

# Organization, Representation and Dialogue



Training conducted by the Export Confederation of the Philippines for women entrepreneurs, Philippines.

# 5.2 THE ROLE OF EMPLOYERS' ORGANIZATIONS AND SMALL BUSINESS ASSOCIATIONS

This brief looks at the important role that employers' organisations can play in policy reform which can support the transition to formality. While employers' organisations are usually oriented to larger formal enterprises they are increasingly playing a strong advocacy, research and policy advisory role in relation to the informal economy, and assisting informal economy entrepreneurs in areas such as compliance with legal, labour and occupational health and safety standards. In this way they are strategic actors in the move out of informality.



# **KEY CHALLENGES**

- Employers' organizations and informality
- Micro, small and medium enterprises
- Non-compliance and unfair competition
- The diversity of economic activities
- Nuances of informality in enterprises
- **■** Changing production structures
- Employers' organizations and informality. Employers' organizations are usually comprised of large enterprises. Thus their polices on industrial relations, such as national wage setting and collective agreements, are most relevant to bigger firms in the formal economy. Their membership is based on subscription in return for services. They provide representational and direct services to their members and promote the general interests of the business community, through advocacy and social dialogue with governments and workers' organisations. Direct services, such as information, training or advice to their members help enterprises to become more productive and reduce costs. One of their key functions is to lobby for policies that ensure the behaviours of third parties (Governments, trade unions and the general public) allow enterprises to operate efficiently and competitively. As such, while employers organisations may not directly represent informal economy operators, in part because of their fee structure, they are strategically well placed to offer policy guidance on how to address the informal economy and how to reach out to informal economy operators.
- While employers' organisations may not directly represent informal economy operators, they are well placed to offer policy guidance on how to address the informal economy and how to reach out to informal economy entrepreneurs

- Micro, small and medium enterprises There is increasing awareness on the part of employers' organizations of the economic contribution of the informal economy. Moreover there is recognition that if they only represent the interests of large enterprises they may be limiting themselves to small portion of the economy. In terms of numbers, micro, small and medium enterprises, while individually small, constitute a large proportion of all enterprises: around 65-70 percent across low, middle and high income countries.¹ Further, as a consequence of globalization, the linkages between the informal and formal economy have grown. (see box below)
- Micro, small and medium enterprises, while individually small, constitute a large proportion of all enterprises: around 65-70 percent across low, middle and high income countries

<sup>1</sup> For more information see Resources section to access: Vandenberg, Paul, (n.d). "The contribution of SMEs to employment and output." Reaching out to SMEs: An electronic toolkit for employers' organisations. Geneva: IOE.

# Links between informal enterprises and formal firms

To understand the linkages between informal enterprises and formal firms it is important to consider the nature of the production system through which they are linked. This is because the nature of the linkage—specifically, the allocation of authority (over the work situation and the outcome of work done) and economic risk between the informal and formal firm—varies according to the nature of the production system. For instance, a garment maker might produce for the open market (with some authority and all of the risk) or for a supply firm linked to a multinational company (with little authority but much of the risk in the form of non-wage costs, rejected goods, and delayed payments). Types of production systems include:

- individual transactions: some informal enterprises or own account operators exchange goods and services with formal firms in what might be characterized as open or pure market exchange (in the sense of independent units transacting with each other). In such cases, the more competitive firm in terms of market knowledge and power as well as the ability to adjust if the transaction does not proceed controls the exchange or transaction.
- sub-sectors: many informal enterprises or own account operators produce and exchange goods and services with formal firms in what are called sub-sectors, networks of independent units involved in the production and distribution of a product or commodity. In such networks, individual units are involved in transactions with suppliers and customers. The terms and conditions of these transactions are governed largely by the more competitive firm in specific transactions (as above) but also by the 'rules of the game' for the sub-sector as a whole, which typically are determined by dominant firms in the sub-sector.
- value chains: some informal enterprises and own account operators and, by definition, all industrial outworkers produce goods within a value chain. The terms and conditions of production in value chains are determined largely by the lead firm: a large national firm in most domestic chains and a large transnational corporation in most global value chains. However, the major suppliers to whom the lead firm sub-contracts work—also often formal firms—also help determine the terms and conditions of work that they sub-contract to informal firms and workers down the chain.

