order to highlight detailed labour market characteristics of the various economic classes. The selected countries are Cambodia, India, Indonesia and Viet Nam, and were chosen with the aim of having broad regional coverage, diversity in population size and national per capita income levels, and the requirement of available, nationally representative surveys that allow for cross-tabulations of household consumption variables with employment indicators. The primary data sources used for each country were the Cambodia Socio-Economic Survey 2004, Indonesia Socio-Economic Survey (SUSENAS) 2002, India National Sample Survey of Employment and Unemployment 2009-2010, and Viet Nam Household Living Standard Survey 2006.⁶ It is important to acknowledge that the analysis in Section 4 is primarily descriptive and does not examine longitudinal trends or assess causality. In other words, it does not attempt to determine, for example, whether higher economic class leads to better access to wage employment or conversely if holding a salaried job leads to more affluent class status. These other approaches to understanding class-based inequalities in the labour market are critical but beyond the scope of that section.

⁵ For further discussion, see S. Kapsos and E. Bourmpoula: *Employment and economic class in the developing world*, ILO Research Paper No. 6 (Geneva, ILO, 2013).

⁶ Given variances in survey years and design, strict cross-country comparisons were not always feasible.

3. Employment and economic class in Asia and the Pacific: Regional trends and projections

3.1 Estimates, 1991-2012

Over the past two decades, and particularly since the start of the new millennium, the Asia-Pacific region has undergone a dramatic shift in the distribution of workers across economic classes (see Figure 1). In 1991, around 55 per cent of the region's workers were living in extreme poverty with a further 25 per cent living in moderate poverty and nearly 14 per cent in the near poor category. Eighty per cent of the region's workforce was poor and only 5 per cent of the workforce was living with their families on more than US\$4 per person per day – in the middle class and above category.

Fast forward to 2012, and the share of extreme working poor has been slashed to around 13 per cent while the share of moderate working poor declined to just over 20 per cent, for a total of 34 per cent of the workforce living in poverty – a remarkable decline of 46 percentage points over two decades. The share of near poor over this period rose to around 28 per cent of the workforce. This increase in workers above but near the poverty line is not surprising, as many workers have escaped poverty but have not increased their productivity to a great enough extent to join the middle class. Yet, many workers clearly are productive enough for a middle class standard of living – nearly 38 per cent of the region's workforce was middle class in 2012, an increase of 33 percentage points since 1991. Moreover, in every year since 1998, the largest growth in absolute employment in Asia and the Pacific has been middle class employment. Most new jobs in the region are middle class jobs, which is a remarkable development given the extremely small base from which the region's middle class has grown. Viewed in this light, Asia's development over the past two decades has been a tremendous success.

Analysis of subregional data indicate that this rapid development in Asia and the Pacific as a whole has been driven largely by the extraordinary growth in middle class employment in the East Asia subregion, growing from less than 5 per cent in 1991 to more than 60 per cent of total employment in 2012. The South-East Asia and the Pacific subregion also experienced rapid growth in middle class employment – an increase from 12 per cent to 33 per cent of the total workforce over the same period. In contrast, the middle class in South Asia still comprises only a very small segment of the subregion's workforce – less than 9 per cent in 2012, though this is a notable increase from 2 per cent in 1991. As of 2012, over 61 per cent of South Asia's workforce remains poor and a further 30 per cent are near poor.

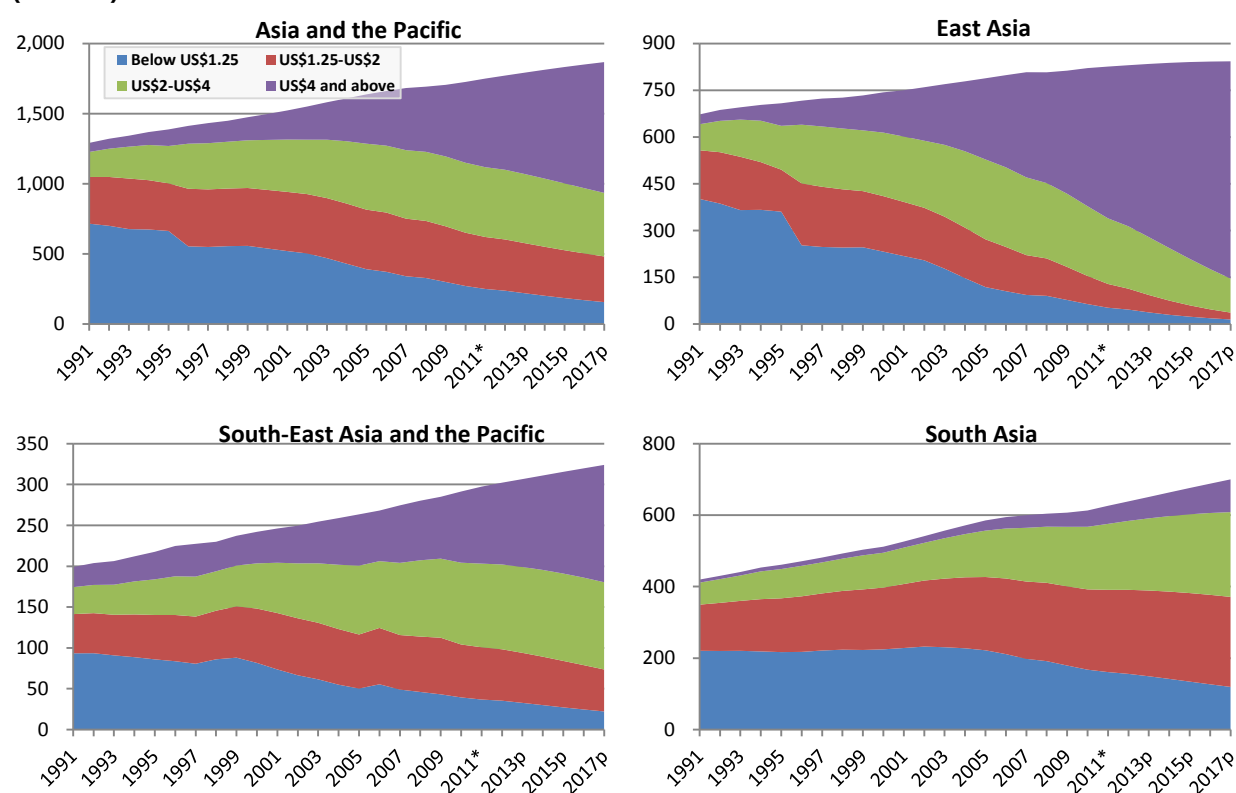
3.2 Projections, 2012-17

In the next several years, projections indicate continued rapid growth in Asia's middle class, which could grow to one-half of the total workforce in the region by 2017. This is based on a projected acceleration in middle class employment growth in East Asia (which is expected to see 180 million additional middle class workers between 2012 and 2017). The overall regional projection for Asia and the Pacific is therefore heavily dependent upon the growth and employment performance in China. The shares of poor and near poor workers are expected to decline in the region as a whole. In South-East Asia and the Pacific, the share of workers in the extreme and moderate working poverty classes is expected to continue to decline substantially (less than 23 per cent of the workers are projected to be poor in 2017, a decline of 10 percentage points as compared with 2012), while the share of near-

poor workers is projected to change little, comprising around one-third of the subregion's workforce in 2017.

The vast majority of workers in South Asia are projected to remain either poor or near poor in 2017, with around 87 per cent of workers in the sub-region projected to be in the three lower economic classes. Lagging far behind the East Asia and South-East Asia and the Pacific subregions, South Asia is likely to be home to more than three-quarters of Asia's working poor in 2017, but for only 10 per cent of the region's middle class workers. Nevertheless, middle class employment growth is accelerating in South Asia: middle class employment is projected to equal 60 per cent of all employment growth between 2012 and 2017, versus 33.5 per cent of employment growth between 2001 and 2011. However, given the projected increase in the number of moderately poor and near poor workers, poverty and vulnerability will remain widespread in South Asia.

Figure 1: Employment by economic class, 1991-2017, Asia and the Pacific and Asia-Pacific subregions (millions)



Note: "p" indicates projections; 2011 are preliminary estimates.
Source: Kapsos and Bourmpoula (2013).

