



International
Labour
Organization

► Defining informality for contributing family workers

Room document to support the discussions at the Meeting of Experts on Labour
Statistics in Preparation for the 21st International Conference of Labour Statisticians

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Key points

- ▶ A small but significant category of employment, contributing family workers made up 10 per cent of the global workforce in 2019.
- ▶ The share of contributing family workers in total employment varies considerably across countries and regions. Prevalence is lowest in high-income countries (1 per cent in 2019) and highest in low-income countries (24 per cent in 2019).
- ▶ Almost two-thirds (63 per cent) of contributing family workers are women. These workers provide vital labour inputs but do not receive a regular wage or make the main decisions about the family business.
- ▶ Since informal employment has been defined by statistical standards, contributing family workers have always been classified as informal by default.
- ▶ Of all women in informal jobs, more than a quarter (28 per cent) are contributing family workers. The situation is different for men in informal employment; only 9 per cent are contributing family workers.
- ▶ Advancing the decent work agenda for all calls for a focus on contributing family workers and ensuring they have access to income-generating opportunities associated with decent work conditions. This asks for accurate and relevant statistics and clear communication strategies to enhance data uses toward the formulation of decent work policies.
- ▶ Participants in the Working Group for the Revision of the standards for statistics on informality have proposed that, given increasing access to formal arrangements for this group, it should be possible to classify them as holding formal jobs when certain criteria are met.
- ▶ This paper provides examples of countries that are extending formal arrangements to contributing family workers in Europe, Latin America, Africa, and Asia. It illustrates demand for data on the formal arrangements for contributing family workers and sets out the case for revising the definition of formal employment to include contributing family workers in some circumstances.

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¹ The ILO Publishing Policy (IGDS Number 458 (Version 1) dated 24 December 2015.

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▶ 1. Introduction

The statistical definition of informal employment is linked to an individual's status in employment according to the [International Classification of Status in Employment \(ICSE\)](#). In the latest version of ICSE, adopted at the 20th ICLS in 2018, contributing family workers are defined as people who assist a family or household member to operate a family business or farm, or assist a job in which the assisted family or household member is an employee or dependent contractor. They do not receive regular payments for their work but may benefit in kind or receive irregular payment. They do not make the most important decisions about the business or farm or have responsibility for it.

In the existing standards for measuring informality, contributing family workers are the only group classified as informal by default, which suggests that formal arrangements do not exist for them. However, formal arrangements are being extended to contributing family workers in some countries. The ILO Working Group for the Revision of the standards for statistics on informality (ILO Working Group) is updating the concepts and definitions underlying the measures of informality. Participants in the Working Group have proposed that it should be a possibility to classify contributing family workers as formal, if their employment situation meets certain criteria, similar to other forms of employment. Based on this, the ILO Department of Statistics has conducted further work to explore the issue.

This is a highly gendered topic as two thirds of contributing family workers are women. There are concerns that opening the possibility of formality for this category of workers will distract attention from developing policies to shift contributing family workers into more secure employment with regular pay and autonomy.

The ILO Department of Statistics prepared this working paper to explore the issues associated with contributing family workers, informality, and formality. The paper starts with an overview of the concept of contributing family workers, how they are measured in labour and informality statistics, and data on the size and characteristics of this group. This is followed by an exploration of national policy priorities for this group, including examples of formalization and which countries have formal arrangements in place or being considered. To conclude, discussion of what is proposed for contributing family workers in the new conceptual framework for measuring informality and how this could impact on the production and use of data on contributing family workers.

The paper is intended to support the discussions at the meeting of experts as part of the preparations for the International Conference of Labour Statisticians (ICLS).

▶ 2. Identifying contributing family workers

2.1 Statistical standards relating to contributing family workers

Family workers were first introduced into the International Classification of Status in Employment (ICSE) in 1937. A paper by Wobbe and Renard states that family workers began to emerge as a type of employment status in the late 19th century when some European countries began counting women and children who work in the business run by the household head as gainfully employed, despite being unpaid.² This was viewed by some as a small correction to a system that had deemed unpaid work in the home to be economically unproductive.

The definition of a family worker has not changed much since it first emerged in the ILO statistical standards, and they have always been categorised as informal by default. The 2018 revision of ICSE provided clarity about the boundaries between contributing family workers and employees, as well as the boundary between contributing family work and independent workers that had important operational consequences.

According to the latest standards adopted in 2018 (ICSE-18), contributing family workers:

- a) assist a family or household member in either: a market-oriented enterprise operated by the family or household member, or a job in which the assisted family or household member is an employee or dependent contractor.
- b) do not receive regular payments, such as a wage or salary, in return for the work performed. They may receive irregular payments in cash or benefit in kind through family or intra-household transfers derived from the profits of the enterprise or from the income of the other person.
- c) do not make the most important decisions affecting the enterprise or have responsibility for it.³

Previously, most countries identified contributing family work through a single direct question about status in employment. Those who declared themselves as a contributing family worker were counted as such in the statistics, without exploring their status with further questions. ICSE-18 has provided more clarity on the boundaries between the different statuses in employment, and the need to include questions in labour force surveys to test these elements and classify status in employment accordingly. Reliance on self-classification alone is risky, particularly for contributing family workers. For example, if a worker considers themselves a family worker but they are receiving a wage or salary from the family business, they should be classified as an employee for statistical purposes. Or, if they consider themselves an unpaid family worker but they are involved in making important decisions about the business, they should instead be classified as an own-account worker (or an employer if the family business regularly hires employees).