Source: Chen. Martha (2007) Rethinking the Informal Economy: Linkages with the Formal Economy and the Formal Regulatory Environment. DESA Working Paper No. 46 - ST/ESA/2007/DWP/46 July 2007 pp7-8

Non-compliance and unfair competition. It is clearly in the interests of employers' organisations to bring the employment growth and wealth creation potential of economic activities that are currently marginalized in the informal economy into the mainstream. Not least because this can contribute to a more level playing field which can also ensure the more equitable distribution of tax and social protection responsibilities. For larger firms operating in the informal economy, non-compliance with regulations and avoidance of costs represents unfair competition for formal firms. The loss of revenue for the state also acts as a major barrier to the extension of social protection and other systems vital to national development and economic growth such as health and education systems<sup>2</sup>.

Bringing informal firms into the mainstream will contribute to a more level playing field and avoid unfair competition

<sup>2</sup>  $\;$  See Resources section to access: International Organisation of Employers (IOE), 2006. "The Informal Economy – The Employers' Approach." (Geneva 2006) .

Moreover there is a frequent overlap in policy considerations that will support the transition to formality and those that support an enabling environment for private sector growth.<sup>3</sup> This can be seen for example in that measures to simplify registration processes, reduce transaction costs and streamline administrative procedures, have the dual benefits of supporting entry into the formal economy and enabling existing enterprises to grow.

■ The diversity of economic activities. Nonetheless the challenges of reaching the informal economy are immense. The diversity of economic activities, the large numbers of small enterprises and self employed operators makes reaching the informal economy very complex. Policy responses need to be adapted to the specific national contexts and recognise the different levels of sophistication of enterprises within the informal economy – from survivalist activities through to organised small traders and on to small manufacturers and service providers, sometimes linked to global value chains.

Policy responses need to be adapted to the specific national contexts and recognise the different levels of sophistication of enterprises within the informal economy

Some employers' organisations have recently broadened their mandate to include small and medium enterprises (SMEs)<sup>4</sup> and have adopted pro-active policies to promote formality. However, their structures and services are often designed without taking into account the specific needs of smaller enterprises and the diversity of informal economy entrepreneurs. When employers' organisations support small enterprises, they tend to focus on the upper range of the small or microenterprise band. Often the poorer and more disadvantaged groups, including women, ethnic minorities, migrant workers, are over-looked by general policies and measures to support SMEs.

- Nuances of informality in enterprises. Another aspect of informality is that some firms may be largely formal but avoid fiscal and social responsibilities, often due to lack of legal enforcement. Firms may also sometimes have a proportion of their workforce as formal employees with the attendant rights and benefits and a large group of casualised and temporary workers without job security and other benefits. Informality for enterprises is therefore often not clear cut and there are significant grey areas. (See also brief on Informal enterprises)
- Changing production structures. Large enterprises must also deal with the impacts of changing production structures. Over recent decades there has been a surge in outsourcing, particularly into developing countries which may be competing to attract foreign direct investment on the basis of lowered production costs and low wages. Where the lower end of global value chains ends in child labour and/ or the poor working conditions and piece rates of dependent homeworkers, exposure by media and consumer groups can significantly harm the image and consumer confidence of large firms at the head of the chain. For many firms the challenges of cleaning up supply chains that penetrate deep into the informal economy are immense. While corporate social responsibility initiatives and ethical trading measures have had some impact they are rarely able to penetrate deeper than the first few layers of subcontracting and outsourcing.

For many firms the challenges of cleaning up supply chains that penetrate deeply into the informal economy are immense

<sup>3</sup> Ibid

<sup>4</sup> IOE (undated). "Phase One: Preparation. Seeking the Board's Approval. A mini-guide for employers' organisations." Reaching out to SMEs: An electronic toolkit for employers' organisations. Geneva: IOE.



Shoe repair workshop, Cairo, Egypt.

