

Developments and Best Practices in Informal Employment

Summary

Informal employment and informal economy are recent issues that have been targeted by emerging economies around the globe. Informal employment in short is the employment of individuals illegally without providing them with basic labor rights such as health insurance, social security, minimum wages, etc. Informal employment can take place in both the informal and formal economies. Informal economy consists of businesses that do not fall under the government rules due to unregistered enterprises and do not follow any of the government rules in respect to their operations. Countries around the globe have been making gains in formalizing their economies. However, under-developed and developing economies need to focus more on this issue and create better policies in order to decrease informal employment and informal economy. In terms of policies to decrease informal employment and informal economy, many countries have taken innovative initiatives to tackle the problem.

The European Union has used two strategies in decreasing the undeclared work within which several methods are applied.

- Deterrence
 - Improved detection
 - Penalties
- Enabling Compliance
 - Prevention
 - Legitimizing undeclared work
 - Changing attitudes

The International Labor Organization (2014a) has also introduced a set of policies that can be followed to transform the informal economy into a formal economy. The policies are as following:

1. Quality employment generation: Pro-employment macroeconomic and sectorial policies.
2. Governance, sustainable enterprises, and productivity.
 - a. Working conditions and labor inspection.
 - b. Promoting an enabling environment for sustainable enterprises.
 - c. Access to finance.
 - d. Skills development.
3. Organization, representation, and social dialogue.
4. Local development strategies, cooperatives, and the social economy.
5. Promoting equality and addressing discrimination.
6. Extending Social Protection

Both of these approaches along with other strategies applied by countries around the globe can be combined to create innovative approaches towards decreasing informal employment and informal economy.

Defining Informal Employment

Informal employment is a key part of economies across the globe and especially in developing economies where the part of informal employment can make up a large part of the total employment. The International Labor Organization (ILO), a United Nations (UN) agency that works for social justice and labor rights, in 1972 recognized that the informal sector in Kenya, Africa was expanding and stated that this sector was not built up of just marginal activities but also profitable businesses (Becker, 2004). The informal economy has continued to grow in economies where the formal sector has failed to provide the labor market with opportunities. In order to survive and make their own livelihood, people in developing economies have turned to the informal economy to earn their living. And rightly so, in economies where huge labor surpluses exist, it is not possible to accommodate the human resources available in the formal employment sector.

Different authors in various ways have defined informal sector or economy; here we look at some of the different definitions of this sector over the past few decades. According to Chen, Jhabvala, and Lund (2002), three main schools of thoughts exist when it comes to differentiating between formal and informal economies.

1. **Dualists:** The informal economy is a separate marginal economy not directly linked to the formal economy, providing income or a safety net for the poor (ILO, 1972).
2. **Structuralists:** The informal economy is subordinated to the formal economy. In order to reduce costs and increase competitiveness, privileged capitalists working in the formal sector seek to subordinate petty producers and traders (Castells and Portes, 1989).
3. **Legalists:** Informal work arrangements are a rational response by micro-entrepreneurs to over-regulation by government bureaucracies; businesses are run informally in order to reduce costs and increase wealth (de Soto, 1990).

Chen (2012) also makes one more addition to the above paper in her report on the informal economy, where definitions, theories, and policies are explored.

4. **Voluntarist:** Similar to the legalists, these are entrepreneurs who operate informally in order to avoid regulations and taxation.

At the 17th International Conference of Labour Statisticians (ICLS: ILO, 2003), guidelines were adopted for defining informal employment as all jobs carried out in informal enterprises and in formal enterprises by workers and employees. These employees are defined as,

“whose employment relationship is, in law or in practice, not subject to national labour legislation, income taxation, social protection or entitlement

to certain employment benefits (advance notice of dismissal, severance pay, paid annual or sick leave...) because of non declaration of the jobs or the employees, casual or short duration jobs, jobs with hours or wages below a specified threshold...place of work outside premises of employer's enterprise (outworkers), jobs for which labour regulations are not applied, not enforced, or not complied with for any other reason.” (ILO, 2003)

Looking through the literature, several different definitions and theories exist for informal employment. All of these have their own perspective and are correct in their respective ways. Defining informal employment is key because it helps in the collection of data when doing analysis on this informal sector. A consensus on the definition makes it easier to record and collect data across regions around the globe. Therefore, using ILO's definition may be best as they are at the forefront of labor rights of human resources around the globe. It is important to realize that informal employment and informal sector are two different things. Informal sector refers to businesses set up which are not governed by any regulations of the government, do not pay taxes, are not registered, and in general do not follow any formal government laws for setting up and operating their businesses. Informal employment is part of both the informal sector and the formal sector. For example, a hotel which is registered works within the government rules, it has some registered employees however it also has workers who are not registered and do not gain benefits of a registered worker (these employees are part of the informal employment). Hence, when assessing informal employment, the informal employees working within the informal and formal sector should be considered.

In the European Union, a different approach has been used in order to define what others would call informal employment. Activities based approach is used in the European Union to define 'undeclared work' (Vermeulen, 2008). Undeclared work has been defined as 'productive activities that are lawful as regards their nature but are not declared to the public authorities, taking into account the differences in the regulatory systems between Member States' (Reenoy et al., 2004). Therefore, the difference between declared and undeclared work stands between informing and not informing the tax authorities, social security, and labor rights authorities. However, there are many differences that exist before declared and undeclared work since the benefits of prior greatly outweigh those of the latter (undeclared work usually consists of no extra benefits at all). Vermeulen (2008) states several differences, which may occur outside of work or during the services that are not covered under undeclared work, similar to the things mentioned under informal employment. The big factor being a lack of employment rights such as in the case of a terminated contract, the employee may not be eligible for unemployment benefits. Furthermore, these employees are not protected against any accidents that occur on the job and the employer may only cover partial medical expenses or none at all. In addition, social security may not be covered, which would mean that the pension payments in the future will be none or very low. Hence, undeclared work leads to work under difficult circumstances, lack of or no protection, social rights, and labor rights. The undeclared work has been distinguished into three types (Williams, Horlings, & Reenoy, 2008).

- Undeclared work within formal enterprise – 'off the books', envelope wages.

- Undeclared work for a formal enterprise – ‘gang-master’
- Undeclared work in delivering good and services directly to the consumer – ‘doing odd jobs’.

These categories are very similar to the characteristics of informal employment that were defined earlier. Different strategies applied to curb and decrease informal employment/undeclared work by the governments around the globe and the European Union are discussed in later sections.

The Formal and Informal Economy

The informal economy has been defined in different ways; however, this report uses the definition provided by ILO.

“all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements. Their activities are not included in the law, which means that they are operating outside the formal reach of the law; or they are not covered in practice, which means that – although they are operating within the formal reach of the law, the law is not applied or not enforced; or the law discourages compliance because it is inappropriate, burdensome, or imposes excessive costs”. (ILO, 2002)

Lippert and Walker (1997) describe the activities that take place in the informal economy. The activities demonstrate that the informal economy is very broad which consists of various activities and sectors.