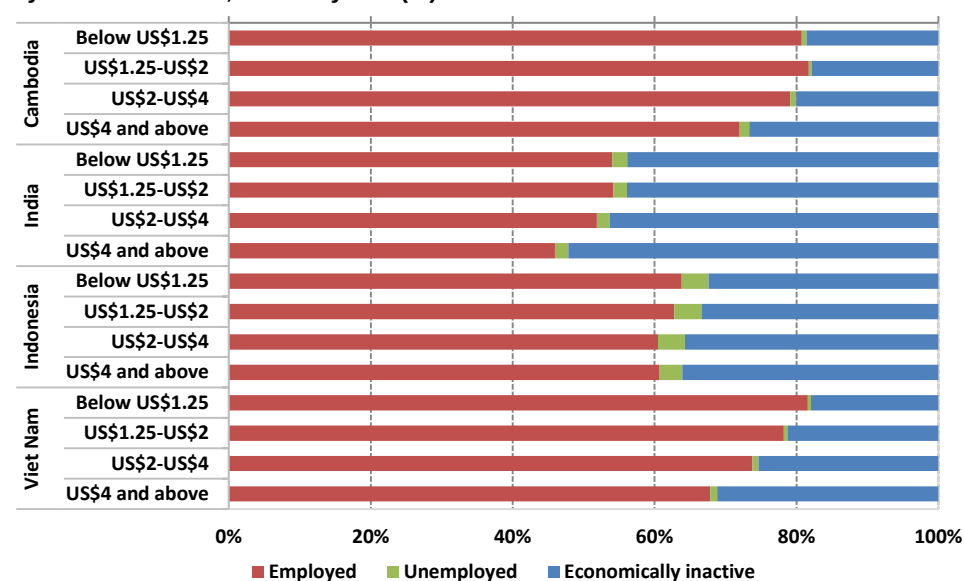
4. Distinguishing class-based characteristics of the labour market

Having presented an overview of the regional trends and medium-term outlook for reducing working poverty and fostering middle class jobs, this section narrows in on four developing Asian countries, namely Cambodia, India, Indonesia and Viet Nam. It analyzes the link between economic class, gender and different labour market variables related to economic participation and employment. It highlights the features that distinguish the poor from the middle class in terms of education, access to better quality jobs, working conditions and opportunities for young people.

4.1 Economic participation

Figure 2 shows the distribution of the working-age population (aged 15 and above) by labour force status for the different economic classes. In all four countries, a majority of the poor and near poor were active in the labour market with participation rates among these two economic classes around 55 per cent in India, 66 per cent in Indonesia, 78 per cent in Viet Nam and 81 per cent in Cambodia. Moreover, activity rates were consistently higher for the poor as compared to the middle class, with the gap between the extremely poor and the middle class ranging from nearly 4 percentage points in Indonesia to about 13 percentage points in Viet Nam. This corroborates the widely accepted notion that in developing Asia the poor are more likely to seek economic opportunities in the labour market given limited household income and material assets and gaps in formal social assistance mechanisms.

Figure 2: Distribution of employed, unemployed and economically inactive in total population aged 15+ by economic class, various years (%)

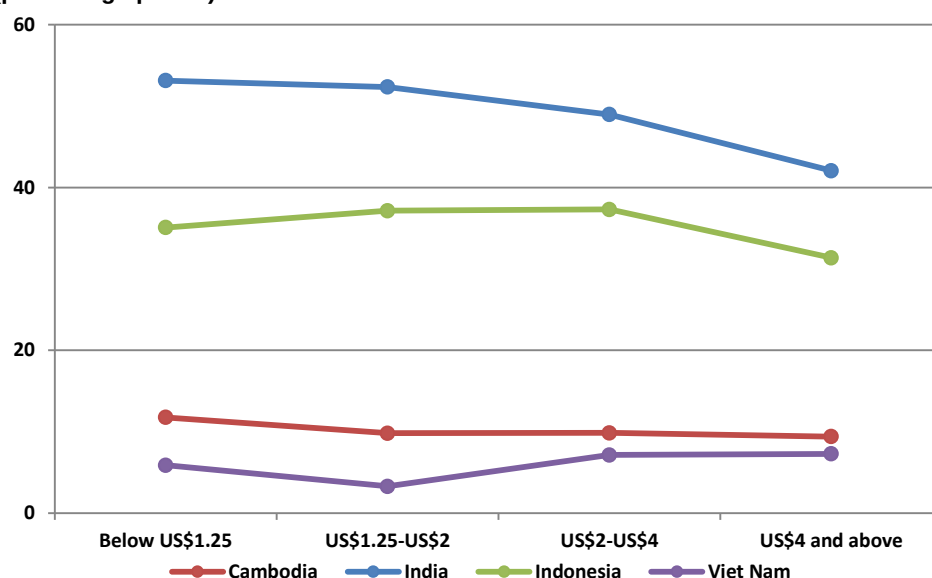


Source: Authors' calculations from official national household surveys.

In India and Indonesia, the overall lower economic activity rates regardless of economic class can be attributed to the notable deficits in female participation in the labour force (see Figure 3). The male-female gap in labour force participation was around 50 percentage points in India and 36 percentage points in Indonesia. By contrast, in both Cambodia and Viet Nam the male-female difference in economic activity was substantially lower at around 10 percentage points and 6 percentage points respectively. Notably, in India the gender gap in participation was around 53 percentage points for the poor but was more than 10 percentage points lower (about 42 percentage points) for the middle class. A similar albeit less pronounced difference in gender gaps across economic classes was evident in Indonesia and Cambodia. This trend could be attributed to better sharing of household duties between

men and women in middle class families or the ability of more affluent families to hire domestic help which would allow more middle class women the option to pursue career opportunities. Importantly, it points to the potential that a growing middle class can have in promoting women's economic participation and gender equality in the labour market.

Figure 3: Male-female gap in labour force participation rates aged 15+ by economic class, various years (percentage points)



Source: Authors' calculations from official national household surveys.

4.2 Education gaps and middle class opportunities

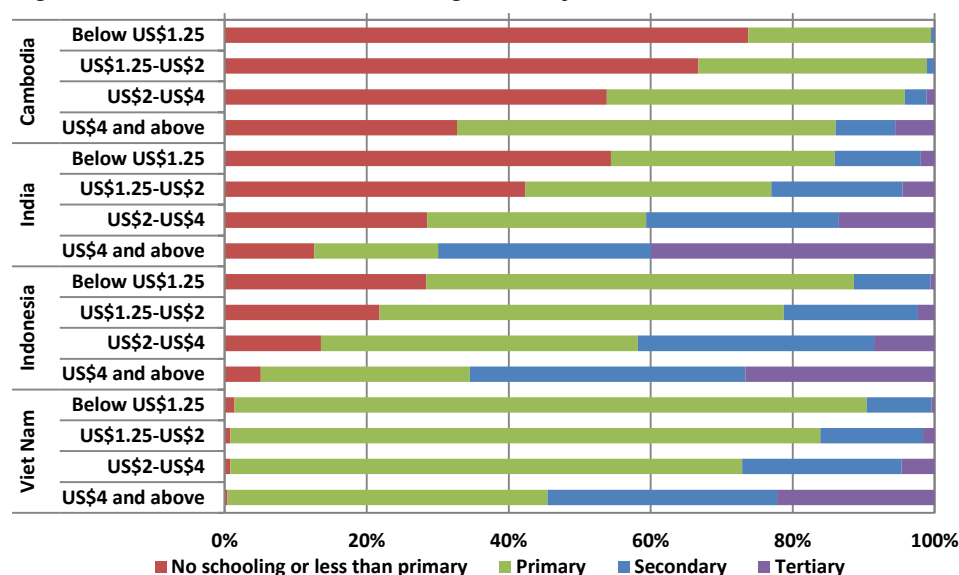
The conceptual link between education and poverty reduction is well established, but how extensive is the class-based education gap and what distinct patterns emerge when comparing the poor, near poor and middle class workforces in our sample? First, as would be expected, educational attainment is consistently higher as household economic class increases (see Figure 4). A majority of the economically active poor as well as the near poor had only a primary education or less. Moreover, tertiary education was almost non-existent among the extremely poor in all four countries, and was still rare among the near poor.

Comparatively, education deficits among the economically active poor and near poor were most pronounced in Cambodia where the majority still lacked even primary education. The shares of the extremely poor, moderately poor and near poor labour force with less than a primary education were 74 per cent, 67 per cent and 54 per cent respectively. However, among the middle class, around one-half of the economically active had a primary education. Access to primary education was notably more challenging for poor and near poor women than men of the same class, with the share having completed a primary education around 12–13 percentage points lower for females. In regard to higher education, only a small minority of the labour force had attained a secondary or tertiary diploma. Even among the middle class, the proportion was only 14 per cent.

Viet Nam provides a stark contrast to Cambodia. Around 1 per cent or less of the economically active across all economic classes had less than a primary education. However, while primary education completion rates were high, secondary and tertiary education remained elusive among the poor and near poor. The share of the labour force with a secondary or tertiary education was less than 10 per cent among the extremely poor, around 16 per cent for the moderately poor and slightly more than 27

per cent for the near poor. By contrast, one salient characteristic of the economically active middle class in Viet Nam was their higher education attainment: more than one-half had completed secondary education and a further one-fifth held a tertiary degree. Noteworthy also was the near gender parity in education achievement of the Vietnamese labour force regardless of poor or middle class status.

Figure 4: Distribution of labour force aged 15+ by education and economic class, various years (%)



Source: Authors' calculations from official national household surveys.

India stands out for the sharp disparity in educational attainment across the different economic classes, and the linkage between poverty and education attainment are most evident. Around 86 per cent and 77 per cent of the extremely and moderately poor respectively had only primary education or less. This percentage was considerably lower for the near poor (59 per cent) and the middle class (30 per cent). Interestingly, there was a sizeable male-female gap in primary education achievement (15 percentage points higher for men than women) among the extremely poor, but the disparity diminished gradually before reaching near parity among the middle class. In addition, nearly seven in ten of the middle class labour force in India had at least a secondary education whereas the proportion was less than one in six among the extremely poor. Looking at tertiary education achievement alone, the share was around 40 per cent for the middle class, but less than 2 per cent among the extremely poor. This class-based gap in tertiary education of 38 percentage points was the highest among all four countries.

