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Informal employment in Pakistan: the growing challenge for decent work

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ABSTRACT

This paper describes key aspects of the informal employment - its size and composition, its linkages with working poverty and provides more complete picture of the dimensions of informal employment in Pakistan using data of Labour Force Survey since 1999-2009.

The data show that informal employment in the country is the result of the economy's inability to create sufficient numbers of quality jobs to absorb increasing labour force. Compared to 3.4 average annual growth rates of labour force from 1999-2009, the informal sector employment growth rate is 3.6. As a result, share of formal sector employment shrunk from 34% to 26% in case of males and from 34.3% to 27% in case of females. Data further reveal that out of roughly 48.2 million employed people in 2009, about three fourth of them are in informal employment i.e. 37.0 million. The agriculture sector alone absorbs 54.4 percent of the informal employment. The distribution of status in informal employment shows large proportions of own account workers and contributing family workers in informal employment. It is shown that in 2009, more than one third (44.3 per cent) of all informal employed workers in Pakistan work as own-account workers and about one third (35.3 percent) as contributing family workers. Presence of a large informal employment is, in a way challenge to policy makers to consider improved working conditions, legal and social protection of the people employed in the informal economy and implementation of the appropriate regulatory frame work, developing training and skills, etc. To increase job quantity and quality, the emphasis should be placed on investing in people, especially the most vulnerable – in their education, skills training, lifelong learning, health and safety – and encouraging their entrepreneurial initiative.

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Introduction

In the mid-1950s, W. Arthur Lewis elaborated a theoretical model of economic development premised on the assumption that in most of the developing countries there was an unlimited supply of labour and that, as the modern industrial sector in these countries grew, this unlimited supply of surplus labour would be absorbed (Lewis, 1954).¹ It is said that for this and other reasons, the informal² employment in most of developing countries has not only persisted far longer than predicted but has also expanded. A recent ILO study shows that in recent times, about 60 percent employment creation has taken place in the informal economy in most of developing countries (Bacchetta, et al. 2009). It has been estimated that over the past decade, informal employment accounts for more than half of the new jobs in the countries of Latin America and more than 80 percent in Africa. The net result is that the informal economy today accounts for a significant share of employment in the world.

However, the informal economy is characterized by absence of key features of decent work. Informal employments have no or less job security, usually lower wages, no or little access to social benefits, precarious and unhealthy working conditions, and “fewer possibilities to participate in formal education and training programmes.”³ The available evidence and ILO surveys across the developing world suggest that a significant share of working poor can be found in informal employment (Chen, 2005).

Like other developing countries, the informal sector employment has expanded very fast over the last few years in Pakistan. Addressing informality in the country is, therefore, not only a matter of concern in terms of poverty and social equity. It is also important to improve a country's dynamic efficiency, as the informal economy limits the capacity of an economy to grow and attain benefit from globalization by participating in the world economy. Encouraging formalization of both employment and production will help the economy to “raise more fiscal revenue, improving its ability to stabilize the economy and mitigate the adverse consequences of internal and external shocks” (Bacchetta, et al. 2009). Reducing the size of the

¹ Nobel Laureate Lewis elaborated this model in his classic paper entitled “Economic Development with Unlimited Supplies of Labour” (Lewis, 1954)

² Term is being used to describe the activities of the working poor who are working very hard but who are not recognized, recorded, protected or regulated by the public authorities.

³ Informal employment makes it difficult for workers to acquire formal generic skills that can be used productively in a variety of occupations.

informal economy is therefore a key policy objective from a developmental perspective.

Such policy reorientation may not be possible, unless data on those engaged in the informal sector and in the informal employment outside the informal sector are available for analysis. More and unambiguous information on dimensions of employment e.g. size of informal employment and its distribution by sector, status, age and gender, working conditions, social security, and other issues are needed by policymakers and the development community to make well-informed decisions. This paper describes key aspects of the informal employment in the country and its linkages with poverty and vulnerability and provides a comprehensive picture of the dimensions of employment in the informal economy in Pakistan using data of Labour Force Survey from 1999-2009.

Informal Employment and Decent Work Challenges

The concept of decent work is characterized by six key indicators such as opportunities for work, productive work and work in condition of freedom, equity in work, security at work and dignity at work. In short decent work brings together multiple goals in integrated manner regarding productive employment, rights at work, social protection and social dialogue.

From policy purposes, the most important way of the analysis of informal economy is considering it in terms of decent work deficit. Work under precarious condition which is unproductive and not well paid, not acknowledged or protected by the labour Laws and rights, inadequate social protection and the lack of representation occur more frequently in the informal economy. The informal employment around the world has the following challenges to decent work:

Poverty

The link between informal employment and poverty appears when informal work is classified by employment status and trade. The relationship between informal employment and poverty is stronger for women than for men. The statistics shows that a higher percentage of women than men worldwide are engaged in informal work (Chant, 2008). Moreover, there is also a significant wage gap by gender in the informal employment; women are underrepresented in higher income groups e.i. employer and self employed and overrepresented in lower income groups e.i. casual wage worker and industrial outworker. For instance, relatively few women are employers who hire others and relatively few men are industrial outworkers. Even within same trade and industry, there is significant difference in employment statuses between men and women. The evidence further reveals that men traders relative to women traders tend to have larger scale production and deal in non perishable goods while women usually deal in food items or agricultural products (ILO, 2002a, b; Chant, 2008).

Labour standards and legislation

Labour laws govern employment relationships and maintain labour rights and support social protection of workers in a country. Labour laws also provide enforcement, like contract enforcement, access to legal aid, labour advisory services and dispute resolution. If the law excludes certain type of workers, they are left vulnerable and unprotected (ILO, 2006). Labour laws are made to protect workers from employer who are not willing to pay adequate wages, forcing to work inhumane periods and in hazardous environment. The workers like self-employed, home workers, piece rate workers and industrial outworkers fall under informal employment and are out of the reach of the labour laws.

Social protection

Informal employment – self employment and paid employment – are associated with lack of secure employment contracts, social protection and employment benefits. Specifically, the self employed face exclusion from capital markets and product markets while paid employees face unfavorable employment terms. Being non standard units, both typically lack bargaining power in the markets within which they operate (labour markets and factor markets), and are both typically excluded from social protection. Few informal paid workers or self employed and producers are typically receive very little by way of protection from the state.

Voice at work and collective bargaining

The question of voice at work and representation is critically important. The dependent paid workers in informal economy need the means to create union with the view to collectively bargain, and independent workers (own-account workers) in informal economy need to organize and associate to negotiate with government and leverage bargaining power with customer, amongst other things (Palmer, 2008). The workers in informal economy face legal as well as practical obstacles to organize or be organized into trade unions or other forms of organizations in pursuit of occupational interests.

There are two core international conventions, right to collective representation (Convention No. 87) and the right to free expression of grievance (Convention No. 98). These conventions related to core fundamental rights, which are either directed at all workers or, if directed at formal workers, include provisions for coverage of other categories of workers. It is therefore important that these core rights be seen as the rights of all workers, or at a minimum, extending it to all workers is called for (ILO, 2002b).