# **EMERGING APPROACHES AND GOOD PRACTICES**

- Advocacy to improve regulatory environment
- Service centres for payroll and social security administration for micro enterprises
- Information and Advisory Services
- Networking and business linkages
- Developing a lobbying agenda
- Incentives to encourage formality
- Training and advice on productivity and markets
- Increasing representation of small enterprises within employers' organisations
- Participating in tripartite bodies to promote poverty reduction
- Corporate social responsibility throughout the supply chain

In recent years, the International Organisation of Employers (IOE), in collaboration with the ILO, has developed position papers and technical tools to support employers' organisations in reaching out to SME's as well as to the informal economy. Employer's organisations have been making inroads to assist small enterprises and informal economy entrepreneurs. The experiences described below illustrate different approaches to the informal economy, some of which relate specifically to small enterprises, but which are equally relevant to the informal economy.

Among the strategies undertaken by employers' organisations are the following:

- advocating improvements to the regulatory environment, in particular through simplifying business registration
- developing service centres to assist in business and employment administration
- providing information and advice on a range of issues, including occupational health and safety
- linking informal economy and small businesses with larger enterprises while improving work conditions within employment or contract relationships
- assisting in developing a lobby agenda for small and micro enterprises
- extending services for productivity improvement to informal economy associations and facilitating access to markets, finance, insurance, technology and public authorities
- increasing representation of small enterprises and informal economy entrepreneurs in decision-making structures of employers' organisations.
- Participating in tripartite bodies to promote poverty reduction
- · Corporate social responsibility through the production supply chain

 Policy advocacy is a key lever to catalyse the process of moving out of informality

■ Advocacy to improve regulatory environment. Employer's organisations have carried out policy research and advocacy for small and informal enterprises. Policy advocacy is a key lever to catalyse the process of moving out of informality. Employers' organisations have a role in lobbying to ensure that regulations and what they provide, namely: protection, legality, access to resources, are easily understood and accessible to self-employed and micro enterprises.

Enterprises often remain informal due to onerous requirements for business registration; fiscal obligations and costly social security premiums. The growth prospects of informal enterprises can be hindered by regressive tax regimes, by trade policies that discriminate against their products, by investment policies that favour large enterprises and by financial policies that discourage banks from supporting small business development needs. Infrastructure and communication facilities are often inadequate, institutions for defending property or pursuing contract obligations insufficient, and training policies and institutions geared towards technologies used in larger companies.

In Singapore, the National Employers' Federation (SNEF) sits on government committees where it also represents the needs of small enterprises. In these committees, SNEF and small enterprise representatives review legislation which affects small enterprises, such as registration and licensing procedures. SNEF maintains a standing committee to study policy impact and to provide recommendations based on feedback from its members. Several thousands of recommendations have been submitted by SMEs over time <sup>5</sup>.

■ Service centres for payroll and social security administration for micro enterprises. Service centres can play an important role in enabling micro and informal enterprises, otherwise forced to remain informal, to learn about the law, get registered and provide both the owners and workers social protection. However, these services cannot be a substitute for improved regulations. In Bulgaria, as a result of EU accession considerations and resources, a new regulation was introduced in 2003 making it compulsory for employers in the evolving market economy to register all labour contracts 6.

The Bulgaria Industrial
Association has set up
service centres to enable
micro and informal
enterprises to learn about
the law, get registered and
provide both the owners
and workers with social
protection

Realising that small enterprises and self-employed workers would find it difficult to comply with labour and social security laws given the amount of recording and administrative tasks involved, the Bulgarian Industrial Association (BIA) - the biggest employers' organisations in Bulgaria – established a service to assist members in complying with their legal and fiscal obligations. This service includes payroll administration, wage calculation, payment of social security contributions, and advice on labour legislation. It helps ensure that each employer, regardless of the size of the firm, is able to conform to labour legislation, collective agreements (where they exist), social insurance, and tax requirements. The idea was to find simple and manageable ways to help enterprises and self-employed workers to comply with social and labour legislation while at the same time lobbying with government for appropriate policies and regulations.

<sup>5</sup> For more details see Resources section to access: Dyce, 2004. Employers' organisations and promotion of small and medium-sized enterprises. Practical experiences from seven countries. Geneva, ILO.

<sup>6</sup> For more details see Resources section to access: ILO and BIA, 2005. How to move from informality to formality: A solution for members of Employers' Organisations: The Payroll Administration Services.