Indonesia shows similar although less pronounced education patterns as India. Nine-tenths of the extremely poor had only a primary education or less, and the share was four-fifths among the moderately poor and three-fifths for the near poor. By contrast a majority (around two-thirds) of the middle class workforce had completed at least secondary school, with a further one-quarter holding a tertiary degree. Conversely, tertiary education was almost absent among the poor; less than 1 per cent of the extremely poor and around 2 per cent of the moderately poor labour force had a tertiary degree. In terms of the gender-related differences, Indonesia is similar to Viet Nam in that male-female disparities in education achievement were less prevalent among the poor and near poor as observed in Cambodia and India.

In sum, the main findings in regard to education of the labour force across the different economic classes include:

- Educational attainment of the labour force was highly related to economic class, with higher school achievement consistently associated with more affluent economic status.
- With the exception of Cambodia where education was generally lower across all economic classes, a prominent majority of the near poor labour force in the other three countries had at least basic education at the primary level. For the economically active middle class, a majority in India, Indonesia and Viet Nam had at least a secondary degree.
- Tertiary education was nearly non-existent among the poor and accessible predominantly to the middle class in the four-country sample.
- In two of the four countries (Cambodia and India), gender-related deficits in education achievement were prevalent particularly among the poor and near poor with considerable disadvantages for women. However, these male-female education gaps were notably lower among the middle class.

4.3 Working poverty and middle class jobs

Having looked at economic participation and education, this section focuses on the distinct employment characteristics that differentiate the poor, near poor and middle class workers in the four-country sample.

Table 1 shows the distribution of the employed population by economic class and sex, revealing a number of prominent features. First, working poverty was pervasive in all four countries. Based on the US\$1.25 per day poverty line, the working poverty rate was 28 per cent overall and ranged from 20 per cent in Viet Nam to 37 per cent in Cambodia. The share of workers living in moderate poverty (less than US\$2 per day) was also alarming; around one-half of all workers in Viet Nam and two-thirds of all workers in Cambodia, India and Indonesia. In absolute terms, the total number of poor workers in the sample was 334.5 million, of which 248.3 million were in India. Regarding gender differences, working poverty rates (including both the extremely and moderately poor) for women were only marginally higher than for men in all four countries.

Second, comparatively small portions of the employed population were classified as middle class or above in the four countries. This ranged from approximately 7 per cent in India and Indonesia to 16 per cent in Viet Nam. In all four countries, male workers were more likely than women workers to be middle class, with the exception of Indonesia. In absolute terms, the middle class accounted for around 39 million workers in the four-country sample, with 24.2 million in India, 7.6 million in Viet Nam, 6.5 million in Indonesia and 635 thousand in Cambodia. Reflecting the sizeable male-female gap in labour force participation in India and Indonesia as discussed in Section 4.1, the total population of middle class working men outnumbered middle class working women by three times in India and by nearly two times in Indonesia. However, in both Cambodia and Viet Nam, the populations of male and female middle class workers were nearly equal in size.

Moreover, an important distinction is that nearly three in ten workers in the four countries remained near poor and had not yet reached middle class status. These workers were particularly vulnerable to falling back into poverty. In addition to the working poor, this group should not be overlooked by policy-makers given the potential of an unexpected economic, social or environmental shock that

could detrimentally impact household income and consumption levels and push families into poverty.⁷ These findings have profound implications in particular for social protection measures, including basic health and income support systems, in developing Asia.

Table 1: Employed population aged 15+ by sex and economic class, various years

	Distribution of employed population (%)				Total employed population (000s)
	Below US\$1.25	US\$1.25- US\$2	US\$2- US\$4	US\$4 and above	
Cambodia	36.5	29.0	24.9	9.6	6 622
Male	36.7	28.6	24.7	9.9	3 339
Female	36.3	29.4	25.1	9.2	3 283
India	29.3	37.0	27.2	6.5	374 286
Male	29.0	37.0	27.3	6.6	278 050
Female	30.2	37.0	26.8	6.0	96 236
Indonesia	27.4	37.8	27.7	7.1	91 057
Male	26.7	38.3	28.1	6.9	57 904
Female	28.5	37.0	26.9	7.6	33 153
Viet Nam	20.2	27.5	36.3	16.0	47 161
Male	19.6	27.1	36.9	16.5	23 701
Female	20.8	27.9	35.7	15.6	23 459
Total	28.3	36.2	28.1	7.5	519 125
Male	28.1	36.5	28.0	7.3	362 994
Female	28.6	35.4	28.1	7.9	156 131

Note: Total figures represent the distribution of the aggregated employed population across the four-country sample.
Source: Authors' calculations from official national household surveys.

4.3.1 The challenge of vulnerable and casual employment

Analysis of workers by employment status is instrumental in providing insights into the conditions and security of employment and the extent that workers are engaged in vulnerable jobs. Applying the widely accepted international definition, the vulnerable employment rate in our analysis is defined as the proportion of own-account and contributing family workers in total employment. In contrast to wage or salaried employees, workers in these categories are employed in relatively precarious circumstances, are less likely to have formal work arrangements, access to benefits or social protection systems and are more at risk during an economic downturn.⁸

Across the four-country sample, 267.7 million workers (more than one in two) were in vulnerable employment as an own-account or contributing family worker, reflecting the poor quality of jobs overall. Nearly one-half of all workers in India were classified as holding a vulnerable job, while the comparable ratios were nearly three-fifths in both Indonesia and Viet Nam and three-fourths in Cambodia. The relatively lower vulnerable employment rate in India however should not overshadow

⁷ Research indicates that both the 1997-98 Asian financial crisis and the 2004 Indian Ocean Tsunami, for example, exacerbated the poverty situation in a number of developing countries in the region. See: N. Jonas and H. Marsden: *Assessing the impacts of and responses to the 1997-98 Asian financial crisis through a child rights lens: Including children in policy responses to previous economic crises* (New York, UNICEF, 2010); and A.T. Hagiwara and G. Sugiyarto: *Poverty impact of the tsunami: An initial assessment and scenario analysis*, Paper presented during the 4th PEP Research Network General Meeting, Colombo, 13-17 June 2005.

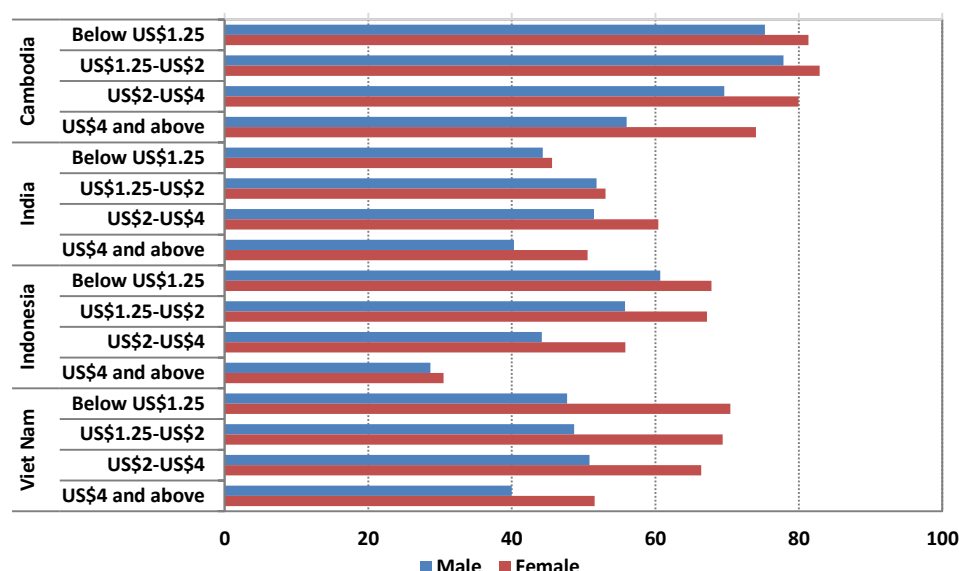
⁸ For further discussion on the vulnerable employment indicator, see: ILO: *Guide to the Millennium Development Goals employment indicators, Second edition* (Geneva, 2013a); and ILO: *Key Indicators of the Labour Market, Fifth edition* (Geneva, 2007).

another group in that country that faced significant labour market deficits – casual wage earners employed on a temporary or short-term basis (as discussed below).

When assessing differences among the economic classes, however, a paramount characteristic emerges: vulnerable employment rates were significantly higher among the poor and near poor in all four countries and notably less common among the middle class. In Indonesia, the class-based difference in vulnerable employment rates were the most glaring, at 34 percentage points higher for the extremely poor than for middle class workers. The comparable disparities between the same two economic classes in Cambodia and Viet Nam were almost 14 percentage points. In India, the vulnerable employment rate among India's middle class workers was more than 11 percentage points higher than workers living in near poor households.⁹ From a different perspective, the poor and near poor accounted for 96 per cent of all own-account and contributing family workers in Indonesia, 95 per cent in India, 92 per cent in Cambodia and 87 per cent in Viet Nam. Clearly, having middle class status is categorically linked to a worker's ability to access non-vulnerable forms of employment with greater stability and security.