Table 1: Activities in Informal Economy

| | | |
|--------------------|---|---|
| Legal Activities | Tax evasion (monetary transactions) | Unreported income from self-employment. Wages, salaries, and assets from unreported work related to legal goods and services. |
| | Tax evasions (non-monetary transactions) | Barter of legal services and goods. |
| | Tax avoidance (monetary transactions) | Employee discounts, fringe benefits |
| | Tax avoidance (non-monetary transactions) | All do-it-yourself work and neighbor help |
| Illegal Activities | Monetary Transactions | Trade in stolen goods; drug dealing and manufacturing; prostitution; gambling; smuggling; fraud. |
| | Non-monetary transactions | Barter of druges, stolen, or smuggled goods. Producing or growing druges for own use. Theft for own use. |

Source: Lippert and Walker (1997 In: Daniels 2004)

On the other hand, Daniels (2004) defines the formal economy as:

“It is based on the employment of waged labour within a framework of rules and regulations, usually devised and implemented by the state, on working hours, minimum wages, health and safety at work, or the social security obligations of employers and employees. Jobs in the formal sector are relatively secure and in return for regular wages/salaries, individuals contribute to the public good via taxes on their earnings that are used to provide public services, such as health or education. This is the kind of

employment that is generally associated with the mega-cities (and economies) in the developed market economies.” (Daniels, 2004)

The formal and informal economy work side by side assisting each other in development. For example, a large firm that is part of the formal economy, employs formal employment, pays taxes, and is governed under government laws could have smaller suppliers who are part of the informal economy. The interdependency of the two sectors is evident by the market links existing through trade of goods, services, and knowledge (Amin and Singh, 2002). Becker (2004) states that the informal sector can provide services to the formal sector on a sub-contracting basis, similarly an individual can also participate in both the formal and informal economy. The role of the informal employment is especially important in absorbing the large labor supplies that are not utilized by the formal economy.

An ILO (2010) report discusses the different types of workers who are employed in the informal economy and the sectors in which they are employed. It further talks about the need to implement a national strategy in order to reduce the informal sector.

“Workers in the informal economy differ widely in terms of income (level, regularity, seasonality), status in employment (employees, employers, own-account workers, casual workers, domestic workers), sector (trade, agriculture, industry), type and size of enterprise, location (urban or rural), social protection (social security contributions) and employment protection (type and duration of contract, annual leave protection). Extending coverage to such a heterogeneous set of workers and economic units requires the implementation of several (coordinated) instruments adapted to the specific characteristics of the different groups, the contingencies to be covered and the national context.” (ILO, 2010).

The informal economy and employment is seen as part of various industries in an economy especially prevalent in developing and underdeveloped economies. It is important to grasp the link between the formal and informal economies because they are interconnected as they are both take part in same industries. The formalization in some sectors may be easier than others. Agriculture is one sector in which there is high informal employment across economies especially in Africa and South Asia.

Importance of Addressing Informal Employment

Informal employment is evident across both informal and formal sectors; in some economies it makes up for a large chunk of the overall employment. Furthermore, in some sectors such as agriculture it is seen to be even higher than other sectors. Charmes (2012) studied the informal employment in Africa, Asia, Latin American, and transition economies. Data is compiled regarding the share of employment in informal employment in total non-agriculture employment, the period from 2005 to 2010 this ratio for North Africa was at 58.4%, Sub-Saharan Africa 65.9%, Latin America 57.7%, Southern and southeastern Asia 69.7%, and transition countries at 22.6%. In specific for Turkey, the share of employment in informal employment in total non-agriculture employment has been somewhat consistent over the last 20

years. For Turkey, from 1995-1999 the ratio was 30.9%, from 2000-2004 the ratio was 33.2%, and from 2005-2010 the ratio was 30.1%. The data shows that the informal employment indeed provides a large amount of overall employment in Turkey. These ratios also provide us with one of the reasons as to why it is important to address this issue.

From an employee's perspective, there are several reasons why the issue of informal employment be addressed. Firstly, employees who are informally employed do not have the same benefits that formal employees receive. The pay is generally lower since the informal sector does not work under any regulations of the government, the owners are able to pay however they deem fit. The owners, generally trying to maximize their profits or cover their losses, do not go by any minimum wage standards are usually provide either lower wage than the minimum standard or lower wages than the same employee would earn in the formal sector. ILO (2014a) report on informal economy describes some of the work conditions under which informal employment takes place.

“While some activities offer reasonable livelihoods and incomes, most people engaged in the informal economy: are exposed to inadequate and unsafe working conditions, and have high illiteracy levels, low skill levels and inadequate training opportunities; have less certain, less regular and lower incomes than those in the formal economy, suffer longer working hours, an absence of collective bargaining and representation rights and, often, an ambiguous or disguised employment status; and are physically and financially more vulnerable because work in the informal economy is either excluded from, or effectively beyond, the reach of social security schemes and safety and health, maternity and other labour protection legislation.” (ILO, 2014a)

Benefits such as health insurance are also not born by the employer in the informal sector or being a part of informal employment. Given the health services in the developed world are expensive, this is one of the most important benefits of having formal employment as employees are able to utilize health services which they may not otherwise be able to access. Another benefit may be overtime pay, which in many informal jobs may not be paid. Being a part of informal employment may just mean that one is at the mercy of the owner in terms of hours worked and the pay associated with those. Other benefits may include retirement benefits, social security, etc. Being a part of formal sector or formal employment, employees would be able take advantage of these benefits. Whereas, informal employment and informal sector does not provide people employed within these sectors to benefit from any of these options.

From an organizational perspective, entering the formal sector can have its own benefits. Legalizing of the organization may help in getting benefits from the government. It could help in protection against any legal action from the government or any fines that may be imposed from the government towards any informal employers. Furthermore, the formal sector can benefit from any governmental schemes that try to improve production, trade, and employment levels. It may also

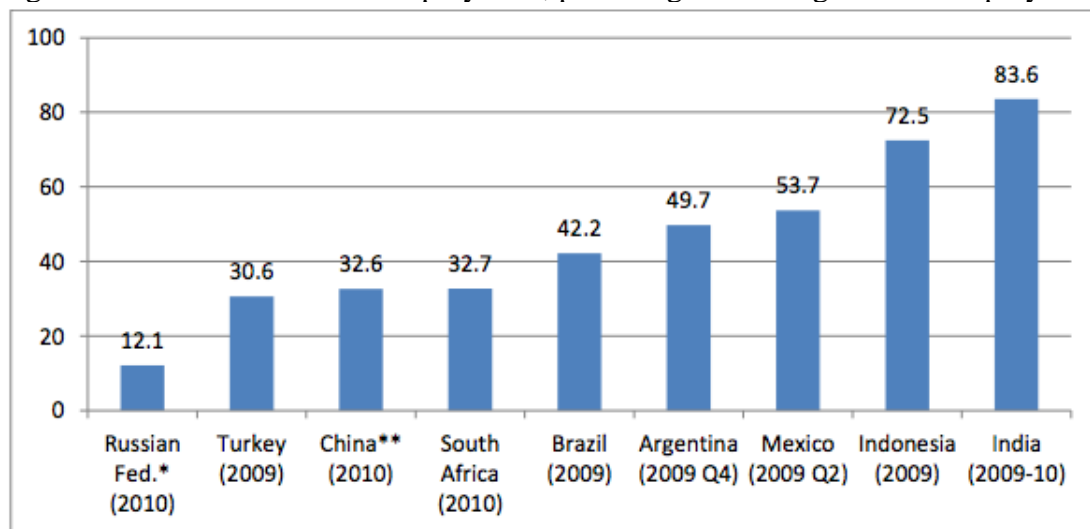
help in increasing standards of the products and operations within the organization, which could in turn lead to higher market share.

