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**Globalizing and Organizing**

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# **The Informal Economy in Greater Buenos Aires: A Statistical Profile**

Valeria Esquivel



# WIEGO Working Papers\*

The global research-policy-action network Women in Informal Employment: Globalizing and Organizing (WIEGO) Working Papers feature research that makes either an empirical or theoretical contribution to existing knowledge about the informal economy especially the working poor, their living and work environments and/or their organizations. Particular attention is paid to policy-relevant research including research that examines policy paradigms and practice. This series includes statistical profiles of informal employment and critical analysis of data collection and classification methods. Methodological issues and innovations, as well as suggestions for future research, are considered. All WIEGO Working Papers are peer reviewed by the WIEGO Research Team and/or external experts. The WIEGO Publication Series is coordinated by the WIEGO Research Team. This report was commissioned under the Inclusive Cities Project by WIEGO's Urban Policies Programme Director Caroline Skinner, who is based at the African Centre for Cities at the University of Cape Town.

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Photo courtesy of [proyectosurchaco.blogspot.com](http://proyectosurchaco.blogspot.com). For non Spanish speakers “Salarios dignos” means “Dignifying (or sufficiently high) wages and “Paguen los aportes” means “Make social security contributions”

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# Contents

<b>Executive Summary</b> .....	1
<b>Introduction</b> .....	2
<b>The <i>Informal Economy</i>: A Conceptual Framework</b> .....	3
From the “Informal Sector” to “Informal Employment” .....	3
The Informal Economy .....	3
<b>Previous Measures of the Informal Sector in Argentina</b> .....	5
<b>The Informal Labour Module (ILM)</b> .....	7
The EPH .....	7
The Methodological Approach in the Informal Labour Module .....	7
The Informal Labour Module as a Tool to Inform the Debate Around Informality in Argentina .....	9
<b>Informal Employment in Greater Buenos Aires (2005)</b> .....	11
Overview .....	11
Formal and Informal Employees .....	13
Formal and Informal Independent Workers .....	21
<b>Personal Characteristics of Formal and Informal Workers in Greater Buenos Aires</b> .....	28
Formal and Informal Employees .....	28
Formal and Informal Independent Workers .....	33
<b>Earnings</b> .....	36
Formal and Informal Wage Earners .....	36
Formal and Informal Independent Workers .....	39
An Aggregate View on Labour Earnings .....	40
<b>Conclusions</b> .....	41
<b>References</b> .....	43

## Executive Summary

This report interrogates the nature of the informal economy in Greater Buenos Aires – the city of Buenos Aires and its surroundings. It takes advantage of the existence of a unique dataset, the *Informal Labour Module* (ILM), which was collected in 2005 as a module of *Encuesta Permanente de Hogares* (EPH). Among ILM's objectives were characterizing informal employment, particularly through tackling the extent and reasons of wage employment; understanding the various ways in which the formality of the production unit relates to the formality of employment; and ultimately, to inform the debate and policy on informal employment in Argentina.

Informal employment is an extensive phenomenon in Greater Buenos Aires. Forty-five per cent of its 5.3 million workers are informal, as per the information collected by the ILM module in 2005. Informal employment is far more extensive than employment in the *informal sector*, which explained 20 per cent of total employment. In other words, less than *half* of all informal employment was found in the informal sector. Almost 7 out of 10 workers work for formal production units, as defined by the proxy variables used in the ILM. But working for a formal production unit does not guarantee being a formal worker: following the same example, roughly five out of these seven workers are formal, but two workers are not, even when the production unit they work for is formal. Lastly, as many as 8.2 per cent of workers in Greater Buenos Aires work for households, most of them in informal positions.

Women are more likely to be in informal employment than men: *half* of women workers are informal workers, while this proportion is 42 per cent among men. More than one third of informal female workers are domestic workers, employed by households; and roughly one sixth each works for formal (13.8%) or informal enterprises (14.1%). Men's informal employment is more related to informal production units than women's, as over half of all informal male workers work for informal enterprises.

Informal employees and independent workers who work in informal production units, which constitute the *informal sector*, are in the most vulnerable position, and account for almost half of total informal employment. They are likely to be men, semi-skilled or unskilled, and concentrated in construction and trade (and transport, if they are informal employees). Their mean monthly earnings are only half the mean earnings of their counterparts (with the same status in employment), although informal independent workers are relatively better off than their waged counterparts.

Informal workers employed by formal enterprises account for a third of informal employment. Women are relatively more likely to belong to this group than men, with a high incidence of semi-skilled workers, and a concentration in manufacturing and trade. Although they are unprotected by the Labour Law, these workers' mean monthly and hourly earnings are higher than informal employees in informal enterprises.

The remaining group of informal workers is female domestic workers, employed by households. *De jure* and *de facto* discriminated against, these women have the lowest educational credentials and have the lowest monthly earnings among informal employees. They constitute a group of highly vulnerable female workers, for whom specific policies should be designed and implemented.

Both this report and previous analyses based on the ILM point to the fact that the informal economy is highly heterogeneous in Greater Buenos Aires, and that policy measures should differ according to the existing groups of informal workers within the informal economy.

# Introduction

This report interrogates the nature of the informal economy in Greater Buenos Aires – the city of Buenos Aires and its surroundings. It takes advantage of the existence of a unique dataset, the *Informal Labour Module* (ILM).<sup>1</sup> The ILM was collected as a module of *Encuesta Permanente de Hogares* (EPH), the Argentinean urban labour force survey, in the last quarter of 2005. The ILM was a one-time endeavour, which sought to expand existing knowledge on the size and the dynamics of the *informal economy* in Greater Buenos Aires. Although both *informal workers* (who may work in formal or informal enterprises) and *informal enterprises* comprise the informal economy, the ILM's main contribution was to help characterize formal and informal enterprises – something that cannot be done based on EPH routine data collection – thus providing information on the link between the formality of employment and the formality of the enterprise, unexplored before in the Argentinean context.

This report presents new tables and analyses that enrich those already published by the Argentinean Ministry of Labour (MTESS/BM, 2007 and 2008). All tables are disaggregated by sex, in order to understand women's and men's different informality profiles. Tables distinguish between formal and informal employees and independent workers (own account workers and employers) characterizing the enterprises (or households, in the case of paid domestic workers) for which they work.<sup>2</sup> This report also identifies two of the three worker groups that the Inclusive Cities Project is concerned with: street traders and home-based workers. Regrettably, there is no way to identify waste pickers, as there is not such an activity in the national classification of activities (and neither EPH nor ILM show the job description as declared by the respondent).

The report is structured as follows. Section 2 lays out the framework for collecting information on the *informal economy*, proposed by the International Labour Organization (ILO) (2003). Section 3 reviews previous measures of the informal sector in Argentina, paying attention to the methodological approaches used to make these calculations. Section 4 describes the ILM approach to measuring informal employment, including a section on the political motivations that informed its design.

The key findings of this report are presented in sections 5, 6, and 7. Section 5 provides an overview of the extent of informal employment in Greater Buenos Aires, as well as a characterization of formal and informal wage/salary employment and independent employment according to industry, job qualification, and hours worked. This section also presents the limited information there is on street vendors and home-based workers.

Section 6 presents personal characteristics of formal and informal workers, including age profiles, position in household, and educational attainment. Section 7 focuses on earnings, and also presents multivariate analyses of hourly earnings for employees and for independent workers. A final section concludes.

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<sup>1</sup> The ILM was a joint project by the Argentinean Ministry of Labour, Employment and Social Security (MTESS) and the World Bank. The database is available at <http://web.worldbank.org/WBSITE/EXTERNAL/BANCOMUNDIAL/EXTSPPAISES/LACINSPANISHEXT/ARGENTINAINSPANISHEXT/0,,contentMDK:21111327~pagePK:141137~piPK:141127~theSitePK:500337,00.html> (accessed 26 February 2010).

<sup>2</sup> In this report, unpaid family workers are included in all analyses of the size of informal employment.

# The *Informal Economy*: A Conceptual Framework

## From the “Informal Sector” to “Informal Employment”

There is a long standing tradition of research on the informal economy in Latin America. Following the approach taken by the ILO’s Kenya Report (1972), PREALC (*Programa Regional de Empleo para América Latina y el Caribe*) defined the informal sector as economic units with little or no capital that use primitive technologies and unskilled labour and have low productivity (Orsatti and Calle 2003). As a result, informal sector units tended to provide workers with very low income, usually not enough to lift these workers and their households out of poverty. At the time it was understood that the informal sector had its roots in the inability of the formal sector (which was undergoing a process of rapid industrialization) to absorb the ever-growing labour force. It was thus believed that the informal sector would fade away with the development process.

By the end of the 1980s, however, it was clear that the informal sector was contradicting those predictions. Two competing hypotheses emerged to explain how the informal sector had become a “structural” feature of Latin American economies. Some contributions emphasized the strong relationship between formal enterprises and their informal counterparts. They argued that by subcontracting informal enterprises, formal enterprises were able to reduce their costs, in the face of the opening up of the economy and the competitive pressures brought about by globalization (Portes, Castells and Benton 1989). Others (most notably de Soto 1987) emphasized the entrepreneurial skills and capitalist behaviour of informal enterprises, blaming excessive government regulations for their lack of formality.

In parallel, Latin America saw the surge of non-standard, precarious, or unregistered forms of wage work – wage employment relationships that do not comply with labour legislation. Workers’ lack of registration for social security is generally associated with low wages, job instability, underemployment, and the lack of social protection. The most striking feature of this type of *informal employment* is that it occurs both within and outside the informal sector. Specific groups of employees are more likely to be informal than others, either because they work in industries with high incidence of informal enterprises (e.g. the garment industry) or because labour regulations are weaker or difficult to enforce (e.g. domestic workers). Formal workers, on the other hand, are typically more prevalent in public employment and in large formal enterprises.

## The Informal Economy

The ILO (2003) has recently coined the broader *informal economy* concept to capture the two dimensions of informality reviewed above – the *informal sector* and *informal employment*. As Figure 1 shows, this means making operational both dimensions according to the *observation unit*: the informal sector is defined following the type of *production unit* (rows), while informal employment is defined according to the *job status in employment* (columns) and coverage of social protection. An important feature of this new broader framework is that informal employment can be found both within and outside the informal sector. Likewise, employment in the informal sector comprises all jobs in informal enterprises, irrespective of their workers’ employment status.