Another important and common distinction in all four countries was the higher rate of vulnerable jobs among women than men (see Figure 5). The gender gap was particularly pronounced in Viet Nam (18 percentage points) and Indonesia (10 percentage points). Moreover, in Viet Nam, the male-female difference in the vulnerable employment rate was lowest among the middle class (12 percentage points), but gradually increased as economic class status declined, reaching 23 percentage points among the extremely poor. By contrast, the opposite pattern emerged in Cambodia and India; the gender discrepancy in the vulnerable employment rate was lowest among poor workers but highest among the middle class. While the correlation between gender disparity in vulnerable jobs and economic class is not uniform, what is clear is that women consistently faced greater difficulty than men within the same economic class in accessing better quality, non-vulnerable jobs.

Figure 5: Share of vulnerable employment (own-account and contributing family workers) in total employed population aged 15+ by sex and economic class, various years (%)

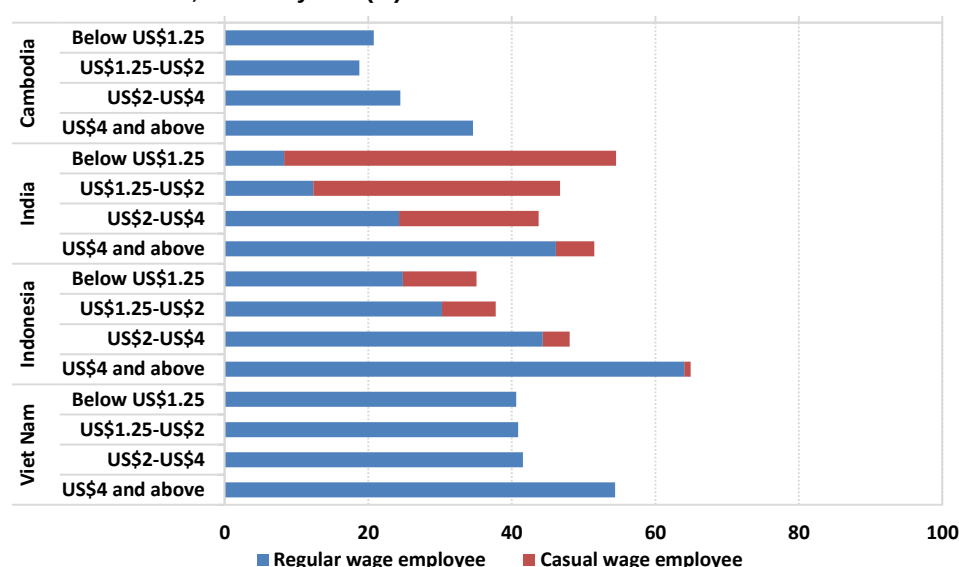


Note: Viet Nam survey data do not include a separate classification for contributing family workers.
Source: Authors' calculations from official national household surveys.

⁹ The percentage of extremely poor workers in vulnerable jobs in India was lower than in the other three countries, but only because a majority of these workers were classified as having a precarious, casual wage job.

Whereas working on one's own account or contributing to a family-based establishment is often indicative of poor job quality, regular salaried employment is commonly assumed to provide better working conditions and security and higher earnings and greater benefits. In all four countries, the percentage of the workforce engaged in regular wage employment was considerably low at around one-fifth in India and Cambodia and approximately two-fifths in Indonesia and Viet Nam.¹⁰ Looking at wage employment rates and economic class in each country, a prominent pattern is evident: regular wage employment was atypical among the poor, more common among the near poor and a defining feature of the middle class (see Figure 6). In Cambodia and Viet Nam, the share of regular wage employment among the middle class was 14 percentage points higher than for the extremely poor, while the comparable difference was nearly 40 percentage points in both India and Indonesia. These findings about better access to wage employment among the middle class are consistent with Banerjee and Duflo (2008).

Figure 6: Share of regular and casual wage employees in total employed population aged 15+ by economic class, various years (%)



Note: Cambodia and Viet Nam survey data do not include a separate classification for casual wage workers.
Source: Authors' calculations from official national household surveys.

Working conditions for wage employees can also be insecure and precarious when these workers are employed casually on a temporary, seasonal or short-term basis.¹¹ In both India and Indonesia, the share of casual wage workers notably declined as economic class status increased. More than 46 per cent of all extremely poor Indian workers were engaged in casual wage employment, but the share was around 20 per cent for the moderately poor and merely 5 per cent for the middle class. Likewise, casual employment rates were less than 1 per cent for the middle class Indonesian workers, but more than 10 per cent for the extremely poor. While casual employment rates in Indonesia were only

¹⁰ It should be noted that the Cambodia and Viet Nam survey data do not have a separate distinction for regular versus casual wage earners, and therefore indicators on wage employment for both countries are not strictly comparable with India and Indonesia.

¹¹ In India, a casual worker is defined as "a person casually engaged in other's farm or non-farm enterprises (both household and non-household) and getting in return wage according to the terms of the daily or periodic work contract." See: India Ministry of Statistics and Programme Implementation: *Introduction: Concepts, definitions and procedures*. Available at: <http://164.100.34.58/index.php/catalog/18> [accessed 19 June 2013]. In Indonesia, casual day workers are defined as "workers who receive a daily wage. These wages may be given weekly or monthly, depending on the work output. Included are casual workers who are paid according to the volume/output of work which they perform or are contracted for." See: Badan Pusat Statistik (Statistics Indonesia).

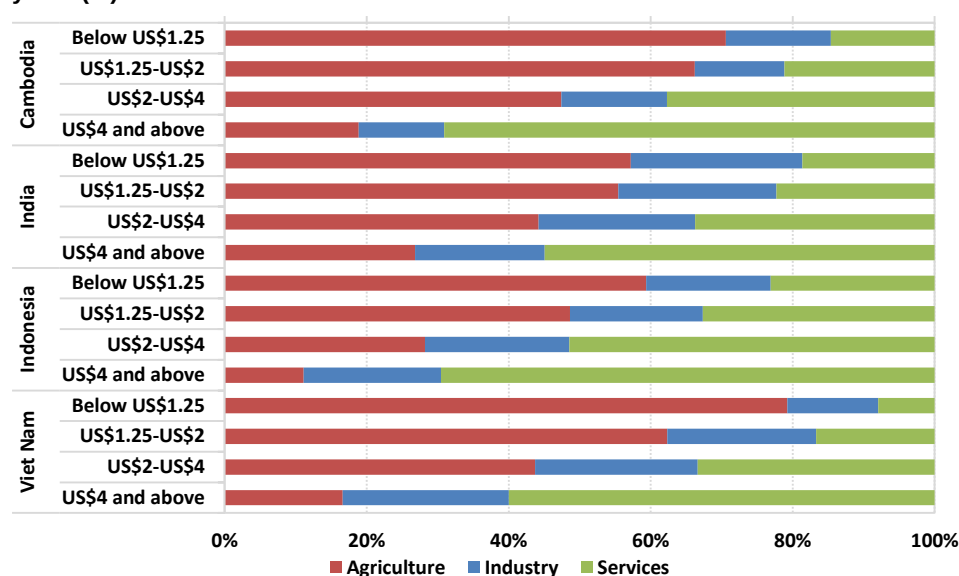
Available at: http://www.bps.go.id/eng/menutab.php?tab=4&tabel=1&kat=1&id_subyek=06&ist=1&var=C [accessed 19 June 2013].

marginally higher for men than women (around 1 percentage point), the gender gap in India was higher for women by nearly 4 percentage points overall.¹² In sum, the probability of working in a casual, salaried job significantly increases with less affluent class status in both countries, and this pattern is consistent when looking separately at male and female casual wage earners.

4.3.2 Agricultural poverty trap and opportunities in manufacturing

This section examines whether workers from a particular economic class are more likely to be employed in a certain economic sector. Figure 7 reveals a stark and consistent pattern across all four countries: with lower economic status, the likelihood of working in agriculture was drastically higher. Conversely, as economic class status increased, the chances of being employed in the services sector rose significantly. While agriculture was the predominant employer of a considerable majority of all poor workers in the four countries, it engaged merely one in ten middle class workers in Indonesia, one in six in Viet Nam, one in five in Cambodia and around one in four in India. On the other hand, the services sector provided jobs for 55–70 per cent of all middle class workers in the four countries, but only 8–33 per cent of jobs for poor workers. These findings corroborate the notion that in order to expand the middle class, rural workers must be supported by raising agricultural productivity and incomes while also facilitating the structural transition of workers out of agriculture and into better jobs in higher-value added services.¹³

Figure 7: Distribution of employed population aged 15+ by economic sector and economic class, various years (%)



Source: Authors' calculations from official national household surveys.

Given the evident differences in employment in agriculture and services across economic class, are there defining traits that characterize the linkage between industrial employment and economic class? Surprisingly, with the exception of Viet Nam, the share of employment in the industrial sector was generally consistent across all economic classes in each country, at around 14 per cent in Cambodia, 19 per cent in Indonesia and 23 per cent in India. However, in Viet Nam, only 13 per cent of the extremely poor workers were based in industry, compared to around 22 per cent of the near poor and

¹² In India, a linear relationship between the gender gap in casual wage employment rates and economic class was not evident.