From a governmental perspective, addressing the informal employment is an important issue as it can help improve labor markets, increase tax revenues, improve business practices, and create a safer environment for work and human resources. Tax revenues might be the biggest benefit a government could receive as a result of informal sector changing into the formal sector. Especially, given that the informal sector accounts for a large portion of all employment. The tax revenues from businesses as well as the tax received from employees would increase the government tax revenues. In addition, addressing informal employment can help facilitate labor force across the board in attaining their labor rights.

Informal Employment in Developing Economies

Informal employment is still a big issue in emerging economies, economies that have been growing at a good pace for the past few years and moving towards becoming more advanced economies. In terms of emerging economies, there are many people employed in the informal sector but besides the informal sector there are also many people informally employed in the formal sector. Therefore, in these economies, there are not only concerns about the informal economy but also about informal employment in the formal economy.

Figure 1: Persons in informal employment, percentage of non-agriculture employment



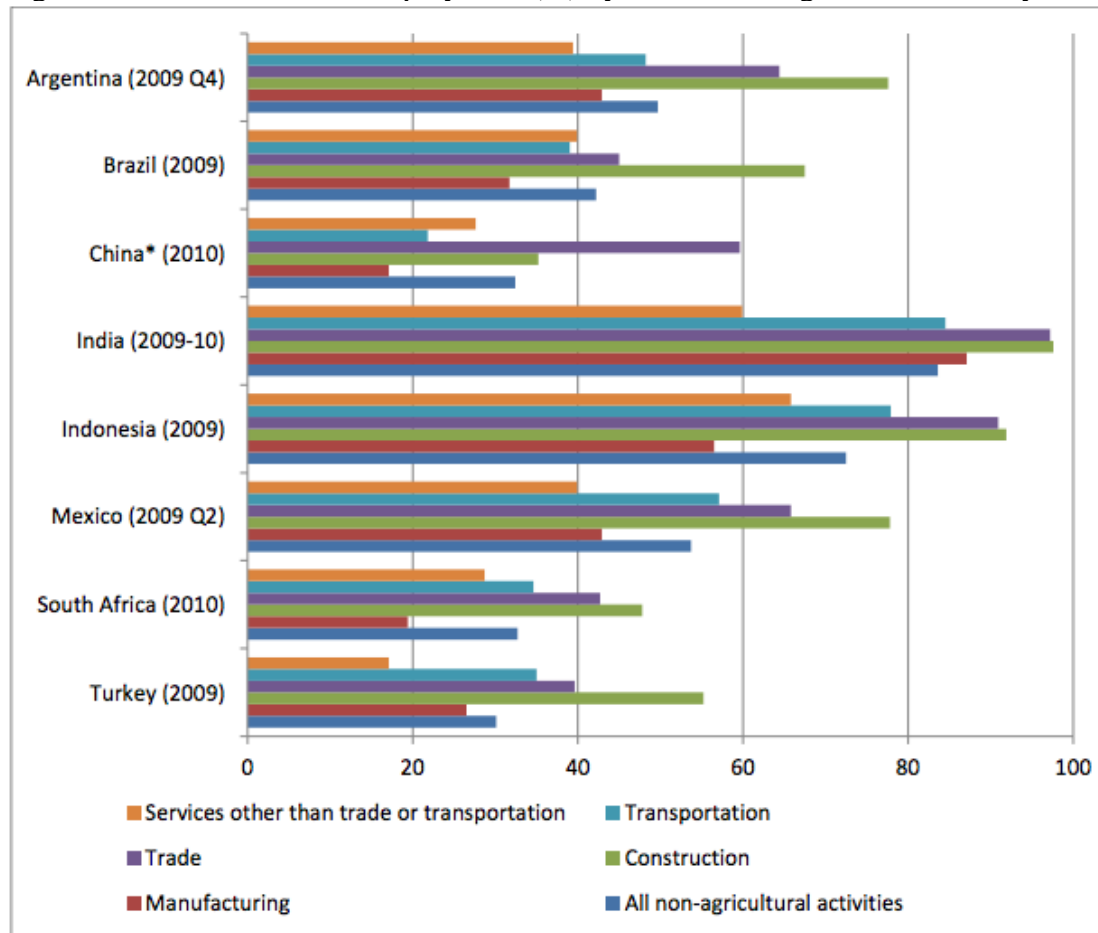
* Data for the Russian Federation correspond only to persons employed in the informal sector.

**China: six cities including Fuzhou, Guangzhou, Shanghai, Shenyang, Wuban, and Xi-an. Indonesia: only Banten and Yogyakarta.

Source: ILO, Women and Men in the Informal Economy: A Statistical Picture (2013a In: ILO (2014b))

Examining the above statistics from 2009 and 2010, we find that emerging economies have quite a bit of informal employment outside of the non-agriculture sector. Turkey which is at 30.6% is ranked 2nd among emerging economies within the G20 in terms of the least amount of informal employment as a percentage of non-agriculture employment. However, still the numbers are quite high for all emerging economies except for Russia (it should be noted that Russia only reported about informal employment in the informal sector).

Figure 2: Share of informal employment (%) by kind of non-agricultural activity



*Six cities only (as stated in the previous figure).

Source: ILO, Women and Men in the Informal Economy: A Statistical Picture (2013a In: ILO (2014b))

Figure 2 shows the different industries in which there is informal employment within emerging economies. We find that construction seems to be sector with the highest informal employment in all of the emerging economies except for China. The second sector with the highest informal employment seems to be trade in all of the emerging economies except for China where it has the highest percentage of informal employment in non-agricultural activities. This figure helps in recognizing the different sectors in which together policies and laws are required in order to decrease informal employment. Besides, construction and manufacturing, the services sectors seem to have higher number of informal employment. Transportation and Trade are mentioned in the above figure, however other service sectors such as tourism, hotels, restaurants, etc. are included in all other services. Government should target these industries in order to reduce the informal employment as they can regulate these industries better and improve the operational environment for these industries.

Policy Responses for Higher Formal Employment

In general, structural reforms are required in order to transform towards formalization of the informal employment. Different approaches have been taken by different countries in order to curb the high rates of informal employment. Some countries have given incentives to employers whereas others governments have taken it upon themselves to provide social security to informal workers in turn transforming them to formal employees. Furthermore, changing policies into ones that are easier to follow motivates employers and employees in obeying the laws. Difficult process can be an obstacle towards reporting pay for taxes, creating an easier way to report pay and paying the taxes can greatly help governments in transforming the informal employment. Here we will look at some of the policies and measures governments around the globe have taken in order to decrease informal employment.

Argentina

Argentina has improved quite a bit over the years in terms of decreasing informal employment. According to ILO (2014b), the non-registered wage employment in Argentina has decreased from 49.1% in 2002 to 34.6% in 2012, a 14.5% decrease over a 10-year period. This decrease in non-registered wage employment is due to several policy changes that the Argentinian government has made over the years. Argentina has adopted integrated strategies across various government industries in an attempt to decrease informality in the employment market. They have formed an employment-centered macroeconomic framework along with programs such as the National Program for Employment Regularization and programs regarding employment maintenance in times of crisis, which have assisted in prevention of unemployment to informality (ILO, 2014b). Programs have been successful in reducing informal employment because they are implemented with an integrated strategy that is based on long-term goals. The strategies that were made by Argentinian government in 2003 were revised in 2013 to continue to decrease the informal employment in the country. The Ministry of Labor launched an Integrated Plan to Reduce Non-registered Employment (Employment and Social Security) in 2013 (ILO, 2014c). Furthermore, the Congress introduced a bill for the promotion of

registered employment, which includes a package of measures intended at facilitation of employment formalization. The Government of Argentina has taken various steps to reduce informal employment, some stated above and others are in the following table.