**Figure 1.A Conceptual Framework: The Informal Economy**

Production units by type	Job by status in employment								
	Own account workers		Employers		Contributing family workers	Employees		Members of producers' cooperatives	
	Informal	Formal	Informal	Formal	Informal	Informal	Formal	Informal	Formal
<b>Formal sector enterprises</b>					1	2			
<b>Informal sector enterprises<sup>(a)</sup></b>	3		4		5	6	7	8	
<b>Households<sup>(b)</sup></b>	9					10			

<sup>(a)</sup> As defined by the Fifteenth International Conference of Labour Statisticians (excluding households employing paid domestic workers).

<sup>(b)</sup> Households producing goods exclusively 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 exist in the type of production unit in question. Cells shaded in light grey refer to formal jobs. Un-shaded cells represent the various types of informal jobs.

Informal employment: Cells 1 to 6 and 8 to 10.

Employment in the informal sector: Cells 3 to 8.

Informal employment outside the informal sector: Cells 1, 2, 9 and 10.

Source: Hussmanns (2004)

With reference to the matrix shown in Figure 1, the *informal sector* comprises own account workers and employers employed in their own informal enterprises (cells 3 and 4), and contributing family members, employees and members of producer cooperatives working for informal enterprises (cells 5, 6, 7 and 8). *Informal employment*, in turn, includes cells 1 to 6 and 8 to 10. Note that contributing family workers are always informal (cells 1 and 5), as are own account workers and employers working for informal sector enterprises (cells 3 and 4). Informal employees are informal when they hold wage jobs that are outside the framework of regulations, therefore unprotected by labour legislation. In turn, *informal sector enterprises* are defined as production units operated by single individuals or households that are not constituted as separate legal entities (they are not incorporated enterprises), and that do not have a set of financial accounts that clearly distinguishes the enterprise from their owners.

Informal employees have generally been identified in Latin America using the existence of social security contributions as an indicator of registration (Orsatti and Calle, 2003). Registration in social security thus operates as a *proxy* variable for the full compliance of the Labour Law, which regulates employees' rights, including sick leaves, vacations and annual bonuses.<sup>3</sup> Informal wage work is thus comprised of employees who work for informal sector enterprises (cell 6), as well as some who work for formal sector enterprises (cell 1) or households (cell 10). Note that the social security criterion could also be applied to own account workers and employers, who might contribute to social security by themselves, but this is not the criterion followed by the ILO, given social security does not play the *proxy* variable role indicated above.

Informal sector enterprises have been identified in some Latin American studies by establishing a certain size threshold in terms of number of workers, below which it can be assumed that separation does not hold and that the enterprise is characterized by little capital accumulation and low productivity. Alternatively, it can be operationalized by following the enterprise registration criteria (namely, establishing whether the enterprise complies with business regulatory frameworks and legislation). However household surveys typically provide no information on enterprises. In Argentina, measures of the informal sector have generally defined informal production units to be "family units" (those operated by non-professional own account workers with or without contributing family workers) and "microenterprises," defined as productive units with no more than five employees.

<sup>3</sup> Evidence supports this is the case in Argentina (MTESS/BM, 2007: 47).

## Previous Measures of the Informal Sector in Argentina

Studies of the informal sector in Argentina have emphasized its heterogeneity and have differentiated it from the traditional Latin American urban informal sector, associated with low productivity units and low-paying unstable jobs. Within the Argentine informal sector, such jobs have coexisted with relatively high-productivity units with long and stable trajectories. Small production units in the manufacturing industry, trade, and personal services accompanied Argentinean post-war development and supported the consolidation of a non-professional middle class, representing a viable way of making a living. In contrast, during the second part of the 1970s and in a context of stagnant formal employment demand, the informal sector was characterized by “refuge” behaviour, increasing its share in total employment by almost five percentage points (from 29.4% in 1975 to 34.2% in 1980) (Carpio and Novacovsky 1999:14).

A 1980 survey of independent workers (employers of microenterprises and own account workers), collected as a module of EPH in Greater Buenos Aires, illustrated this mixed picture. Half of respondents reported having been in their current occupation for at least 10 years, and a quarter for at least 20 years, while most of them were between 40 and 59 years old. Those who had entered these occupations after 1976 were mostly women (or not household heads) and engaged predominantly in trade-related activities. When compared to formal sector workers, independent workers’ average educational credentials were similar; their average income was higher, but their income distribution was less concentrated (showed greater variability) than comparable (same sector) employees. The study also reports that most of the independent workers were voluntary, in that only 7 per cent attributed the reasons for being independent to low chances of becoming an employee. Among the reasons for being independent, there were “expectations of greater income, desire for greater labour independence and desire to make better use of own qualifications” (*Dirección Nacional de Políticas y Programas Laborales* 1981: 182).

A similar survey conducted in 1988 shows relatively few changes for an economy that stagnated during that decade, probably due to the low overall productivity and the slow growth in labour force participation. However, one notable difference was that the loss of, or difficulties related to, wage jobs was the main reason cited for becoming independent. This survey also showed that 54 per cent of active independent workers did not contribute to social security (Carpio and Novacovsky 1999).

During the early 1990s the size of the informal sector increased from 35.3 per cent in 1990 to 38.5 per cent in 1993. However, the sector decreased its share of total employment from that point onwards, returning by 1998 to the 1980s’ size (29%) (Carpio and Novacovsky 1999). In a context of increasing unemployment, this trend contradicts the countercyclical role historically attributed to the informal sector – the claim that the informal sector will expand when formal employment contracts. This combination of increasing unemployment, stable informal sector employment, and increased informality among employees has been attributed to a decline in manufacturing industry microenterprise, small-scale trade activities and social services.

In 1999, Monza used an alternative definition of the informal sector, *excluding* employment in households (domestic workers), public sector employment (considered formal by definition), selected industries (assumed to be formal), high-skilled own account workers; and employees in firms other than microenterprises (irrespective of whether they were registered for social security). He also inferred the number of employers based on existing information on employees, and adjusted for hourly income. Using this (more restricted) definition and based on EPH, Monza estimated that Argentine’s urban informal sector went from 18.2 per cent of total employment in 1991 to 20.5 per cent in 1995; and declined to 19.1 per cent of total employment in 1998. These figures are close to half those presented by Carpio and Novacovsky (1999) due to the alternative definition used, but show the same upward trend in the first half of the decade and downward trend in the second half.



A study based on the 1997 *Encuesta de Desarrollo Social* (or *Social Development Survey*) shows a larger informal sector than that of the equivalent EPH-based estimations. This study found 39.9 per cent of private employment was in the informal sector. This consisted predominantly of non-professional own account workers (50.1% of those working informally) and employees in microenterprises (36.6% of those working informally). A very small percentage of these workers were recorded as microenterprise employees (7.3%) and family workers (5.8%). The authors report that although 50 per cent of all income earners in the first quintile were informal, 30 per cent were informal in the fifth quintile. Given that not all participants who work in the informal sector are found to be poor, the authors conclude that Argentina's informality remained very heterogeneous (with a quasi-formal strata within it, particularly among employers). Informal workers were mostly men (71%) and poorly educated (68% reported having less than a secondary school education). Informal sector workers reported a relatively long duration in the occupation (over 10 years) and long-working hours (Siempro 2001).

Using 1991 Census data, Beccaria, Carpio and Orsatti (1999) calculated that family units accounted for 28.4 per cent of total employment, and microenterprises represented 19.1 per cent of it, resulting in an informal sector estimate of 47.5 per cent of total employment in 1991. This estimate, like those previously mentioned, is highly dependent on the definition selected by the authors and the information source. This case represents an upper bound for informal sector size in 1991, in contrast to Monza's lower-bound estimate for that year of 18.2 per cent.

More recently, Pok and Lorenzetti (2004) elaborated a definition of informality linked to income, enterprise size, social security contributions, and type of labour contract. Based on the last non-continuous EPH observation (May 2003),<sup>4</sup> they calculate that *informal employment* reached 45.8 per cent of total urban employment. If domestic workers were added, informal employment reached 52.5 per cent of total urban employment.

Using the same sources, the Ministry of Labour estimated that non-registered wage employment comprised 53.4 per cent of total private sector employment and 10.1 per cent of public sector employment (MTESS 2004). The same study shows that a fifth of unregistered public sector employees contribute to social security themselves, as if they were own account workers. Among private sector informal workers, the study singles out three groups of informal employees, which together constitute the bulk of private informal employment: domestic workers (24%), employees in microenterprises (49%), and employees in firms other than microenterprises (27%).

Lastly, the World Bank (2006) took advantage of the 2001 Population Census information on social security payments for all individuals employed irrespective of their job status to estimate that 4 out of 10 workers in Argentina are informal. Informal employment is comprised of (in percentages of total employment): unregistered employees (21.8%); non-professional own account workers (13.5%); microenterprises' employers (3.1%); and family workers (2.4%). The 2001 Population Census is the only source of information on rural employment, which in Argentina amounts to less than 5 per cent of total employment. According to the World Bank, informality reaches 39 per cent of total employment in urban areas; 50.1 per cent in semi-rural areas and 63.9 per cent in scattered rural areas.

Although non-comparable – as the ways of defining and operationalizing informality, as well as the sources of information, have varied greatly – these studies have shown the peculiar characteristics of the informal sector in Argentina, pointing to its heterogeneity and its long-term stability. Lately, the emphasis has shifted from measuring the informal sector to measuring informal employment. According to different sources, between 40 per cent and fully half of total employment is informal in Argentina – a proportion that exceeds any previous measure of the size of the informal sector. This increase has prompted the need to understand the different dynamics that could be behind this phenomenon. The ILM module was an attempt to fill this information gap.

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<sup>4</sup> For details on EPH methods, see below.

## The Informal Labour Module (ILM)<sup>5</sup>

### The EPH

The *Encuesta Permanente de Hogares (EPH)* is the main household survey in Argentina. It is collected by the National Institute of Statistics and Census (INDEC). The EPH has been conducted regularly in Greater Buenos Aires (GBA) since 1980 and in a wider selection of urban areas of the country since 1992. Its aim is to measure changes in employment indicators, as well as to compile socio-demographic data, including gender, age, marital status, migration, and education among others. It covers 31 large urban areas which are home to 71 per cent of the Argentine urban population. Since the population share of urban areas in Argentina is 87.1 per cent, the sample of the EPH represents around 62 per cent of the total population of the country.