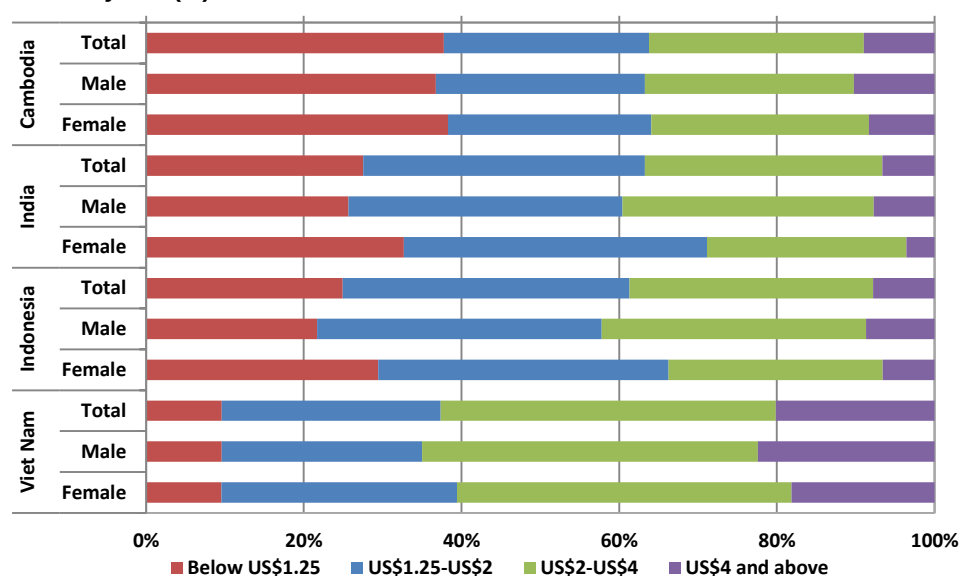
¹³ For further discussion on the importance of the services sector on inclusive growth, development and employment creation, see: Asian Development Bank: *Asian Development Outlook 2012 Update: Services and Asia's future growth* (Manila, 2012).

the middle class. Overall, holding an industrial job, unlike employment in agriculture and services, appears less likely to be tied to a worker's economic class in the four-country sample.

Manufacturing is one vital sub-sector worthy of further examination considering its role in developing Asia in driving export-led growth, increasing living standards and generating salaried jobs for women.¹⁴ In Cambodia, the manufacturing sector is dominated by women workers who accounted for 65 per cent of jobs in that sector. In Viet Nam, 53 per cent of manufacturing jobs were held by women. In addition, while women in Indonesia accounted for 36 per cent of total employment across all economic sectors, they occupied nearly 42 per cent of manufacturing jobs. By contrast, in India, the sector is comparably less instrumental for female employment, as only one in four manufacturing workers was a woman.

When assessing the opportunities created by manufacturing jobs for different economic classes, different patterns emerge in the four countries (see Figure 8). In Cambodia, the extremely poor were the most common economic class working in manufacturing (around 38 per cent), which could reflect the low pay and low skill nature of the country's primarily garment manufacturing industry. In India and Indonesia, manufacturing consisted of mostly moderately poor workers (approximately 36 per cent) but also workers from near poor families (about 30 per cent). In Viet Nam, extremely poor workers were mostly absent in manufacturing, accounting for less than 10 per cent, while the near poor were the most prominent class at almost 43 per cent. In addition, middle class workers in Viet Nam held nearly one in five manufacturing jobs, which was more than double the shares in the other three countries. In sum, the manufacturing sector appears to have created jobs for different classes of workers in the four countries, on one hand benefiting more of the extremely poor in Cambodia, but more of the moderately poor in India and Indonesia and predominantly the near poor in Viet Nam.

Figure 8: Distribution of employed population in manufacturing aged 15+ by sex and economic class, various years (%)



Source: Authors' calculations from official national household surveys.

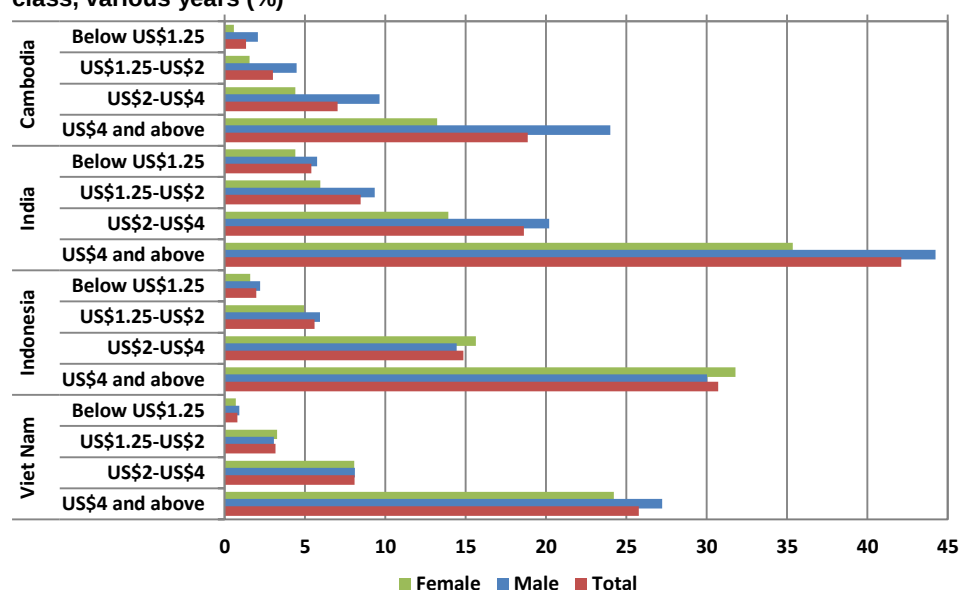
¹⁴ For example, see: J. Felipe and G. Estrada: *Benchmarking developing Asia's manufacturing sector*, ERD Working Paper Series No. 101 (Manila, ADB, 2007); ADB and ILO: *Women and labour markets in Asia: Rebalancing for gender equality* (Bangkok, 2011).

4.3.3 Class and occupational segregation

Another critical dimension of job quality relates to the type of occupation and requisite skill level. High-skilled occupations often entail a significant level of creative, decision-making, technical and communication competencies, and generally earn higher wages and offer better working conditions. In our analysis, we adopt the international standard approach for defining high-skilled, non-manual occupations, namely legislators, senior officials, managers, professionals, technicians and associate professionals. In terms of formal education and training levels, these high-skilled occupations correspond to the first and second stage of tertiary education, although the necessary skills can also be developed through informal training and experience.¹⁵

Looking at economic class and segregation in occupations that characterize these types of managerial and high-skilled professions further highlights substantial disparities in access to better jobs (see Figure 9). In the four-country sample, around one in three middle class workers had a high-skilled occupation, but the proportion was less than one in 20 among the extremely poor. Notably, middle class workers were 32 times more likely to have a high-skilled occupation than extremely poor workers in Viet Nam. The comparable ratios were 16 in Indonesia, 14 in Cambodia and eight in India. With the exception of the near poor and middle class in Indonesia and the moderately poor in Viet Nam, women had lower high-skilled occupation rates compared to men in all four countries regardless of household affluence. In light of the previous discussion on inequality in educational attainment, too many poor workers, especially women, in developing Asia clearly lack the crucial education, training and professional experience to compete for these high-skilled jobs.

Figure 9: Share of high-skilled occupations in total employed population aged 15+ by sex and economic class, various years (%)



Note: High-skill occupations are defined as International Standard Classification of Occupations (ISCO-88) Major Group 1 (legislators, senior officials and managers), Major Group 2 (professionals) and Major Group 3 (technicians and associate professionals).
Source: Authors' calculations from official national household surveys.

¹⁵ For further discussion, see: ILO: *Decent work indicators: Concepts and definitions: ILO manual, First edition* (Geneva, 2012a), p. 128; ILO: *Global Employment Trends for Youth 2013: A generation at risk* (Geneva, 2013b); and ILO: *International Standard Classification of Occupations: ISCO-08* (Geneva, 2012b).

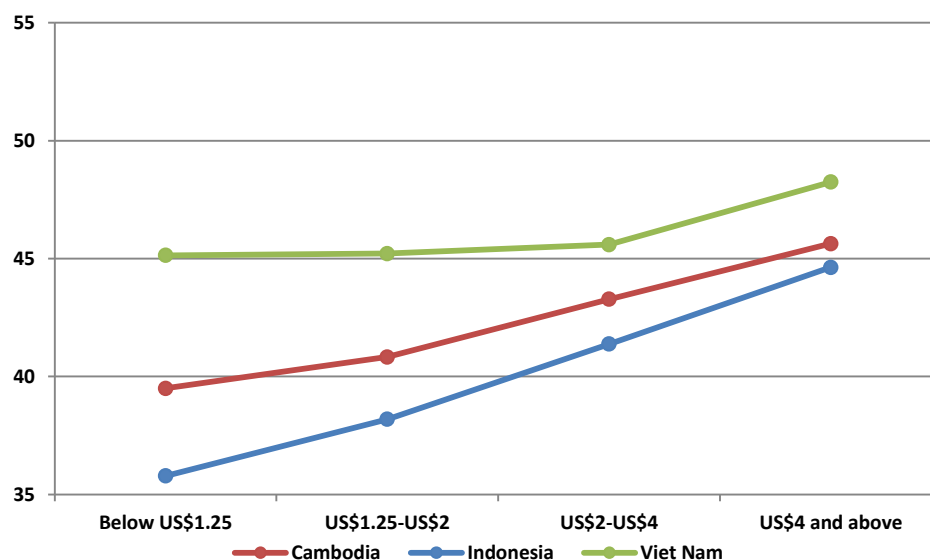
4.3.4 Sufficiency of working hours to escape poverty

Analysis of working time is useful for gaining further insights into the working conditions of developing Asia's poor, vulnerable and middle class workers. Excessive hours of work, for example, could signify potential negative effects on workers' health and safety as well as work-life balance.¹⁶ However, given the alarming shares of workers self-employed on their own-account or in casual salaried jobs as discussed above, these workers in particular may seek more hours of work in order to increase total earnings and aggregate household income in spite of any related adverse consequences.