² Wobbe, T and Renard, L. 2017. The category of 'family workers' in International Labour Organization statistics (1930s–1980s): a contribution to the study of globalized gendered boundaries between household and market. *Journal of Global History* (2017), 12, pp. 340–360 Cambridge University Press 2017. doi:10.1017/S1740022817000183

³ ILO: [ICSE-18 e-manual](#). Accessed 15 September 2022.

It is not recommended to rely on a self-declared status alone, particularly in countries and settings where there are a high proportion of contributing family workers.

Social norms and stereotypes around decision-making and the role of women highlight how crucial good questions about decision-making are for gender-sensitive labour market statistics. Methods have been tested and used in labour force surveys, including asking respondents who self-identify as family workers if they make decisions about the running of the business, were involved in the day-to-day administration, or make decisions on how the income earned would be used. An ILO study found that more than two thirds of survey respondents (69 per cent) who declared themselves a family worker later reported they were involved in one or more of these types of decisions. This was much more common among women (74 per cent) than men (58 per cent) suggesting that women identifying as contributing family workers may be more accurately classified as self-employed if asked the right questions.⁴

2.2 Number and characteristics of contributing family workers

Prior to COVID-19, the size of this group was declining. In 2021, contributing family workers made up only 10 per cent of total global employment, down from 19 per cent in 1991.⁵ The situation is significantly different between high and low-income countries. In 2019, high income countries had almost no contributing family workers (less than 1 per cent of total employment) but in low-income countries, 24 per cent of employed people were family workers.⁶

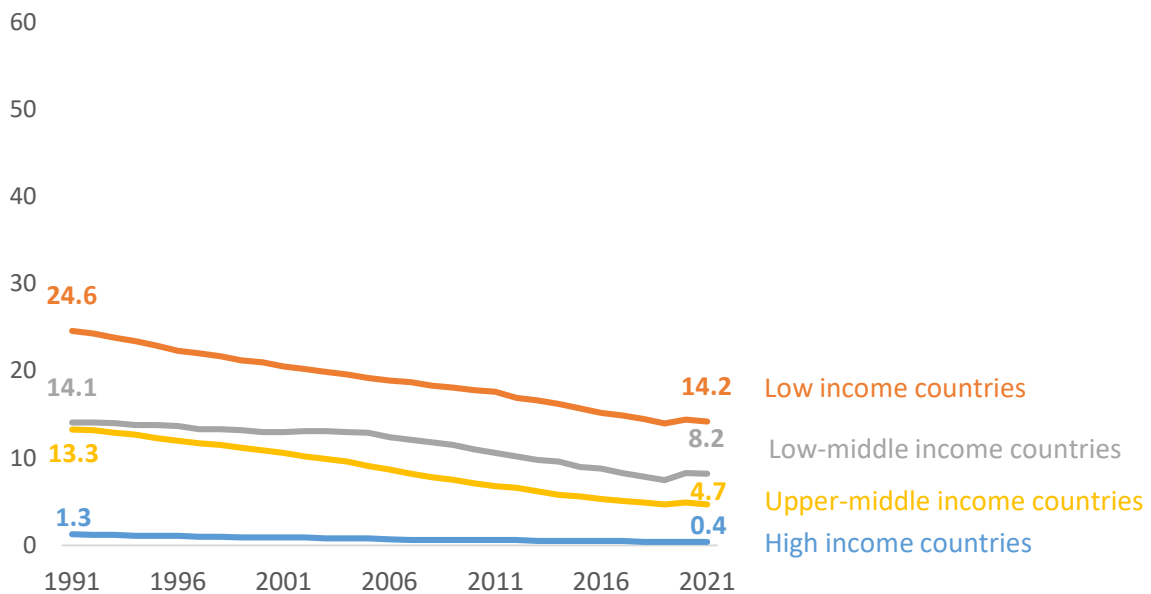
The decline in share of contributing family workers in total employment since 1991 has been steady for male contributing family workers with the highest share in 2021 being in low-income countries at 14.2 per cent of total employment (Figure 1). The situation is different for women: in 2021, female contributing family workers still accounted for 38.7 per cent of total female employment in low-income countries (Figure 2).

⁴ Discenza, A and Walsh, K. 2020. [Closing gender data gaps in the world of work – role of the 19th ICLS standards](#). ILO: Geneva. Refer to Box 1.