A major change in the EPH took place in 2003 when a new questionnaire and survey schedule were introduced. The new survey is carried out continuously over the whole year, rather than in two rounds (May and October) like the old EPH. The new questionnaire improved the way the survey captures the job category, and the reporting of labour variables and incomes.

The EPH collects information on variables relevant for identifying and characterizing informal employment. In particular, EPH provides important information on the characteristics of employment (job status in employment, qualifications, monthly earnings), and of employer enterprises (size and industry). From the 1980s, information has been collected on social security contributions, allowing differentiation between registered and non-registered employees.

In 2003, EPH improved the collection of variables that help characterize independent workers, including information on their expenditures and capital, the number and kind of clients they cater to, the legal status of enterprise, and the existence of partners. It however does not collect information on the registration status of independent workers, nor on their enterprises' compliance with existing business regulations.

Also in 2003, EPH expanded the information it collects on employees, in particular the type of contract (whether employees were on probation<sup>6</sup> or provided with on-the-job training); and type of employer (private enterprise, the state, or households). The EPH also expanded the information it provides on domestic workers, who are by definition considered employees (INDEC 2003).

### The Methodological Approach in the Informal Labour Module

The ILM was collected as a module of the EPH in the last quarter of 2005. It was administered to all the employed (irrespective of their status in employment).

The objectives of the Informal Labour Module were:

- a) to inform debate and policy on informal employment in Argentina;
- b) to characterize informal employment, particularly through tackling the extent and reasons for informal wage employment;
- c) to understand the various ways in which the formality of the production unit relates to the formality of employment.

Conceptually, the ILM follows the new ILO framework for identifying informal employment based on the type of *production unit* (the rows in Figure 1) and the characteristics of *job status in employment* (the columns in Figure 1).

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<sup>5</sup> For a detailed discussion on the ILM design issues, see Esquivel (2006).

<sup>6</sup> During the first three months of any new wage job, employees are on probation and can be dismissed with lower costs than would be incurred in standard employment relationships.

The main innovation of the ILM is the characterization of the formality of the *production unit* (formal and informal enterprises, and households) for which workers work. This posed a particularly challenging endeavour in a module attached to a labour force survey in which workers, but not enterprises, are the unit of analysis. The ILM relies on the knowledge workers have of the characteristics of the enterprise they work for, even though employees might have only a very general sense of whether the enterprises are formal or not.

In the case of employees working for private enterprises, the existence of a set of accounts (or whether the enterprise uses some accountancy service), and the question of whether the enterprise provides receipts when selling its product (i.e. an indication that the enterprise pays value added tax) were used as a proxy for enterprise formality (the fact that the enterprise complies with business regulations and does not evade business taxes). Informal private enterprises were those in which none of these proxies had a positive answer, and where *no employees* were registered with social security.

In the case of employees working for public sector institutions, it was assumed that these production units (whether enterprises or not) are formal by definition. Following Figure 1, households that employ domestic workers are a separate type of productive units (neither formal nor informal enterprises).

In the case of independent workers, the question on the formality of the production unit was directly posed to own account workers and employers, although in very schematized terms. A set of pre-established answers was offered to respondents in order to identify whether the enterprise had been registered and regularly paid business taxes (“I registered the enterprise and regularly pay;” “I registered the enterprise but I do not regularly make payments;” “I never registered the enterprise because...”). Only the latter (never registered) are considered informal.

As noted previously, the criterion of being registered for social security was used as a *proxy* for compliance with labour regulations and therefore as the main variable to identify informal wage work. The same criterion was applied to own account workers and employers with respect to themselves, also as a *proxy* variable but in this case for their compliance with business regulations. In Argentina, own account workers and employers in small businesses can pay a fixed rate with thresholds, depending on the size of their businesses (measured by annual sales). This “unique tax” (“*Monotributo*”) covers these workers’ social security payments, health, and business taxes. (Bigger businesses pay their social security contributions and business taxes separately.) Therefore, the formality of the enterprise was also approached by identifying whether independent workers regularly make social security payments (“Do you pay your social security contributions...?”; With “*Monotributo*?”; “On your own?”; “You don’t pay because...?”). If independent workers did not make these payments (i.e. if they regularly evaded their social security and business tax obligations) they, as well as their businesses, were considered informal.

The EPH questionnaire is designed according to status in employment (employers, own account workers, employees and family workers), and information on each is collected through different “tracks.” The ILM consisted of two modules, designed to match these tracks. Module “A” was administered to independent workers – employers, own account workers and own account workers who work for a single “client.”<sup>7</sup> Module “B” was administered to employees with specific questions depending on whether they were registered or not.

Both modules follow the same structure: i) identification and specific questions; ii) motivations to be employee/independent; iii) questions related to the productive unit, which in the case of independent workers included information regarding the origin of the enterprise, its development and perspectives; iv) worker social security status.<sup>8</sup>

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<sup>7</sup> These workers, typically subcontractors, are considered “masked” informal employees by EPH.

<sup>8</sup> Each module also included a section on “transitions,” aimed at replacing the lack of long-term panel data. The analysis of that section is beyond the scope of this report.

## The Informal Labour Module as a Tool to Inform the Debate Around Informality in Argentina

The previous analysis, summarized above, indicated that *informal employment* in Argentina is a pervasive and multifaceted phenomenon that extends beyond what could be safely attributed to the employment generated by the *informal sector*. There are, however, competing views about why informal employment is so prevalent in Argentina, and therefore about appropriate policy responses.

Many have argued that informal wage employment within the formal sector is caused by excessive labour regulations and high labour taxes (including social security contributions). It should be noted that within the Argentinean labour regulatory framework, employers are responsible for paying both employees' contributions to social security on their behalf (which are "deducted" from wages) and employers' contributions to social security, as well as for paying other labour taxes (which are calculated based on wages).<sup>9</sup> In other words, employees cannot pay their social security contributions themselves. The supporters of the view that social security payments are "too high" would see the avoidance of social security and other wage-related payments as representing the outcome of a negotiation between employers and employees, with the latter sacrificing their labour rights in exchange for higher wages.

For this reason, a specific question on whether such negotiation had taken place at the onset of the employment relationship was introduced in the ILM (Module "B"). Almost all (95%) of informal employees reported that they had no choice but to accept informal working conditions in order to get their jobs (MTESS/BM 2007:48). Thus, according to the ILM, there is no evidence whatsoever that informal employment is related to a bargain in which employees trade labour protection for higher wages. Moreover, there is ample literature showing that in Argentina, lack of registration is the main dimension that explains *lower* hourly wages and earnings among employees, both in the case of women and of men (see for example Beccaria et al. 2005; Esquivel 2007; and section 7, below).

Regarding the *informal sector*, all previous analyses stressed its heterogeneity, and the fact that it is not necessarily linked to poverty in the Argentinean context. At the same time, all previous measures of the informal sector had been indirect, resorting to variables other than the registration of the enterprise to identify the informal sector, due to lack of data. The ILM allows testing of the overlap between the formality of the enterprise and the dimensions traditionally used to approach it – in particular, enterprise size, and employers' and own account workers' formal qualifications. Evidence collected by the ILM generally supports such overlap, although with a relatively high error margin. Only 30.8 per cent of unskilled/semi-skilled own account workers are formal, while this proportion reaches 63.1 per cent among skilled/professional own account workers and 88.5 per cent among employers (Apella and Casanova 2008: 130).

Apella and Casanova (2008: 142 – 145) find that formality among independent workers is positively related to: being male, older and more educated; being an employer (as opposed to being own account worker); working in commerce or services (but not in manufacturing industry, agriculture or in other sectors); having longer years of service in the occupation; and satisfaction with being independent (as opposed to the desire to be an employee). Being a formal independent worker is also strongly and positively related to labour income.

In the same vein, Waisgrais and Sarabia (2008: 188) find two groups among informal independent workers. One is formed predominantly by male migrants, those who live in the city outskirts, those with very

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<sup>9</sup> Note that it is not possible to pay social security contributions but not to pay other wage-related taxes. If social security contributions are paid, all other contributions are paid as well.

low educational credentials, and those with low skills. For this group of workers, informality and poverty are strongly related, and being an informal independent worker becomes the only alternative to unemployment, given their limited chances of finding a wage job. The other group is formed predominantly by women, who live in the city of Buenos Aires, are skilled and hold university degrees. In this case, informality is not associated with poverty, but with other reasons. The authors speculate that these workers are “at the margin of informality” – i.e., they are similar to formal independent workers and could easily become formal (Waisgrais and Sarabia 2008: 203).

These results support the view that policy measures should differ according to these different groups of informal independent workers within the informal sector. For those on the verge of poverty, simplified tax and social security contributions schemes have been implemented. For those “at the margin of formality,” improved tax controls have been suggested. The ILM has also helped envision policies directed towards sectors where a particularly high incidence of informality was reported, for example in construction, transportation and commerce (Novick et al. 2008; Waisgrais and Sarabia 2008).

# Informal Employment in Greater Buenos Aires (2005)

None of the analyses based on the information provided by the ILM reviewed in the previous section focused explicitly on the gender dimensions of informality, even though gender proved a significant dimension to explain both the incidence of informality and the different characteristics of informal workers. Thus, sections 5, 6 and 7 in this report complement published analyses by presenting sex-disaggregated tables describing women's and men's informality profiles and sex-disaggregated multivariate analyses of labour earnings.

## Overview

Informal employment is an extensive phenomenon in Greater Buenos Aires. Forty-five percent of its 5.3 million workers are informal, as per the information collected by the ILM module in 2005. Informal employment is far more extensive than employment in the *informal sector*, which explained 20 per cent of total employment. In other words, less than *half* of all informal employment was found in the informal sector. Almost 7 out of 10 workers work for formal production units, as defined by the proxy variables used in the ILM. But working for a formal production unit does not guarantee being a formal worker: following the same example, roughly five out of these seven workers are formal, but two workers are not, even when the production unit they work for is formal. Lastly, as much as 8.2 per cent of workers in Greater Buenos Aires work for households. As is clear from Table 1, almost all of these workers are informal, and women.