- Information and Advisory Services. In Ireland, the Small Firms Association (SFA) is an affiliate of the Irish Business and Employers' Confederation (IBEC). The SFA is a "high quality, low-subscription service" built around helping entrepreneurs learn more about the laws governing employer-employee relations and also good management practices. SFA provides information on good management practices. It has produced the following guides with the assistance of government offices, a collaboration that has helped bring down the costs for their members:
- "How to get paid on time," an important concern among small enterprises providing goods and services to other businesses and
- "The A-Z pocket guide to health and safety."

It also provides other information services including a web site, briefing sessions throughout the country, and other publications on employee-management issues, as well as directories of financial schemes for small businesses and a directory of discount schemes for members.<sup>7</sup>

Employers' organisations can also provide information and guidance to small enterprises on current procedures to register their business or in applying for membership in the social security system or in accessing credit and other incentives. The Jamaica Employers Federation (JEF) carried out a study in the informal economy and among the main findings was that most respondents were not aware of the business registration process. In view of this, the study recommended that JEF:

- provide modular courses on business registration, including preparation of business plans
- distribute application forms required for the registration of a business
- identify further strategies and measures to assist the registration process such as a moratorium on tax payments upon registration
- organise promotional campaigns on the registration process and the benefits to be gained by businesses from registration.
- Networking and business linkages. Employers' organisations also are strategically positioned to facilitate business linkages between large and small enterprises. In Kenya, the Federation of Kenyan Employers (FKE) began extending membership to informal small-scale enterprises in 1989 as it was apparent that that formal sector employment was shrinking. In 1991, FKE launched its Small Enterprise Strategy which focused on developing linkages and subcontracting arrangements between small-scale producers (known as jua kali) and large private enterprises, members of FKE. Engineering students were attached to small enterprises to help analyse production processes and suggest improvements.

The scheme covered a wide range of activities, including timber processing, bakeries, cereal stores, pharmacy, stationery, retail, laundry, transport services, poultry farming, soap, and coffin making. Many of the operations were using rudimentary tools and methods. The engineering students and *jua kalis* were asked to draw up projects requiring moderate investment, which could demonstrate forward and back ward linkages, and have potential for creating employment. One such successful case is that of General

The Federation of Kenyan Employers has extended membership to informal small scale enterprises

Employers' organisations are strategically positioned to facilitate business linkages between large and small enterprises

<sup>7</sup> For more details see Resources section to access: Employers' organisations and promotion of small and medium-sized enterprises. Practical experiences from seven countries. Op.cit

Motors which now contracts small local companies to supply parts which the company previously imported §.

- **Developing a lobbying agenda.** Employers' organisations have advanced policy issues affecting small and micro enterprises by:
- producing information sheets and position papers for the legislature as well as for the media on the implications of specific legislation and policies on small enterprises
- organising high profile media events to generate support for small enterprises and gain publicity for appropriate policies.

The Irish Small Firms Association lobbies government bodies to support the needs of small enterprises. Three or four times a year, it produces a two-page information flyer summarising key issues related to small enterprises. It is distributed among all members of the national assembly. The newsletter keeps legislators up to date with small enterprise concerns so that they can better support them in preparing laws and in serving their constituencies. One issue for instance, timed to coincide with budget deliberations, was the need to strengthen public services rather than the easier option of lowering taxes. Another issue was skills bottlenecks in certain trades.<sup>9</sup>

The SFA also operates high profile media campaigns to generate support for small enterprises. It organises "business road shows" which visit towns and these have high impact on local radios and newspapers.<sup>10</sup>

Incentives and graduated support for the transition to formality are used by the Alexandria Business Association

- Incentives to encourage formality. In Egypt, the Alexandria Business Association (ABA) is affiliated to the Egyptian Employer Organisation. Its microfinance department initiated a progressive scheme where the size of the loans offered can increase on the condition that the client produces at each level different and additional documents attesting his or her identity, ownership of assets, fiscal and social security status. The scheme has reached several hundred clients after four years."
- Training and advice on productivity and markets. Employers' organisations can play a role in improving the productivity of small enterprises and enhancing market opportunities.

