



EN RLMM Anthology 2019

ASSESSING INFORMAL EMPLOYMENT AND SKILLS NEEDS: Approaches and Insights from Regional and Local Labour Market Monitoring

Each year the EN RLMM publishes an Anthology of papers. The topic for the next call is “Assessing Informal Employment and Skills Needs: Approaches and Insights from Regional and Local Labour Market Monitoring” and we are now looking for new contributions from labour market researchers and practitioners. A number of papers from the Anthology will be presented at the Annual Meeting of the EN RLMM taking place on 3-4 October 2019 in Moscow, Russia.

Labour market observatories provide information on the current and prospective developments in the labour market, for example on employment structures or the matching of labour and skills supply and demand. In most cases they focus mainly on formalised labour markets, even though shadow economies play major roles in many countries (Enste 2015). Assessing the extent of the shadow economy is challenging, especially if a broad definition is chosen that encompasses “those economic activities and income derived from them that circumvent or otherwise avoid government regulation, taxation or observation” (Dell’Anno 2003). However, the economic activities in the shadow economy can be hidden from the authorities not just for monetary, but also for regulatory and institutional reasons (Medina and Schneider 2018; Williams 2011).

Measuring the extent of informal labour is further aggravated since the economic activities of individuals that take place outside official norms and formal institutions come in different shapes: they range from goods and services produced and consumed in households to illegal employment (Enste 2015). Moreover, in order to understand the significance of informal employment it is necessary to consider the different reasons that employers or employees have for engaging in informal economic activities. For example, while workers sometimes seek to improve their salary from a regular job through moonlighting, in other cases illegal employment is the only way that they can secure their livelihood. Similarly, in some cases employers primarily try to avoid paying taxes or social security contributions, while in other instances they try to circumvent certain labour market standards (Schneider 2011).

The main sectors traditionally reported to employ large numbers of informal workers are (cf. Schneider 2011):

- Construction;
- Private household services (cleaning, gardening, care, tutoring);
- Crafts and trade;
- Catering/leisure/tourism;
- Retail;
- Production (including production in private households);
- Agriculture and forestry;
- Exploitation of natural resources.



These are mainly labour intensive low-tech sectors that employ low- and unskilled workers who are expected to be flexible. Furthermore, the spreading of platform or shared economy in the past years not only creates new niches for the shadow economy, but also generates new forms of informal employment.

In many countries, labour market policies seeking to tackle informal employment find it difficult to approach the main target groups (workers and employers) and enable them to transition into regular employment. Furthermore, in emerging and developing countries informal employment is an integral part of regional and local labour markets. Therefore, it is *firstly* important to create more transparency concerning the extent and structure (e.g. sectors, geographical concentration and main target groups) of informal employment in different regions and localities, as well as various forms of informal employment. *Secondly*, we seek to better understand the rationalities guiding the decisions of employers and workers who engage in the shadow economy. *Thirdly*, we are very interested in exploring transitions from informal employment into formalised employment relationships. Of particular interest are the drivers for these processes arising from regional and local framework conditions or from policies and regulations. Specifically, we seek to include the perspectives of emerging and developing countries in the Anthology.

Consequently, we are looking for contributions which would address two essential questions:

How to measure informal employment?

- Macro-/Meso-approaches focusing on:
 - Setting up research designs for studies of informal employment;
 - Different target group- and sector-specific methods for accessing the field;
 - Experience with applying various instruments, with particular attention to their advantages and disadvantages;
 - Relevance of regional and local framework conditions/infrastructure;
- Meso-/Micro-approaches:
 - Developing and applying specific measuring concepts for capturing, in detail, specific informal niches of employment;
 - Rationales of workers and employers for engaging in informal employment;
 - Acquiring necessary qualifications and skills;
 - Significance of informal employment for the career paths of (individual) workers (e.g. focus on biographical approaches);
 - Inter-relation of framework conditions (e.g. social structure, culture) and individual behaviour.

How to measure the transition from informal to formal employment – and vice versa?

- Macro-approaches:
 - Setting up research designs for studies in order to capture transition processes related to specific target groups and sectors;
 - Selecting and developing appropriate research methods;
 - Regional/local as well as national/international framework conditions supporting these transitions;
- Meso-approaches:



- Developing and applying specific measuring concepts for capturing the roles and functions of organisations in regions and localities (e.g. intermediaries like sectoral associations, regional/local governments, VET organisations/universities, development organisations, PES/placement organisations) to support the transition process;
- Micro-approaches:
 - Developing and applying specific measuring concepts for gaining information on the transitions of workers from informal to formal (or vice versa) employment;
 - Role of supporting framework conditions (e.g. organisations, social networks, regulations, financing) and their relevance for the social protection of workers.

We are looking for contributions that would reflect on the concepts/theories explaining the phenomenon under consideration, methods for measuring it and approaches for interpreting collected data. The contributions can either describe the whole research/monitoring process or cover only one or two of these aspects.

If you would like to submit a paper, please send the preliminary title of the contribution and a short abstract to the Network Manager, Sigrid Rand, by **11 January 2019**. The full papers should be submitted to Sigrid Rand latest by **22 April 2019**. If you have any further questions, please contact Sigrid Rand: s.rand@em.uni-frankfurt.de. We look forward to your contributions!

References

Dell'Anno, Roberto (2003) Estimating the shadow economy in Italy: a structural equation approach. Working paper 2003-7, Department of Economics, University of Aarhus, 1-37.

Enste, Dominik H. (2015): The shadow economy in industrial countries: Reducing the size of the shadow economy requires reducing its attractiveness while improving official institutions, IWA World of Labour 2015: 127, 1-10.

Medina, Leandro/Schneider, Friedrich (2018): Shadow Economies Around the World: What Did We Learn Over the Last 20 Years?, IMF Working Paper, African Department, January 2018, 1-76.

Schneider, Friedrich (2011): The Shadow Economy Labour Force: What do we (not) know? In: World Economics 12(4), 1-40.

Williams, Colin (2011): Reconceptualising men's and women's undeclared work: Evidence from Europe', Gender Work and Organization, 18(4): 415-437.