
Statistics on Informal Employment: Regional Initiatives

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Why collect data on informality?

- To understand and manage issues on informal employment and the informal sector, they should be measured well.
 - Need for reorientation towards worker-centered economic policies which is only possible with intensive analysis of informal sector and those engaged in informal employment.
 - Visibility of the informal sector and informal workers will be raised if statistics about them are included in the government's labor and employment statistics.
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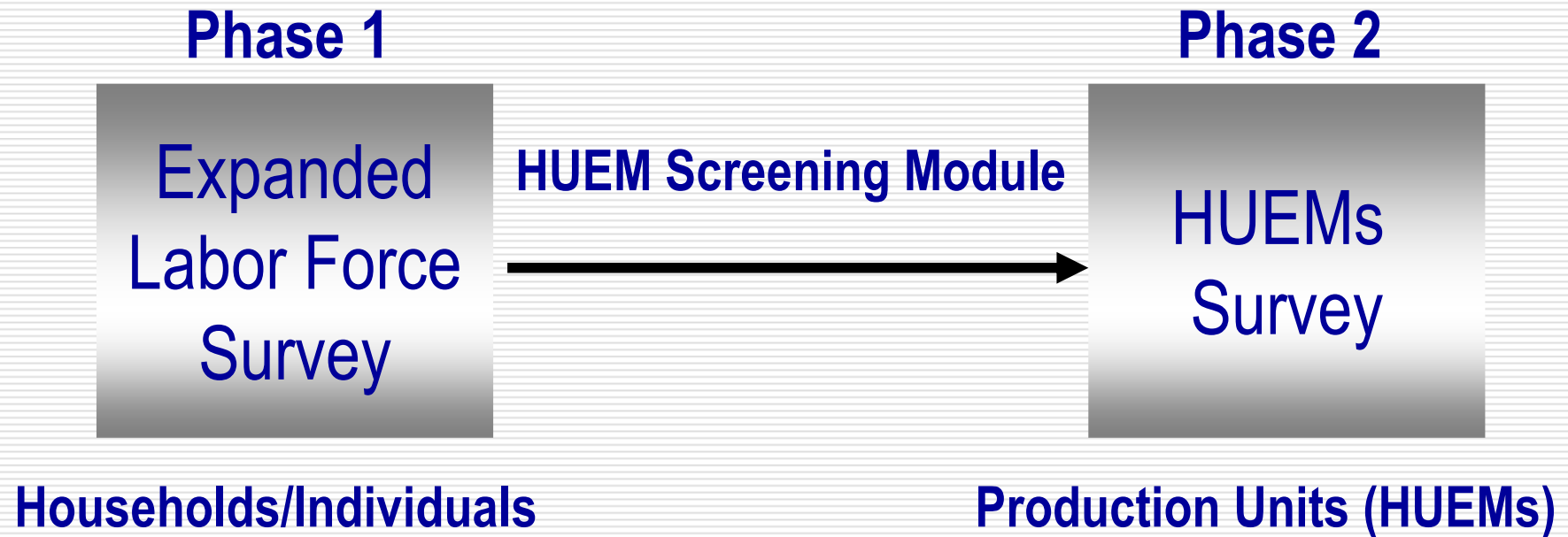
Regional Initiatives