<sup>8</sup> ILO, 2005. "Kenya: Employers' organisations taking the lead on linking the informal sector to formal Kenyan enterprises." Press Release. International Labour Office. Ngyangute, Charles, 2002. Federation of Kenya Employers: Case Study. Employment Sector Working Paper on the Informal Economy. 2002/11. Geneva: International Labour Office.

<sup>9</sup> For more information see Resources section to access: ILO and IOE, (n.d.) "Advocating fro SMEs: Case Study Ireland, Informing 'backbenchers' about small enterprises." Reaching out to SMEs: An electronic toolkit for employers' organisations.

<sup>10</sup> For more information see Resources section to access: Dyce 2004. Op.cit.

<sup>11</sup> ILO Governing Body GB 298/ESP4 2007 p.14

■ Increasing representation of small enterprises within employers' organisations. Some employers' organisations have used their constitution and membership policies to ensure inclusion, equity and effectiveness as they expand their reach to small enterprises. Governing councils, fee structures, and voting privileges, have been revised accordingly.

Employers' organisations are structured either as an association whose members are enterprise owners or as federations whose members are associations. ILO has identified different variations of basic arrangements for including small enterprises as follows:<sup>12</sup>

Employers' organisations as associations of enterprises:

- In Singapore small enterprises are allowed membership on par with all other members provided they pay the same membership fees for the same sets of services.
- In the Philippines small enterprises are allowed membership on par with all other members but special services are provided to SME members.

Employers' organisations as a federation of associations:

- Small enterprises form or join associations which affiliate themselves with employers' organisations' that are structured as confederations. These associations have different degrees of engagement with the informal economy. Ghana provides an interesting example of how the general assembly is designed to represent a wider range of interests. (See Box below)
- In Ireland small enterprises may become members of an association that is structured within the employers' organisations, owned and paid for by the employers' association but with a separate membership staff and profile. The membership fee is one third but the services are fewer.

# Participation of small enterprises in Ghana Employers' Association

The Ghana Employers' Association was established to represent private business on matters of industrial relations. This has meant that they represented by large employers. However, since most workers in Ghana are not covered by collective agreements and a significant portion of business activity takes place in the informal economy, GEA had to face the challenge of expanding its representation to smaller enterprises while also maintaining its core mandate of industrial relations.

Since associations of small enterprises exist in Ghana and are included under an umbrella organisation called Associations of Small-Scale Industries, the GEA opted to work through these existing organisations while emphasising formalisation, labour standards and health and safety – elements of its core mandate.

#### Representation on the Governing Council

The GEA strengthened the representation of small enterprises in its governing council by assigning a seat to the Associations of Small-Scale Industries. GEA has a 40-seat governing council in which sectoral interest groups are represented, such as mining, banking, shipping. Each group has one or two seats on the Council except for manufacturing which has seven and commerce, four. Small enterprises were represented by their respective sectors and by a specific SME Interest Group which had one seat. The GEA however felt that this was not enough. In November 2002, the Council granted an additional discretional seat to the Associations of Small-Scale Industries. This required a constitutional amendment which was passed by the General Assembly that year. The small enterprise representatives are expected to analyse the needs of their constituency and to make proposals on how to assist informal enterprises to formalise.

<sup>12</sup> ILO and IOE (n.d) "Strengthening the representation of SMEs: A mini-guide for employers' organizations". Reaching out to SMEs: An electronic toolkit for employers' organizations.

#### SME Desk and support services

In terms of services, the GEA created an SME Desk to serve as a direct point of contact within the association on small enterprises. The GEA works through existing service providers that have the appropriate expertise, rather than creating new services altogether.

#### Working with the informal economy

The GEA recognises that the informal economy accounts for 70 per cent of the total labour force. The GEA sees its role as encouraging the formalisation of informal activities and promoting respect for labour standards and occupational safety and health. As an example, it has cooperated with two informal sector associations for specific activities; namely, the Ghana National Association of Small-Scale Gold Miners.<sup>13</sup>

Various monitoring mechanisms have been developed to ensure that suppliers respect workers' rights; and their obligations under labour law and social security are not avoided through the extensive use of subcontracting

# ■ Participating in tripartite bodies to promote poverty reduction.

Employers' organisations have participated in processes to draw up national development strategies, in particular poverty reduction strategies (PRSPs), which include policy discussions on how to improve the business environment and strengthen small and medium enterprises. A number of initiatives to create new employment opportunities have been identified through tripartite workshops on PRSPs.