**Table 1: The Informal Economy. Greater Buenos Aires 2005**

Workers	Production Units									
	Formal		Informal		Households		Not classified		Total	
	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons
<b>Total</b>										
Formal	52.1	2,749,877	0.0	-	0.3	16,222*	0.9	48,843	53.3	2,814,942
<b>Informal</b>	<b>13.7</b>	<b>724,282</b>	<b>19.9</b>	<b>1,049,164</b>	<b>7.9</b>	<b>418,341</b>	<b>3.6</b>	<b>192,289</b>	<b>45.1</b>	<b>2,384,076</b>
Not classified	-	-	-	-	-	-	1.6	83,686	1.6	83,686
<b>TOTAL</b>	<b>65.8</b>	<b>3,474,159</b>	<b>19.9</b>	<b>1,049,164</b>	<b>8.2</b>	<b>434,563</b>	<b>6.1</b>	<b>324,818</b>	<b>100.0</b>	<b>5,282,704</b>
<b>Men</b>										
Formal	54.2	1,671,328	-	-	0.1	2,495*	1.3	40,705*	55.6	1,714,528
<b>Informal</b>	<b>13.7</b>	<b>421,720</b>	<b>24.0</b>	<b>738,762</b>	<b>1.1</b>	<b>33,454</b>	<b>3.7</b>	<b>112,893</b>	<b>42.4</b>	<b>1,306,829</b>
Not classified	-	-	-	-	-	-	2.0	63,097	2.0	63,097
<b>TOTAL</b>	<b>67.9</b>	<b>2,093,048</b>	<b>24.0</b>	<b>738,762</b>	<b>1.2</b>	<b>35,949</b>	<b>7.0</b>	<b>216,695</b>	<b>100.0</b>	<b>3,084,454</b>
<b>Women</b>										
Formal	49.1	1,078,549	-	-	0.6	13,727*	0.4	8,138*	50.1	1,100,414
<b>Informal</b>	<b>13.8</b>	<b>302,562</b>	<b>14.1</b>	<b>310,402</b>	<b>17.5</b>	<b>384,887</b>	<b>3.6</b>	<b>79,396</b>	<b>49.0</b>	<b>1,077,247</b>
Not classified	-	-	-	-	-	-	0.9	20,589*	0.9	20,589*
<b>TOTAL</b>	<b>62.8</b>	<b>1,381,111</b>	<b>14.1</b>	<b>310,402</b>	<b>18.1</b>	<b>398,614</b>	<b>4.9</b>	<b>108,123</b>	<b>100.0</b>	<b>2,198,250</b>

Source: EPH/ILM, IV Quarter 2005. Note: (\*) Coefficients of variation equal or greater than 20 per cent.

Women's and men's informality profiles differ somewhat. Women are more likely to be in informal employment than men: *half* of women workers are informal workers, while this proportion is 42 per cent

for men. More than one third of informal female workers are domestic workers employed by households; and roughly one sixth works each for formal (13.8%) or informal enterprises (14.1%). Men's informal employment is more related to informal production units than women's, as over half of all informal male workers work for informal enterprises (Table 1).

Table 2 shows the high proportion of wage work that characterizes employment in Greater Buenos Aires. Seventy-five percent of all workers are employees, a proportion that reaches 78.6 per cent among women. There are few employers (3.5%, most of whom are men) and very few unpaid family workers (1.1%, almost all of whom are women).

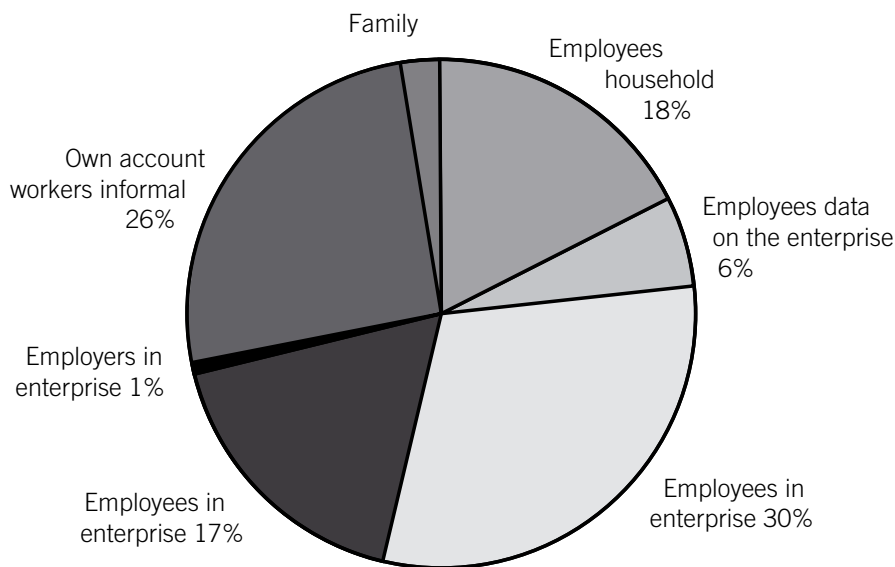
**Table 2: Employment by Job Category, Formality, and Sex. Greater Buenos Aires 2005**

Job category	Workers							
	Formal		Informal		Not specified		Total	
	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons
<b>Total</b>								
<b>Employees</b>	42.9	2,263,766	32.0	1,692,779	-	-	74.9	3,956,545
<b>Independent workers</b>								
<b>Employers</b>	2.9	154,735	0.4	20,103*	0.2	10,594*	3.5	185,432
<b>Own account workers</b>	7.5	396,441	11.6	614,900	1.4	73,092	20.5	1,084,433
<b>Family workers</b>	-	-	1.1	56,294	-	-	1.1	56,294
<b>TOTAL</b>	53.3	2,814,942	45.1	2,384,076	1.6	83,686	100.0	5,282,704
<b>Men</b>								
<b>Employees</b>	43.3	1,336,555	28.9	892,765	-	-	72.3	2,229,320
<b>Independent workers</b>								
<b>Employers</b>	4.0	121,876	0.5	14,949*	0.3	9,260*	4.7	146,085
<b>Own account workers</b>	8.3	256,097	12.4	381,954	1.7	53,837	22.4	691,888
<b>Family workers</b>	-	-	0.6	17,161*	-	-	0.6	17,161*
<b>TOTAL</b>	55.6	1,714,528	42.4	1,306,829	2.0	63,097	100.0	3,084,454
<b>Women</b>								
<b>Employees</b>	42.2	927,211	36.4	800,014	-	-	78.6	1,727,225
<b>Independent workers</b>								
<b>Employers</b>	1.5	32,859*	0.2	5,154*	0.1	1,334*	1.8	39,347*
<b>Own account workers</b>	6.4	140,344	10.6	232,946	0.9	19,255*	17.9	392,545
<b>Family workers</b>	-	-	1.8	39,133*	-	-	1.8	39,133*
<b>TOTAL</b>	50.1	1,100,414	49.0	1,077,247	0.9	20,589*	100.0	2,198,250

Source: EPH/ILM, IV Quarter 2005. Note: (\*) Coefficients of variation equal or greater than 20 per cent.

Given the high proportion of wage employment, it is not surprising that almost three quarters of informal employment is informal wage employment (71%), while the remaining quarter is explained primarily by own account workers (26%) (Figure 2). As much as 30 per cent of informal employment (and close to half of all informal wage employment) is wage employment in *formal* production units. Therefore, almost a third of all informal employment is generated by enterprises that comply with some of their business and tax regulations, but who evade their (and their employees') contributions to social security and related labour tax obligations. In contrast, 44 per cent of informality is explained by independent workers (27%) and employees (17%) who own or work for production units that do not comply with any regulations. The fact that almost a fifth of informal employment is generated by households adds to this complexity, as the policy initiatives to bring protection to workers are potentially different for these three types of informal workers.

**Figure 2: Informal Employment, by Job Category and Type of Production Unit**



Source: EPH/ILM, IV Quarter 2005.

Table 2 also highlights that the distribution of informal employees and informal independent workers differs for women and men. Women are more likely than men to be informal employees – 36 per cent of women workers compared to 28.9 per cent of men, a fact that is partly explained by the weight of informal domestic work (see below). Men, on the other hand, are more likely to be informal own account workers than women. Note that employers are more likely to be formal than own account workers. Regrettably, that does not guarantee that their enterprises offer formal employment opportunities.

## Formal and Informal Employees

From the previous account, it is clear that a substantial share of informal employment is explained by informal wage employment, i.e. employees who are not protected by labour regulations because they are not registered for social security. Forty-three per cent of employees are informal, a proportion that reaches 46 per cent among female employees, and 40 per cent among male employees. Informal wage employment in informal production units is more prevalent among men (15.3%) than among women (4.2%). While both women and men employees are equally likely to be informal in formal production units (between 17.5% and 18.9%), informality among female employees is in part explained by domestic work (employees who work for households).



**Table 3: Formal and Informal Employees, by Sex**

Employees	Women		Men		Total	
	%	Number of persons	%	Number of persons	%	Number of persons
Formal in formal production units	52.4	905,346	58.0	1,293,355	55.6	2,198,701
Formal (production unit n.e.c.)	0.5	8,138 *	1.8	40,705	1.2	48,843
Formal in households	0.8	13,727 *	0.1	2,495 *	0.4	16,222 *
Informal in formal production units	17.5	302,562	18.9	421,720	18.3	724,282
Informal in informal production units	4.2	72,302	15.3	341,859	10.5	414,161
Informal (production unit n.e.c.)	2.3	40,263	4.3	95,732	3.4	135,995
Informal in households	22.3	384,887	1.5	33,454 *	10.6	418,341
<b>TOTAL</b>	<b>100.0</b>	<b>1,727,225</b>	<b>100.0</b>	<b>2,229,320</b>	<b>100.0</b>	<b>3,956,545</b>

Source: EPH/ILM, IV Quarter 2005. Note: (\*) Coefficients of variation equal or greater than 20 per cent.