Equality at work

The workers in the informal economy have few opportunities to improve their value at work and to society. Most of the informal workers are insecure and vulnerable and move from one situation to others and therefore, leaves nothing or little to invest in their future (Chant, 2008; ILO, 2002b). Improving the situation of informal workers by reducing the informal employment is a priority issue for equity reason.

Occupational safety and health (OSH)

Along with the growth in informal employment come new occupational hazards and risks. The rampant use of old machines and inappropriate premises, lack of protective equipment and inadequate preventative safety measures have added to the occurrence of occupational accidents, injuries and diseases.

Most of the vulnerable workers in developing countries, like women, elderly workers, and migrant workers are engaged in the activities of informal economy which is typically associated with inappropriate premises and lack of adequate preventive safety measures. They are hardly able to access occupational health services.⁴ The application and extension of occupational safety and health measures for those working in the informal economy is a priority concern and a key requirement for addressing decent work deficits. The Occupational Safety and Health Convention, No. 187 (2006), lays down basic principles for establishment of national OSH strategies with a view to

⁴ This is due to limited budgets and resources allocated to these services for the informal economy. Moreover, informal economy workplaces are often scattered and require innovative approaches to enable systematic access.

creating safer working conditions in the formal as well as in the informal arrangements (ILO, 2002b; Palmer, 2008).

Productivity

The evidence shows that most of informal workers are working poor and face multiple vicious circles of poverty and vulnerability which brings about their low skills, less productive work and low incomes. Further, informal economy is not sufficiently equipped with necessary financial and human capital to grow faster. When “human capital is low and access to resources, information, markets, technology, public infrastructure, social services and essential assets is limited, as a consequence, a persistent negative relationship exists between the size of the informal employment and GDP per capita levels” (ILO, 2002b). Large informal economies have also been shown to limit governments’ capacity to invest in public infrastructure, thereby restricting potential productivity growth in the private sector.

Conceptual framework

The informal employment is understood in contrast to formal employment. The “principle- defining characteristic of formal employment is that it is characterized by a standard employment relation. Standard employment can be understood in terms of first and second order distinctions” (Palmer, 2008; ILO, 2002b; ILO, 2007). The first order distinction is that standard employment obtains when the jobs be those of waged or salaried paid employees. It then logically follows that those persons with jobs as self-employed workers as either own account workers or employers are engaged in non-standard jobs. The second order distinction is that the jobs of waged or salaried paid employees be characterized by adherence to nationally prescribed norms with respect to employer contributions to a national insurance system, employer contributions to a payroll tax, presence of a written employment contract governing the employment relation, relative permanency of the employment relation, employer recognition of workers’ rights to union representation (ILO, 2002b; ILO, 2007). It logically follows then that waged or salaried paid employees in jobs not characterized by adherence to nationally prescribed norms along these five-fold dimensions are subject to non-standard employment. Such workers are designated as non-standard paid employees.

Definition of Informal Employment

The ILO report on ‘Decent work and the Informal Economy’ (ILO, 2002b) developed a conceptual framework for employment in the informal economy. The framework complemented measures of employment in the informal sector with broader measures of informal employment.⁵ The framework was submitted to the 17th ICLS for discussion. The 17th ICLS examined this conceptual framework and endorsed the guidelines by adopting it as an international statistical standard (ILO 2003; Hussmanns, 2004a; 2004b).

ILO’s Conceptual Framework: Informal Employment

Informal employment comprises the total number of informal jobs as defined in subparagraphs (1) to (4) below, whether carried out in formal sector enterprises, informal sector enterprises, or households, during a given reference period.

(1) As shown in the matrix below, informal employment includes the following types of jobs:

- (i) own-account workers employed in their own informal sector enterprises (cell 3);
- (ii) Employers, employed in their own informal sector enterprises (cell 4);
- (iii) Contributing family workers, irrespective of whether they work in formal or informal sector enterprises (cells 1 and 5);
- (iv) Members of informal producers’ cooperatives (cell 8);
- (v) Employees holding informal jobs (as defined in subparagraph (5) below) in formal sector enterprises, informal sector enterprises, or as paid domestic workers employed by households (cells 2, 6 and 10);
- (vi) Own-account workers engaged in the production of goods exclusively for own final use by their household (cell 9), if considered employed according to paragraph 9(6) of the resolution concerning statistics of the economically active population, employment, unemployment and underemployment adopted by the 13th ICLS.

(2) Own-account workers, employers, members of producers’ cooperatives, contributing family workers, and employees are defined in accordance with the latest version of the International Classification of Status in Employment (ICSE).

(3) Producers’ cooperatives are considered informal if they are not formally established as legal entities and also meet the other criteria of informal sector enterprises specified in the resolution concerning statistics of employment in the informal sector adopted by the 15th ICLS.

(4) Employees are considered to have informal jobs if their 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, etc.). The reasons may be the following: non-declaration of the jobs or the employees; casual jobs or jobs of a limited short duration; jobs with hours of work or wages below a specified threshold (e.g. for social security contributions); employment by unincorporated enterprises or by persons in households; jobs where the employee’s place of work is outside the premises of the employer’s enterprise (e.g. outworkers without employment contract); or jobs for which labour regulations are not applied, not enforced, or not complied with for any other reason. The operational criteria for defining informal jobs of employees are to be determined in accordance with national circumstances and data availability (ILO, 2003).

Production unit by type	Jobs by status in employment							
	Own-account workers		Employers		Contributing family workers		Members of producers' cooperatives	
	Informal	Formal	Informal	Formal	Informal	Formal	Informal	Formal
Formal enterprise					1	2		
Informal enterprise	3	4	5	6	7	8	9	
Household ^(a)							10	

(a) As defined by the Eleventh International Conference of Labor Statisticians (including households employing paid domestic workers).

(b) Households working gross independently for their own final use and households employing paid domestic workers.

Note: Cells shaded in dark grey refer to jobs which, by definition, do not meet the type of production unit in operation. Cells shaded in light grey refer to formal jobs. Unshaded cells represent the various types of informal jobs.

Informal employment: Cells 3 to 8 and 10.

Employment in the informal sector: Cells 3 to 8.

Informal employment outside the informal sector: Cells 1, 2, 7 and 10.

Source: Hussmanns, 2004b. “Measuring the informal economy: From employment in the informal sector to informal employment” ILO working Paper no. 53 (Policy Integration Department Bureau of Statistics International Labour Office, Geneva, December, 2004)

The 17th ICLS unanimously agreed that international guidelines were useful in assisting countries in the development of national definitions of informal employment, and in enhancing the international comparability of the resulting statistics to the extent possible. It also realized that such guidelines were needed in support of the request, which had

⁵ At its fifth meeting, the Delhi Group endorsed the framework and recommended it to countries for testing (CSO/India 2001). Subsequently, several countries (Brazil, Georgia, India, Mexico and the Republic of Moldova) tested the framework successfully.

been made by the ILC in 2002, that the ILO should assist countries in the collection, analysis and dissemination of statistics on the informal economy.