Table 2: Policy strategies and new actions proposed within the framework of Integrated Plan to Reduce Non-registered Employment in Argentina

| Strategy | Relevant Policies and Programs (2003-2013) |
|--|---|
| Macroeconomic scheme | Characteristics of macroeconomic policies (fiscal, monetary and exchange rate) promoting the demand for decent work. Improvements in tax administration. Articulation with the functioning of labor institutions (collective bargaining and minimum wage). Active role of the State. |
| Regulation of informal activities | Streamlining of regulations and procedures, reduction of entry costs and mechanisms for access to formality. Some of the more relevant are the ones on tax simplification, electronic government and single window, at municipal and provincial level. |
| Actions targeted at informal workers in formal businesses | <p>Scheme for the promotion and protection of registered employment. Reduction of contributions to social security and payment facilities for the regularization of overdue debts (Act 26.476). The benefit, that lasts 24 months, consists in a 50% reduction in the employer's share of the contribution for new hirings during the first 12 months, and a 25% reduction for the next 12 months. These actions enabled taking anticyclical measures when the international crisis hit.</p> <p>National Program for Employment Regularization. In force since 2003, Strengthening of the State's monitoring and inspection capacities. Significant increase in the number of inspectors and computerization of the process.</p> <p>Ex officio or presumed estimate of outstanding social security contributions. Construction, textile industry and domestic work sectors.</p> <p>Improvement of payment methods for employer's obligations. Among the most relevant ones are the collective co-responsibility agreements (CCG) in rural areas, through which the employer can replace monthly payment of contributions to social security with a deferred payment to be made at the most convenient time of the production process.</p> |
| Formalization of undefined employment relationships and employment relationships in informal businesses | <p>Social security scheme for domestic workers. Income tax deductions for employers. Presumption –unless proven otherwise- that every person with a certain level of income and assets employs one domestic workers (extension of the minimum workers indicator to this activity).</p> <p>Changes to the migration policy. The most relevant ones are the new Immigrant Act (No. 25871) and measures for the regularization of immigrant status.</p> <p>New employment scheme for private homes' staff. Domestic workers enjoy the same rights as the rest of workers.</p> <p>New agricultural work scheme. Creation of the National Registry of Agricultural Workers and Employers (Renatea).</p> <p>Collective co-responsibility agreements.</p> <p>Changes to the regime of temporary service companies. Adaptation of regulations to the decent work concept through the establishment of new guidelines.</p> |
| Improvement of employability | Training actions. Some of the most relevant ones are programs on vocational training, completion of formal education, register of job skill standards and worker certification. |
| Social awareness of | Systematic awareness-raising campaigns, through massive media, on the |

| | |
|---|--|
| informality issues | advantages of complying with labor and tax obligations and the resulting social protection. Through the Corporate Social Responsibility Plan, leading the businesses raise awareness among their clients and suppliers about the need and obligation of complying with labor regulations. |
| Protection of formal employment in the face of shocks | Preservation of formal employment. Crisis Prevention Procedures and the Program for Productive Recovery. |
| Social protection for informal workers and their families | Income transfer programs that include components concerning the promotion of employability. Among the most relevant ones are the Training and Employment Insurance, the Young People with More and Better Jobs program, and the Argentina Works program. Extension of social security coverage of informal workers through the Social Security Inclusion Plan, the Universal Child and Pregnancy Allowance, and the social single tax (known as monotributo social). |
| Integrated Plan to Reduce Non-registered Employment (September 2013). Proposed Actions. | |
| <ul style="list-style-type: none"> • Strengthening of labor inspection. • Specific interventions in critical sectors (domestic work, rural sector, garment industry). • Public registry of employers with labor sanctions. • Economic incentives for the formalization of workers in microbusinesses. • Awareness-raising campaigns on workers' rights (domestic work and rural sector). | |

Source: ILO (2011) and Bertaranou and Casonova (2013) In: ILO (2014c)

Argentina has adopted a comprehensive strategy over the years as mentioned in Table 2. The policies have targeted employers, employees, and creating general awareness among the citizens in order to increase the reporting of money earned. Improvement in tax administration has also helped since implementation of tax laws along with collection can be a difficult task for government institutions in developing countries. Furthermore, imposing the minimum wage is also a great step as it prevents businesses from paying below a certain standard that may be considered very low and prevent people from living a reasonable life style. Similarly, providing incentives to employers is a great step taken by Argentina in order to promote social security and move towards formal employment. Incentives provide a way for both employers and employees to benefit from the situation and also encourage a greater participation by the business community, which has led to a decline in informal employment. In developing countries, the human resources may not be as skillful as they are in developed countries. Therefore, it is helpful to provide vocational training or certifications to people that can make them more employable and provide them with higher opportunities. Argentina provided these sorts of different trainings in order to increase the employment levels among their citizens; this is another factor that has led to an increase in formal employment. Finally, awareness of the programs and the benefits that employers can gain from them has been key in promoting and implementing the policies. Argentina is a prime example of how countries can use an integrated strategy in order to tackle the problem of high informal employment. Argentina still has a high rate of informal employment but through a systematic approach they have built a system and continue to refine policies that will further decrease informal employment in the future.

Brazil

Brazil is one of the better emerging economies around the globe with the 9th largest economy around the globe with a per capita income of over \$15,000. It is one of the fastest growing economies among the top emerging economies that include economies such as China, India, Russia, and Indonesia. Brazil's macroeconomic policies in the early 2000s have been one of the reasons for the growth of formal employment. According to Frenkel and Ros (2006), the devaluation of the local currency in Brazil led to high number of exports, which created local jobs as well as higher competition among companies facing direction competition from international imports. This increase in both exports and imports has led to higher new job creation and employment. The number of formal employees in Brazil has increased tremendously over the last 15 years. In 2003, there were 23 million formal employees in Brazil whereas; this number had increased to 37.6 million at the end of 2011 (IFO, 2014b). This is an almost 60% increase in just over 8 years, this rapid increase has occurred due to many policy changes and promotional programs that have taken place over the years.

Delgado et al. (2007 In: IFO, 2014b) mention that policy changes made in 1996 to bring a progressive tax structure and simplify the collection of taxes has had a great impact on the formalization of businesses; they estimate that it has led to the formalization of 500,000 microbusinesses (which account for over 2 million jobs) between 2000 and 2005. In addition, programs were undertaken to improve access to financial services for small businesses, higher minimum wage, and extending social protection to sectors such as the rural workers and domestic workers. These are similar progressive policies as we have seen in the case of Argentina. Given that both of these countries share a border and are a part of the same region, it is possible to use similar policies for other countries in Latin America to decrease the number of informal employment.

In response to the financial crisis of 2008, the Brazilian government implemented a strategy of domestic demand-led growth through domestic investment stimulation and increase in family incomes (IFO, 2014d). The Government of Brazil, realizing that a support program is quite important for families at risk of poverty, extended the cash transfer program to 1.3 million additional extremely poor families; this support program has affected an estimated 20% of the population in 2009 (IFO, 2014d). Programs such as these can help the extremely poor people in an economy and prevent them from turning towards the informal economy to find a way to survive. Furthermore, a program such as this helps in demand-led growth that can be important in up keeping and improving the domestic market. However, this program may not be suitable for all countries, as it requires a large amount of investment on behalf of the government. Yet, it should be considered as it not only helps poor citizens of a country but also helps to stimulate economic activity.