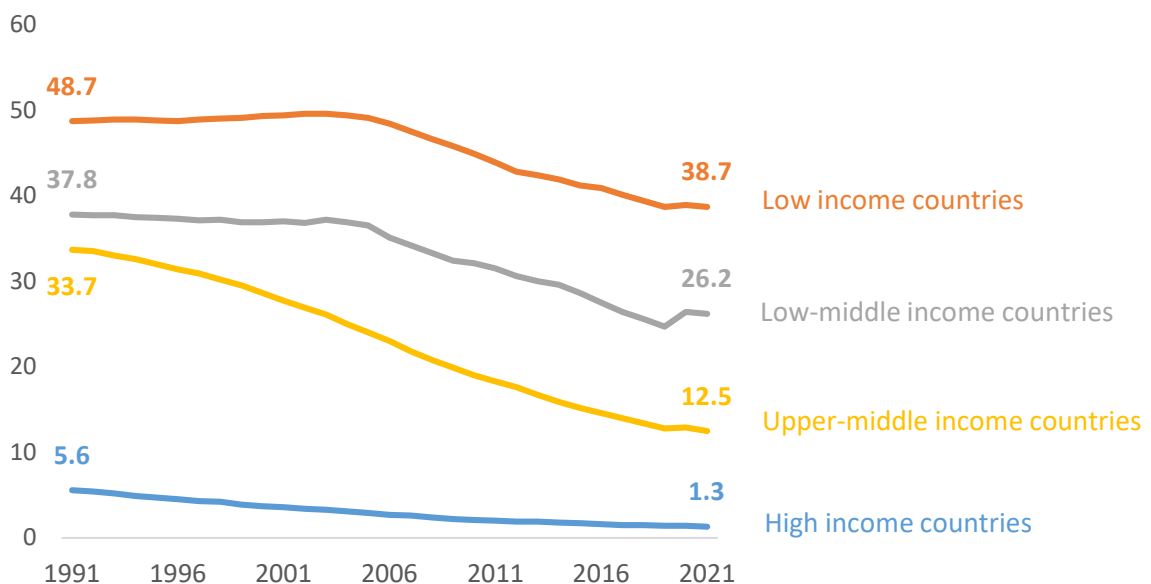
⁵ [ILOSTAT](#) Modelled estimates. Accessed 16 January 2023.

⁶ ILO. 2020. [World Employment and Social Outlook: Trends 2020](#).

► **Figure 1: Prevalence of male contributing family workers by country income groupings, (% of total male employment) (1991-2021)**



► **Figure 2: Prevalence of female contributing family workers by country income groupings, (% of total female employment) (1991-2021)**



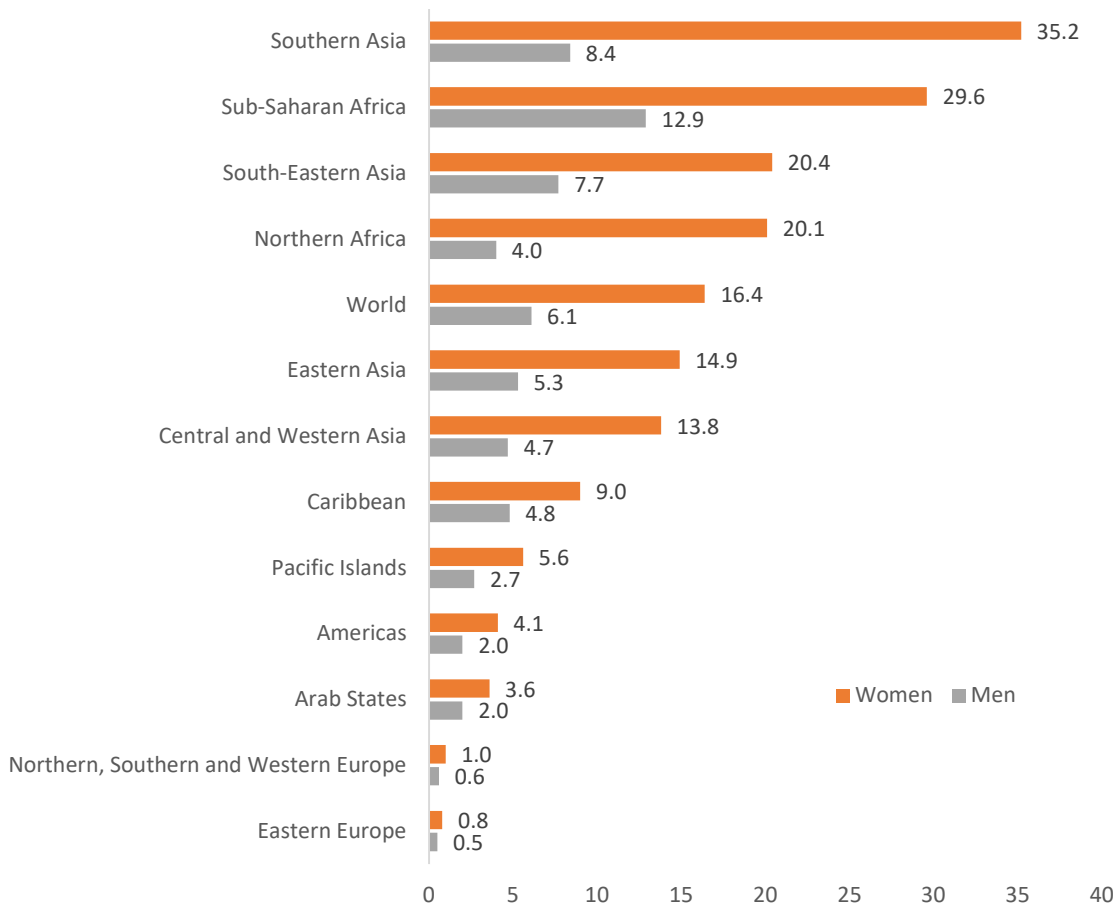
Note for Figure 1 and Figure 2: Countries are grouped according to gross national income (GNI) based on the [World Bank classification](#).

Source for Figure 1 and Figure 2: [ILOSTAT](#) Modelled Estimates. Accessed 9 December 2022.

Regional and gender breakdowns (Figure 3) also show how much the situation varies. Southern Asia has the highest share of contributing family workers of total employment and the biggest gender difference: in 2021, 35.2 per cent of employed women are family

workers compared to 8.4 per cent of employed men. The share of contributing family work in total employment is also high in Sub-Saharan Africa, where 29.6 per cent of women in employment are working without regular pay for family businesses compared to 12.9 per cent of men. South-Eastern Asia and Northern Africa are also above the global average of 16.4 per cent for women and 6.1 per cent for men.