In Tanzania for example the Association of Tanzanian Employers (ATE), with the support of the ILO ACTEMP developed a proposal to reform the government procurement system to give new opportunities to small and medium enterprises. ATE identified some of the obstacles that limit opportunities for SMEs to obtain state contracts. The proposal was officially presented to government officials and other stakeholders in a PRSP workshop where it was agreed to reform the procurement system as suggested by the ATE <sup>14</sup>.

**Corporate social responsibility throughout the supply chain.** Employers' organisations and multinational enterprises (MNEs') are increasingly concerned to ensure that their supply chains are transparent and production is carried out in decent working conditions. Various monitoring mechanisms have been developed to ensure that suppliers respect workers' rights; and their obligations under labour law and social security are not avoided through the extensive use of sub-contracting. MNEs have signed specific framework agreements with global unions, joined coalitions such as the Ethical Trading Initiative or developed their own codes of conduct.

For example, the Spanish company, Inditex, which is the owner of the clothes store, Zara, has signed a framework agreement with the International Textile, Garment and Leather Workers' Federation (ITGWLF) in order to cooperate in the protection of workers' rights throughout the supply chain. The Inditex audit methodology has been revised to improve transparency in the company's supply chain and new training materials for auditors developed. In the future it is planned to review purchasing practices, to identify the effects of different buying practices on the incidence of over-time, sub-contracting and the use of casual labour<sup>15</sup>.

<sup>13</sup> For more information see Resources section to access: ILO and IOE, (n.d.) "Strengthening the representation of SMEs: Case study Ghana." Reaching out to SMEs: An electronic toolkit for employers' organisations. Geneva: International Labour Organisation and International Organisation of Employers.

14 For more information see Resources section to access: Rynhart, Gary ILO/ACTEMP No 49 Poverty Reduction Strategy Papers: A guide for Employers' Organizations, Geneva 2006

15 For more details see www.ethicaltrade.org "Inditex's alliance with the global garment union", 2009

Other companies are working to improve the livelihoods of primary producers and their local communities, such as cacao, coffee and tea. For example, in March 2009, Cadbury announced that it would convert its Cadbury Dairy Milk chocolate bars in the UK and Ireland to Fairtrade products within a short period of time. This will triple the sales of cacao under Fairtrade terms for the Ghana Fairtrade cooperative, "Kuapa Kokoo". Set up in 1993, it is the only farmer-owned organisation among the private companies granted a government licence to trade cacao. It represents about 50,000 small-scale producers. All the farmers get a minimum fair-trade price and a premium which is spent on business improvements and social projects such as healthcare and clean drinking water. The Cadbury decision will substantially increase cacao sales for "Kuapa Kokoo" and in the longer term, Cadbury is committed to working with Fairtrade and local organisations to help more groups of farmers form cooperatives and to achieve Fairtrade certification.

Some companies are working to improve the livelihoods of their primary producers and their local communities

<sup>16</sup> For more details see www.fairtrade.org.uk/producers/cacao/kuapa\_kokoo



Women entrepreneurs, Russian Federation.

# **RESOURCES**

This section provides a list of resources which can enable the reader to delve deeper into the issue. Detailed information about good practices cited above can be accessed here. The section comprises international instruments, International Labour Conference conclusions, relevant publications and training tools. A bibliography of references in the text is further below. There may be some overlap between the two.