The concept of informal employment is considered to be relevant not only for developing and transition countries, but also for developed countries, for many of which the concept of the informal sector is of limited relevance. The 17th ICLS acknowledged, however, that the relevance and meaning of informal employment varied among countries, and that therefore a decision to develop statistics on it would depend on national circumstances and priorities.

Challenges in Constructing Informal Employment Estimates from Pakistan Labour Force Survey

'Employment in the informal sector' and 'informal employment' are two different concepts and represent different aspects of the 'informalisation' of employment. Both represent different policy targets and one of two concepts cannot replace the other. They both are useful for analytical and policy purposes, and hence, complement each other. However, both need to be defined and measured in a consistent manner, so one can be distinguished from the other.⁶ The classification of informal work stem directly from the status of employment and/or the characteristics of the enterprise in which the work is undertaken. Understanding and mapping of the informal employment is certainly a difficult exercise.

Labour force survey of Pakistan does not contain all the necessary information to set up an ideal concept of informal employment therefore, a hybrid approach of mixing "Job characteristics" and "Enterprise Characteristics" (the characteristics of production unit) to arrive at an estimate of "informal employment" is adopted in this paper. Type of production unit is defined in terms of the kind of enterprise (either individual ownership or partnership), accounts keeping criterion and the number of employed persons working in the enterprise while type of job is defined in terms of status in employment and other job-related characteristics like the mode of payment (periodicity of payment) for employees both in agriculture and non agriculture sector and the location of work criterion for agriculture employers and own account workers.⁷ While the employers and own account workers in non agriculture sector are differentiated as formal or informal workers directly through the characteristics of the enterprises they hold (informal sector enterprises or formal sector enterprises).

The questions used for measuring and identifying formal and informal employment according to the most recent LFS (i.e. 2008-2009 and are also found in all the surveys of the previous years since 1999-2000) are:

1. Employment Status (Q 5.8)
2. Nature of work (sector) done by the establishment (Q 5.10)
3. Kind of enterprise (Q 5.11)
4. Enterprise keep written accounts (Q 5.12)

5. Number of persons engaged (employed) in the enterprise (Q 5.13)

6. Regular paid employees in the enterprise (Q 5.14)

7. Location of work (Q 5.15)

8. Periodicity (mode) of payment (Q 7.2)

Consequently, the decision matrix to encompass formal and informal employment is as under:

Wage and salaried workers (Both in Agriculture and Non-agriculture Sector): Wage and salaried workers in agriculture and non-agriculture sector paid daily, weekly, fortnightly and piece rate.

Employers and own account workers (Non-agriculture sector): All the employers and own account workers of informal enterprises. The informal enterprises are those with individual ownership or partnership having the number of employed persons less than 10 irrespective of either have written accounts and regular paid employees or not. It also includes those enterprises with individual ownership or partnership that have number of employed persons more than 10 but none of them is regular paid employee irrespective of keeping written accounts or not.

Employers and own account workers (Agriculture sector): The employers and own account workers of agriculture sector having the location of work at their own, family or friend's dwellings and on country side.

Contributing family workers: All those employed who identified themselves as unpaid workers irrespective of the sector and kind of enterprise in which they work.

Limitations:

➤ To further refine the wage and salaried workers as formal or informal, they could be classified having contract/agreement or without contract/agreement in addition to periodicity of payment but unfortunately this question was not incorporated prior to 2007-08 survey. Consequently it was not possible to build a time series based on answers to this question.

➤ Only the main occupations have been included to classify formal and informal employment. Secondary occupations data was collected in the years 05-06, 06-07, 07-08 and 08-09 but not during the previous three survey years. In addition to that, secondary occupations are grossly under-reported as only 2.0 percent of the respondents reported secondary occupations in the most recent year.

➤ The employment situation of own-account workers and employers can hardly be separated from the type of enterprise, which they own. The informal nature of their jobs follows thus directly from the characteristics of the enterprise but the informal enterprises are excluding agriculture from the scope of informal sector owing to questionnaire design. For this reason the own account workers and employers in the agriculture are classified between formal and informal workers on the basis of their place of work.

➤ Informal employment is excluding members of informal producers' cooperatives as the informal nature of their jobs follows directly from the characteristics of the cooperative of which they are member but these cooperatives are not possible to be distinguished between being the part of formal and informal sector as in LFS for these cooperatives written account, number of employed person and presence or absence of any paid employees information is missing.⁸

⁶ Statistics users and others often tend to confuse the two concepts because they are unaware of the different observation units involved: enterprises on the one hand, and jobs on the other.

⁷ Own-account workers engaged in the production of goods exclusively for own final use by their household (such as subsistence farming or do-it-yourself construction of own dwellings), are not considered employed by the definition used.

⁸ Producers' cooperatives, which are not formally established as legal entities, are treated as private unincorporated enterprises owned by members of several households. They are part of the

➤ As paid domestic workers are part of the employment and are included in the status group of wage and salaried workers but they are not separable as paid domestic workers by households.

➤ Presently, the Labour Force Survey of Pakistan is an annual survey,⁹ and the employment is measured in relation to a short reference period i.e. one week. Since many informal sector activities or informal jobs are characterized by seasonal and other variations over time, the data on informal sector employment or informal employment obtained for a short reference period may not be representative for the whole year. Improved representation of the time dimension can be achieved by repeating the measurement several times during the year in the case of quarterly, monthly or continuous surveys.

Analysis of Informal Employment

The creation of informal employment is due to inability of the economy of any country to create sufficient number of quality jobs for the labour force. In Pakistan, the informal employment growth is outpacing the labour force growth and pushing ever greater number of people particularly young males and females in the informal economy and producing decent work deficit as shown in the table below.

The table 3 shows that most of the employed workforce is predominantly informal. The distribution of the employed work force indicates that the status of employment has not been changed significantly over the last decade. Despite economic dynamism where economic growth in many years of last decade was seven percent or above and certain improvements within the labour market, decent working conditions have not improved at the same rate. Job creation has gone hand in hand with the proliferation of non-standard work contracts in the country.

The gender inequality however, is more prevalent in the informal employment. The result indicates that still a very small proportion of females get formal jobs and they are less likely to get benefit from new opportunities for formal employment and almost all the new jobs are occupied by men. Further, informal employment is more prevalent among youth. Here again, more females compared to male engaged in informal employment with little or no economic security. The data support the notion that women are more vulnerable than men in terms of wages and benefits and type of employment (informal/formal).

Further, according to studies in other countries, there is a segment of the informal sector that benefits more by staying informal but there are vulnerable segments of the informal sector. Employers in the informal sector earn more by staying informal because they do not pay taxes and do not observe minimum wage laws and consequently, wage workers, unpaid workers, and others receive far less benefits and wages. In general, being employed in the formal sector is more desirable because of better wages, working conditions, and benefits (Maligalig et al, 2009).