► **Figure 3: Contributing family workers, female/male (% of female/male employment) by region (percentages, 2021)**



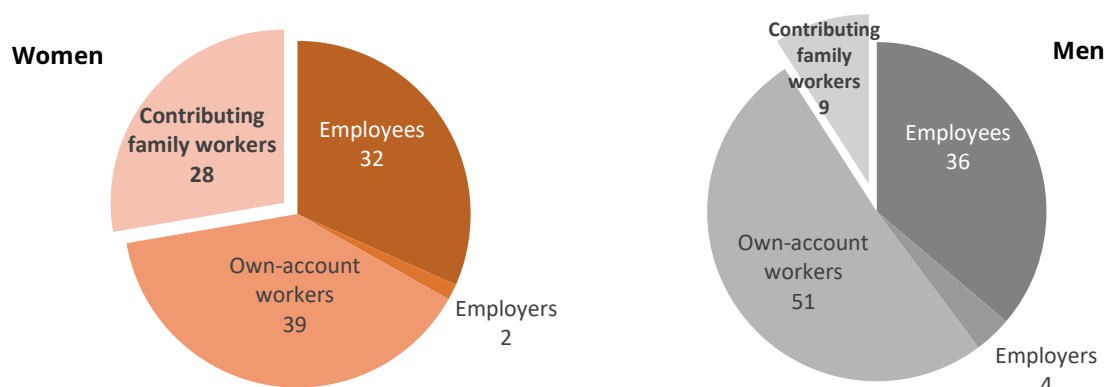
Note: Pacific Islands region includes Australia and New Zealand.

Source: [ILOSTAT](#) Modelled Estimates. Accessed 16 January 2023.

▶ 3. Contributing family workers, gender and informality

Gender differences in status in employment, particularly among contributing family workers, becomes clear in statistics on informal employment (Figure 4). The largest group holding informal jobs are own-account workers – more than a third (39 per cent) of women in informal employment are own account workers and 51 per cent of men. A similar proportion of women and men in informal employment are employees (32 per cent for women and 36 per cent for men). The main gender difference lies in the proportion of contributing family workers. In 2019, 28 per cent of women in informal employment were contributing family workers compared to only 9 per cent of men.

▶ **Figure 4: Distribution of the employed population in informal employment by categories of employment status and sex (percentages, 2019)**



Source: ILO. Women and men in the informal economy: a statistical picture, Fourth edition (forthcoming).

Contributing family workers are mostly women (63 per cent were women in 2021).⁷ This could be linked to social norms that ensure men have a better chance at getting salaried employment, that keep women and girls working at home, and that exclude women from being involved in decisions. Some are concerned that gender bias in data collection processes may also play a role in overestimating the number of women being classified as contributing family workers and more men as own-account workers.⁸

Gendered social norms lead to inequalities in access to key productive resources, such as land, particularly for women in rural areas. For instance, unequal access to (agricultural) land poses a challenge for women to undertake formal work in agriculture, such as in family-run farms. As is the case for men, women with access to land can use it

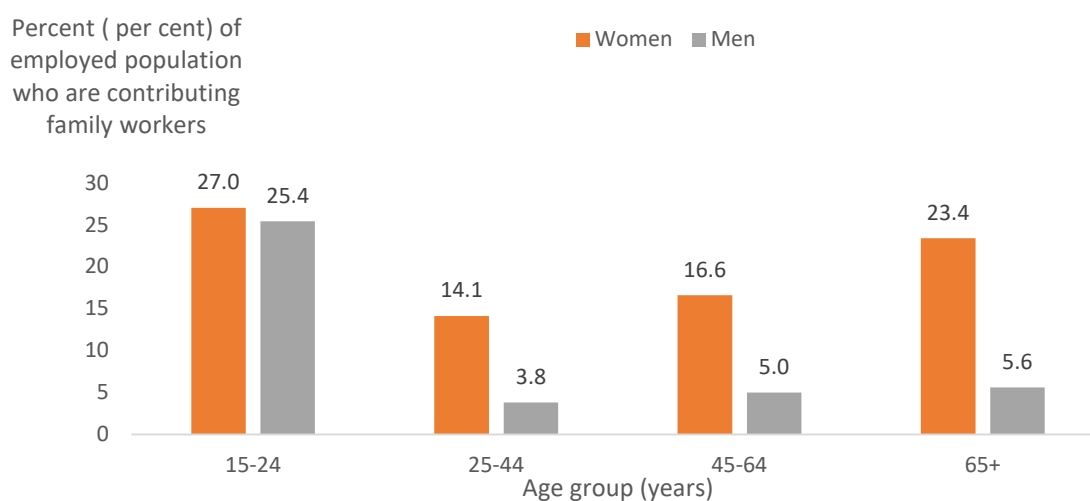
⁷ ILOSTAT Modelled Estimates. Accessed 16 January 2023.

⁸ Maria C. Lo Bue, Tu Thi Ngoc Le, Manuel Santos Silva, and Kunal Sen. 2021. United Nations University World Institute for Development Economics Research (UN-WIDER). Gender and vulnerable employment in the developing world: Evidence from global microdata. <https://www.wider.unu.edu/sites/default/files/Publications/Working-paper/PDF/wp2021-154-gender-vulnerable-employment-developing-world-evidence-microdata.pdf>.

as collateral to borrow from financial institutions. This can also affect the transition to formality.