As shown in Table 4, 91 per cent of employees in households are women, and 97 per cent of these women are domestic workers. Almost all of these domestic workers (96.6%) are informal. In 95 per cent of cases, their job is unskilled, and 20 per cent of them have not completed primary school, while 40 per cent have only completed primary school. The explanation behind the high incidence of informality among domestic workers is complex; it is as much related to the weak position of domestic workers to negotiate working conditions with the employer household as it is to an outdated and discriminatory regulation framework for domestic work, which grants fewer rights than the Labour Law – thus reinforcing lack of registration.<sup>10</sup>

**Table 4: Employees in Households, by Occupation and Sex**

Occupation	Employees in households					
	Formal		Informal		Total	
	%	Number of persons	%	Number of persons	%	Number of persons
<b>Total</b>						
Domestic service	3.2	13,727*	90.0	390,968	93.1	404,695
Other	0.6	2,495*	6.3	27,373*	6.9	29,868 *
<b>TOTAL</b>	<b>3.7</b>	<b>16,222*</b>	<b>96.3</b>	<b>418,341</b>	<b>100.0</b>	<b>434,563</b>
<b>Men</b>						
Domestic service	-	-	46.0	16,528*	46.0	16,528 *
Other	6.9	2,495*	47.1	16,926*	54.0	19,421 *
<b>TOTAL</b>	<b>6.9</b>	<b>2,495*</b>	<b>93.1</b>	<b>33,454*</b>	<b>100.0</b>	<b>35,949 *</b>
<b>Women</b>						
Domestic service	3.4	13,727*	93.9	374,440	97.4	388,167
Other	-	-	-	10,447*	2.6	10,447 *
<b>TOTAL</b>	<b>3.4</b>	<b>13,727*</b>	<b>93.9</b>	<b>384,887</b>	<b>100.0</b>	<b>398,614</b>

Source: EPH/ILM, IV Quarter 2005. Note: (\*) Coefficients of variation equal or greater than 20 per cent.

<sup>10</sup> In Argentina, domestic work is regulated by the Domestic Service Personnel Statute (Decree 326/1956). This statute covers employees' working period of one month or more, at least four hours per day and no less than four days per week for the same employer. Workers below this threshold are not considered employees but, rather, own account workers, and their employers are not required to register them. The labour rights granted to domestic workers within this legal framework are not on a par with other employees. At best, their rights are only a portion of those granted to formal employees, as is the case with severance pay, sick leaves, and annual vacations. To make matters worse, domestic workers completely lack some important rights, like the right to state-funded maternity leave and to family allowances. This makes them particularly vulnerable when they become pregnant or have children (Esquivel 2010).

Table 5 summarizes the industry distribution of formal and informal employees who work for production units (including public sector administration but excluding households). (All percentages are calculated in terms of the overall total for women, and men.) Overall, disregarding the formal/informal distinction, employees work primarily in manufacturing and electricity (20%), trade (15.1%), financial sector (11.6%), education (8.9%), and public administration (7.9%). Men are more prevalent in manufacturing and electricity (23.1%), trade (16.1%), transport (12%), financial sector (10.2%), and construction (9.7%). In contrast, women are prominent in care-related sectors with a high component of public employment, such as education (17.7%) and health and social services (13.1%). Women also commonly working in the financial sector (14.1%), in manufacturing and electricity (14.1%), and in trade (13.3%).

These differences in the industry distribution of wage work contribute to differing informality profiles between women and men. The exclusion of domestic work, and the focus on production units, “improves” females employees’ profile, as 70 per cent of them are formal in formal production units – precisely those who work in education, the financial sector, manufacturing and electricity, and public administration. Female employees are more likely to be informal if they work in trade, in manufacturing, and in community services – all sectors with relatively higher informality incidence. Noticeably, informality among female employees is more linked to the lack of labour registration in formal production units (23.6%) than to being clustered in non-registered, informal production units (5.6%).

Male employees working in production units are more informal than their female counterparts, as only 59 per cent are formal working in formal units. These formal male workers work in formal production units in manufacturing and electricity (14.7%), and in trade (7.8%), the financial sector (7.2%) and public administration (7%). The first two industries also concentrate informal male employees working in formal production units. In contrast, *a third* of all male employees working in informal production units do so in construction (5.3%) – an almost completely male sector that mirrors women’s domestic work, as its regulation provides less protection than the Labour Law.<sup>11</sup> Transport (3.2%) and trade (2.9%) are also prevalent among the industries which offer employment in informal sector units.

Table 6 looks again at formal and informal employees who work for production units (including public sector administration but excluding households), this time focusing on job skills. Although job skills are a job characteristic, they parallel to some extent workers’ educational attainment (see section 6). Over a third of women employees but only a quarter of male employees hold professional or skilled jobs. Approximately three quarters of them are formal, while the remaining quarter is informal in formal production units. In contrast, almost all informal men and women employees working in informal production units hold semi-skilled or not-skilled jobs.

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<sup>11</sup> Construction workers can be dismissed at any time, without the right to severance pay established by the Labour Law. Instead, once dismissed, they have the right to withdraw a sum of money that employers deposit monthly in an individual account (12% of workers’ wage).

**Table 5: Industry Distribution of Employees, by Type of Production Unit and Sex**

Industry	Formal in formal production units		Formal (production unit not classified)		Informal in formal production units		Informal in informal production units		Informal (production unit not classified)		Total	
	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons
<b>Total</b>												
Agriculture and mining	0.5	16,811*	-	-	0.2	5,315*	0.1	3,253*	-	-	0.7	25,379*
Manufacturing and electricity	12.1	427,233	0.2	8,777*	4.2	149,254	2.2	77,959	1.2	42,381	20.0	705,604
Construction	1.7	60,439	0.2	5,675*	0.7	25,511*	3.3	117,307	0.4	12,372*	6.3	221,304
Wholesale/retail trade	7.2	252,559	0.3	9,654*	4.5	158,778	2.3	80,928	0.8	28,372*	15.1	530,291
Hotels and restaurants	2.6	91,659	0.1	3,165*	1.5	52,060	0.3	11,983*	0.3	9,563*	4.8	168,430
Transport	4.7	166,956	0.1	3,685*	1.8	63,597	2.1	73,467	0.5	17,257*	9.2	324,962
Financial	8.1	286,464	0.2	5,299*	2.5	89,380	0.6	20,106*	0.2	6,470*	11.6	407,719
Public administration	7.0	244,924	-	-	0.9	30,260*	0.1	3,186*	-	-	7.9	278,370
Education	8.3	291,514	-	-	0.5	18,384*	0.1	2,667*	0.0	1,239*	8.9	313,804
Health and social services	4.9	172,299	0.1	2,382*	1.6	56,648	0.1	3,412*	0.0	1,282*	6.7	236,023
Other community services	4.3	150,012	0.2	8,116*	1.9	66,929	0.5	17,141*	0.4	12,690*	7.2	254,888
Other	0.5	17,926*	-	-	0.1	5,011*	0.1	2,752*	-	-	0.7	25,689*
Missing industry	0.6	19,905*	0.1	2,090*	0.1	3,155*	0.0	-	0.1	4,369*	0.8	29,519*
<b>TOTAL</b>	<b>62.4</b>	<b>2,198,701</b>	<b>1.4</b>	<b>48,843</b>	<b>20.6</b>	<b>724,282</b>	<b>11.8</b>	<b>414,161</b>	<b>3.9</b>	<b>135,995</b>	<b>100.0</b>	<b>3,521,982</b>
<b>Men</b>												
Agriculture and mining	0.4	9,033*	-	-	0.2	5,315*	0.1	2,147*	-	-	0.8	16,495*
Manufacturing and electricity	14.7	322,838	0.3	7,290*	4.5	99,431	2.3	51,049	1.1	25,110*	23.1	505,718
Construction	2.3	50,974	0.3	5,675*	1.2	25,511*	5.3	117,307	0.6	12,372*	9.7	211,839
Wholesale/retail trade	7.8	170,307	0.4	9,654*	4.0	86,710	2.9	64,000	1.0	21,574*	16.1	352,245
Hotels and restaurants	2.7	58,691	0.1	3,165*	1.5	32,408*	0.3	7,395*	0.2	4,856*	4.9	106,515
Transport	5.6	122,198	0.2	3,685*	2.3	49,922	3.2	71,109	0.8	17,257*	12.0	264,171
Financial	7.2	157,895	0.2	3,772*	2.1	45,475	0.5	11,122	0.3	6,470*	10.2	224,734
Public administration	7.0	154,128	-	-	0.7	15,494*	0.1	1,593*	-	-	7.8	171,215

Table 5 continued

Industry	Formal in formal production units		Formal (production unit not classified)		Informal in formal production units		Informal in informal production units		Informal (production unit not classified)		Total	
	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons
<b>Men (contd.)</b>												
Education	3.4	74,891	-	-	0.3	7,391 *	0.1	2,667 *	-	-	3.9	84,949
Health and social services	2.2	48,674 *	-	-	0.9	18,731 *	0.0	1,033 *	-	-	3.1	68,438
Other community services	4.5	98,967	0.2	5,374 *	1.3	28,386 *	0.4	9,685 *	0.3	6,640 *	6.8	149,052
Other	0.8	16,587 *	-	-	0.2	5,011 *	0.1	2,752 *	-	-	1.1	24,350 *
Missing industry	0.4	8,172 *	0.1	2,090 *	0.1	1,935 *	-	-	0.1	1,453 *	0.6	13,650 *
TOTAL	59.0	1,293,355	1.9	40,705	19.2	421,720	15.6	341,859	4.4	95,732	<b>100.0</b>	2,193,371
<b>Women</b>												
Agriculture and mining	0.6	7,778 *	-	-	-	-	0.1	1,106 *	-	-	0.7	8,884 *
Manufacturing and electricity	8.1	104,395	-	-	3.9	49,823	2.1	26,910 *	-	-	14.1	181,128
Construction	0.7	9,465 *	-	-	-	-	-	-	-	-	0.7	9,465 *
Wholesale/retail trade	6.4	82,252	-	-	5.6	72,068	1.3	16,928 *	-	-	13.3	171,248
Hotels and restaurants	2.6	32,968 *	-	-	1.5	19,652 *	0.4	4,588 *	-	-	4.5	57,208
Transport	3.5	44,758	-	-	1.1	13,675 *	0.2	2,358 *	-	-	4.7	60,791
Financial	10.0	128,569	-	-	3.4	43,905	0.7	8,984 *	-	-	14.1	181,458
Public administration	7.1	90,796	-	-	1.2	14,766 *	0.1	1,593 *	-	-	8.3	107,155
Education	16.9	216,623	-	-	0.9	10,993 *	-	-	-	-	17.7	227,616
Health and social services	9.6	123,625	0.2	2,382 *	3.0	37,917 *	0.2	2,379 *	0.1	1,282 *	13.1	167,585
Other community services	4.0	51,045	-	-	3.0	38,543 *	0.6	7,456 *	-	-	7.6	97,044
Other	0.1	1,339 *	-	-	-	-	-	-	-	-	0.1	1,339 *
Missing industry	0.9	11,733 *	-	-	0.1	1,220 *	-	-	-	-	1.0	12,953 *
TOTAL	70.5	905,346	0.2	2,382	23.6	302,562	5.6	72,302	0.1	1,282	<b>100.0</b>	1,283,874

Source: EPH/ILM, IV Quarter 2005. Note: (\*) Coefficients of variation equal or greater than 20 per cent.