China

China is one of the major fastest growing economies around that globe with a GDP of over \$9 trillion. It is the world's most populous country with a population of over 1.3 billion people and attracts some of the highest foreign direct investment in the world due to its large market and export-led growth. Over the years, the size of the informal

economy has increased due to an increase in small and micro level enterprises that comprise of 150 million employees (National Administration of Industry and Commerce, 2014 In ILO, 2014b) and an estimated 9.62 million people involved in informal start-ups by 2012 (ILO, 2014b). The Chinese government has applied various health insurance schemes that cover over 96% of the total population. Furthermore, new pension schemes were introduced by the Chinese government in 2009 for the rural population and uninsured urban residents (IFO, 2014d). These are some of the policies the Chinese government has applied to ensure a higher level of formalization in the economy. These policies ensure that employees are getting their rights of health insurance and social security.

Indonesia

Indonesia is one of the emerging economies in South East Asia that has been doing quite well in terms of economic growth over the past few years. Figure 1 shows that Indonesia had 72.5% informal employment in 2009 (it should be noted that the data is taken from only 2 provinces in Indonesia whereas the country has 34 provinces). Informal employment was quite high in those two provinces of Indonesia however; the government has been taking progressive steps towards reducing informal employment. According to the National Statistics Office of Indonesia, the informal employment has decreased from 61.5% in 2001 to 53% in 2013, which is an 8.5% decline over a 12-year period (ILO, 2014b). The decrease isn't that significant but it is still progress considering the population of Indonesia. Furthermore, out of the 22 million jobs that have been created in Indonesia since 2001, 82% are under formal employment (ILO, 2014b). Seeing from this statistic, Indonesian government has been doing quite well in ensuring that the newly established jobs are being created within the framework of formal employment. Another positive aspect about this growth has been that job creation has outgrown labor force growth. This means that along with increasing formal employment, the unemployment rates have also been decreasing over the years. However, there is still much work to do as we see that the informal employment takes up a large chunk of the total employment in Indonesia.

Turkey

Turkey has done quite a bit since 2005 in order to ensure that informal employment is reduced. In terms of effective changes, employment generation within Turkey from 2005 to 2011 consisted of 86.9% net employment in formal employment compared to just 13.1% in informal employment (Grun et al., 2013). These figures show a great improvement over the years yet, we still see that there is a littler over 30% informal employment in total non-agricultural environment. The Turkish government made various reforms that lead to the high percentage of formal employment as part of net employment. The Government of Turkey introduced several tax reforms, whereby simplifying the tax system and reducing tax distortions, encouraging formal declaration of taxes, reductions in social insurance contributions, and providing tax reductions for companies investing in less developed regions (ILO, 2014b). Given reforms like these, it made it easier and cheaper for organizations to give formal employment as well as the incentives in less developed regions provided a source of

financing to develop these regions. Furthermore, such investment would also lead to increased employment in those regions.

Other countries have also taken steps in reducing informal employment and move towards formalization. Countries across the globe should learn from strategies used around the globe to move towards formalization as it benefits all of the stakeholders. Strategies used by countries within the European Union are discussed in a later section under best practices. They have adopted a regional strategy to decrease undeclared work in the region through collective collaboration and regular follow up on the progress of the policies. Frequent progress reports allow the countries within EU to be able to track the progress and make changes as necessary throughout the process.

Best Practices adopted by European Union

European Union, which consists of 28 member states today, has taken comprehensive steps since 2000 in order to decrease the number of undeclared workers in the region. Efforts to transform undeclared employment to formal employment increased after the publication of Employment Policy Guideline No. 9 (Williams et al., 2008). The guideline states:

“Member states should develop and implement broad actions and measures to eliminate undeclared work, which combine simplification of the business environment, removing disincentives and providing appropriate incentives in the tax and benefits system, improved law enforcement and the application of sanctions.” (Williams et al., 2008)

Table 3 shows the two different approaches that have been used by the EU27 to combat undeclared employment. Deterrence aims at preventing undeclared work through punishment and fines whereas enabling aims at reduction of undeclared work by encouraging compliance through incentives and changing attitudes.

Table 3: Policy approaches for tackling undeclared work, EU27.

| Approach | Method | Measures |
|----------------------------|------------------------------|--|
| Deterrence | Improve detection | Data matching sharing |
| | | Joining up strategy |
| | | Joining up operations |
| | Penalties | Increase penalties for evasion |
| Enabling compliance | Prevention | Simplification of compliance |
| | | Direct and indirect tax incentives |
| | | Smooth transition into self-employment |
| | | Introducing new categories of work |
| | Legitimizing undeclared work | Micro-enterprise development |
| | | Employer incentives: <ul style="list-style-type: none"> • Service vouchers • Targeted direct taxes |

| | |
|--------------------|---|
| | <ul style="list-style-type: none"> Targeted indirect taxes |
| | Worker incentives: <ul style="list-style-type: none"> Society-wide amnesties Voluntary disclosure Business advisory and support services |
| Changing attitudes | Promoting benefits of declared work |
| | Education |
| | Peer-to-peer surveillance |
| | Tax fairness |
| | Procedural justice |
| | Redistributive justice |

Source: Williams, Horlings, and Renooy (2008)

Deterrence is an approach that aims to reduce undeclared work by detecting and punishing this type of work. In this method, the state creates the perception that detection of undeclared work is highly likely in turn motivating undeclared workers in coming forward. Furthermore, it may motivate through high costs that are associated with working as undeclared. The costs of doing the act should be higher than the profits they may be able to make off of it in order to increase the opportunity cost and turn away people from undeclared work. This type of a strategy aims to force the results using higher risks and costs as a 'stick' to form the attitudes of the individuals and businesses. Williams et al. (2008) state that this can be done through a high perceived risks and costs through the following two steps:

1. Increasing the perceived/actual likelihood of detection through a coordinated strategy, operations, and data sharing.
2. Raising penalties and sanctions for those who are caught.

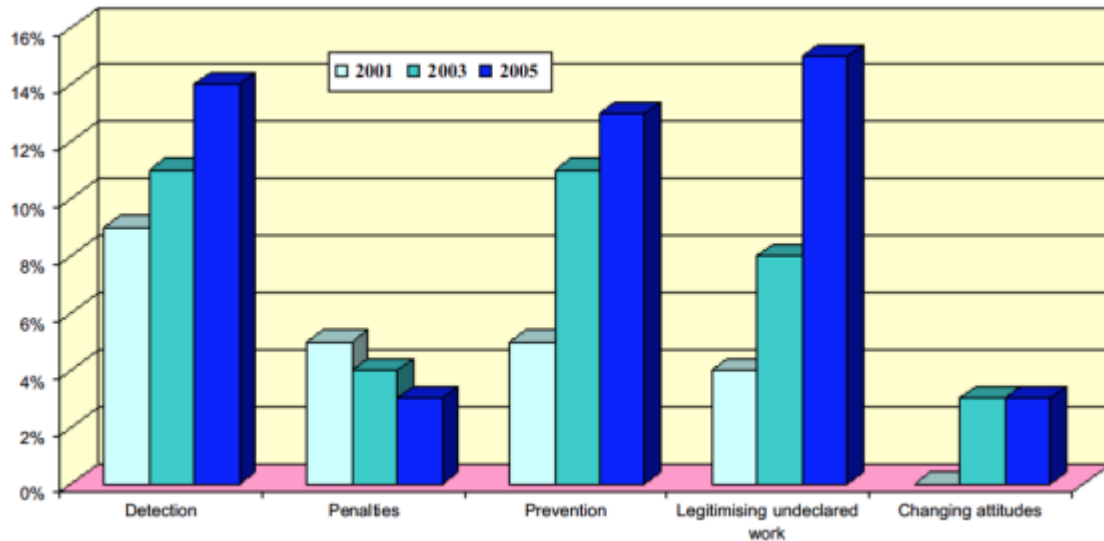
In order to improve detection of undeclared work, the EU adopted several measures including data matching sharing, joining up strategy, and joining up operations. Data sharing is an important aspect as it makes it easier to spot undeclared work due to data sharing among different governmental organizations. In addition, a coordinated strategy is key as it brings together various governmental institutions in forming a strategy focusing on a common goal. Finally, joining up operations also facilitates the coordination process and makes all the processes faster through joint efforts. The ILO has also proposed a joint strategy that brings together different government institutions on a joint effort towards decreasing informal employment.