Informal vs. Formal Employment by status in employment

The informal employment cuts across all employment status¹⁰ categories: employers, employees, own-account

informal sector if they also meet the other criteria of the definition.

⁹ Before 2006-2007, Pakistan LFS was being conducted after two years interval.

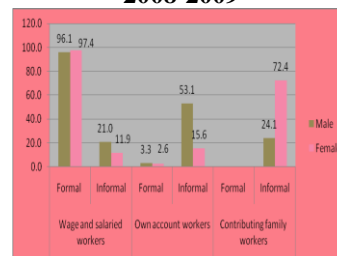
¹⁰ According to international standards, the indicator of status in employment distinguishes between four categories of the total employed. These are: (a) wage and salaried workers (also known as employees); (b) self-employed workers (including

workers, unpaid family workers, and members of producers' cooperatives. Employment status is also critical in understanding the link between informality and poverty.

Informal employment can be classified into two: informal self employment, and informal wage employment. Under informal self employment are employers in informal enterprises, own-account workers in informal enterprises, unpaid family workers, and members of informal producers' cooperatives.¹¹ According to standard concept, informal wage employment includes employees (without formal contracts, worker benefits, or social protection) who are employed either in formal or informal enterprises, as described by the conceptual frame work set in section 3.1, wage and salaried workers in agriculture and non-agriculture sector are paid daily, weekly, fortnightly and piece rate.

The distribution of status in informal employment shows large proportions of own account workers and contributing family workers in informal employment, reinforcing the observation that the working conditions are relatively improved when workers are in wage and salaried work (96.2 percent of the formal employment is for wage and salaried workers in 2009) and lower when they are own-account workers or contributing family workers.

Figure: 1. Informal employment by status in employment 2008-2009



Source: Labour force survey of Pakistan, issues 1999-2000 to 2008-09

It is evident that the contributing family workers and own-account workers are less likely to have formal work arrangements, access to benefits or social protection programs and are more "at risk" to economic cycles, these are the statuses categorized as "vulnerable". It is shown that in 2009, more than one third (44.3 per cent) of all informal employed workers in Pakistan work as own-account workers and about one third (35.3 percent) as contributing family workers. Moreover, the male informal workers usually work as own account workers (53.1 percent in 2009) and women generally as contributing family workers (72.4 percent in 2009). The informal employment for contributing family workers is on rise and is much higher for women than for men (increased by 15 percentage points for women compared to 4.9 percentage points for men). As far as the wage and salaried workers are concerned, the informal

employers and own account workers as well as members of producers cooperatives); (c) contributing family workers (also known as unpaid family workers); and (d) the others who do not fit in one of the first three categories.

¹¹ Informal employment is excluding members of informal producers' cooperatives according to the conceptual frame work set in this report as the informal nature of their jobs follows directly from the characteristics of the cooperative of which they are member but these cooperatives are not possible to be distinguished between being the part of formal and informal sector due to data limitation.

employment has almost halved for women from 23.6 percent in 1999-2000 to 11.9 percent in 2008-2009.

If we further look into the subgroups of wage and salaried workers, almost 9 out of 10 informal workers were working as either casual paid employees (53.9 percent in the year 2009) or piece rate workers (39.1 percent in the year 2009). Moreover, the paid workers are shifting from the status group of piece rate workers (by 6.8 percentage points) to the status group of casual paid employees (with 6.4 percentage points since 1999-2000 to 2008-2009).

For females about all the paid informal workers are piece rate workers, in 2008-2009 about 8 out of 10 female wage and salaried workers are paid by piece rate and this is 8.3 percentage points higher than 1999-2000.

Vulnerable employment and informal employment

The two status groups of own account workers and contributing family workers together make up the newly defined "vulnerable employment". Vulnerable employment is a newly defined measure of persons who are employed under relatively precarious circumstances as indicated by the status in employment and considered to be at risk of lacking decent employment. The vulnerable employment rate, therefore, is calculated as the sum of own-account workers and contributing family workers as a percentage of total employment. People at "risk of lacking decent work" are very often poorly skilled and do not bring the required qualifications, needed to follow the classic economic development with shifts in employment from the agricultural sector into industry and service sectors, accompanied by increases in decent work opportunities.

The indicator is highly gender sensitive since, historically, contributing family work is a status that is dominated by women. There is also a connection between vulnerable employment and poverty: if the proportion of vulnerable workers is sizeable, it may be an indication of widespread poverty. The connection arises because workers in the vulnerable statuses lack the social protection and safety nets to guard against times of low economic demand and often are incapable of generating sufficient savings for themselves and their families to offset these times.

The move away from vulnerable employment into wage and salaried work can be a major step towards creating formal and decent employment. Formal employment opportunities are highest when workers are in wage and salaried work or are employers, lower when they are own-account workers and lowest when they are contributing family workers.

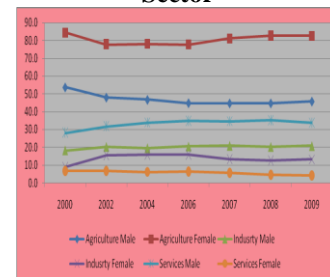
Informal and Formal Employment by Sector

As indicated in section 4.1 that women in the informal employment clearly out rank men as contributing family workers while the male informal workers usually work as own account workers and are likely lacking access to benefits or social protection programs and are more "at risk" to economic cycles. The women in informal employment with vulnerable status are concentrated in the agriculture sector (87.6 percent in 2008-2009) though stagnated and shifting to the industrial sector by 2.5 percentage points from 1999-2000 to 2008-2009. As far as the males in informal employment with vulnerable status are concerned, they are shifting from agriculture to service sector by 7.4 percentage points from 29.0 percent in 1999-2000 to 36.4 percent in 2008-2009.

Out of roughly 48.2 million people that are employed in the country in 2009, about three fourth of them in informal employment i.e. 37.0 million. The agriculture sector absorbs 54.4 percent of informal employment. While looking at the

aggregated sectors (agriculture, industry and service) Pakistan's informal employment has shifted from agriculture sector into the industrial and service sectors (by 2.3 and 2.1 percentage points respectively).

Figure: 2. Informal and Formal Employment by Aggregate Sector



Source: Labour force survey of Pakistan, issues 1999-2000 to 2008-09

A very high proportion of informal employment for women is concentrated into the agriculture sector (82.8 percent in 2008-2009) though declining and shifting to the industrial sector by 4.4 percentage points from 1999-2000 to 2008-2009. Since 2000, the proportion of informal employment for males in the service sector has increased by 5.5 percentage points from 28.1 percent to 33.6 percent. This points out that finding more and more jobs in the industrial and service sector is indeed a positive development but does not mean that all employed have formal employment and the informal employment plays a major role in employment creation, production and income generation for workers outside the agriculture sector. So the informal employment tends to be major in providing jobs especially in urban areas where the agricultural activity is relatively minimal.