- ADB's RETA 6430: *Measuring the Informal Sector aims to contribute to the increase in evidence-based policy making for poverty reduction*
 - Pilot countries: Armenia, Bangladesh Indonesia
 - United Nations Development Account Project on *Measurement of Informal Sector and Informal Employment*
 - Pilot countries: Mongolia, Philippines, Sri Lanka, (St Lucia, Palestine)
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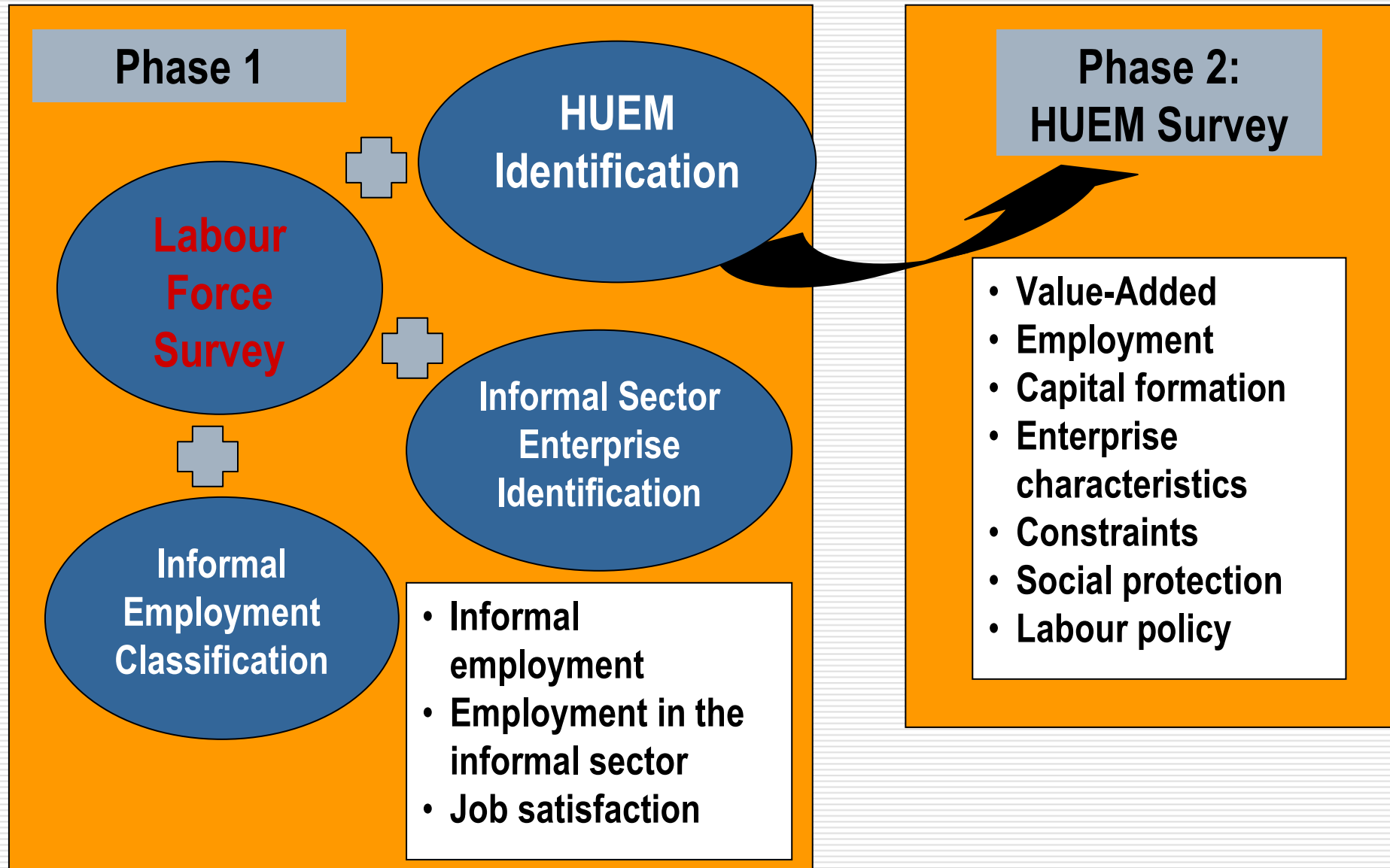
Objectives for Improving Measurement of IS and IE

- ❑ Contribute to the *global initiatives* to improve the collection, use, analyses & dissemination of internationally comparable data on informal sector (IS) & informal employment (IE) in national statistical systems
- ❑ Promote applications of standards, methodologies & best practices
- ❑ Integrate these data into compilation of national accounts through direct estimation of GDP of IS enterprises
- ❑ Use resulting data for analyses, advocacy & policy formulation