Enabling compliance is the second approach that has been adopted by the EU to tackle undeclared work. This approach includes three different methods including prevention, legitimizing undeclared work, and changing attitudes. Prevention is the first approach within enabling compliance that can be used to decrease undeclared work. Prevention measures include simplification of compliance referring to simplifying the procedure of transitioning towards formalization and creating simpler rules that are easy to follow. Other aspects within prevention include tax incentives and providing business support services.

The second method is legitimizing undeclared work through employer and worker incentives. Targeted direct and indirect tax incentives can be used to motivate undeclared business owners to turn towards formalization. Furthermore, advisory services can be provided to these businesses for formalization as it may make it easier for them to make the transformation. Society-wide amnesties could be offered for undeclared employers and workers who have been part of the informal economy. This may be very helpful, as it would motivate undeclared workers to come forward and turn towards formalization as long as they have been given a guaranteed amnesty. Lastly, customers could also be encouraged to not use undeclared work. At times customers may know that they are using the products or services of undeclared work, in those situations these customers should be encouraged to avoid products or services from such people.

The third method is changing attitudes within the country regarding undeclared work. Awareness should be created about ways in which business owners and undeclared workers can declare their taxes. Tax education can be very beneficial along with awareness about the benefits of tax payments to the undeclared workers and the society at large. Furthermore, peer surveillance can be encouraged to decrease undeclared work, as fairness and justice should prevail in terms of work formalization. These are some of the methods that were adopted by the countries with the European Union. Figure 4 shows the use of different methods by EU27 from the years 2001 to 2005.

Figure 4: Approaches used for tackling undeclared work in EU27



Source: National Reform Programs, 2001-2005 (Williams et al., 2008).

Through this figure we find that EU27 have decreased the use of penalties as a solution for tackling undeclared work. This is a good approach, as many people may not be encouraged by the fact that they will be penalized but rather a more incentive seeking approach may have a higher impact on decreasing undeclared work. Over the years, detection, prevention, and legitimizing undeclared work methods seem to be the main approaches and have been increasingly utilized to tackle undeclared work. These are all very good approaches as discussed earlier especially in enabling compliance since it encourages the formalization of work through incentives and an awareness creating approach.

Transformation of Informal Economy to Formal Economy

An understanding of the informal employment and informal economy is important in order to provide a feasible solution for both of these issues. Earlier, definitions of both these terms were discussed in order to gain a better understanding of the issues on hand. The International Labour Organization has made tremendous progress on this issue since the 1970s when the term informal employment was first used in their reports. Through regular conferences, the ILO has progressed in this field in terms of defining informal employment and economy on a global level as well as finding ways of collecting data on these phenomenon.

The ILO has been at the forefront of research and collection of data on informal employment. Over the years they have been working on ways to reduce informal employment around the globe. This is required because reducing informal employment can help employees, organizations, and governments. All of the stakeholders can benefit from safer working environments and by abiding government laws. Furthermore, progressive government policies and strategies can assist in decreasing informal employment and increasing total employment. The ILO (2014) created the following framework to transform the informal economy into a formal economy.

Figure 3: Working Strategies for the Informal Economy



Source: International Labour Office (2014a)

ILO has defined various different aspects that need to be addressed in order to transform the informal economy. The regulatory environment is a key aspect towards formalizing the informal economy. The government institutions need to enforce labor laws in order to reduce informal employment. Labor standards and regulations are generally available in writing in countries around the globe however, the implementation is found to be not so widespread. Under-developed and developing economies tend to be loose in terms of implementation of the law. The availability of the law and enforcement go hand-in-hand, without the implementation of the labor standards, they are essentially useless. The regulatory environment needs to improve in under-developed and developing economies in order to reduce the informal economy in these regions. The regulatory environment should be designed in a way that it doesn't create hurdles for different types of businesses. For example, it may be easier for firms to follow some rules and regulations whereas, the same rules and regulations may create obstacles for small and medium sized enterprises. Therefore, it is necessary that rules and regulations be made while keeping the different types of firms in mind. They should not favor large or small firms but rather create an environment of equality while strengthening the standards and quality of the industries.

Equality in race, gender, disability, age, caste, etc. is one of the more important factors in transforming towards a formal economy. Equality may not seem as something that would have a substantial impact on the formal or informal economy but inequality is one of the reasons as to why employees may turn towards informal employment. Inequality in the labor market may lead to turning down of candidates



based on discrimination. Whereas, these employees still require a job to survive hence they would turn to the informal economy or informal employment to fulfill their needs. Therefore, it might actually be beneficial for some governments to keep a quota system for groups that are discriminated against in order to promote equality in the labor market. On the other hand, the government should also be prepared to ensure that the quota system does not necessarily favor a certain gender, race, caste, etc. while also ensuring that this type of system is not taken advantaged of by the discriminated groups. This is a difficult task especially in under-developed economies where informal employment is high. It is more difficult for the government to regulate such labor markets. Gender equality still seems to be a problem in developing economies where the ratio of women in the total employed labor force is low. This ratio has improved over the past years however, still a lot of work needs to be in this aspect of equality in order to increase the number of women in the labor force around the globe.

Entrepreneurship is a key factor in the informal economy as we see that lots of informal businesses are established as single owner businesses. Small and medium sized enterprises are easily setup in the informal sector or have informal employment. Besides the small and medium sized enterprises, the informal employment also includes people working from home (freelancers who do not report their income), domestic workers, street vendors, etc. This part of the informal employment is particularly difficult to formalize because of the high number of these in the overall informal employment as well as finding these members of the market. Entrepreneurship needs to be formalized with strict rules which entrepreneurs are able to follow instead of making rules that divert the entrepreneurs towards being a part of the informal economy. The registration rules may be made easy along with low tax rates for sole proprietors. Furthermore, specific rules should be made for freelancers who can register themselves with the government and report their income. A different set of rules may also be necessary for street vendors on a regional/local level that can govern these vendors and ensure that they are registered with the local authorities. This will not only make some tax revenues for the local government but also create a safer environment for the street vendors to operate. In addition, the government will know where and which street vendors are operating in the area making it safer for the locals as well as other businesses.

Finally, rural and urban development strategies can be very helpful in formalizing the informal employment. The government policies in the rural and urban level need to be institutionalized and strengthened in order to decrease informal employment. Especially, in the case of rural development, it is necessary that local governments at that level are able to devise and implement strategies that will develop good governance. Governance is important at that level as we know that strategies and laws are made without implementation of these laws, which makes it useless to have these policies. Therefore, implementation is key in terms of rural and urban development strategies. In under-developed countries, the government needs to come up with better development programs that can develop the regions over time. It is important to have long-term strategies because short-term strategies do not necessarily lead to growth in the long term. Hence, it is necessary that governments in under-developed and developing economies devise long-term strategies that will develop the regions over

time. Development of basic infrastructure and institutions is key to implement laws. Also, it is important for local institutions to be able to work independently in order to avoid any type of corruption that may take place.