This is worthy to note that since the service sector has grown at an average rate of 6.4 per cent per annum during the last decade and became the major economic sector in Pakistan with 53 per cent contribution to GDP but generating substantial rate of informal employment specifically for males.

Informal Employment by outworking and Industrial informal Out-workers

Out workers" refer to a subset of "home-based" workers who carry out paid or self employed work from their home or in premises of choice, other than the workplace of the employer. The problems and constraints faced by home-workers carry the risk of being working poor. Home-workers often face problem of exploitation either in the form of weak bargaining power or lacking social protection. Home-workers are often forced by circumstances to work for low wages without secure contracts and to pay for many of the non-wage costs of production; notably, the overhead costs of space, utilities and equipment.

Analysis of the place of work for self employed and wage and salaried workers in the informal employment indicates that the majority of the self employed and industrial out workers are working at home. The table 6 indicates that rate of out working is very high for females than for males. However, over the year the rate is decreasing, particularly for industrial out workers as shown in the lower part of the table.

Informal and Formal Employment by Hours of Work

In recent years, interest in issues related to working time has been intensified. The number of hours worked has an impact on the health and well-being of workers. Persons working full-time have expressed concern about long working hours and their effects on family and community life. Measuring the level and trends in the hours worked in a society for different groups of

persons and for individuals, is therefore important when monitoring working and living conditions (Khan, 2009).

In Pakistan, a “normal” or “full-time” working-week is thought of as a 35 hours week. Individuals whose working hours total less than “full-time” are defined as part-time workers. By contrast working of more than 49 working hours per week is often considered as “excessive”, for reasons including the harmful effects to physical and mental health, and the troubles such hours cause in balancing work and family life. Further, excessive hours are likely to signal inadequate hourly pay, in turn reflecting low productivity (Khan, 2009).

Informal Employment by Hours of Work and Gender

It is seen that women generally work less than 35 hours (called part time workers) in the reference week while males generally work more than 49 hours (excessive hours). The shares of part time workers and employed with excessive hours are less with formal employment as compared to the informal employment. The women working less than 35 hours with informal employment are 19.2 percentage points higher in 2008-2009 compared to the women with formal employment and are slightly on rise from 42.9 percent in 1999-2000 to 43.7 percent in 2008-2009. As far as the males in the informal employment are concerned, they are working excessive hours with 47.7 percent in 2008-2009 and are 5.3 percentage points higher than the males in formal employment.

The formal employment is the safeguard both for males and females against the part time and working excessive hours as the shares of employed working normal working hours (i.e. 35 to 49 hours) are high with formal employment than with the informal employment. This high proportion is 7.6 percentage points for males and 14.3 percentage points for females in the year 2008-2009. Moreover the share of females working normal hours is increasing rapidly in the formal employment (11.1 percentage points from 1999-2000 to 2008-2009) than in the informal employment (6.9 percentage points from 1999-2000 to 2008-2009). Analysis shows that especially women need to work full time in order to contribute to the family income and keep themselves and their families above the poverty threshold.

Excessive Hours by cross-sector status

Measuring excessive hours is important when monitoring working and living conditions as well as for analyzing economic and broader social developments. Excessive working time may be a concern when individuals work more than a “normal” workweek due to inadequate wages earned from the job or jobs they hold. Long working hours affects on the family and community life of workers and has an impact on workers’ productivity and on the labour costs of establishments.

In Pakistan, the measure of persons in employment for more than 49 hours a week is used as a proxy for persons in employment who usually work beyond what is considered “normal hours”. Clearly the excessive working hours vary across formal and informal employment as mentioned in above section. In informal employment, there is a strong contrast between wage and salaried persons and employers on the one hand and own account and contributing family workers on the other hand across different sectors of economic activity. Agriculture, manufacturing, wholesale and retail trade, transport and communication, finance and social services are the sectors where the informal workers with status as own account and contributing family workers usually work more than the normal working hours while in mining, electricity, gas and water and construction, the informal workers with status as wage and salaried workers and employers are working excessive hours.

Moreover the shares of own account workers and contributing family workers working excessive hours in the informal employment of agriculture, manufacturing and transport and communication are on rise with 2.2, 5.3 and 3.8 percentage points since 1999-2000.

Analysis of Skills and Wages

Education and skills development are crucial to improve and sustain productivity and income-earning opportunities (Khan, 2009). Education and training contribute significantly to promote the interests of individual worker as well as firms. Education and training serve to enhance the mobility of workers in the labour market and offers the potential for increased career choices. They also serve to improve the capacity of people to attain decent work.

Education Levels of Informal Workers

To date, statistics on educational attainment of the labour force are the only available indicators of skills. The higher the level of education a person has, the more likely he can further improve his employability by acquiring additional skills through training (Khan, 2009). Unfortunately the average educational attainment of the labour force in Pakistan is very low. In 2008-2009, only 55 per cent people of working age were literate at national level.

As shown in the table 8, in Pakistan, majority of illiterate and less educated workers are employed in the informal economy with probably low incomes, limited job security, no social protection and who work under precarious conditions. The table 8 clearly shows that the majority of the informal workers are in the lower education groups who suffer from multiple vicious cycles of vulnerability which perpetuate their low skills, low productivity employment, and low income working lives while formal workers most likely fall in higher education categories with relatively higher productivity, better protected and working condition jobs. The table 9 also shows that situation is even worse for females and there are significant gender gaps in skills attainment. The result show that in all lower education categories more females relative to men fall in informal jobs. The results indicate that women are not always discriminated based on their sex, they are very often poorly skilled and do not bring required qualification needed. If education gaps between men and women persist it could lead to even more constraints for women in the future as they would face bias in attaining decent jobs based not just on their sex, but also on their relative lack of skills (khan,2009).

Occupations and real wages

Information on workers’ wages (nominal or real) is a valuable indicator for planners, policy makers, employers and workers themselves. It can be used to assess the impact of economic and social policies including income support, minimum wages, role of collective bargaining and facilitating in fixing social security contributions and benefits. Real wages in an economic activity are a major indicator of employees’ purchasing power and a proxy for their level of income, independent of the actual work performed in that activity. For most employees, wages – the income they receive from paid employment- represent the main part of their total income. In Pakistan, wage is the total money received by employees in cash in addition to the imputed market value of the wage received in kind during the month preceding the date of interview.¹²

¹² Some elements of remuneration such as overtime and some bonuses are not counted as part of wages.