#### **ILO and UN Instruments and ILC Conference conclusions**

Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) Right to Organise and Collective Bargaining Convention, 1949 (No. 98) Forced Labour Convention, 1930 (No. 29)
Abolition of Forced Labour Convention, 1957 (No. 105)
Minimum Age Convention, 1973 (No. 138)
Worst Forms of Child Labour Convention, 1999 (No. 182)
Equal Remuneration Convention, 1951 (No. 100)
Discrimination (Employment and Occupation) Convention, 1958 (No. 111)
http://www.ilo.org/ilolex/english/convdisp1.htm

ILO Resolution Concerning Decent Work and the Informal Economy 2002 http://www.ilo.org/public/english/standards/relm/ilc/ilc90/pdf/pr-25res.pdf

#### **Relevant Publications**

Dyce, 2004. Employers' organisations and promotion of small and medium-sized enterprises. Practical experiences from seven countries. Geneva: International Labour Office. September. http://www.ilo.org/public/english/dialogue/actemp/downloads/publications/sme\_report.pdf

International Organisation of Employers (IOE), 2005 Approaches to foster entrepreneurship, IOE Geneva

http://www.ioe-emp.org/index.php?id=26

International Organisation of Employers (IOE), 2006. "The Informal Economy - The Employers' Approach." November.

http://www.ioe-emp.org/fileadmin/ioe\_documents/publications/Policy%20Areas/informal\_economy/EN/2006\_IOE\_Position\_on\_Informal\_Economy.pdf

IOE (n.d). "Phase One: Preparation. Seeking the Board's Approval. A mini-guide for employers' organisations." Reaching out to SMEs: An electronic toolkit for employers' organisations. Geneva: IOE.

ILO and IOE, (n.d.) "Strengthening the representation of SMEs: A mini-guide for employers' organisations." Reaching out to SMEs: An electronic toolkit for employers' organisations. Geneva: International Labour Organisation and International Organisation of Employers.

ILO 2006. Employers' organisations and enterprise development in the informal economy: Moving from informality to formality. ACT/EMP No. 51. Geneva: International Labour Office.

ILO and BIA, 2005. How to move from informality to formality: A solution for members of Employers' Organisations: The Payroll Administration Services. Budapest: International Labour Office. http://www.ilo.org/public/english/dialogue/actemp/downloads/publications/pay roll\_admin.pdf

Pigni, Federico, Aurelio Ravarini, Donatella Sciuto, Carlo Zanaboni, and Janice Burn, 2005. "Business Associations as Hubs of Inter-Organisational Information Systems for SMEs - The 2Cities Portal." Inter-Organisational Information Systems in the Internet Age. Sean B. Eom, ed., Idea Group Publishing Hershey, PA.

http://www.igi-global.com/chapter/inter-organizational-information-systems-internet/24490

#### **Training Tools**

ILO 2007 Managing Small Business Associations trainers' manual, ILO Cambodia http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/ wcms\_108271.pdf

ILO / IOE Reaching out to SMEs: An electronic toolkit for employers' organisations. Geneva: ILO IOE

http://www.ilo.org/public/english/dialogue/actemp/whatwedo/projects/reachingout.htm

Rynhart, Gary ILO/ACTEMP No 49 Poverty Reduction Strategy Papers: A guide for Employers' Organisations, Geneva 2006

http://www.ilo.org/public/english/dialogue/actemp/downloads/publications/poverty\_ quide.pdf

Vandenberg, Paul, (n.d). "The contribution of SMEs to employment and output." Reaching out to SMEs: An electronic toolkit for employers' organisations. Geneva: IOE.

#### For further information see the website of the ILO Bureau for Employer's Activities http://www.ilo.org/public/english/dialogue/actemp/

#### References

Chen. Martha (2007) Rethinking the Informal Economy: Linkages with the Formal Economy and the Formal Regulatory Environment. DESA Working Paper No. 46. ST/ESA/2007/DWP/46 July

Dyce, 2004. Employers' organisations and promotion of small and medium-sized enterprises. Practical experiences from seven countries. Geneva: International Labour Office. September.

ILO 2006. Employers' organisations and enterprise development in the informal economy: Moving from informality to formality. ACT/EMP No. 51. Geneva: International Labour Office

ILO and BIA, 2005. How to move from informality to formality: A solution for members of Employers' Organisations: The Payroll Administration Services. Budapest: International Labour Office.

International Organisation of Employers (IOE), 2006. "The Informal Economy - The Employers' Approach." November.

IOE (n.d). "Phase One: Preparation. Seeking the Board's Approval. A mini-guide for employers' organisations." Reaching out to SMEs: An electronic toolkit for employers' organisations. Geneva: IOE.