“1-2” Survey: Overview



'1-2' Survey Data



Phase 1 Questionnaire- Expanded LFS

Prerequisites: Standard questions to classify--

- persons as employed, unemployed, not in labour force
- jobs of employed persons (main & secondary): status in employment; main activity (ISIC) of enterprise where employed

HUEM Module

- Place of work : fixed premises; non-fixed premises
- Legal organization of enterprise
- Type of accounts
- Product destination

Only HUEMs identified through own-account workers & employers will be surveyed in Phase 2

Informal Sector Module

To be preceded by HUEM module questions

- Employment size
- Registration

Informal Employment Module: For employees:

- Whether or not employee enjoys specific types of benefits
 - duration of employment
 - written contract
 - pension fund
 - paid leave
 - paid sick leave
 - maternity leave
 - termination without notice
 - compensation for termination

Operationalising: Statistical Definitions

- HUEM
- Informal sector enterprise

SNA Institutional Framework

Household Sector				Corporations		Gov't & NPISH

Production Units in the SNA

Household Sector				Corporations	Gov't & NPISH
				<ul style="list-style-type: none"> • HH quasi-corps • Incorporated enterprises • Gov't quasi-corporations 	<ul style="list-style-type: none"> • Non-market units (general gov't; NPISH)
Household Unincorporated Enterprises					

Production Units in the SNA

Household Sector				Corporations	Gov't & NPISH
Household Unincorporated Enterprise with Market Production (HUEM) Units		Non-HUEM units	<ul style="list-style-type: none"> • HH quasi-corps 	<ul style="list-style-type: none"> • Incorporated enterprises • Gov't quasi-corporations 	<ul style="list-style-type: none"> • Non-market units (general gov't; NPISH)
		<ul style="list-style-type: none"> • Households producing only for own final use • Subsistence farmers • Others 			
Household Unincorporated Enterprises					

Identifying Criteria: HUEM Units

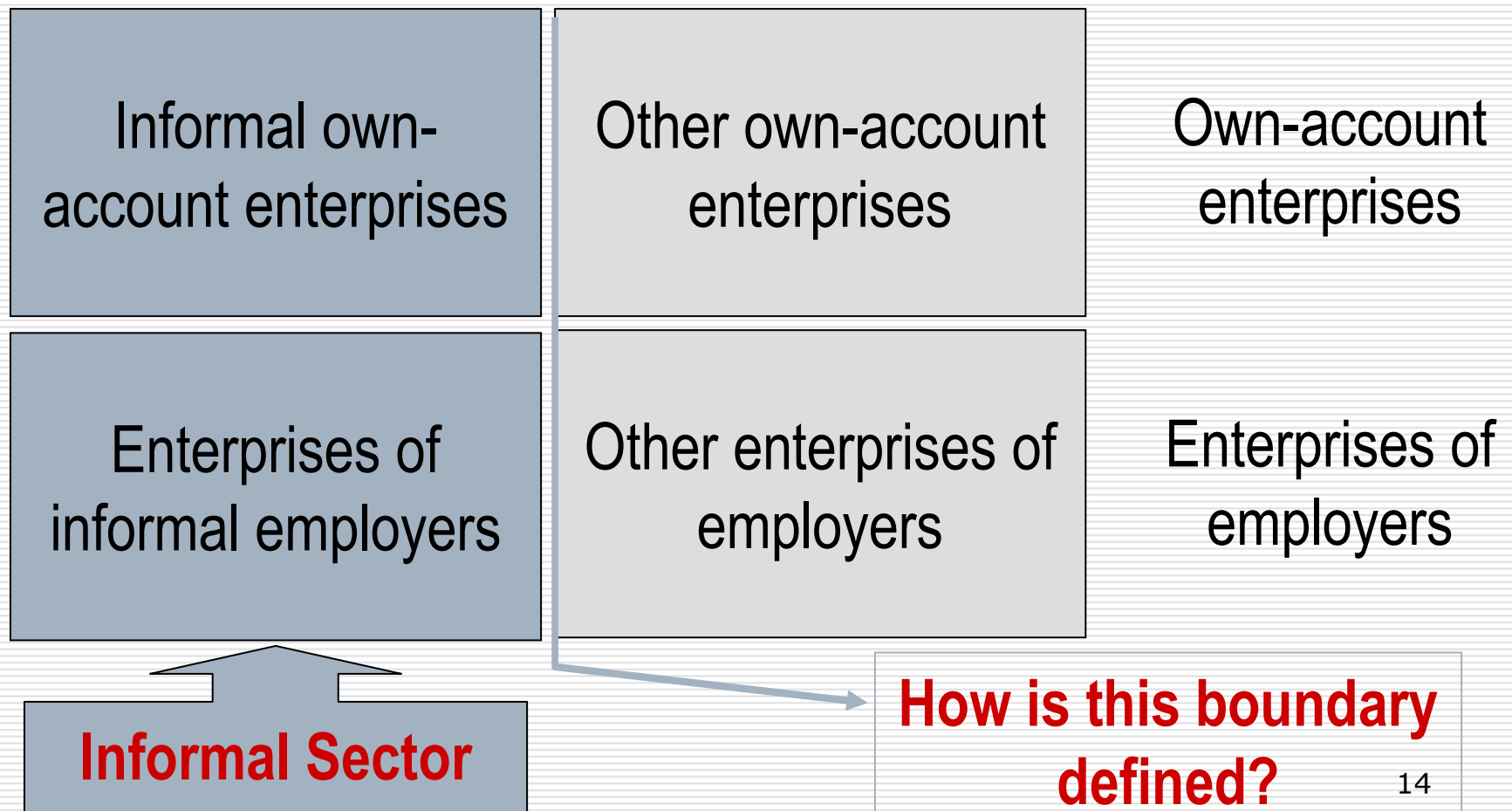
- HUEM1. *Legal organization*
 - Unincorporated-- production units that are not constituted as separate legal entities independently of their owners
- HUEM2. *Book-keeping practice*
 - Production units that do not keep a complete set of accounts
- HUEM3. *Product destination*
 - At least some of the products are sold in the market
 - Products are intended to be sold/bartered in the market on *regular* basis