Table 10 shows that workers in formal employment are paid much better than workers in informal employment. In terms of average monthly real wage, the highly skilled worker in formal employment is earning almost double in 2008-09 compared to highly skilled worker in informal employment. The same is the case with skilled and unskilled workers where the gap between real wages in formal employment and informal employment is as wide as in case of highly skilled workers. The difference in wages between the informal and formal workers supported the conclusion of many other studies, that workers engaged in formal employment receive better wages on the average. Another important point to notice is that over the years real wages are declining which may probably due to economic slowdown and high inflation in the country. Further investigation of the data shows that the overall picture is very discouraging if viewed by gender lens. Women workers either in formal or informal employment receives significantly less wages than their counter parts male for the same jobs. The occupational shifts towards highly skilled occupations have mostly benefitted men by increasing their average real wages whereas the situation remained the same for females. The data shows that wage gap significantly widened since the beginning of the decade. In general women earned almost one third less than their male counter parts. The wages declined for skilled and unskilled females while opposite holds for males in the same categories. Further, the wages of the highly skilled females are comparable to those of skilled males and the wages of unskilled females are far below than their male counterparts. The lower part of the table shows that women tend to be pushed to the lowest-income end of the informal economy. It can be concluded from the discussion that women are much more vulnerable than men and carrying higher economic risk due to slowdowns in economic growth and increasing commodity prices.

Conclusions and Recommendations

Many studies have shown that informal sector and informal employment continue to be a large and significant component of the economies of many developing countries. The studies have also noted that informal sector is playing an important role for employment creation, income generation and poverty reduction. However, informal economy is usually characterized as non-decent and low paying work with no job security.

As in any other developing country, the informal sector in Pakistan has expanded very fast over the last few years. Any policy decision concerning the informal sector in the country requires accurate information about the size, structure and contribution of the sector to employment and income. In particular, there is need to know the number, size of informal sector, its sectoral distribution and employment status.

Statistics on informal sector and informal employment have not been regularly collected and disseminated by official labor force survey statistics. Labour force survey of Pakistan does not contain all the necessary information to set up an ideal concept of informal employment therefore, this study developed a methodology based on a hybrid approach of mixing "Job characteristics" and "Enterprise Characteristics" for classifying workers under formal or informal employment, making measurement and analysis of informal employment possible using Labor Force Surveys data from 1999-2000 to 2008-2009.

The analysis indicates that despite high economic growth during the last decade and many developments within the labour market, decent working conditions have not improved at the same rate. Job creation has gone hand in hand with the proliferation of non-standard work contracts in the country.

Workers joining the labour market often find no option except to obtain casual employment, in home production or without a proper contract or access to social security. From the results, it was found that informal employment dominates labor market of Pakistan, with 76.8% of the total employed working under informal circumstances. The biggest concentration of informal workers is in the agriculture sector which absorbs 54.4 percent of informal employment.

It is shown that in 2009, more than one third (44.3 per cent) of all informal employed workers in Pakistan work as own-account workers and about one third (35.3 percent) as contributing family workers. Moreover, the male informal workers usually work as own account workers (53.1 percent in 2009) and women generally as contributing family workers (72.4 percent in 2009). Further look into the subgroups of wage and salaried workers show that almost 9 out of 10 informal workers were working as either casual paid employees (53.9 percent in the year 2009) or piece rate workers (39.1 percent in the year 2009). Moreover, the paid workers are shifting from the status group of piece rate workers (6.8 %) to the status group of casual paid employees (6.4% since 1999-2009). As expected, the incidence of informality is high among low-skilled workers particularly women.

It is now being increasingly recognized that the phenomenon is here to stay and that government policies for economic and social development, including education and training policies, should target those who work in this sector. As expected, the incidence of informality is particularly high among low-skilled workers. Any formalization strategy on the labour market, hence, needs to overcome this structural obstacle in order to achieve a successful transition to the formal labour market. Skills development is one of the key determinants of how productivity growth translates into employment growth, and possibly, into better work in the informal economy or to movement between the informal and formal economies. Investing in people through building knowledge and skills for the masses in this sector is one of the ways of promoting poverty alleviation. It is important to note that the informal economy has also developed its own training and educational institutions. Skills are immediately work-relevant, facilitating a successful "school-to-work" transition, and are more effective than pre-employment training programmes conducted in classrooms. In recent years, several government and non-governmental education and training providers have taken steps to develop and deliver training including workers in the informal economy. Educational and training policies, therefore, need to take this into account and provide training and educational support also for those in the informal economy. Furthermore, for effective policy formulation, there is a need to identify the factors of training and skill transfer which lead to an improvement of living and working conditions of the beneficiaries.

Since decent work deficits are often traceable to good governance deficits, the government has a primary role to play. Political will and commitment and the structures and mechanisms for proper governance are essential. Especially in our country, struggling with abject poverty and with a large and rapidly growing labour force, measures should not restrict opportunities for those who have no other means of livelihood. However, it should not be a job at any price or under any circumstances.

It is the responsibility of governments to provide an enabling framework at national and local levels to support representational rights. National legislation must guarantee and

defend the freedom of all workers and employers, irrespective of where and how they work, to form and join organizations of their own choosing without fear of reprisal or intimidation. Obstacles to the recognition of legitimate, democratic, accessible, transparent and accountable membership-based organizations of workers and employers in the informal economy must be removed, so that they are able to participate in social dialogue structures and processes. Public authorities should include such organizations in public policy debates, and provide them access to the services and infrastructure they need to operate effectively and efficiently and protect them from harassment or unjustified or discriminatory eviction.

The discrimination by gender and age also mean that the most vulnerable and marginalized groups tend to end up in the informal economy. Women are discriminated against in terms of access to education and training and other economic resources while youth are discriminated based on lack of experience and skills. Thus women and youth are more likely to be in the informal economy. Policies and programmes should focus on bringing marginalized workers and economic units into the economic and social mainstream, thereby reducing their vulnerability and exclusion. This means that programmes addressing the informal economy, such as provision of education, training, microfinance, etc., should be designed and implemented with the main objective of bringing workers or economic units in the informal economy into the mainstream, so that they are covered by the legal and institutional framework. Statistical and other research should be focused and designed to give effective support to these policies and programmes

Governments must provide the conducive macroeconomic, social, legal and political frameworks for the large-scale creation of sustainable, decent jobs and business opportunities. Governments should adopt a dynamic approach to place decent employment at the centre of economic and social development policies and also to promote well-functioning labour markets and labour market institutions, including labour market information systems and credit institutions. Poverty reduction strategies, in particular the Poverty Reduction Strategy Papers (PRSPs), should specifically address the problems in the informal economy. The creation of decent jobs should be a measure of success for these strategies. Rural development and agricultural policies need to be enhanced and strengthened.

The ILO should draw upon its mandate, tripartite structure and expertise to address the problems associated with the informal economy. An approach based on decent work deficits has considerable merit and should be pursued. The ILO approach should reflect the diversity of situations and their underlying causes found in the informal economy. The approach should be comprehensive involving the promotion of rights, decent employment, social protection and social dialogue. The approach should focus on assisting member States in addressing governance, employment-generation and poverty-reduction issues.

The implementation and enforcement of rights and protections should be supported by improved systems of labour inspection and easy and rapid access to legal aid and the judicial system. There should also be provisions for cost-effective dispute resolution and contract enforcement. National governments and local authorities should promote efficient

bureaucracies that are corruption and harassment free, are transparent and consistent in the application of rules and regulations, and that protect and enforce contractual obligations and respect the rights of workers and employers.