While men and boys are found as contributing family workers, they, unlike women and girls, are less likely to remain so throughout their lives. An ILO study on measuring employment found a similarly high proportion of contributing family workers among young women and men (27 per cent of women and 25 per cent of men aged 15-24). However, as age increases, women are continuing to work as contributing family workers but that is not the case for men (see Figure 5). During peak years of productivity, such as ages 25-64 years, around 15 per cent of women work as unpaid family workers compared to less than 5 per cent of men. Gender gaps are even larger for those aged 65 years and older.⁹

▶ **Figure 5: Percentage of employed population who are contributing family workers, by sex and age group**

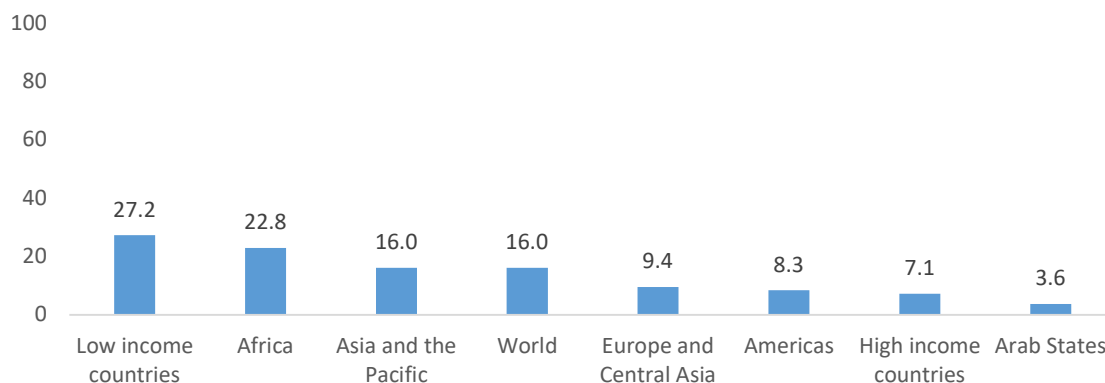


Source. Discenza, A and Walsh, K. 2020. [Closing gender data gaps in the world of work – role of the 19th ICLS standards](#). ILO: Geneva. Refer to Figure 7.

The latest global estimates show that, in 2019, 16 per cent of people in informal employment were contributing family workers. Their share much higher in low-income countries (27.2 per cent of those in informal employment) compared to high-income countries (7.1 per cent). The proportion of informally employed who are contributing family workers is highest in Africa (22.8 per cent of people in informal employment) and Asia and the Pacific (16.0 per cent) and lowest in the Arab States (3.6 per cent).¹⁰

⁹ Discenza, A and Walsh, K. 2020. [Closing gender data gaps in the world of work – role of the 19th ICLS standards](#). ILO: Geneva. Refer to Figure 7.

¹⁰ ILO. Women and men in the informal economy: a statistical picture, Fourth edition (forthcoming).

► **Figure 6: Contributing family workers as a percentage of informal employment (percentages, 2019)**

Source: ILO. Women and men in the informal economy: a statistical picture, Fourth edition (forthcoming).

Although the share of contributing family workers is low in Europe, it still represents a significant part of the labour force and an important issue for women's economic empowerment. A report to the European Parliament in 2009, states the 27 European Union (EU) countries had 3.75 million assisting spouses or relatives, representing 11.5 per cent of self-employed workers. Around 11 per cent of the self-employed reported having a relative assist them, in most cases women.¹¹

Contributing family work is found in the informal sector, the formal sector and in the household sector. Contributing family workers in the household sector would typically be family members who assist with agriculture production that is intended to be consumed by the household. After adoption of the 19th ICLS Resolution I on measuring work, this form of production is no longer considered employment but is categorized as own-use production work. These contributing family helpers would therefore be outside employment and therefore also outside informal employment with the proposed new standards on the informal economy, once countries have aligned to the definitions provided by the 19th ICLS Resolution I.

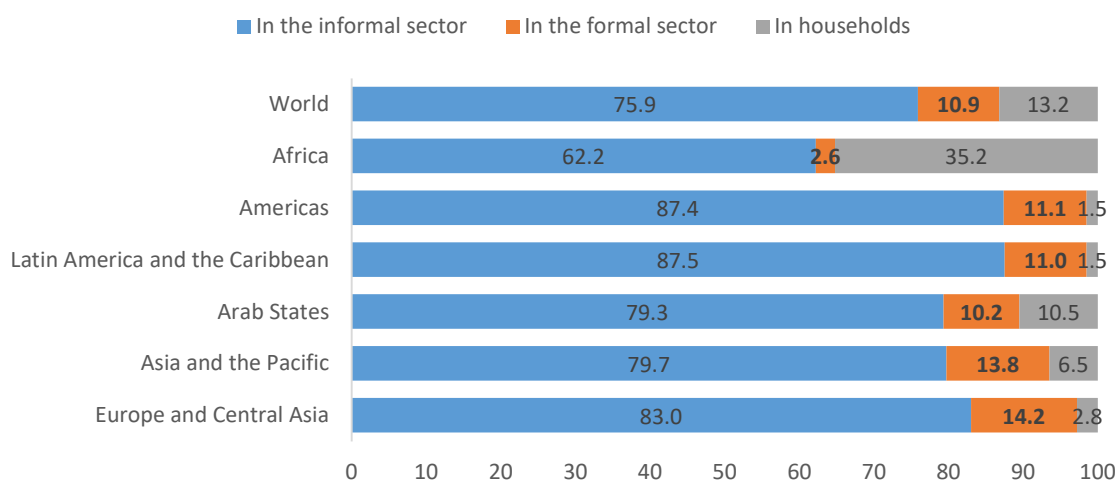
According to proposed changes to the statistical standards for defining informality, formal jobs can only be found in the formal sector. The proportion of contributing family workers in the formal sector is therefore the main point of consideration for changing definitions to allow for contributing family workers to have a formal job (see Box 1 below).