Production Units in the SNA

Household Sector				Corporations	Gov't & NPISH
Household Unincorporated Enterprise with Market Production (HUEM) Units		Non-HUEM units		<ul style="list-style-type: none"> • HH quasi-corps • Incorporated enterprises • Gov't quasi-corporations 	<ul style="list-style-type: none"> • Non-market units (general gov't; NPISH)
AGRICULTURE		Non-AGRICULTURE			
Formal sector	Informal sector	Formal sector	Informal sector		
Household Unincorporated Enterprises					

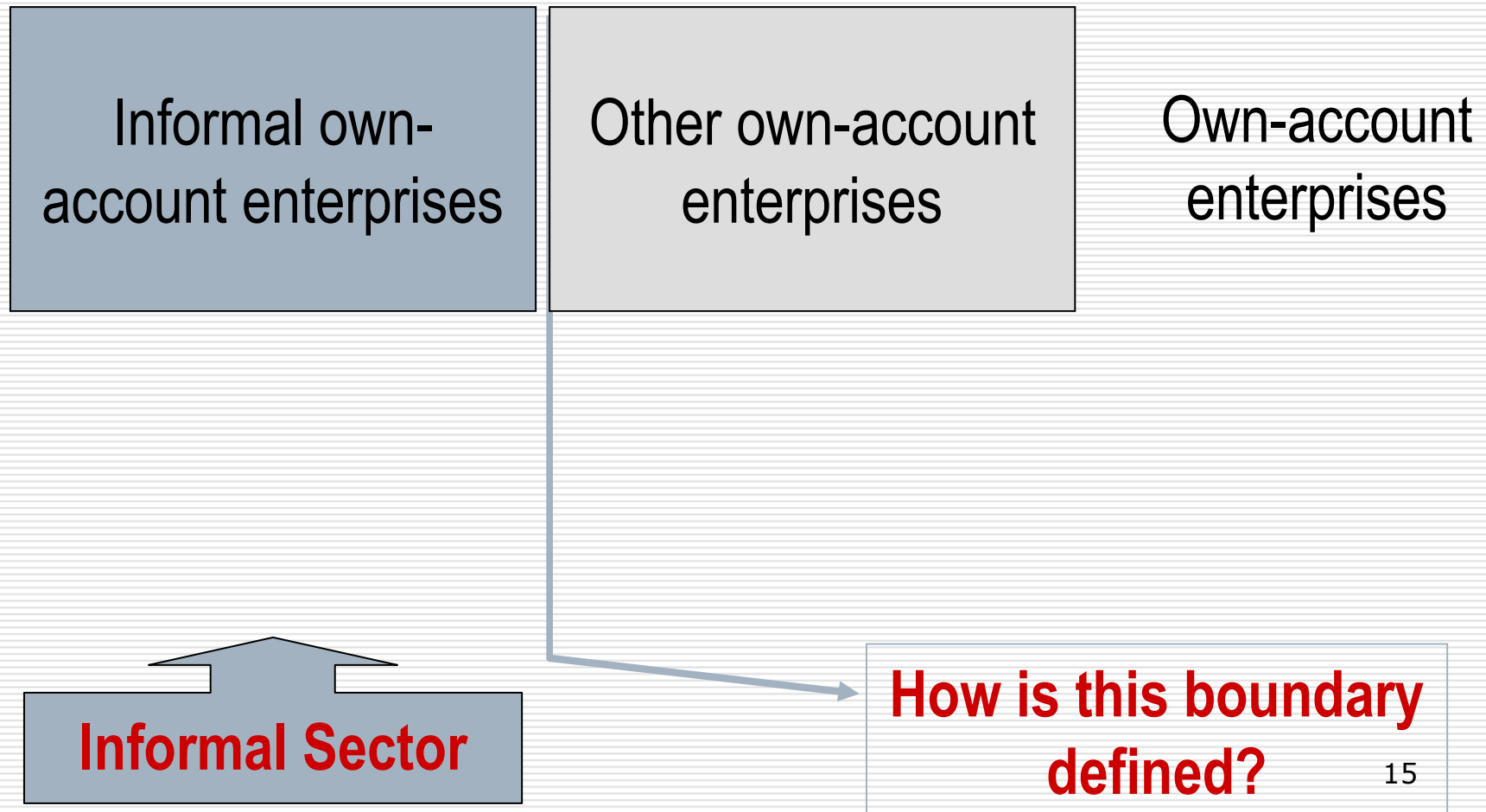
Framework of IS Definition

HUEM Units



Framework of IS Definition

HUEM Units

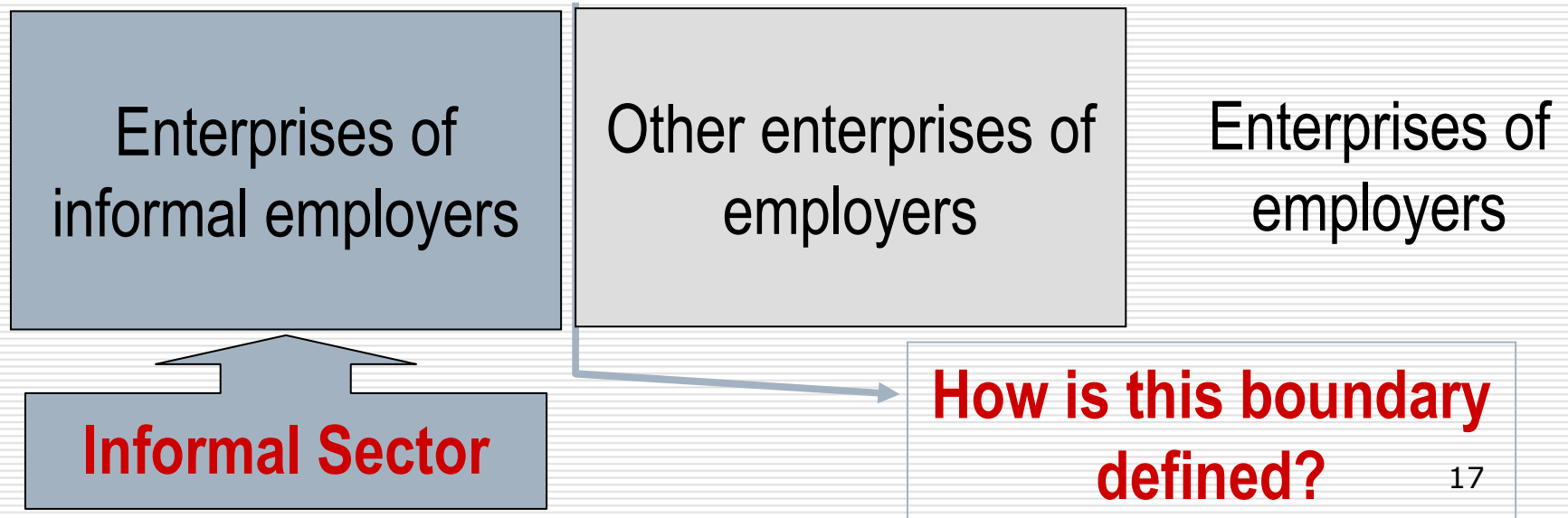


Informal Own-Account Enterprises

- Operated by own-account workers, either alone, or in partnership with members of same or other households
- Employment size:* may employ family workers and occasional employees, but not employees on continuous basis
- Registration:* include all or exclude those registered under certain specified national legislation

Framework of IS Definition

HUEM Units



Enterprises of Informal Employers

- Owned and operated by employers, either alone or in partnership with members of same or other households
- *Employment size:* employ one or more employees on *continuous* basis
 - Employees (hired on continuous basis) below a specified number
- *Registration:*
 - Enterprise is *not* registered or
 - Employees are *not* registered

Operational Criteria- 1: HUEM

<input type="checkbox"/> Ownership	Household
<input type="checkbox"/> Legal organization	Unincorporated enterprise
<input type="checkbox"/> Type of accounts kept	No complete set of accounts
<input type="checkbox"/> Product destination	At least some market output (with <u>intent</u> to market a primary objective of production)