**Table 6: Job Qualification of Employees, by Type of Production Unit and Sex**

Job qualification	Formal in formal production units		Formal (production unit not classified)		Informal in formal production units		Informal in informal production units		Informal (production unit not classified)		Total	
	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons
<b>Total</b>												
Professional	6.9	244,272	0.0	1,527 *	1.8	62,525	0.1	2,624 *	0.1	2,569 *	8.9	313,517
Skilled	13.7	483,405	0.2	6,053 *	2.2	76,345	0.5	16,359 *	0.3	9,053 *	16.8	591,215
Semi-skilled	32.9	1,159,838	0.8	28,253 *	10.5	371,366	7.5	265,648	2.0	71,985	53.9	1,897,090
Not skilled	8.4	296,898	0.3	12,212 *	6.1	214,046	3.7	129,530	1.3	44,070	19.8	696,756
Other (not specified)	0.4	14,288 *	0.0	798 *	-	-	-	-	0.2	8,318 *	0.7	23,404
TOTAL	62.4	2,198,701	1.4	48,843	20.6	724,282	11.8	414,161	3.9	135,995	100.0	3,521,982
<b>Men</b>												
Professional	6.4	140,003	-	-	1.6	33,998 *	-	-	0.1	1,287 *	8.0	175,288
Skilled	9.1	198,651	0.2	3,671 *	1.7	38,351 *	0.5	11,023 *	0.4	7,814 *	11.8	259,510
Semi-skilled	36.0	788,570	1.2	26,746 *	10.5	229,579	10.3	226,719	2.5	53,795	60.4	1,325,409
Not skilled	7.1	155,683	0.4	9,490 *	5.5	119,792	4.7	104,117	1.3	27,434 *	19.0	416,516
Other (not specified)	0.5	10,448 *	0.0	798 *	-	-	-	-	0.2	5,402 *	0.8	16,648
TOTAL	59.0	1,293,355	1.9	40,705	19.2	421,720	15.6	341,859	4.4	95,732	100.0	2,193,371
<b>Women</b>												
Professional	7.8	104,269	0.1	1,527 *	2.1	28,527 *	0.2	2,624 *	0.1	1,282 *	10.4	138,229
Skilled	21.4	284,754	0.2	2,382 *	2.9	37,994 *	0.4	5,336 *	0.1	1,239 *	25.0	331,705
Semi-skilled	27.9	371,268	0.1	1,507 *	10.7	141,787	2.9	38,929 *	1.4	18,190 *	43.0	571,681
Not skilled	10.6	141,215	0.2	2,722 *	7.1	94,254	1.9	25,413 *	1.3	16,636 *	21.1	280,240
Other (not specified)	0.3	3840 *	-	-	-	-	-	-	0.2	2,916 *	0.5	6,756 *
TOTAL	68.1	905,346	0.6	8,138 *	22.8	302,562	5.4	72,302	3.0	40,263	100.0	1,328,611

Source: EPH/ILM, IV Quarter 2005. Note: (\*) Coefficients of variation equal or greater than 20 per cent.

Table 7 summarizes the distribution of hours worked by formal and informal employees (reported number of hours worked per week in the person's main job), according to the type of production unit that employs them. A relatively high proportion of employees work a full working week (from 35 to 45 hours) (36.5%). However, the distribution of hours worked varies by gender. Men tend to be overrepresented among those who work long hours: 30.9 per cent of men work from 46 to 60 hours a week, and a further 14.8 per cent over 60 hours a week. The distribution of women's workers hours, in contrast, is skewed towards shorter hours, as 28.5 per cent of them work from 15 to 34 hours a week. Hours worked are generally shorter for informal workers than formal workers. A small number of informal female employees in formal production units work less than 15 hours a week (5.2% of all female employees). Among informal men, those who work shorter hours (less than the regulated working week) work for both formal and informal production units.

Table 7: Hours Worked by Employees, by Type of Production Unit and Sex

Hours worked	Formal in formal production units		Formal (production unit not classified)		Informal in formal production units		Informal in informal production units		Informal (production unit not classified)		Total	
	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons
<b>Total</b>												
Up to 14 hours	3.8	134,867	0.0	1,507*	2.8	98,096	1.2	43,767	0.4	13,773*	8.3	292,010
From 15 to 34 hours	9.3	327,905	0.2	6,494*	5.6	198,176	2.6	93,218	0.7	24,818*	18.5	650,611
From 35 to 45 hours	26.9	945,894	0.3	10,211*	5.3	186,907	2.8	99,576	1.2	42,889	36.5	1,285,477
From 46 to 60 hours	17.0	598,421	0.7	24,467*	4.6	162,655	2.5	87,984	0.9	32,394*	25.7	905,921
60 hours or more	5.4	190,319	0.2	6,164*	2.1	74,196	2.5	89,616	0.5	16,159*	10.7	376,454
Unknown	0.0	1,295*	-	-	0.1	4,252*	-	-	0.2	5,962*	0.3	11,509*
TOTAL	62.4	2,198,701	1.4	48,843	20.6	724,282	11.8	414,161	3.9	135,995	100.0	3,521,982
<b>Men</b>												
Up to 14 hours	2.5	55,381	0.1	1,507*	1.3	28,945*	1.4	31,139*	0.4	8,731*	5.7	125,703
From 15 to 34 hours	4.2	91,071	0.2	3,991*	4.5	98,532	3.0	65,718	0.6	12,157*	12.4	271,469
From 35 to 45 hours	24.4	535,721	0.4	8,684*	5.4	119,009	3.9	84,845	1.8	38,870*	35.9	787,129
From 46 to 60 hours	20.4	446,901	0.9	20,359*	4.9	107,819	3.8	83,274	0.9	20,194*	30.9	678,547
60 hours or more	7.5	164,281	0.3	6,164*	3.0	64,804	3.5	76,883	0.6	12,734*	14.8	324,866
Unknown	-	-	-	-	0.1	2,611*	-	-	0.1	3,046*	0.3	5,657*
TOTAL	59.0	1,293,355	1.9	40,705	19.2	421,720	15.6	341,859	4.4	95,732	100.0	324,866
<b>Women</b>												
Up to 14 hours	6.0	79,486	-	-	5.2	69,151	1.0	12,628*	0.4	5,042*	12.5	166,307
From 15 to 34 hours	17.8	236,834	0.2	2,503*	7.5	99,644	2.1	27,500*	1.0	12,661*	28.5	379,142
From 35 to 45 hours	30.9	410,173	0.1	1,527*	5.1	67,898	1.1	14,731*	0.3	4,019*	37.5	498,348
From 46 to 60 hours	11.4	151,520	0.3	4,108*	4.1	54,836	0.4	4,710*	0.9	12,200*	17.1	227,374
60 hours or more	2.0	26,038*	-	-	0.7	9,392*	1.0	12,733*	0.3	3,425*	3.9	51,588
Unknown	0.1	1,295*	-	-	0.1	1,641*	-	-	0.2	2,916*	0.4	5,852*
TOTAL	68.1	905,346	0.6	8,138*	22.8	302,562	5.4	72,302	3.0	40,263	100.0	1,328,611

Source: EPH/ILM, IV Quarter 2005. Note: (\*) Coefficients of variation equal or greater than 20 per cent.

## Formal and Informal Independent Workers

Informality among independent workers is also extensive, as it accounts for at least 50 per cent of all independent employment.<sup>12</sup> Even though women are less likely to be independent than men, they are more informal than men when they are independent (55% as compared to 47%). This is particularly the case when women are own account workers (almost 60% of whom are informal). As mentioned before, men are more likely to be employers and less likely to be informal than independent women workers. Men are also notably less prone than women to provide information on the registration of their production units: in 7.5 per cent of the cases, it was not possible to identify whether their production unit was registered.

**Table 8: Independent Workers, by Job Category and Type of Production Unit**

	Production Units							
	Formal		Informal		Not classified		Total	
	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons
<b>Total</b>								
Employers	12.2	154,735	1.6	20,103*	0.8	10,594*	14.6	185,432
Own account workers	31.2	396,441	48.4	614,900	5.8	73,092	85.4	1,084,433
TOTAL	43.4	551,176	50.0	635,003	6.6	83,686	100.0	1,269,865
<b>Men</b>								
Employers	14.5	121,876	1.8	14,949*	1.1	9,260*	17.4	146,085
Own account workers	30.6	256,097	45.6	381,954	6.4	53,837	82.6	691,888
TOTAL	45.1	377,973	47.4	396,903	7.5	63,097	100.0	837,973
<b>Women</b>								
Employers	7.6	32,859*	1.2	5,154*	0.3	1,334*	9.1	39,347*
Own account workers	32.5	140,344	53.9	232,946	4.5	19,255*	90.9	392,545
TOTAL	40.1	173,203	55.1	238,100	4.8	20,589*	100.0	431,892

Source: EPH/ILM, IV Quarter 2005. Note: (\*) Coefficients of variation equal or greater than 20 per cent.

<sup>12</sup> Production units that are not classified – the result of having not answered the specific question about registration – are quite likely also informal in the case of independent workers.



Table 9 shows that over a third of independent workers are in the trade sector (35%), with construction (14.6%), manufacturing and electricity (13.3%) and the financial sector (13.3%) being also populated sectors.