In Indonesia, workers averaged 39 hours per week, with men employed for 41 hours and women for 35 hours. Workers in Cambodia worked on average slightly more than 41 hours per week, with higher working time for men (43 hours) compared to women (40 hours). Meanwhile, working time in Viet Nam was even higher overall: 46 hours on average (47 hours for men and 44 hours for women).¹⁷ The male-female difference in working time in these three countries likely reflects the comparably greater engagement of women in household duties that are not reflected statistically in the system of national accounts and therefore not counted as hours of work.

When looking at the average working time across economic class, a distinctive pattern emerges (see Figure 10). In all three countries, the average hours of work increased with economic class status, with the extremely poor averaging the fewest hours (as low as 36 hours per week in Indonesia) and the middle class working the longest hours (as many as 48 hours in Viet Nam). This trend was also consistent when looking separately at men and women workers. In fact, the highest disparity in working time when looking at sex-disaggregated trends were among Indonesian females, with middle class women working on average 13 hours more each week than their extremely poor female counterparts.

Figure 10: Average weekly hours of work of employed population aged 15+ by economic class, various years



Source: Authors' calculations from official national household surveys.

¹⁶ See: ILO: *Decent work indicators: Concepts and definitions: ILO manual, First edition*, op. cit., p. 83.

¹⁷ Information on working time in India is not available from the survey data, and therefore is not discussed in this section.

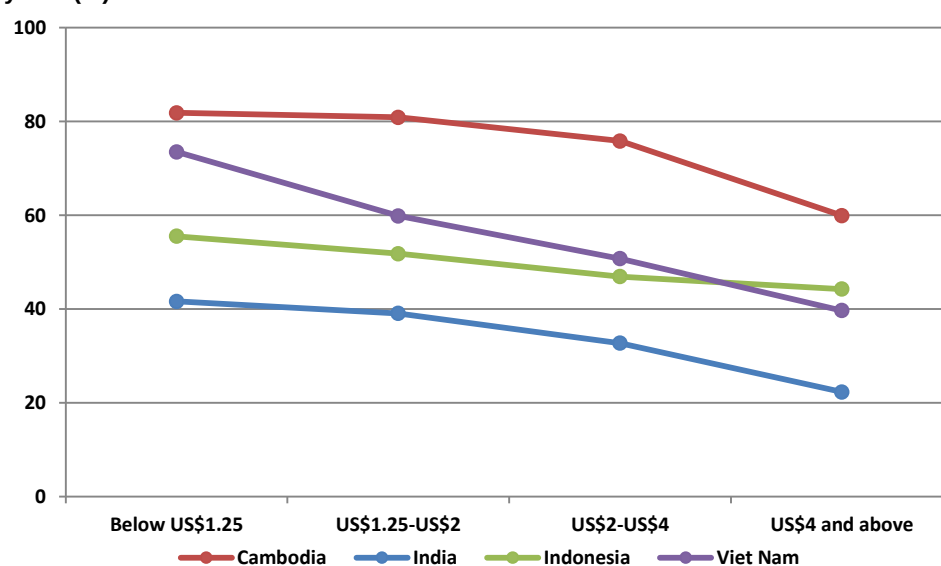
Because our analysis examines working time in all jobs held during the reference period, these findings could underscore the reality that in developing Asia many workers are engaged in multiple jobs and the amount of earnings (and thus total household income and expenditure levels) will depend in part on one's ability to access additional working hours in secondary occupations. For the middle class worker, opportunities for working extra hours to supplement income seem greater than for the working poor. This view is further supported by data on time-related underemployment in Cambodia.¹⁸ There, underemployment also decreased with higher economic class status: the underemployment rate was 11.9 per cent for the extremely poor, 11 per cent for the moderately poor, 8.3 per cent for the near poor but only 4.9 per cent for the middle class. In terms of composition, poor workers accounted for two-thirds of the total underemployed population, while the middle class made up less than one-tenth. Thus, while there is a common perception that the poor work long hours with little pay, the evidence points to a slightly different reality – that the poor may be earning too little and are stuck working hours insufficient to lift themselves and their families out of poverty.

4.4 Youth, labour markets and economic class

4.4.1 Economic participation, education and unemployment

Young people aged 15–24 in the four countries portray an interesting labour market profile when analyzed across the different economic classes. As observed among the general working-age population, labour force participation for youth strongly decreases as economic class status increases (see Figure 11). The rich-poor gap in youth participation between the middle class and the extremely poor was nearly 34 percentage points in Viet Nam, around 20 percentage points in Cambodia and India and 11 percentage points in Indonesia. This uniform pattern could be explained by a few factors. Economic activity among many youth from poor families is simply a reality of life given their need to augment low household income levels. Moreover, the class-based gaps in economic participation could also be a result of better access to higher education and training opportunities for middle class youth in comparison to young people from poor households.

Figure 11: Labour force participation rate of youth population aged 15-24 by economic class, various years (%)



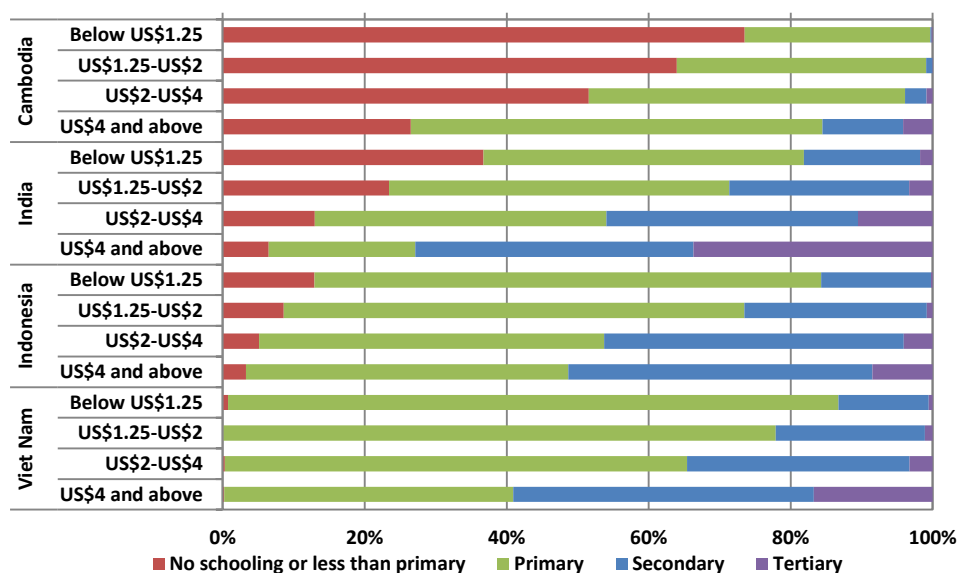
¹⁸ For Cambodia, the time-related underemployment rate is calculated as the proportion of employed persons who were available for and wanted to work additional hours during the survey reference period.

Source: Authors' calculations from official national household surveys.

In terms of notable gender inequalities in the four countries, labour force participation in India among female youth was significantly lower than their male counterparts. However, the male-female gap decreased considerably with greater household affluence, from 37–40 percentage points among the poor to around 12 percentage points among the middle class. In Indonesia, labour force participation among poor male youth was around 25 percentage points higher than for poor female youth, but among middle class youth, participation among women slightly outpaced men. Greater economic engagement among young women vis-à-vis young men increases with a rise in economic class and could perhaps be a positive reflection of middle class values and opportunities which can promote gender equality in both countries.

Access to quality education and training for young people remains a paramount concern in the region, but to what extent is the challenge universal or only relevant to poor families? Our analysis shows that school completion rates and higher education achievement among young people increased considerably with higher economic class (see Figure 12). In Cambodia, nearly two-thirds of poor and near poor youth had less than a primary education, whereas only around one-quarter of middle class youth had such low levels of schooling. In India, Viet Nam and Indonesia, around 73 per cent, 59 per cent and 51 per cent of middle class youth respectively had a secondary or tertiary degree. By contrast the comparable rate for poor youth in the three countries was approximately 20 per cent. The evidence is glaring. To foster developing Asia's middle class, greater and better targeted investments are needed to expand access to and improve the quality of higher education and training, particularly for young people from poor and near poor families.