Operational Criteria- 2: Informal

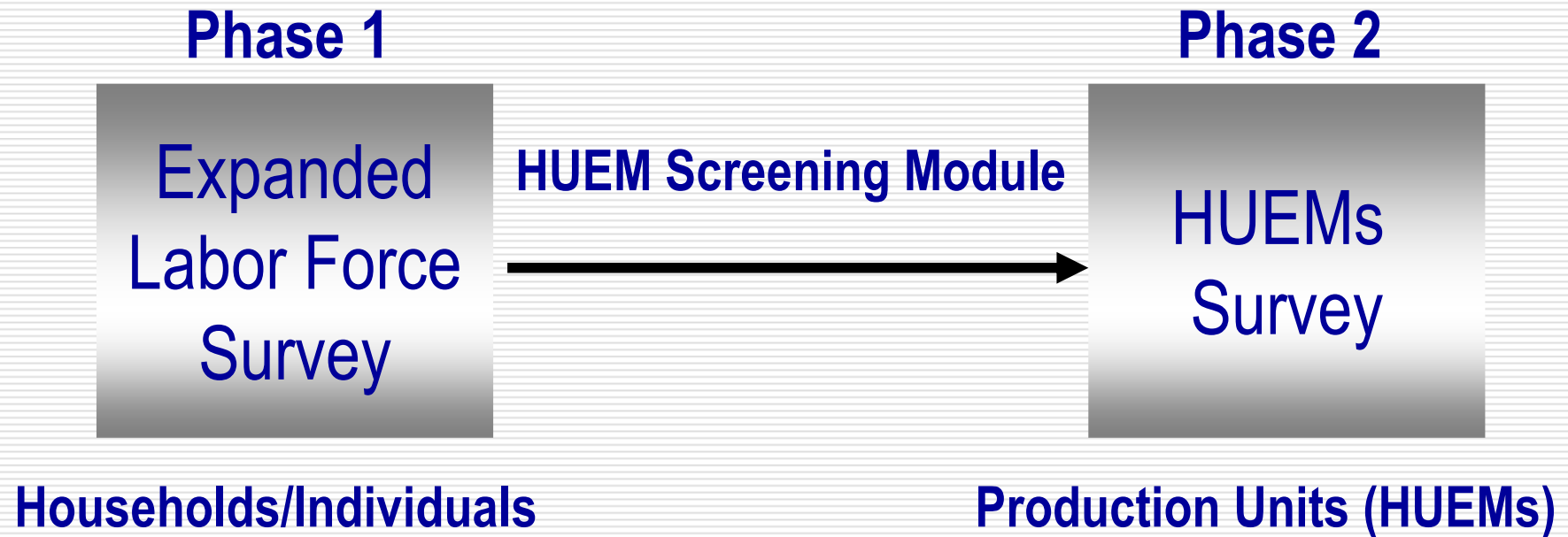
Informal own-account enterprises

- Include all or
- Exclude those registered in specific agencies

Enterprises of informal employers

- | | |
|--------------------|--|
| ■ Employment size | <i>Specify a cut-off size</i> |
| ■ Non-registration | <ul style="list-style-type: none">■ <i>Of enterprise</i>■ <i>Of employees</i> |

“1-2” Survey: Overview



Key Survey Design Elements- 1

Label	Element
A	Questionnaire design, phase 1
B	Survey operations, phase 1
C	Time lag
D	Sampling frame, phase 2
E	Sample design, phase 2

Key Survey Design Elements- 2

Element		Description
A	Questionnaire, Phase 1	Identification of HUEM; IS enterprise; informal employment
A1	Integrated	Incorporated in LFS questionnaire
A2	Modular	Independent questionnaire

Key Survey Design Elements- 3

Element		Description
B	Survey operations, Phase 1	Procedures for Phase 1 interviews
B1	Integrated	Interview is part of LFS interview
B2	Modular	Interview is done after LFS interview is completed

Key Survey Design Elements- 4

Element		Description
C	Time lag	Time lapse between phase 1 and phase 2 interviews
C1	No time lag	Phase 2 is a module of Phase 1
C2	Some time lag	Phase 2 operations is independent of Phase 1

Key Survey Design Elements- 5

Element		Description
D	Sampling frame, Phase 2: industry coverage	Coverage of economic activity sectors
D1	All activities	All HUEMs are included in sampling frame
D2	Selected activities (e.g., non-agricultural activities only)	Only non-agricultural HUEMs are included in sampling frame

Key Survey Design Elements- 6

Element		Description
E	Sample design: Phase 2	Selection of sample HUEMs
E1	Complete enumeration	All HUEMs in sampling frame are enumerated
E2	Sample from phase 1 list frame	Sample of HUEMs is selected from list frame
E3	Subsample phase 1 PSUs	Sample phase 1 PSUs; enumerate all HUEMs in subsample

Implementation Strategies: Pilots

Model	Design Elements
1	A1, B1, C1, D1, E1
2	A1, B1, C1, D2, E1
3	A2, B2, C2, D2, E1
4	A2, B2, C2, D1, E2
<i>Which fits?</i>	

Statistical Definition

17th ICLS– *Guidelines concerning a statistical definition of informal employment*

INFORMAL EMPLOYMENT

Elements of IE Definition

- Jobs*** by status in employment
- Production unit*** by type
- Informal jobs of ***employees***


Conceptual Framework (17th ICLS Guidelines)

Production units by type	Jobs by status in employment								
	Own-account workers		Employers		Contributing family workers	Employees		Members of producers' cooperatives	
	Informal	Formal	Informal	Formal	Informal	Informal	Formal	Informal	Formal
Formal sector enterprises					1	2			
Informal sector enterprises ^(a)	3		4		5	6	7	8	
Households ^(b)	9					10			

Color Codes

- ❑ **Dark grey:** jobs that by definition do not exist (e.g. contributing family workers in household non-market production units).
- ❑ **Light grey:** jobs that exist, but are irrelevant to informal employment (e.g. employees with formal jobs in formal sector enterprises).
- ❑ **Unshaded:** jobs that represent different segments of informal employment.