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Table: 1. Decision Matrix for encompassing formal and informal employment

Employment status	Sector of employment	Periodicity of payment	Kind of enterprise	Written accounts	No. of employed person in enterprise	Regular paid employees in enterprise	Location of Work	Employment (Decision)
Wage and salaried worker	Agriculture and non-agriculture	Monthly	-	-	-	-	-	Formal
		Daily, weekly, fortnightly, piece rate, other	-	-	-	-	-	Informal
Employers and own account workers	Non-agriculture	-	Federal, provincial, and public, public and private limited company, cooperative society	-	-	-	-	Formal
			Individual ownership, partnership	Yes	10 and above	Yes	-	Formal
					No	-	Informal	
				Less than 10	Yes	-	Informal	
					No	-	Informal	
			No	10 and above	Yes	-	Formal	
					No	-	Informal	
				Less than 10	Yes	-	Informal	
					No	-	Informal	
			Do not know	10 and above	Yes	-	Formal	
	No	-			Informal			
	Less than 10	Yes		-	Informal			
		No		-	Informal			
	Agriculture	-	-	-	-	-	At his/ her own dwelling, family or friend's dwelling, on country side	Informal
In a shop, business office or industry, other							Formal	
Contributing family workers	-	-	-	-	-	-	-	Informal
Other ¹	-	-	-	-	-	-	-	Formal

From the above decision matrix the informal employment can be summarized to be:

Table: 2. Average annual growth rates 1999-2009

Pakistan	Labour force	Informal employment
Age (15+)		
Both Sexes	3.4	3.6
Male	2.6	2.6
Female	6.7	7.7
Age (15-24)		
Both Sexes	4.5	4.9
Male	3.1	3.1
Female	11.2	14.1

Source: Labour force survey of Pakistan, issues 1999-2000 to 2008-09

Table: 3. Share of formal and informal employment (%)

Pakistan	1999-2000	2001-2002	2003-2004	2005-2006	2006-2007	2007-2008	2008-2009
Formal Employment (15+)	22.9	25.0	22.6	22.8	23.0	23.0	23.2
Male	24.5	26.2	24.2	24.9	25.5	25.8	25.9
Female	13.1	17.8	14.8	13.6	12.4	11.5	12.6
Informal Employment (15+)	77.1	75.0	77.4	77.2	77.0	77.0	76.8
Male	75.5	73.8	75.8	75.1	74.5	74.2	74.1
Female	86.9	82.2	85.2	86.4	87.6	88.5	87.4
Formal Employment (15-24)	19.3	21.8	18.9	20.1	20.7	19.9	20.7
Male	19.4	22.4	20.2	21.6	23.0	21.8	22.4
Female	17.7	18.9	12.8	13.8	11.9	12.5	14.3
Informal Employment (15-24)	80.7	78.2	81.1	79.9	79.3	80.1	79.3
Male	80.6	77.6	79.8	78.4	77.0	78.2	77.6
Female	82.3	81.1	87.2	86.2	88.1	87.5	85.7

Source: Labour force survey of Pakistan, issues 1999-2000 to 2008-09

Table: 4. Distribution of wage and salaried workers

Pakistan (15+)	1999-2000	2001-2002	2003-2004	2005-2006	2006-2007	2007-2008	2008-2009
Regular paid employees	4.6	4.0	5.8	9.1	4.9	6.9	5.6
Males	5.5	4.4	6.6	10.2	5.4	7.6	6.3
Females	0.8	1.7	1.7	2.9	1.7	2.7	1.3
Casual paid employees	47.5	44.4	48.7	52.4	51.0	50.0	53.9
Males	52.3	51.1	54.5	57.3	56.7	55.9	60.2
Females	26.0	9.5	18.6	25.4	19.7	17.6	17.2
Paid workers by piece rate	46.0	49.4	44.1	36.9	42.8	42.0	39.1
Males	40.0	42.0	37.2	30.8	36.3	35.1	31.9
Females	72.9	88.2	79.4	71.3	78.0	79.4	81.2
Paid non family apprentice	1.9	2.2	1.4	1.6	1.4	1.1	1.3
Males	2.2	2.5	1.6	1.8	1.6	1.3	1.5
Females	0.3	0.6	0.3	0.4	0.6	0.3	0.3

Source: Labour force survey of Pakistan, issues 1999-2000 to 2008-09

Table: 5. Informal Employment by self employed and Industrial informal Out-workers

Pakistan (15+)	1999-2000	2001-2002	2003-2004	2005-2006	2006-2007	2007-2008	2008-2009	Change from 1999-2000 to 2008-2009
Self employed	69.7	68.6	68.0	66.5	65.2	63.6	64.5	-5.1
Male	68.3	67.2	66.1	64.3	63.1	61.4	62.2	-6.1
Female	92.0	90.2	92.5	91.2	90.1	89.9	90.1	-1.9
Employees	24.6	20.2	19.9	18.6	18.1	18.0	17.0	-7.6
Male	19.5	15.8	15.6	15.2	13.9	14.1	13.6	-5.9
Female	58.1	49.8	47.4	41.5	47.2	45.8	41.1	-17.0

Source: Labour force survey of Pakistan, issues 1999-2000 to 2008-09

Table: 6. Formal and informal employment by hours of work

Employed 15+	1999-2000	2001-2002	2003-2004	2005-2006	2006-2007	2007-2008	2008-2009
Less than 35 hours							
Both sexes-Formal	9.8	8.3	8.4	7.1	7.4	6.0	7.8
Male-Formal	12.6	11.1	11.4	11.3	11.0	4.2	10.5
Female-Formal	33.8	29.0	30.2	26.5	26.7	22.3	24.5
Both sexes-Informal	14.3	14.8	15.2	15.8	15.8	14.6	16.3
Male-Informal	8.8	9.6	8.2	8.4	7.7	6.6	8.0
Female-Informal	42.9	43.2	46.8	43.7	44.9	42.0	43.7
Between 35 and 49 hours							
Both sexes-Formal	54.6	53.0	54.2	52.6	52.7	53.9	53.4
Male-Formal	54.6	52.4	53.8	51.7	51.7	53.0	51.9
Female-Formal	54.1	58.7	57.4	59.7	61.7	62.0	65.2
Both sexes-Informal	42.0	43.6	40.3	42.4	43.8	45.5	45.9
Male-Informal	41.6	43.7	40.0	41.1	42.6	44.0	44.3
Female-Informal	44.0	43.0	41.6	47.3	47.9	50.5	50.9
More than 49 hours							
Both sexes-Formal	35.6	38.6	37.4	40.4	39.9	40.1	38.8
Male-Formal	37.7	41.5	40.4	43.5	43.1	42.7	42.4
Female-Formal	12.1	12.3	12.5	13.8	11.6	15.7	10.3
Both sexes-Informal	43.7	41.6	44.5	41.8	40.4	39.9	37.8
Male-Informal	49.6	46.7	51.7	50.5	49.7	49.4	47.7
Female-Informal	13.1	13.8	11.5	9.0	7.2	7.5	5.4

