

The Decent Work Indicator 'Informal Employment': An application from Zimbabwe

Malte Luebker, ILO/EC Project 'Monitoring and Assessing Progress on Decent Work' (MAP)

Technical Seminar: Strengthening Labour Market
Information to Monitor Progress on Decent Work in Africa
20-24 July, Addis Ababa, Ethiopia



Outline of the presentation

- Limits of the unemployment rate
- Two concepts: Employment in the informal sector and informal employment
- Results from Zimbabwe's 2004 Labour Force Survey
- Findings from Glen View, Harare (2006)
- Conclusions: Broadening Monitoring Systems



Limits of the 'unemployment rate'

Unemployment rates (standard definition) in Zimbabwe, 1982 to 2004

	1982	1986/87	1993	1999	2004
Unemployment rate (male & female)	10.8	7.2	7.9	6.0	4.4
Male	10.9	6.5	10.2	7.3	4.3
Female	10.7	7.9	5.3	4.6	4.5

Note: The primary sources are the 1982 Population Census; 1986/87 LFS; 1993 IMS; 1999 LFS; and the 2004 LFS. All are based on the standard definition of unemployment, using a short recall period of 7 days. Source: CSO (2005a: 61).

- Unemployment rate alone can be misleading:
 - Suggests *improvement in LM situation* since early 1990s, but ignores e.g. changes in type of jobs and returns to work.
 - Suggests *gender equality in LM*, but conceals e.g. differences in access to formal employment, type of economic activity, returns to work, non-SNA work and working time.



How can this be true?

- Standard ILO definition counts as unemployed those who are simultaneously:
 - without work (i.e. not even worked for 1 hr / week);
 - available for work; and
 - actively seeking work (optional criterion).
- Concept is widely misunderstood – it is **not** a summary measure for a country's labour market situation (and was never meant to be).
- One needs to go beyond employment vs. unemployment and look at types of jobs.
- DWI 'Informal employment' is one option.



Employment in the informal sector and informal employment

- Informal sector (enterprise-based concept):
 - Defined by ICLS (1993) as private unincorporated enterprises, *optional* limitation to (a) non-agricultural activities and (b) below size threshold (e.g. less than 10 employees).
- Informal employment (job-based concept):
 - ICLS (2003) definition builds on informal sector concept and status in employment (ICSE-1993).

	Own-account worker		Employer		Contributing family workers	Employees		Members of producers' cooperatives	
	Informal	Formal	Informal	Formal	Informal	Informal	Formal	Informal	Formal
Formal sector enterprises		o		o	x	x	o		o
Informal sector enterprises ¹	x		x		x	x	o	x	
Households ²	x					x	o		

x informal employment o formal employment



Informal employment in the 2004 LFS

Simplified matrix of informality according to enterprise-based concept and job-based concept (number of persons and in % of employed population)

In % of employed population	Job-based concept		Total
	Formal employment	Informal employment	
Enterprise-based concept			
Formal sector enterprises	18.2	5.5	23.7
Informal sector enterprises	1.1	13.0	14.0
Households		62.3	62.3
Total	19.3	80.7	100.0

- Informal employment is *dominant* source of employment.
 - Concept is *broader* than informal sector.
 - Also captures informal employment in the formal sector and informal employment in households.



Gender differences in access to formal employment

Employed persons by enterprise-based and job-based concept of informality, by sex (%)

	Enterprise-based concept of informality			Job-based concept of informality		Total employed persons
	Formal sector enterprises	Informal sector enterprises	Households	Formal employment	Informal employment	
Male	72.7	48.7	44.5	73.8	46.6	51.8
Female	27.3	51.3	55.5	26.2	53.4	48.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Zimbabwe 2004 Labour Force Survey, author's calculations.

- Distribution of total employment suggests **gender equality**, but:
 - Almost three quarters of formal [sector] jobs are held by men.
 - Majority of informal [sector] jobs are held by women.
- Concept is useful to reveal gender differences.



Gender differences in working time & the decent work indicator 'Excessive hours'

Employed persons by hours of work in employment and unpaid domestic work (%)

Hours of work	Employment			Unpaid domestic work (b)		
	Male	Female	Both	Male	Female	Both
Zero hours (a)	2.7	3.6	3.2	42.9	5.0	24.7
1 to 19 hours	9.8	12.1	10.9	40.3	26.6	33.7
20 to 39 hours	16.3	23.2	19.6	14.2	52.1	32.5
40 to 48 hours	22.5	18.8	20.8	1.3	8.5	4.8
49 hours and more	48.6	42.3	45.5	1.2	7.8	4.3
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Zimbabwe 2004 Labour Force Survey, author's calculations.

- Do men work more hours than women – or less?
- Answer depends on concept of work:
 - **'More'**, if only employment is considered (i.e. SNA work) .
 - **'Less'**, if unpaid domestic work is included (i.e. non-SNA work).



Findings from Glen View, Harare (2006)

- Small-scale survey in Glen View (Harare) produces similar results in November 2006:
 - Almost 90 % of workers are in informal employment.
 - Men (16.4 %) have better access to formal employment than women (8.7 %).
 - Informal employment is high among women and youth.