ILO and IOE. (n.d.) "Strengthening the representation of SMEs: A mini-guide for employers' organisations." Reaching out to SMEs: An electronic toolkit for employers' organisations. Geneva: International Labour Organisation and International Organisation of Employers.

Nyangute, C.O. Federation of Kenya Employers: Case study. Employment Sector. ILO Geneva.

http://www.ilo.org/dyn/infoecon/iebrowse.page?p\_lang=en&p\_ieresource\_id=36

Pigni, Federico, Aurelio Ravarini, Donatella Sciuto, Carlo Zanaboni, and Janice Burn, 2005. "Business Associations as Hubs of Inter-Organisational Information Systems for SMEs - The 2Cities Portal." Inter-Organisational Information Systems in the Internet Age. Sean B. Eom, ed., Idea Group Publishing Hershey, PA.

Rynhart, Gary ILO/ACTEMP No 49 Poverty Reduction Strategy Papers: A guide for Employers' Organisations, Geneva 2006.

Vandenberg, Paul, (n.d). "The contribution of SMEs to employment and output." Reaching out to SMEs: An electronic toolkit for employers' organisations. Geneva: IOE.

Youssoufa Wade. Initiatives Aimed at the Promotion of Quality Jobs and the Improvement of Productivity in the Informal Sector: A case study from Senegal. Employment Department. ILO Geneva, 2002.

http://www.ilo.org/dyn/infoecon/iebrowse.page?p\_lang=en&p\_ieresource\_id=31

# A POLICY RESOURCE GUIDE SUPPORTING TRANSITIONS TO FORMALITY

Contents:

Acknowledgments / Foreword / Preface / How to use the Guide / Acronyms

# PART I: Key concepts

# 1. Decent Work and the Informal Economy

1.1 Key conceptual issues

# 2. Measurement of the Informal Economy

2.1 Addressing statistical challenges

# PART II: Policies to support transitions to formality

# 3. Growth Strategies and Quality Employment Generation

3.1 Patterns of economic growth and the informal economy

# 4. The Regulatory Framework and the Informal Economy

- (A) International Labour Standards
- 4.a1 The Regulatory Environment and the informal economy: setting a social floor for all who work
- 4.a2 International Labour Standards (ILS): bringing the unprotected under the law
- 4.a3 Understanding the employment relationship and its impact on informality
- (B) Specific Groups
- 4.b1 Domestic Workers: strategies for overcoming poor regulation
- 4.b2 Homeworkers: reducing vulnerabilities through extending and applying the law
- 4.b3 Street vendors: innovations in regulatory support
- 4.b4 Micro and Small Enterprises (MSEs), informality and labour law: reducing gaps in protection
- 4.b5 Strategies for transforming undeclared work into regulated work
- (C) Labour Administration
- 4.cl Labour administration: overcoming challenges in reaching the informal economy
- 4.c2 Labour inspection and the informal economy: innovations in outreach

#### 5. Organization, Representation and Dialogue

- 5.1 Social dialogue: promoting good governance in policy making on the informal economy
- 5.2 The role of Employers' organizations and small business associations
- 5.3 Trade unions: reaching the marginalized and excluded
- 5.4 Cooperatives: a stepping stone out of informality

# 6. Promoting Equality and Addressing Discrimination

- 6.1 Promoting women's empowerment: a gendered pathway out of informality
- 6.2 Migrant workers: policy frameworks for regulated and formal migration
- 6.3 Disability: inclusive approaches for productive work

# 7. Entrepreneurship, Skills Development, Finance

- 7.1 Informal enterprises: policy supports for encouraging formalization and upgrading
- 7.2 Enhancing skills and employability: facilitating access to the formal economy
- 7.3 Microfinance: targeted strategies to move out of informality

# 8. Extension of Social Protection

- 8.1 Extending social security coverage to the informal economy
- 8.2 HIV/AIDs: overcoming discrimination and economic exclusion
- 8.3 Extending maternity protection to the informal economy
- 8.4 Childcare: an essential support for better incomes

# 9. Local Development Strategies

9.1 Local development: opportunities for integrated strategies for moving out of informality