Conceptual Framework (17th ICLS Guidelines)

Production units by type	Jobs by status in employment 								
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	Informal	Formal	Informal	Formal	Informal	Informal	Formal	Informal	Formal
Formal sector enterprises					1	2			
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Households ^(b)	9					10			

Jobs by Status in Employment

Status in employment (ICSE-93)

- Self-employment
 - Own-account workers
 - Employers
 - Contributing family workers
 - Members of producers' cooperatives
- Paid employment
 - Employees

Conceptual Framework (17th ICLS Guidelines)

Production units by type	Jobs by status in employment								
	Own-account workers		Employers		Contributing family workers	Employees		Members of producers' cooperatives	
	Informal	Formal	Informal	Formal	Informal	Informal	Formal	Informal	Formal
Formal sector enterprises					1	2			
Informal sector enterprises ^(a)	3		4		5	6	7	8	
Households ^(b)	9					10			

Production Unit by Type

- Formal sector enterprises
 - Corporations
 - Government
 - NPISH
 - Formal HUEMs
- Informal sector enterprises
 - *Excluding HHs employing paid domestic services*
- Households
 - Non-HUEM units
 - HHs employing paid domestic services

Determining Informality of Jobs

- Contributing family workers (by nature of their employment, have informal jobs)
- Informal nature of jobs determined by *characteristics of the enterprise*
- Employees with informal jobs*

CFWs are informally employed

Production units by type	Jobs by status in employment								
	Own-account workers		Employers		Contributing family workers	Employees		Members of producers' cooperatives	
	Informal	Formal	Informal	Formal		Informal	Formal	Informal	Formal
Formal sector enterprises					1	2			
Informal sector enterprises ^(a)	3		4		5	6	7	8	
Households ^(b)	9					10			

Informal nature of jobs determined by characteristics of the enterprise

- Own-account workers owning informal sector enterprises (Cell 3)
- Employers owning informal sector enterprises (Cell 4)
- Members of informal producers' cooperatives (Cell 8)



- Persons engaged in own-account production of goods exclusively for own final use by their household (Cell 9)
- Paid domestic services (Cell 10)

Informal employment in the informal sector

Production units by type	Jobs by status in employment								
	Own-account workers		Employers		Contributing family workers	Employees		Members of producers' cooperatives	
	Informal	Formal	Informal	Formal	Informal	Informal	Formal	Informal	Formal
Formal sector enterprises					1	2			
Informal sector enterprises ^(a)	3		4		5	6	7	8	
Households ^(b)	9					10			

Informal employment in household production units

Production units by type	Jobs by status in employment								
	Own-account workers		Employers		Contributing family workers	Employees		Members of producers' cooperatives	
	Informal	Formal	Informal	Formal	Informal	Informal	Formal	Informal	Formal
Formal sector enterprises					1	2			
Informal sector enterprises ^(a)	3		4		5	6	7	8	
Households ^(b)	9					10			

Informal jobs of employees

Production units by type	Jobs by status in employment								
	Own-account workers		Employers		Contributing family workers	Employees		Members of producers' cooperatives	
	Informal	Formal	Informal	Formal	Informal	Informal	Formal	Informal	Formal
Formal sector enterprises					1	2			
Informal sector enterprises ^(a)	3		4		5	6	7	8	
Households ^(b)	9					10			

Informal Jobs of Employees

Employment relationship is not subject to—

- National labour laws
- Income taxation
- Social protection or entitlement to certain employment benefits, such as
 - Advance notice of dismissal
 - Severance pay
 - Paid annual or sick leave

More resources at:

<http://www.unescap.org/stat/isie/index.asp>