**Table 6: Informality according to the job-based concept, by age group and gender
(in % of employed population)**

Job-based concept of informality	Age Group			Gender		Total
	15 to 24	25 to 39	40 & above	Male	Female	
Formal employment	8.0	15.6	9.7	16.4	8.7	12.2
Informal employment	92.0	84.4	90.3	83.6	91.3	87.8
Total	100.0	100.0	100.0	100.0	100.0	100.0
n =	75	160	72	140	172	312



Branches of economic activity

- Street vending, etc., dominates informal employment with 60 %, followed by manufacturing (19.7 %):
 - Women are concentrated in low-end street vending and manufacturing with low returns (garments).
 - Men dominate high-end retail, repairs of cars & household goods, and furniture manufacturing.
 - Shift from manufacturing to services since 1990s.
- Cross-border trade important source of income; provides inputs & export markets (garments, etc.).
- Apart from two drug dealers (0.5 %), all workers carried out legitimate, non-hazardous activities.



Incomes and poverty

- 53 % of men and 71 % of women had weekly incomes below ZW\$20,000 (US\$10), or rough poverty threshold for two people.
- Mean weekly cash incomes ZW\$ 31,000 (US\$15) for informal workers and ZW\$ 125,000 (US\$62) for formal workers.

Table 13: Employed respondents by weekly cash earnings and gender or job-based concept of informality (%)

Earnings per week	Gender		Job-based concept of informality		All employed respondents
	Male	Female	Formal employment	Informal employment	
Up to ZW\$ 5 000	11.4	29.3	17.1	21.5	20.9
ZW\$ 5 001 to ZW\$ 10 000	18.9	23.3	28.6	20.2	21.3
ZW\$ 10 001 to ZW\$ 20 000	22.7	18.7	20.0	20.6	20.6
ZW\$ 20 001 to ZW\$ 50 000	25.8	18.7	8.6	23.9	22.0
ZW\$ 50 001 to ZW\$ 100 000	8.3	6.7	8.6	7.3	7.4
ZW\$ 100 001 and above	12.9	3.3	17.1	6.5	7.8
Total	100.0	100.0	100.0	100.0	100.0
Memo: up to ZW\$ 20 000	53.0	71.3	65.7	62.3	62.8
Mean	66 174	22 314	126 975	30 922	42 844
Median	18 000	9 250	12 000	13 000	12 500
n =	132	150	35	247	282



Changes in respondents' situation between June 2004 and Nov. 2006

- Almost 2/3 of all informal workers report deterioration of their personal work situation compared to June 2004 (time of last LFS).

Table 23: Change in respondent's situation since June 2004, by labour force status and job-based concept of informality (%)

	Employed, by job-based concept of informality		Unemployed (relaxed definition)	Outside labour force	Total (all respondents)
	Formal employment	Informal employment			
Respondent's situation has improved	31.6	24.4	15.8	16.0	23.3
Respondent's situation has worsened	57.9	64.7	63.2	48.0	62.7
No change to respondent's situation	10.5	10.9	21.1	36.0	14.0
Total	100.0	100.0	100.0	100.0	100.0
n =	38	266	57	25	386



Impact of Operation Murambatsvina

- Negative impact on 63 % of all respondents:
 - Informal workers were more often affected (73 %).
 - Destruction of working premises and cottages most common impact, also negative impact on demand.

Table 24: Effects of Operation Murambatsvina, by labour force status and job-based concept of informality (%)

	Employed, by job-based concept of informality		Unemployed (relaxed definition)	Outside labour force	Total (all respondents)
	Formal employment	Informal employment			
OM has improved respondent's situation	5.3	2.9	3.1	3.6	3.2
OM has made respondent's situation worse	55.3	72.9	33.8	50.0	63.4
OM has had no effect on respondent's situation	39.5	24.2	63.1	46.4	33.4
Total	100.0	100.0	100.0	100.0	100.0
n =	38	273	65	28	404



Impact of Operation Garikai

- Operation Garikai reaches only a small minority:
 - 1 % of respondents secured a stand, others report indirect effects (less competition, etc.).
 - People say that nothing materialized for them and that Garikai only reached those with connections.

Table 26: Effects of Operation Garikai / Hlalani Kuhle, by labour force status and job-based concept of informality (%)

	Employed, by job-based concept of informality		Unemployed (relaxed definition)	Outside labour force	Total (all respondents)
	Formal employment	Informal employment			
OG/HK has improved respondent's situation	5.3	2.6	0.0	3.7	2.5
OG/HK has made respondent's situation worse	2.6	0.4	0.0	3.7	0.7
OG/HK has had no effect on respondent	86.8	85.3	89.2	77.8	85.6
Respondent is unaware of OG/HK	5.3	11.7	10.8	14.8	11.2
Total	100.0	100.0	100.0	100.0	100.0
n =	38	273	65	27	403



Informal employment in Zimbabwe's next LFS

- In 2004 LFS categories 'permanent employees' vs. 'casual/temporary employees' were used as proxy to distinguish between formal and informal employees.
- New section in planned LFS on social security to capture job-based concept of informality (ICLS 2003).
- Informal employees are those employees who lack at least one of the following:
 - Employer contributions to pension fund, or
 - paid annual leave, or
 - paid sick leave.
- Lack of written contract as additional indicator.



Conclusions: Broadening Monitoring Systems

- The unemployment rate is a widely used indicator, but it can be insufficient to monitor decent work:
 - In Zimbabwe, falling unemployment rate suggests progress and gender equality where big gender differences exist.
- Informal employment is one useful way to capture labour market situation and the differences in the type of jobs held by men and women.
- Zimbabwe's example shows that Labour Force Surveys are a good tool to collect additional decent work indicators & gender relevant statistics.
- National monitoring frameworks should consider the full 'tool box' of decent work indicators.



➤ Thank you!