**Table 9: Industry distribution of independent workers, by type of production unit and sex**

Industry	Production units							
	Formal production units		Informal production units		Not classified		Total	
	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons
<b>Total</b>								
Agriculture and mining	0.3	3,603 *	0.3	4,242*	0.1	1,283 *	0.7	9,128 *
Manufacturing and electricity	6.0	75,832	5.7	71,751	1.7	21,015 *	13.3	168,598
Construction	3.0	37,536 *	10.7	136,475	0.9	11,691 *	14.6	185,702
Wholesale/retail trade	12.9	163,443	20.3	257,901	1.8	22,620 *	35.0	443,964
Hotels and restaurants	1.6	20,020 *	1.1	14,155*	0.3	3,737 *	3.0	37,912 *
Transport	3.1	39,268 *	1.7	21,204*	0.4	4,849 *	5.1	65,321
Financial	10.1	127,791	2.9	36,372*	0.4	5,156 *	13.3	169,319
Public administration	-	-	-	-	-	-	-	-
Education	0.7	9,476 *	2.8	36,054*	0.3	3,856 *	3.9	49,386
Health and social services	3.4	43,531	0.1	1,401*	-	-	3.5	44,932
Domestic service	-	-	0.8	10,310*	0.1	1,380 *	0.9	11,690 *
Other community services	2.4	30,676 *	3.6	45,138	0.5	6,641 *	6.5	82,455
Other	-	-	-	-	-	-	-	-
Missing industry	-	-	-	-	0.1	1,458 *	0.1	1,458 *
<b>TOTAL</b>	<b>43.4</b>	<b>551,176</b>	<b>50.0</b>	<b>635,003</b>	<b>6.6</b>	<b>83,686</b>	<b>100.0</b>	<b>1,269,865</b>
<b>Men</b>								
Agriculture and mining	0.4	3,603 *	0.5	4,242*	0.2	1,283 *	1.1	9,128 *
Manufacturing and electricity	7.0	58,854	3.7	30,590*	1.6	13,440 *	12.3	102,884
Construction	4.3	36,360 *	16.0	133,982	1.4	11,691 *	21.7	182,033
Wholesale/retail trade	13.5	112,945	16.6	138,795	2.2	18,553 *	32.3	270,293
Hotels and restaurants	1.7	13,919 *	0.8	6,685*	0.4	3,737 *	2.9	24,341 *
Transport	4.3	35,741 *	2.4	19,693*	0.6	4,849 *	7.2	60,283
Financial	9.6	80,646	3.4	28,094*	0.4	3,620*	13.4	112,360
Public administration	-	-	-	-	-	-	-	-
Education	0.2	1,262 *	0.7	6,125*	-	-	0.9	7,387 *
Health and social services	1.8	14,987 *	-	-	-	-	1.8	14,987 *
Domestic service	-	-	1.2	10,310*	0.2	1,380 *	1.4	11,690 *
Other community services	2.3	19,656 *	2.2	18,387*	0.4	3,086 *	4.9	41,129
Other	-	-	-	-	-	-	-	-
Missing industry	-	-	-	-	0.2	1,458 *	0.2	1,458 *
<b>TOTAL</b>	<b>45.1</b>	<b>377,973</b>	<b>47.4</b>	<b>396,903</b>	<b>7.5</b>	<b>63,097</b>	<b>100.0</b>	<b>837,973</b>

Table 9 continued

Industry	Production units							
	Formal production units		Informal production units		Not classified		Total	
	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons
<b>Women</b>								
Agriculture and mining	-	-	-	-	-	-	-	-
Manufacturing and electricity	3.9	16,978 *	9.5	41,161	1.8	7,575 *	15.2	65,714
Construction	0.3	1,176 *	0.6	2,493 *	-	-	0.8	3,669 *
Wholesale/retail trade	11.7	50,498	27.6	119,106	0.9	4,067 *	40.2	173,671
Hotels and restaurants	1.4	6,101 *	1.7	7,470 *	-	-	3.1	13,571 *
Transport	0.8	3,527 *	0.3	1,511 *	-	-	1.2	5,038 *
Financial	10.9	47,145	1.9	8,278 *	0.4	1,536 *	13.2	56,959
Public administration	-	-	-	-	-	-	-	-
Education	1.9	8,214 *	6.9	29,929 *	0.9	3,856 *	9.7	41,999
Health and social services	6.6	28,544 *	0.3	1,401 *	-	-	6.9	29,945 *
Domestic service	-	-	-	-	-	-	-	-
Other community services	2.6	11,020 *	6.2	26,751 *	0.8	3,555 *	9.6	41,326
Other	-	-	-	-	-	-	-	-
Missing industry	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>40.1</b>	<b>173,203</b>	<b>55.1</b>	<b>238,100</b>	<b>4.8</b>	<b>20,589 *</b>	<b>100.0</b>	<b>431,892</b>

Source: EPH/ILM, IV Quarter 2005. Note: (\*) Coefficients of variation equal or greater than 20 per cent.

Independent male workers are most prominent in trade (32.3%) and in construction (21.7%), with proportions also in the financial sector (13.4%) and manufacturing and electricity (12.3%). In contrast, women who are independent workers are highly concentrated in trade (40%), and are present in substantial numbers in manufacturing (15.2%).

Informality of the production unit has differing incidence in these sectors, thus explaining the aggregate gender informality profile. Among men, approximately three quarters of independent workers in construction are informal; while only one third in manufacturing and electricity are informal. Roughly half of male independent workers in trade are informal – and of those who are informal, only one quarter are street vendors (see Table 10). In contrast, about three quarters of independent women who work in trade are informal (although not necessarily street vendors); about the same proportion in manufacturing are also informal. A surprisingly high percentage of the informal sector among independent women is in education: almost 7 per cent of all independent women are teachers and other related professions. As expected, most independent workers in the financial sector are formal.

It should be stressed that street vendors (as defined by the classification of activities) represent only 13 per cent of all independent workers in the wholesale/retail trade sector, and a mere 5 per cent of all independent workers.<sup>13</sup> Street vending is a sector dominated by men (71.2%), where most workers are informal (Table 10).

<sup>13</sup> Using the classification of activities to identify street vendors gives 42 cases (unweighted), 32 of them working in public spaces. Alternatively, there are 51 cases of independent workers in commerce who work in public spaces. I chose the first option to identify street vendors, as it is based on the description of the occupation provided by respondents.

**Table 10: Street Vendors, by Type of Production Unit and Sex**

	Production Units							
	Formal production units		Informal production units		Not classified		Total	
	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons
Men	4.5	2,639*	62.5	36,437*	4.1	2,406*	71.2	41,482
Women	2.0	1,156*	23.8	13,855*	3.1	1,780*	28.8	16,791*
TOTAL	6.5	3,795*	86.3	50,292	7.2	4,186*	100.0	58,273

Source: EPH/ILM, IV Quarter 2005. Note: (\*) Coefficients of variation equal or greater than 20 per cent.

The picture is highly heterogeneous when looking at home-based workers, identified based on the “place of work” variable (“Where do you perform your work most of the time?”). Home-based workers are independent workers who either work at home or at their associate/partner’s home. They represent only 13 per cent of all independent workers, so the figures in Table 11 should be read with caution, as indicated by the high coefficients of variation reported in most of the cells.

Compared to independent workers, home-based workers are more informal, as 60 per cent work in informal production units. Among men, a third of home-based work is performed in the trade sector; while 40 per cent of home-based female workers are subcontractors in the manufacturing industry.

**Table 11: Industry Distribution of Home-based Workers, by Type of Production Unit and Sex**

Industry	Production units							
	Formal production units		Informal production units		Not classified		Total	
	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons
<b>Total</b>								
Agriculture and mining	0.7	1,168*	-	-	0.8	1,283*	1.4	2,451*
Manufacturing and electricity	5.0	8,490*	24.8	42,308	3.1	5,290*	32.9	56,088
Construction	-	-	0.7	1,154*	-	-	0.7	1,154*
Wholesale/retail trade	3.6	6,106*	18.4	31,410*	1.3	2,276*	23.3	39,792*
Hotels and restaurants	2.2	3,748*	2.1	3,496*	-	-	4.2	7,244*
Transport	-	-	-	-	-	-	-	-
Financial	16.3	27,746*	3.7	6,262*	0.7	1,271*	20.7	35,279*
Public administration	-	-	-	-	-	-	-	-
Education	-	-	7.5	12,722*	1.4	2,403*	8.9	15,125*
Health and social services	1.5	2,558*	-	-	-	-	1.5	2,558*
Domestic service	-	-	0.7	1,261*	-	-	-	1,261*
Other community services	3.1	5,287*	2.5	4,258*	-	-	5.6	9,545*
Other	-	-	-	-	-	-	-	-
Missing industry	-	-	-	-	-	-	-	-
TOTAL	32.3	55,103	60.3	102,871	7.3	12,523*	100.0	170,497

Table 11 continued

Men								
Agriculture and mining	1.7	1,168 *	-	-	1.9	1,283 *	3.6	2,451 *
Manufacturing and electricity	3.1	2,118 *	14.5	9,810 *	2.0	1,365 *	19.7	13,293 *
Construction	-	-	1.7	1,154 *	-	-	1.7	1,154 *
Wholesale/retail trade	5.1	3,455 *	28.1	18,982 *	1.7	1,145 *	34.9	23,582 *
Hotels and restaurants	1.8	1,213 *	1.8	1,225 *	-	-	3.6	2,438 *
Transport	-	-	-	-	-	-	-	-
Financial	15.2	10,237 *	3.7	2,479 *	1.9	1,271 *	20.7	13,987 *
Public administration	-	-	-	-	-	-	-	-
Education	-	-	3.7	2,484 *	-	-	3.7	2,484 *
Health and social services	-	-	-	-	-	-	-	-
Domestic service	-	-	1.9	1,261 *	-	-	1.9	1,261 *
Other community services	5.9	3,970 *	4.4	2,950 *	-	-	10.2	6,920 *
Other	-	-	-	-	-	-	-	-
Missing industry	-	-	-	-	-	-	-	-
TOTAL	32.8	22,161 *	59.7	40,345	7.5	5,064 *	100.0	67,570
Women								
Agriculture and mining	-	-	-	-	-	-	-	-
Manufacturing and electricity	6.2	6,342 *	31.6	32,498 *	3.8	3,925 *	41.6	42,765
Construction	-	-	-	-	-	-	-	-
Wholesale/retail trade	2.6	2,651 *	12.1	12,428 *	1.1	1,131 *	15.8	16,210 *
Hotels and restaurants	2.5	2,535 *	2.2	2,271 *	-	-	4.7	4,806 *
Transport	-	-	-	-	-	-	-	-
Financial	17.0	17,509 *	3.7	3,783 *	-	-	20.7	21,292 *
Public administration	-	-	-	-	-	-	-	-
Education	-	-	9.9	10,238 *	2.3	2,403 *	12.3	12,641 *
Health and social services	2.5	2,558 *	-	-	-	-	2.5	2,558 *
Domestic service	-	-	-	-	-	-	-	-
Other community services	1.3	1,317 *	1.3	1,308 *	-	-	2.6	2,625 *
Other	-	-	-	-	-	-	-	-
Missing industry	-	-	-	-	-	-	-	-
TOTAL	32.0	32,912 *	60.8	62,526	7.2	7,459 *	100.0	102,897

Source: EPH/ILM, IV Quarter 2005. Note: (\*) Coefficients of variation equal or greater than 20 per cent.