Overall, informal employment in the formal sector is low, representing only 6.7 per cent of total employment in 2016. If excluding agriculture, the share goes up to 8.0 per cent.¹² For contributing family workers, close to 11 per cent are found in the formal sector, with most (75.9 per cent) in the informal sector and 13.2 per cent in households (Figure 7). In Africa, the proportion of family workers in the formal sector is low at 2.6 per cent. In other regions, it is closer to the global average, with the highest share in the formal sector being in Europe and Central Asia (14.2 per cent) and Asia and the Pacific (13.8 per cent).

¹¹ European Parliament Committee on Women's Rights and Gender Equality. 2009. Working Document on on Equal treatment between men and women: self-employed workers and their spouses (repeal: Directive 86/613/EEC). https://www.europarl.europa.eu/meetdocs/2004_2009/documents/dt/765/765906/765906en.pdf

¹² ILO. 2018. Women and men in the informal economy: a statistical picture (third edition).

► **Figure 7: Distribution of contributing family workers by type of production unit (per cent, 2019)**



Source: Unpublished analysis by ILO.

Note: the classification of contributing family workers in the household sector is a reflection that some countries have not aligned their definition of employment to the 19th ICLS Resolution I and continue to classify own-use production work as employment.

3.1 Policy priorities for contributing family workers

Contributing family work is considered the most vulnerable status in employment. Like own-account workers, they do not receive a regular wage or salary, and, by definition, they are not involved in making the main decisions about the family business. On the positive side, contributing family work supports income generation for households and can be an enabler for businesses. The statistics do not tell us what motivates contributing family work, how these workers benefit from their employment nor whether they have control over any earnings as a result. Pilot testing of labour force survey methods being conducted by the ILO in 2022 is exploring ways to measure this.

The contributing family workforce provides an important contribution to the economy and can increase during times of crises or economic downturn when other employment options are limited. A study of how digitalization has assisted Indonesian businesses to cope with COVID-19, found that 20 per cent of men and 16 per cent of women small business owners asked their family and friends to help. The study shows how contributing family work changed during the pandemic and helped the family business become the main source of livelihood:

“Women who own necessity businesses share stories of having their husbands or children helping out more with the business because they are spending more time at home...and that increased revenue turned into the main source of income for the family.”¹³

¹³ Pulsa Lab Jakarta and UN Women. 2020. Leveraging Digitalization to Cope with COVID-19: An Indonesia Case Study on Women-owned Micro and Small Businesses. <https://data.unwomen.org/sites/default/files/documents/Publications/Indonesia-Digitalization-Women-MSBs-COVID19-EN.pdf>.

In gender analysis and policies, contributing family workers tend to be conflated with own-account workers, as the two together are defined as vulnerable employment.¹⁴ Policies to reduce the share of vulnerable employment in total employment tend to look to wage employment as a solution. In many settings, growth in wage employment will only provide limited opportunities in the short and medium term, particularly if the wage employment is informal. To reduce vulnerable employment, analysis and policies need to be specifically targeted to contributing family workers and own-account workers.¹⁵ For this, it would be valuable to have a consistent definition of informal and formal jobs for each category in employment, and statistical standards that support the production of more detailed data on contributing family workers.

3.2 Formal arrangements for family workers

The practice of defining contributing family workers as informal by default has important policy and gendered implications. It contributes to creating the perception that informality among contributing family workers is a given fact and that no formalization is necessary or possible for this group of workers. However, there are examples of situations where jobs held by the contributing family workers could be considered formal through registration and where a certain degree of protection and coverage of formal arrangements follows from this.

3.2.1 Europe

The journey towards formal recognition of contributing family workers in Europe has been a long one. The impact of World War II on jobs for women and social changes throughout the 20th Century emphasised the need for legislative change to recognize and value the unpaid work of women. France was the first European country, in 1982, to enact a law that recognized contributing spouses and provided an option to register the unpaid work and secure social security benefits for those undertaking it. It did not have the intended effect on family businesses until another law was enacted in 2005 that obliged enterprises to declare the status of spouses as associates, employed or a “collaborating spouse”. The laws are considered important advances in women’s rights and recognition of women’s unpaid work and the precursor to European legislation on the issue.¹⁶

A report to the European Parliament in 2009, highlights some relevant national practices:

- In France (since 2007) and Belgium (since 2007) it is compulsory for assisting spouses to join social protection schemes

¹⁴ ILO. 2018. Paid employment vs vulnerable employment: A brief study of patterns by status in employment. ILOSTAT Spotlight on Work Statistics. https://ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/publication/wcms_631497.pdf.