Using the transformation framework devised by the ILO, governments can attempt to transform the informal employment towards formality. This framework provides a good platform since it targets many different aspects of the economy as well the institutional factors that make up the government on both the local and national level. Using this framework, governments can devise an integrated long-term strategy aimed at creating a better system for formalized employment and formal economy. Transforming the informal economy can help governments create opportunities for higher tax revenues, safer environment for work, provide support for institutions, and give labor rights to all employees.

The ILO (2014a) has identified several aspect that need to be focused upon in order to transform the informal economy into a formal economy. Given the policy initiatives that have been taken by countries around the globe, there is not a one-size fit all strategy for tackling informal unemployment and informal economy. Therefore, the following responses are proposed by the ILO in order to transition to a formal economy (ILO, 2014a).

1. Quality Employment Generation: Pro-employment macroeconomic and sectorial policies.
2. Governance, sustainable enterprises, and productivity.
 - a. Working conditions and labor inspection
 - b. Promoting an enabling environment for sustainable enterprises
 - c. Access to finance
 - d. Skills development
3. Organization, representation, and social dialogue.
4. Local development strategies, cooperatives, and the social economy.
5. Promoting equality and addressing discrimination.
6. Extending social protection

Quality Employment Generation

Formal and quality employment generation is key in curbing informality. Lack of jobs specifically in the formal economy is a major factor in diverting new labor market entrants towards the informal economy. A macroeconomic policy framework needs to be designed that promotes the growth of formal employment, investment, skills development, and sustainable enterprises. The availability of decent jobs is necessary especially in emerging economies with high youth population and a high number of participants in the labor markets. In markets such as India, Pakistan, Bangladesh, Indonesia, Brazil, etc. the portion of youth is quite high which necessitates a growth in employment opportunities. In addition, more formal job opportunities should be created in certain sectors that have the opportunity to contribute more to the formalization e.g. agriculture sector. Sectorial policies would also be helpful as specific sectors can be focused upon, sectors that have a high number of informal employment could be targeted. Employment-intensive investments are another way to

increase formal employment. Central and Eastern Europe have used employment schemes that are combined with training to ensure a smooth transition to formal employment. India has also used a similar program by the name of Mahatma Gandhi National rural Employment Guarantee Program to provide work for rural households; the program has provided work for 49.9 million households in the year 2011-12. Combining employment opportunities with training helps in not only increasing formal employment but also increases the skills for these employees who can benefit from other opportunities in the future.

Governance, Sustainable Enterprises, and Productivity

Governance refers to the implementation of the law; informality may arise when there is a low implementation of the laws. The implementation of a law is just as important as the law itself. Strong institutions are necessary in order to ensure the firm implementation of the law. Likewise, labor market institutions are established to ensure the formality in the labor market. Therefore, it is necessary that the capacity of labor market institutions be increased in order to enforce the regulations and improve supervision as well as inspection systems. The goal of governance in the labor market would be to improve compliance with tax laws, registration, labor standards, etc. Also, it is recommended that some sorts of incentives be introduced to motivate and increase the compliance in all labor market institutions. However, it must be understood that not all the problems to informal employment can be solved through introducing legal regulations and implementation of those laws but rather the World Bank (2009) cites taxation, corruption, lack of skills, and lack of access to markets, finance, and infrastructure as key barriers to formality. Another significant constraint towards formality is the lack of proper property rights. ILO (2014a) mentions Cameroon as an example for an economy that has taken positive steps towards formality through flexible tax regulations, administrative registration, training on basic accounting to help through better monitoring of activities, and assistance in gaining access to funding and establishment.

a. Working conditions and Labor Inspection

There are many benefits that informal employees forego such as minimum wage, health insurance, social security, employment protection, etc. In addition, informal workers may be forced to work in hazardous conditions without any sort of compensation for their work. Without a safe work environment, many workers are prone to fall ill or even become a target for long-term diseases. On the other hand, employees should have full knowledge of the conditions they will be working in as well as the dangers that could result from operating in such conditions. Reducing the costs of formalization as well as incentivizing the process would lead to higher formality. However, the inspection institutions should also be strengthened in order to inspect businesses that are not following the laws. Strict penalties should be used along with more frequent inspections in order to increase formality. Also, the government should try educating the stakeholders in the informal economy about the benefits, ways in which they can formalize, and make them a participatory actor in the formalization process. France, Finland, and the Netherlands have used an approach of education and awareness with labor inspection campaigns for farmers in order to spread knowledge about serious hazards (ILO, 2013b).

b. Promoting an enabling environment for sustainable enterprises

The business and legal environment should be made in a way that it promotes sustainable enterprises. Policies and framework should be established which includes access to finance, infrastructure, markets, and technology transfers. Many developing economies have weak infrastructures and markets hence it becomes difficult for entrepreneurs in those economies to become a part of the formal economy. Furthermore, rules and regulations regarding small and medium enterprises should be formalized keeping in mind that these small businesses are in need of greater incentives when compared to large organizations. Governments can promote entrepreneurship by lower registration costs, lowering taxes, creating procedures easier, and reducing the costs of establishing a business. These policies will increase formalization and also encourage people to become entrepreneurs.

c. Access to Finance

Limited access to finance can also be a factor in the informal economy due to the small enterprises being unable to expand and improve. Organizations need to be able to gain finance in order to advance and take on bigger projects, however that is usually not possible because financial institutions in developing economies are hesitant about providing finance to these small and medium organizations. Microfinance institutions have been established in several countries around the globe and are very beneficial in establishing small business enterprises. Therefore, governments around the globe need to come up with innovative ways to provide access to finance.

d. Skills Development

The unavailability of skilled labor can be one of the major reasons for the informal economy. Low skilled labor that consists of low education and vocational skills leads to low productivity, unless the skills are developed over time the cycle of low productivity may continue. Improving skills doesn't only increase productivity but also increases the opportunities for workers to join better organization hence lead to higher productivity. A methodology of ILO, Training for Rural Economic Empowerment (TREE) has been successful in developing skills in poor rural areas leadings to economic opportunities and skills constraints (ILO, 2014a). The promotion of skills development is key in creating better opportunities for people as well as improving their skills to move towards better jobs over time.

Organization, Representation, and Social Dialogue

An organization of workers in the informal economy is important because it is easier to get your rights through a collective effort. A collective representation in front of governmental authorities can make it easier for the informal economy to ask for developments within infrastructure, laws, taxation, and social security. Unions can also play a key role by including workers within the informal economy in order to extend rights to these employees. Innovative strategies can be used to combat the

discrimination faced by workers in the informal economy. A good example of organization is the Self Employed Women's Association (SEWA) in India; it empowers poor women in the informal economy (ILO, 2014a). SEWA provides various services such as training, assistance in financing, establishment, insurance, and social security services. Initiatives in other countries have also followed a similar approach to SEWA.

Local development strategies, cooperatives, and the social economy

Local development is a key aspect in terms of developing the infrastructure, institutions, and skills development. Development of institutions and infrastructure can lead to a better platform for enterprises to conduct their business. Local authorities may be provided with training that can help them in performing better and facing challenges. Transformation can be facilitated by local authorities through ease of registration, increasing investment, employment-intensive industries, facilitating of finance and market access, improved regulations, improved mechanisms for implementation and supervision of the laws, etc. Decentralizing authority can also be helpful through involving stakeholders from the market.