Figure 12: Distribution of youth labour force aged 15-24 by education and economic class, various years (%)



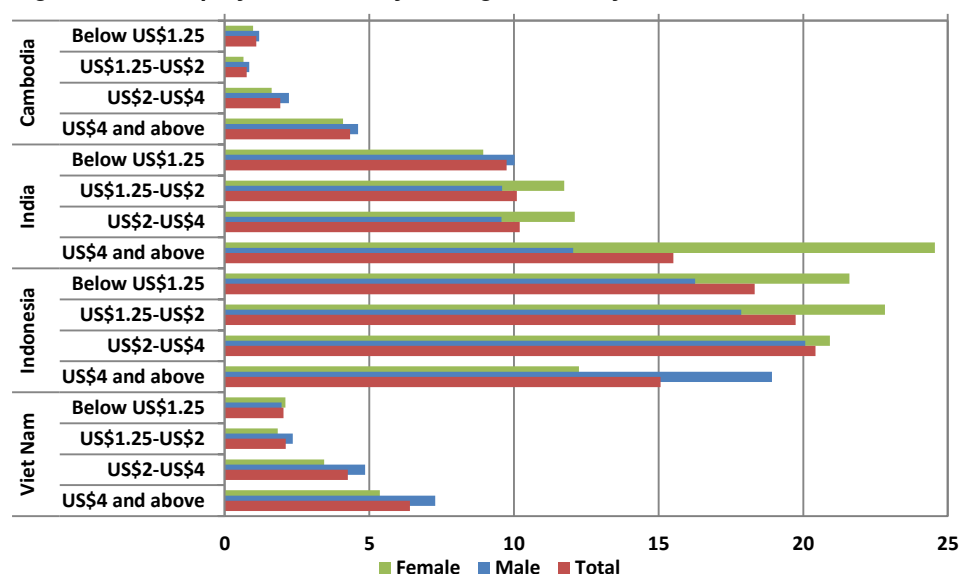
Source: Authors' calculations from official national household surveys.

The youth unemployment challenge in developing Asia has been described in many cases as a phenomenon of highly educated young people from wealthier families who have the financial luxury to spend time looking for the ideal job that meets both their personal aspirations and social norms.¹⁹ In this regard, our analysis provides some supporting evidence to this claim, however with

¹⁹ For example, see: ILO: *Labour and Social Trends in ASEAN: Integration, challenges and opportunities* (Bangkok, 2007), p. 24.

qualifications. In the four-country sample, youth unemployment rates were indeed highest among the middle class except in Indonesia (see Figure 13). In Cambodia, the unemployment rate for middle class youth was four times higher than for young people from extremely poor families. The comparable ratios were 3 in Viet Nam and 1.6 in India. Moreover, around one in ten Indian youth in the labour force was unemployed overall, but an astounding one in four among young female jobseekers from middle class families. In the exceptional case of Indonesia, unemployment rates among poor youth actually exceeded the rate for middle class young people by 3–5 percentage points, and were the highest among poor young women. Furthermore, when looking at the class-based composition of all unemployed young persons in each country, youth from poor households accounted for nearly 70 per cent in India and Indonesia and around 44 per cent in Cambodia and 35 per cent in Viet Nam. While there are many complicated dimensions to the youth unemployment challenge in developing Asia, the predicament of young people from poor and near poor families simply cannot be overlooked. Being both young and poor presents a distinct double burden in the search for decent employment.

Figure 13: Unemployment rate of youth aged 15-24 by sex and economic class, various years (%)



Source: Authors' calculations from official national household surveys.

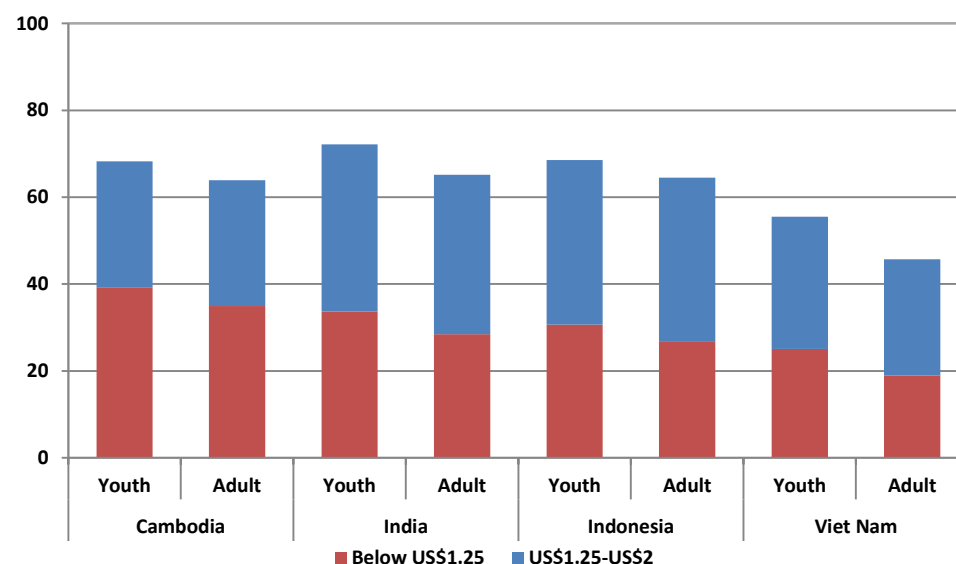
4.4.2 Job quality for young people at work

What are the some defining class-based characteristics of employed youth in the four countries? First, working poverty is pervasive (see Figure 14). In Cambodia, India and Indonesia around 70 per cent of employed youth lived in a poor household while the comparable share was nearly 56 per cent in Viet Nam. In all four countries, poverty rates among working youth were higher than for their adult counterparts – ranging from 4 percentage points higher in Cambodia and Indonesia to 7 percentage points in India to nearly 10 percentage points in Viet Nam. In terms of male-female gaps in working poverty rates among youth, no differences were observed in India but they were higher for male youth than female youth in Cambodia (3 percentage points) and Indonesia (7.5 percentage points). In Viet Nam, the direction of disparity was the opposite and 4 percentage points higher for young women.

Second, a majority of working youth are engaged in low quality jobs as defined by vulnerable employment as own-account or contributing family workers. In addition to being precarious and insecure, these jobs likely provide very meagre earnings given the high shares of working poverty among youth as noted above. Moreover, job quality (based on this measurement of vulnerable employment) for young people tends to be better with higher economic class. For example, in

Indonesia and Viet Nam, the vulnerable employment rate among poor working youth was approximately 50 per cent, but was dramatically lower among the middle class in both countries at 19 per cent and 33 per cent respectively. In India, the vulnerable employment rate depicts only one side of the alarming picture for young people in terms of job quality given the prevalence of casual, temporary jobs in the country. When looking at the share of casual wage earners, around one in two working Indian youth from poor households fell into this category, but the share was merely one in ten among the middle class.

Figure 14: Share of workers from poor households by age group, various years (%)

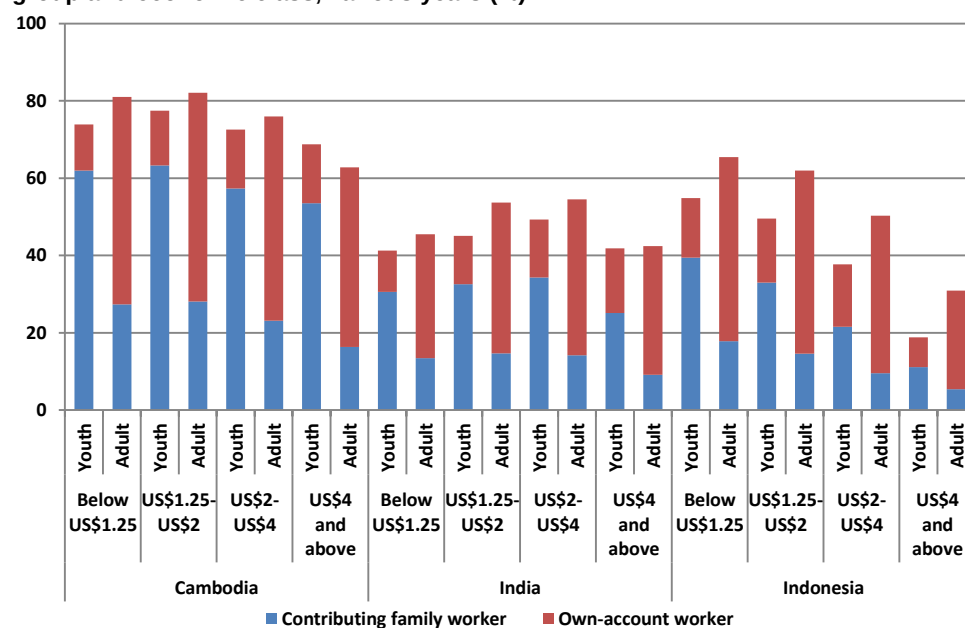


Note: Youth aged 15–24 and adults aged 25+.

Source: Authors' calculations from official national household surveys.

In all four countries, the vulnerable employment rate for adults generally exceeded that for youth by a considerable margin, particularly in Indonesia (around 11 percentage points) and Viet Nam (16 percentage points). However, further examination reveals that young people were not necessarily working in better quality jobs than adults as a majority of young people who were engaged in vulnerable employment were working (and often not remunerated) as contributing family workers. Across all economic classes in Cambodia, India and Indonesia, the share of employed youth contributing as family workers greatly outweighed the share for adults with the difference as much as 35 percentage points in Cambodia (see Figure 15). Moreover, the share of contributing family workers was generally lower for youth from middle class households vis-à-vis poor and near poor households. These findings highlight another dimension of the youth employment challenge: the need to support young people in accessing productive and gainful employment, including entrepreneurship opportunities. This calls for greater focus on business education as well as improved access to finance, particularly for youth living in or near poverty.