¹⁵ Maria C. Lo Bue, Tu Thi Ngoc Le, Manuel Santos Silva, and Kunal Sen. 2021. United Nations University World Institute for Development Economics Research (UN-WIDER). Gender and vulnerable employment in the developing world: Evidence from global microdata. <https://www.wider.unu.edu/sites/default/files/Publications/Working-paper/PDF/wp2021-154-gender-vulnerable-employment-developing-world-evidence-microdata.pdf>.

¹⁶ 2014. Martini, M. When Unpaid Workers Need a Legal Status: Family Workers and Reforms to Labour Rights in Twentieth-Century France. IRSH 59 (2014), pp. 247–278 doi:10.1017/S0020859014000145

- In Portugal it is compulsory for spouses to join the self-employed workers' scheme and be entitled to benefits under that scheme
- In Luxembourg, assisting spouses and relatives in the agriculture sector have had compulsory insurance since 1974
- In Germany, assisting spouses are considered to be co-owners of the business or farm and are entitled to the status of self-employed workers.¹⁷

The European Parliament adopted Directive 2010/41/EU in July 2010 to update legislation on the treatment of women and men in self-employment, including contributing family workers. It calls for national laws of EU Member States to ensure social protection for self-employed workers is extended to spouses and to provide maternity benefits for all female self-employed workers and female spouses and life-partners.¹⁸

Other examples discussed by the ILO Working Group on the revision of informality statistics include Poland, where it is possible for contributing family workers engaged in agricultural activities to register their activities and to contribute to social insurance and health insurance benefits, thereby ensuring that contributing family workers have a degree of protection in case of accidents at work and receiving pensions at a later stage. In Denmark, a contributing family worker can formally register a job held in an enterprise owned by a family member and thus gain access to social insurance, paid sick leave and paid maternity leave.

3.2.2 Latin America

In Latin America, social protection coverage has improved significantly for most categories of workers. Between 2000 and 2013, pension coverage of self-employed own account and contributing family workers increased from 18 to 33 per cent, and health protection from 12 to 24 per cent.¹⁹

Since reforming its social security laws, Ecuador has expanded the coverage of its national schemes to informal workers. The Peasants' Social Insurance scheme is a crucial part of the national system, providing self-employed workers in agriculture and their family with medical care and maternity benefits, plus coverage in old age, invalidity and survivor's benefits. Workers can register directly or through their local peasants' organization, which facilitates their inclusion in the national scheme. Three-quarters (73 per cent) of rural workers are now covered by the scheme which, in 2017, had 1.2 million members and was paying pensions to 74,000.²⁰ While the coverage rate for contributing family workers is not clear, this example from Ecuador shows how formal arrangements such as social insurance schemes can be extended to vulnerable groups in the informal economy, thereby facilitating their transition to formality.

¹⁷ European Parliament Committee on Women's Rights and Gender Equality. 2009. Working Document on on Equal treatment between men and women: self-employed workers and their spouses (repeal: Directive 86/613/EEC). https://www.europarl.europa.eu/meetdocs/2004_2009/documents/dt/765/765906/765906en.pdf

¹⁸ Directive 2010/41/EU of the European Parliament and of the Council of 7 July 2010 on the application of the principle of equal treatment between men and women engaged in an activity in a self-employed capacity and repealing Council Directive 86/613/EEC. <http://data.europa.eu/eli/dir/2010/41/oj>.

¹⁹ ILO. 2021. Extending social security to workers in the informal economy: Lessons from international experience. <https://www.social-protection.org/gimi/RessourcePDF.action?id=55728>.

²⁰ Ibid.

3.2.3 Africa

A 2021 report published by the United Nations Development Programme (UNDP) has examined informality and social protection in African countries. Over recent years, there are an increasing number of examples of social protection schemes being extended to informal workers and, in some cases, being specifically designed for them.²¹

Tunisia provides an example of a national job-related scheme targeted towards women contributing family workers and other categories of workers in the informal economy. It is one of the few schemes adapted specifically for women in low-paid forms of informal work. Called *Ahmini* (protect me in Arabic), it started operating in 2016 with the aim to support women agricultural workers to contribute to social protection in the form of healthcare, employment injuries, and pensions. Required contributions are low, much lower than for those in the formal worker scheme, and dependent on earnings. Using mobile phone technology and partnering with key actors to raise awareness, the scheme has actively facilitated access. Data on beneficiaries and coverage has not been published and it is too soon to tell how effective it has been.

Other voluntary national schemes have not been as successful at attracting informal workers. For example, Ghana's National Health Insurance Scheme. Established in 2003, it is a health insurance scheme that is compulsory for those in formal jobs and voluntary for informal workers. Children under 18 and adults over 70 are eligible to join and exempt from paying premiums. They comprise 60 per cent of members and most of the remainder are formal workers. The take up by people in informal employment has been extremely low, with barriers including difficulty for the working poor to afford contributions and complex and burdensome registration procedures.

3.2.4 Asia

The Asia-Pacific region has high informality and the possibilities for formalization are limited for many workers, regardless of their status in employment. It was difficult to find examples of countries that have provided contributing family workers with the possibility to register their job and benefit from job-related social protection schemes.²²

Thailand established a compulsory universal coverage scheme in 2001 that expanded social protection to those outside of the pre-existing schemes for private formal sector employees and government retirees and their dependents. The universal scheme targets workers in the informal economy and their families. Financed through general tax revenue, it is free of charge and includes inpatient and outpatient services in public and private facilities, maternity benefits, immunization and health education. Before the scheme was introduced, 30 per cent of the population was not covered by any health protection, and by 2011, almost the entire population is covered (99.8 per cent).²³

²¹ UNDP (2021). Informality and Social Protection in African Countries: A Forward-looking Assessment.