Promoting equality and addressing discrimination

Equality is just as important if not more important in the informal economy as it is in the formal economy. The discriminatory practices carried out in the formal economy are the same ones that are transferred to the informal economy but at times at a higher degree. Inequality exists in terms of wages for women, which tend to be lower than those of men in the informal economy. Furthermore, it is harder for women to establish their own businesses in the informal economy. Programs should be designed to provide awareness, training, and access to finance for potential women entrepreneurs. Besides women, migrants are another group vulnerable to discrimination especially in the case of refugees. Migrants may be employed in low-skilled jobs, work long hours, and get low wages. Regulations should be made to provide migrants with equal rights as well as providing them with equal work opportunities.

Extending Social Protection

The extension of social security across all employees and the economy is an important step towards formalization. Social security can improve living conditions, health status, and productivity through direct access to health care and education. Sectors with high informal employment should be of special focus in terms of social security as those can help in greatly reducing the informal economy. Government could also start programs for unemployed that can provide benefits to them in turn deterring them from joining the informal economy to fulfill their daily needs. Finally, social pension schemes should be introduced around the globe in order to help the older citizens of the country. These pension schemes should extend to all industries and sectors of the economy whether public or private. Social security is an important aspect in formalizing an economy and can be encouraged through the benefits and incentives that may be provided to both employers and employees.

Conclusion

Informal employment and informal economies are both an issue that should be focused upon by governments around the globe especially governments of under-developed and developing economies. Informal employment is found highest in under-developed and developing economies where formalization could benefit all stakeholders. Tackling informal employment and informal economy is not an easy task but through coordinated and integrated strategies it can be achieved. Strong long-term policies can help in decreasing informal employees and formalize the economy. In addition, high compliance with the policies and strong authorities are required in order to transform the informal economy. This report discusses various methods that have been adopted by countries around the globe. Taking those methods as examples, other countries should follow to increase the formal economy in their respective countries. It has been shown that transformation of the informal economy can help increase productivity, increase benefits for employees, and improve the overall working environment within a country. With these benefits in mind, a collective approach needs to be applied which involves national and local authorities, market stakeholders, and labor market forces. All stakeholders should come together to work towards the formalization of the economy.

An incentive base approach may be best when working with informal employment. Employees within informal employment need to be encouraged to come forward and work with the authorities through incentives and benefit awareness. They must be informed about the benefits they can gain through formalized employment. They should also be given guarantees, if any required, that they will not be held responsible for any activities they have taken part of in the informal employment in their past. In addition, tax incentives can be provided to employers who want to be a part of the formalization. An incentive base approach rather than punishment approach can be more beneficial in motivating individuals towards joining the formal economy.

Many emerging economies have been taking productive steps towards formalization as we see through examples from Argentina, Brazil, China, India, Indonesia, Turkey, etc. These countries have taken a step forward in the right direction and continue to form policies that can curb informal employment. Aside from these nations, African nations have also making good policies and programs to promote formal employment and formal economies. Learning from these practices within these countries, other economies around the globe need to create policies and strategies that will decrease informal employment in the long run.

References

- Amin, A. T. M., & Singh, A. (2002). *The informal sector in Asia from the decent work perspective* (No. 993551963402676). International Labour Organization.
- Becker, K. F. (2004). *The informal economy: Fact finding study*. Sida.
- Bertranou, F. & Casanova, L. (2013). Informalidad laboral en Argentina. Segmentos críticos y políticas para la formalización. Organización Internacional del Trabajo, Buenos Aires.
- Castells, Manuel and Alejandro Portes. (1989). World Underneath: The Origins, Dynamics, and Effects of the Informal Economy. In Portes, A. et al., eds., *The Informal Economy: Studies in Advanced and Less Developed Countries*, pp. 11-37. Baltimore: John Hopkins University Press.
- Charmes, J. (2012). The informal economy worldwide: trends and characteristics. *Margin: The Journal of Applied Economic Research*, 6(2), 103-132.
- Chen, M. A., Jhabvala, R., & Lund, F. (2002). *Supporting workers in the informal economy: a policy framework*. Geneva: International Labour Office.
- Chen, M. A. (2012). The informal economy: Definitions, theories and policies. *Women in informal economy globalizing and organizing: WIEGO Working Paper, 1*.
- Daniels, P. W. (2004). Urban challenges: the formal and informal economies in mega-cities. *Cities*, 21(6), 501-511.
- de Soto, H. (1990). *The Other Path: The Invisible Revolution in the Third World*. New York: HarperTrade (a division of HarperCollins, Inc.).
- Delgado, G., Querino, A. C., Campos, A., Vaz, F., Rangel, L., & Stivali, M. (2007). Avaliação do Simples: Implicações à formalização previdenciária.
- Frenkel, R., & Ros, J. (2006). Unemployment and the real exchange rate in Latin America. *World development*, 34(4), 631-646.
- Grun, R., Ridao-Cano, C., Immervoll, H., Çapar, S., Levin, V., Aran, M., Gruen, C., Yener, L., & Cebeci, T. (2013). Good Jobs in Turkey. *World Bank*. Retrieved from: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_305425.pdf
- International Labour Organization. (1972). *Employment, Incomes and Equality: A Strategy for Increasing Productive Employment in Kenya*, pp. 223-232. Geneva, Switzerland.

International Labour Organization. (2002). Conclusions concerning decent work and the informal economy, International Labour Conference, 90th Session. Geneva, Switzerland.

International Labour Organization. (2011). La formalización del empleo en Argentina. Notas OIT Trabajo Decente en Argentina. Buenos Aires.

International Labour Organization. (2013a). Women and men in the informal economy: a statistical picture (second edition). Geneva, Switzerland.

International Labour Organization. (2013b). The informal economy and decent work: A policy resource guide: Supporting transitions to formality. Geneva, Switzerland. Retrieved from: http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_policy/documents/publication/wcms_212689.pdf

International Labour Organization. (2014a). Transitioning from the Informal to the Formal Economy, Report V(1), International Labour Conference, 103rd Session. Geneva, Switzerland. Retrieved from: http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_218128.pdf

International Labour Organization. (2014b). Informality and the quality of employment in G20 countries. Geneva, Switzerland. Retrieved from: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_305425.pdf

International Labour Organization. (2014c). Employment Formalization in Argentina: recent developments and the road ahead. Programme for the Promotion of Formalization in Latin America and the Caribbean (FORLAC), Notes on Formalization. Geneva, Switzerland. Retrieved from: http://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/documents/publication/wcms_245883.pdf

International Labour Organization. (2014d). World Social Protection Report 2014-2015: Building economic recovery, inclusive development and social justice. Geneva, Switzerland. Retrieved from: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_245201.pdf

Renooy, P., Ivarsson, S., Gritsai, O. V., & Meijer, R. (2004). Undeclared work in an enlarged Union. An analysis of undeclared work: an in-depth study of specific items.

Vermeulen, G. (2008, October). Informal employment in the European Union. In *WIEGO Workshop on Informal Employment in Developed Countries*, Harvard University (Vol. 31).



Williams, C.C., Horlings, E., & Renooy, P. (2008). Tackling undeclared work in the European Union. *European Foundation for the Empowerment of Living and Working Conditions*. Retrieved from: https://www.eurofound.europa.eu/sites/default/files/ef_files/pubdocs/2008/13/en/1/ef0813en.pdf