Figure 15: Share of contributing family and own-account workers in total employed population by age group and economic class, various years (%)



Note: Youth aged 15–24 and adults aged 25+; Viet Nam survey data does not include a separate classification for contributing family workers.
Source: Authors' calculations from official national household surveys.

5. Conclusion

Using an absolute definition of poverty and the middle class, this paper provides some important insights into the profiles of the poor, near poor and middle class workforce in developing Asia and the Pacific, with a special focus on Cambodia, India, Indonesia and Viet Nam. By applying a class-based framework for assessing inequality in the labour market, the paper sheds light on decent work challenges that must be addressed by policy-makers in the region in order to eradicate working poverty and foster growth of the middle class. In addition, it provides disaggregated analysis by sex and age group to highlight particular concerns for poor women and youth and the measures that can help strengthen their position in the labour market.

Overall, the paper presents a number of key findings. First, in recent decades the region has achieved remarkable progress in reducing working poverty and fostering a sizeable middle class that is projected to account for one-half of the workforce (932 million) by 2017. However, working poverty remains pervasive. In Asia and the Pacific, 603 million workers still lived under the US\$2–poverty line in 2012. Moreover, another 497 million workers lived just above the poverty line (US\$2–US\$4) and were vulnerable to falling back into poverty due to an unforeseen emergency or crisis.

Second, education levels of the workforce are positively linked to household affluence with secondary and tertiary education still elusive for too many living under or just above the poverty line. In order to nurture and expand the middle class, strengthening access to and improving the relevance of higher education and vocational training for the poor and near poor is imperative. This would help them develop the higher-level skills needed to compete for more productive jobs that provide better wages and earnings.

Third, the quality and security of work – as measured by the prevalence of vulnerable and casual jobs, employment in low-productivity agriculture and sufficient working hours – are measurably associated with economic class. In developing Asia, the poor and near poor vis-à-vis the middle class face stark disadvantages in terms of access to quality jobs. To this end, increasing infrastructure investment and facilitating sectoral shifts from agriculture to higher value-added industry and services are critical. Moreover, better labour market governance could help improve working conditions and boost wages.

Fourth, gender disparities in terms of job quality are pervasive with women facing greater challenges than men regardless of economic class. However, with higher household affluence, gender gaps in education and economic participation tend to be lower. This positive finding highlights the potential impact of middle class opportunities and values on reducing gender discrimination in society and the labour market.

Finally, for young workers from poor and near poor households, access to higher education remains a prominent challenge as well as opportunities for productive and remunerated employment. Given higher youth working poverty rates and shares of young people engaged as contributing family workers relative to adults, improving education and training systems that ease the school-to-work transition, investing in sound labour market policies, fostering youth entrepreneurship and ensuring rights for young people could help disadvantaged young people tremendously. In addition, the prevalence of graduate youth unemployment in the region points to the need for employment-centred economic policies that can drive stronger aggregate demand and improved access to finance.²⁰

²⁰ For further discussion, see: ILO: *The youth employment crisis: A call for action*, Resolution and conclusions, International Labour Conference, 101st Session (Geneva, 2012c); M. Matsumoto et al.: *Tackling the youth employment crisis: A macroeconomic perspective*, Employment Sector Working Paper No. 124 (Geneva, ILO, 2012).

While this paper provides quantitative evidence for targeted interventions that can support more inclusive labour markets and accelerate poverty reduction and the growth of the middle class in developing Asia and the Pacific, it represents only a starting point. Clearly, further research is needed. In this regard the information base would benefit greatly from a similar analysis of national household data for the same four countries in our sample but in different survey years as well as research into other countries in developing Asia and the Pacific. The former would also provide the requisite data and analysis to track trends over time and to monitor progress on the extent to which labour markets are becoming more or less inclusive for the poor, women and youth. In addition, econometric analysis of the relationship between household characteristics, class status and labour market outcomes would be invaluable for designing effective labour market and social policies that can contribute to eradicating working poverty and nurturing middle class jobs.

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Annex

Table A.1: Employment by economic class, 1991-2017, Asia and the Pacific and Asia-Pacific subregions (000s)

		1991	2000	2005	2010	2011*	2012p	2013p	2014p	2015p	2016p	2017p
Asia and the Pacific	Below US\$1.25	715	538	391	271	250	238	219	201	185	170	156
	US\$1.25-US\$2	333	417	424	380	370	365	357	349	341	333	326
	US\$2-US\$4	178	357	470	499	497	497	493	486	477	465	453
	US\$4 and above	65	185	352	576	632	671	723	776	829	881	932
East Asia	Below US\$1.25	401	232	118	64	52	46	37	30	23	18	15
	US\$1.25-US\$2	156	178	153	90	76	67	56	46	36	29	22
	US\$2-US\$4	84	204	256	224	210	200	186	169	149	129	109
	US\$4 and above	32	129	260	443	487	517	555	594	631	666	697
South-East Asia and the Pacific	Below US\$1.25	93	82	50	39	37	35	33	30	27	25	22
	US\$1.25-US\$2	48	67	66	65	64	63	61	59	57	54	51
	US\$2-US\$4	33	55	84	100	102	104	105	106	107	107	107
	US\$4 and above	25	39	63	87	94	100	108	116	124	134	144
South Asia	Below US\$1.25	221	225	222	168	161	156	149	142	134	127	119
	US\$1.25-US\$2	129	173	205	225	230	235	240	244	248	250	252
	US\$2-US\$4	62	97	130	175	185	193	202	211	220	229	237
	US\$4 and above	8	17	29	46	51	55	60	66	74	82	92

Note: "p" indicates projections; 2011 are preliminary estimates.

Source: Kapsos and Bourmpoula (2013).

Table A.2: Employment by economic class, 1991-2017, Asia and the Pacific and Asia-Pacific subregions (% distribution)

		1991	2000	2005	2010	2011*	2012p	2013p	2014p	2015p	2016p	2017p
Asia and the Pacific	Below US\$1.25	55.4	36.0	23.9	15.7	14.3	13.4	12.2	11.1	10.1	9.2	8.4
	US\$1.25-US\$2	25.8	27.9	25.9	22.0	21.2	20.6	19.9	19.3	18.6	18.0	17.4
	US\$2-US\$4	13.8	23.8	28.7	28.9	28.4	28.1	27.5	26.8	26.0	25.2	24.3
	US\$4 and above	5.0	12.3	21.5	33.4	36.1	37.9	40.3	42.8	45.3	47.6	49.9
East Asia	Below US\$1.25	59.7	31.2	15.0	7.8	6.3	5.6	4.5	3.5	2.8	2.2	1.7
	US\$1.25-US\$2	23.2	24.0	19.4	11.0	9.2	8.1	6.7	5.4	4.3	3.4	2.6
	US\$2-US\$4	12.4	27.4	32.5	27.2	25.5	24.1	22.3	20.1	17.8	15.3	12.9
	US\$4 and above	4.7	17.4	33.0	54.0	59.0	62.3	66.6	70.9	75.1	79.1	82.7
South-East Asia and the Pacific	Below US\$1.25	47.0	33.7	19.1	13.5	12.4	11.7	10.7	9.6	8.6	7.7	6.9
	US\$1.25-US\$2	24.1	27.5	25.1	22.2	21.5	20.8	20.0	19.0	18.0	17.0	15.9
	US\$2-US\$4	16.6	22.9	32.0	34.3	34.4	34.3	34.3	34.1	33.9	33.5	33.0
	US\$4 and above	12.4	15.9	23.8	29.9	31.7	33.1	35.1	37.2	39.4	41.8	44.3
South Asia	Below US\$1.25	52.5	43.9	37.9	27.4	25.7	24.4	22.9	21.4	19.9	18.4	17.1
	US\$1.25-US\$2	30.8	33.8	35.0	36.6	36.8	36.8	36.9	36.8	36.6	36.4	36.0
	US\$2-US\$4	14.7	19.0	22.2	28.6	29.5	30.2	31.0	31.8	32.6	33.3	33.9
	US\$4 and above	2.0	3.3	4.9	7.4	8.1	8.5	9.2	10.0	10.9	11.9	13.1

Note: 'p' indicates projections; 2011 are preliminary estimates.
Source: Kapsos and Bourmpoula (2013).

Economic class and labour market inclusion: Poor and middle class workers in developing Asia and the Pacific

Using an absolute definition of poverty and the middle class, this paper presents trends and estimates of the poor, near poor and middle class working population in developing Asia and the Pacific. It finds that since 1991 working poverty has fallen remarkably while middle class jobs now account for nearly two-fifths of all employment in the region (671 million middle class workers). However, a sizeable share of workers (around 28 per cent or 497 million) still live just above the poverty line and remain highly vulnerable to falling into poverty. The paper also applies a class-based framework for assessing inequality in the labour market, with a special focus on Cambodia, India, Indonesia and Viet Nam. It provides empirical evidence that economic participation is inversely related to affluence, while educational attainment and access to better quality jobs both increase with higher economic class status. In addition, it presents sex- and age-disaggregated analysis to highlight particular gaps for poor women and youth and the measures that can help strengthen their position in the labour market.

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