Source: Labour force survey of Pakistan, issues 1999-2000 to 2008-09

Table: 7. Distribution of workers working excessive hours by cross-sector status

Employed (15+)	1999-2000		2008-09	
	Wage and salaried workers and employers	Own account and contributing family workers	Wage and salaried workers and employers	Own account and contributing family workers
Agriculture	11.6	88.4	9.4	90.6
Male	8.7	91.3	8.3	91.7
Female	48.0	52.0	29.3	70.7
Mining	69.5	30.5	75.4	24.6
Male	56.0	44.0	75.4	24.6
Female	100.0	0.0	-	-
Manufacturing	48.9	51.1	43.6	56.4
Male	49.3	50.7	44.7	55.3
Female	37.3	62.7	28.9	71.1
Electricity, Gas and Water	33.6	66.4	61.6	38.4
Male	33.6	66.4	61.6	38.4
Female	-	-	-	-
Construction	84.1	15.9	86.8	13.2
Male	84.3	15.7	86.8	13.2
Female	73.9	26.1	100.0	0.0
Wholesale and Retail Trade	5.7	94.3	10.9	89.1
Male	5.8	94.2	11.0	89.0
Female	3.8	96.2	5.6	94.4
Transport and Communication	37.6	62.4	33.8	66.2
Male	37.5	62.5	33.8	66.2
Female	47.7	52.3	19.4	80.6
Finance	5.5	94.5	13.7	86.3
Male	5.5	94.5	13.7	86.3
Female			13.1	86.9
Social Services	31.0	69.0	18.0	82.0
Male	0.0	100.0	17.4	82.6
Female	45.4	54.6	39.0	61.0

Source: Labour force survey of Pakistan, issues 1999-2000 to 2008-09

Table: 8. Educational Attainment of Informal workers

Informal workers	1999-2000	2001-2002	2003-2004	2005-2006	2006-2007	2007-2008	2008-2009
Less than one year of education	88.4	86.8	88.6	88.5	89.0	89.0	89.0
Males	86.4	84.9	86.5	85.7	85.8	85.5	85.3
Females	95.2	93.7	94.8	94.9	95.8	96.1	95.9
Pre primary education	81.6	80.3	83.0	83.7	83.8	84.1	84.3
Males	81.2	80.0	82.0	82.6	82.5	82.7	82.9
Females	89.6	84.1	95.8	93.6	94.9	94.5	94.6
Primary but below middle	79.9	78.4	82.1	81.4	81.0	82.2	81.1
Males	79.4	77.6	81.3	79.8	79.4	80.9	79.6
Females	91.5	90.0	91.8	94.0	95.3	94.0	93.5
Middle but below matric	74.1	74.3	75.6	74.6	75.7	76.0	76.0
Males	74.2	74.0	75.2	74.1	74.9	75.4	75.6
Females	69.7	79.6	83.4	83.1	87.8	86.4	84.3
Matric but below intermediate	59.6	57.7	62.9	63.7	63.2	63.6	65.8
Males	61.4	59.3	64.4	64.7	64.1	64.5	66.5
Females	31.5	37.4	45.8	52.8	52.8	49.6	55.5
Intermediate but below degree	42.6	42.2	45.9	49.1	48.3	48.6	48.8
Males	44.2	45.3	49.0	51.3	50.1	50.7	51.2
Females	23.7	19.9	18.0	30.6	32.0	26.3	28.0
Degree	18.3	22.8	28.8	30.4	27.7	29.2	27.5
Males	19.5	24.9	30.6	32.9	30.4	31.4	30.2
Females	9.2	8.8	18.0	17.2	13.4	14.7	12.9

Source: Labour force survey of Pakistan, issues 1999-2000 to 2008-09

Table: 9. Real wages of informal and Formal workers by aggregated major occupational groups

Wage and salaried workers 15+	1999-2000	2001-2002	2003-2004	2005-2006	2006-2007	2007-2008	2008-2009
Formal Employment							
Highly Skilled	5448	5598	6675	6691	6933	6764	6476
Males	5702	6243	7473	7376	7590	7429	7052
Females	4295	3574	4134	4474	4667	4174	4582
Skilled	3556	3454	3616	3848	4115	4033	3738
Males	3565	3517	3658	3867	4142	4059	3760
Females	2901	1768	2152	3325	2968	3001	2599
Unskilled	2510	2542	2745	2810	3114	3048	2899
Males	2640	2647	2915	2997	3309	3216	3110
Females	1611	1472	1544	1566	1771	1813	1598
Informal Employment							
Highly Skilled	1896	3674	3082	4891	4001	5534	3448
Males	1561	3617	3194	4544	4089	5822	4012
Females	3260	4153	2254	6427	3568	2896	1029
Skilled	1814	2561	2558	2456	2412	2489	1545
Males	1822	2717	2890	2815	3220	3194	2135
Females	1512	700	675	1090	910	932	593
Unskilled	2288	2370	1757	2119	2667	1944	1887
Males	2356	2569	1946	2148	2923	1991	1961
Females	835	924	317	1415	2005	699	728

Source: Labour force survey of Pakistan, issues 1999-2000 to 2008-09

Appendix

Table: 1. Informal and Formal Employment by Sector

Employed 15+	1999-2000	2001-2002	2003-2004	2005-2006	2006-2007	2007-2008	2008-2009
Agriculture	58.7	52.6	52.4	51.8	52.7	53.3	54.4
Males	53.7	48.0	46.7	44.8	44.7	44.7	45.8
Females	84.5	77.9	78.1	77.8	81.2	82.8	82.8
Mining	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Males	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Females	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Manufacturing	9.5	11.7	11.4	11.4	10.8	10.3	10.5
Males	9.7	11.0	10.5	10.3	10.3	9.8	9.8
Females	8.4	15.1	15.5	15.4	12.7	12.2	12.8
Construction	7.1	7.8	7.3	7.9	8.2	8.0	8.3
Males	8.4	9.2	8.9	9.9	10.4	10.2	10.7
Females	0.3	0.3	0.3	0.5	0.6	0.3	0.3
Trade	14.1	15.8	16.4	16.4	16.0	16.7	18.2
Males	16.2	18.3	19.6	20.1	19.8	21.0	23.2
Females	2.8	2.2	1.9	2.2	2.5	2.0	1.8
Transport	3.8	4.5	4.7	4.9	4.7	4.4	4.4
Males	4.5	5.3	5.7	6.2	6.0	5.7	5.8
Females	0.1	0.2	0.1	0.2	0.1	0.1	0.0
Finance	0.2	0.3	0.7	0.7	0.7	0.9	0.8
Males	0.3	0.4	0.8	0.9	0.9	1.1	1.1
Females	0.0	0.1	0.0	0.1	0.1	0.1	0.1
Services	6.6	7.2	7.1	6.8	6.7	6.3	3.2
Males	7.1	7.8	7.8	7.6	7.8	7.3	3.5
Females	3.9	4.2	4.1	3.8	3.0	2.5	2.3