<https://www.africa.undp.org/content/rba/en/home/library/reports/informality-and-social-protection-in-african-countries--a-forwar.html>

²² ILO. 2019. Extension of social security to workers in informal employment in the ASEAN region. <https://asean.org/wp-content/uploads/2020/01/Regional-Study-on-Extension-of-Social-Security-to-Informal-Workers-in-ASEAN.pdf>.

²³ ILO. 2021. Extending social security to workers in the informal economy: Lessons from international experience. <https://www.social-protection.org/gimi/RessourcePDF.action?id=55728>

In Viet Nam, workers who are not covered by the mandatory social insurance scheme can participate in the voluntary regime; however, to date only about 200,000 workers – or 1.3 per cent of all workers – have joined.²⁴

A 2019 report by ESCAP and ILO on social protection needs states that, in Viet Nam, only 0.3 per cent of contributing family workers were contributing to a social protection scheme, suggesting the possibility exists even if not utilised. The report calls for expansion of contributory schemes and for social protection to reach the informal economy, including those in self-employment.²⁵

²⁴ ILO, and Vietnam National University, General Statistics Office of Vietnam, Institute of Labour Science and Social Affairs (ILSSA), Department of Employment, MOLISA, Vietnam Chamber of Commerce and Industry (VCCI), Vietnam Cooperative Alliance, Vietnam General Confederation of Labour. 2017. Diagnosis of Informality in Viet Nam.

²⁵ ESCAP and ILO. 2019. The Protection We Want: Social Outlook for Asia And The Pacific. https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_758165.pdf.

▶ 4. Discussion and recommendations

Since standard definitions were introduced to guide the production of informality statistics, contributing family workers have always been defined as having informal jobs. As policies focus attention on workers in vulnerable employment and extend protections to them, statistical standards should respond by supporting more thorough measurement of their situation. Defining contributing family work as informal by default, discourages exploration of the formal arrangements available to this group, who are mainly women, or measuring the impact of such arrangements.

As the examples above have shown, formal arrangements are being extended to this group of workers in some settings. This recognizes the importance of this group and the need to support their economic empowerment in different ways. The revision of the standards for measuring informality are an opportunity to ensure the statistical definition of informal employment for contributing family workers is relevant in all settings.

The proposal by the ILO working group is that several criteria should be met for a contributing family worker to be considered formal:

- a) Firstly, if no formal arrangements exist in the country, then the practice of defining contributing family workers as informal by default would continue. This would likely be the case for many countries.
- b) In countries where formalization for contributing family workers is a possibility, the family business they work for needs to be formal. This will be similar as for most other categories of employed persons, that the economic unit for which the work is carried out needs to be formal for them to have a formal job.
- c) The contributing family worker needs to be registered as such in the administrative legal system in the country. This ensures that contributing family work is recognized and visible by the authorities as a pre-condition for measures targeting them.
- d) The contributing family worker needs to be covered by some formal arrangements. Contributing to job-related social insurance could be one way to operationalize this. It would be important that this is directly linked with the job as contributing family worker and not a universal form of social protection or something unrelated to holding the job.

Applying these criteria recognizes that contributing family workers can, in specific circumstances, be considered as holding a formal job. This should not impact nor distort the attention of policies and programs that support the change in status in employment of contributing family workers to improve their working conditions, such as obtaining wage employment, or being recognized as a co-owner of the family business. The focus on specific job-related social protection as a criterion for formality highlights the importance of continuing to extend other forms of social protection to all workers, including contributing family workers.

The proposal takes into account that, while it is anticipated that, in many countries, formal arrangements will not be available and may never be extended to this group of workers, in other countries, such arrangements might be in place. It aims to ensure that statistical standards allow the production of data on the coverage of such arrangements. Data communication and dissemination strategies should ensure that the transition from informal employment to formal employment is given due attention in the promotion of decent work for those in vulnerable employment. The indicator framework being developed as part of the revised standards will provide guidance on how to analyze and present informality statistics for contributing family workers and thereby support the production and use of more in-depth data on their situation.

Box 1: Draft definition of informal and formal jobs for contributing family workers²⁶

In countries where formal arrangements such as the possibility to register and contribute to job-related statutory social insurance are not available for contributing family workers, such workers can be considered to have informal jobs by default.

In countries that have such formal arrangements in place for contributing family workers these workers can be considered as having:

- (a) Informal jobs if their job is not in practice formally recognized in relation to the legal administrative framework. This includes contributing family workers who:
 - (i) carry out work for an informal household market enterprise; or
 - (ii) whose job is not registered, or for whom contributions are not made to job-related statutory social insurance.
- (b) Formal jobs if:
 - (i) the economic unit for which the work is formal; and
 - (ii) the job is registered in relation to the legal administrative framework of the country; and
 - (iii) contributions are made to a job-related statutory social insurance scheme.

Registration of the job held by the contributing family worker and contribution to a job-related statutory social insurance scheme implies that the worker is employed formally in that job. The type of statutory social insurance relevant for operationalizing the criterion depends on the national context but would include mandatory or voluntary statutory social insurances such as a pension fund if this implies a formal status of the worker.

²⁶ ILO. 2021. DRAFT Resolution concerning Statistics on the Informal Economy. Working Group for the Revision of the standards for statistics on informality.

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