Going back to the analysis of independent workers as a whole, Table 12 shows the qualifications profile of these workers. Compared to employees, there are more professionals among independent workers than among employees, and almost all of them are formal; the few who are not correspond to independent workers “at the margin of informality,” as described above. Informality is more prevalent among skilled independent workers, particularly among women, as half of skilled women independent workers are formal, and half informal. All unskilled independent workers and most semi-skilled workers are informal, a result that mirrors that of employees working in informal production units.

**Table 12: Job Qualification of Independent Workers, by Type of Production Unit and Sex**

Qualifications	Production units							
	Formal		Informal		Not classified		Total	
	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons
<b>Total</b>								
Professional	12.9	163,309	1.5	19,101	0.4	5,330	14.8	187,740
Skilled	12.2	154,646	7.6	96,483	1.8	22,296	21.5	273,425
Semi-skilled	17.9	226,995	36.4	462,604	3.5	45,034	57.9	734,633
Not skilled	0.3	3,795	4.5	56,815	0.5	6,901	5.3	67,511
Other (not specified)	0.2	2,431	-	-	0.3	4,125	0.5	6,556
TOTAL	43.4	551,176	50.0	635,003	6.6	83,686	100.0	1,269,865
<b>Men</b>								
Professional	12.4	103,753	1.4	11,809	0.5	3,996	14.3	119,558
Skilled	12.1	101,508	5.8	48,946	2.1	17,355	20.0	167,809
Semi-skilled	20.0	167,642	35.2	294,596	4.2	35,167	59.4	497,405
Not skilled	0.3	2,639	5.0	41,552	0.6	5,121	5.9	49,312
Other (not specified)	0.3	2,431	-	-	0.2	1,458	0.2	1,458
TOTAL	45.1	377,973	47.4	396,903	7.5	63,097	100.0	837,973
<b>Women</b>								
Professional	13.8	59,556	1.7	7,292	0.3	1,334	15.8	68,182
Skilled	12.3	53,138	11.0	47,537	1.1	4,941	24.5	105,616
Semi-skilled	13.7	59,353	38.9	168,008	2.3	9,867	54.9	237,228
Not skilled	0.3	1,156	3.5	15,263	0.4	1,78	4.2	18,199
Other (not specified)	-	-	-	-	0.6	2,667	0.6	2,667
TOTAL	40.1	173,203	55.1	238,1	4.8	20,589	100.0	431,892

Source: EPH/ILM, IV Quarter 2005. Note: (\*) Coefficients of variation equal or greater than 20 per cent.

The distribution of hours worked for independent workers shows a striking contrast with that of employees (Table 13). As expected, given the nature of these jobs, hours worked are more variable, with fewer independent workers concentrated in the “standard” working week of 35-45 hours (18%). Also, the aggregate distribution of hours worked is the result of quite different gender patterns: over half of independent women workers work less than 35 hours a week, while independent male workers (as their wage-employed counterparts) are more likely to work long hours (32.3% work over 46 hours). Among women, informal independent workers are more likely to work less than 14 hours a week, as well as to work over 60 hours a week, than formal independent workers are – the latter a possible indication of the difficulties in earning a living in informal independent work (see section 6 below). Informal independent male workers are also more likely to work shorter hours than formal independent men: almost half of them work less than 35 hours, as compared to a mere 16 per cent among formal men (proportions not shown but implicit in Table 13). Formal independent male workers are also more likely to work long hours than their informal counterparts.

**Table 13: Hours Worked by Independent Workers, by Type of Production Unit and Sex**

Hours worked	Production units							
	Formal		Informal		Not classified		Total	
	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons
<b>Total</b>								
Up to 14 hours	3.3	42,461	9.8	124,564	1.4	17,718*	14.5	184,743
From 15 to 34 hours	7.8	98,852	14.2	180,020	1.5	18,699*	23.4	297,571
From 35 to 45 hours	8.9	112,640	8.1	102,231	1.1	13,429*	18.0	228,300
From 46 to 60 hours	14.2	180,232	10.7	36,058	1.3	16,750*	26.2	333,040
60 hours or more	9.2	116,991	6.8	86,289	1.0	13,221*	17.0	216,501
Unknown	-	-	0.5	5,841*	0.3	3,869*	0.8	9,710*
<b>TOTAL</b>	<b>43.4</b>	<b>551,176</b>	<b>50.0</b>	<b>635,003</b>	<b>6.6</b>	<b>83,686</b>	<b>100.0</b>	<b>1,269,865</b>
<b>Men</b>								
Up to 14 hours	1.8	15,327*	7.6	63,297	0.7	8,781*	6.9	87,405
From 15 to 34 hours	5.4	45,204	13.4	112,108	1.0	12,544*	13.4	169,856
From 35 to 45 hours	9.2	77,098	9.0	75,659	0.9	10,868*	12.9	163,625
From 46 to 60 hours	17.6	147,176	12.2	102,414	1.2	14,970*	20.8	264,560
60 hours or more	11.1	93,168	4.9	41,274	1.0	12,065*	11.5	146,507
Unknown	-	-	0.3	2,151*	0.3	3,869*	0.5	6,020*
<b>TOTAL</b>	<b>45.1</b>	<b>377,973</b>	<b>47.4</b>	<b>396,903</b>	<b>5.0</b>	<b>63,097</b>	<b>66.0</b>	<b>837,973</b>
<b>Women</b>								
Up to 14 hours	6.3	27,134*	14.2	61,267	2.1	8,937*	22.5	97,338
From 15 to 34 hours	12.4	53,648	15.7	67,912	1.4	6,155*	29.6	127,715
From 35 to 45 hours	8.2	35,542*	6.2	26,572*	0.6	2,561*	15.0	64,675
From 46 to 60 hours	7.7	33,056*	7.8	33,644*	0.4	1,780*	15.9	68,480
60 hours or more	5.5	23,823*	10.4	45,015	0.3	1,156*	16.2	69,994
Unknown	-	-	0.9	3,690*	-	-	0.9	3,690*
<b>TOTAL</b>	<b>40.1</b>	<b>173,203</b>	<b>55.1</b>	<b>238,100</b>	<b>4.8</b>	<b>20,589*</b>	<b>100.0</b>	<b>431,892</b>

Source: EPH/ILM, IV Quarter 2005. Note: (\*) Coefficients of variation equal or greater than 20 per cent.

# Personal Characteristics of Formal and Informal Workers in Greater Buenos Aires

## Formal and Informal Employees

This section extends the analysis of informal wage work to chart some personal and demographic characteristics of these workers, comparing them to those of formal employees. The analysis of employees who work for households is done separately, so as to highlight their relative homogeneity in terms of personal characteristics. This section also serves as an introduction to the multivariate analysis of earnings done in the following section.

Table 14 shows the age profile of formal and informal employees, according to the formality of the production unit. The bulk of employees are concentrated in the middle age bracket (from 25 to 49 years old). However, irrespective of their sex and the type of production unit they work for, informal employees tend to be younger than formal workers: approximately a quarter of those who are informal are younger than 25 years of age, while this proportion is only 12 per cent among formal workers and 18 per cent on average.

Table 15 complements Table 14 with workers' household position. Men are typically household heads (64.2%) or sons (25%), while women are spouses (39.2%), daughters (28.6%) or household heads (27.5%).<sup>14</sup> Two thirds of employed household heads are formal workers – which means that not only they, but also their families, enjoy benefits like health insurance and family allowances granted to formal household heads. But informal male household heads are more prevalent in formal production units, while informal female household heads are relatively more prevalent in informal production units. The same is true about informal women who are spouses – indicating their higher vulnerability as compared to men, given the tiny chances of becoming formal that exist in informal production units.

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<sup>14</sup> In the Argentinean statistical system, headship is self-declared. However, as it is stated in a gendered manner (“¿Quién el jefe de este hogar?” means “Who is the household head?”), women typically respond they are heads only when they are not partnered/ married. In the same vein, men hardly ever identify themselves as “spouses.”

**Table 14: Age Distribution of Formal and Informal Employees, by Type of Production Unit and Sex**

Age	Formal in formal production units		Formal (production unit not classified)		Informal in formal production units		Informal in informal production units		Informal (production not classified)		Total	
	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons
<b>Total</b>												
Up to 24 years	7.7	271,188	0.3	11,139*	5.3	187,415	3.5	122,607	1.2	40,650	18.0	632,999
From 25 to 49 years	41.3	1,455,320	0.7	24,557*	11.3	397,404	6.5	227,240	2.0	69,427	61.7	2,173,948
50 years old or older	13.4	472,193	0.4	13,147*	4.0	139,463	1.8	64,314	0.7	25,918*	20.3	715,035
TOTAL	62.4	2,198,701	1.4	48,843	20.6	724,282	11.8	414,161	3.9	135,995	100.0	3,521,982
<b>Men</b>												
Up to 24 years	7.5	163,539	0.4	9,612*	5.4	118,364	4.3	95,293	1.0	21,924*	18.6	408,732
From 25 to 49 years	38.5	845,329	0.9	20,721*	10.0	219,414	8.8	192,820	2.4	53,327	60.7	1,331,611
50 years old or older	13.0	284,487	0.5	10,372*	3.8	83,942	2.5	53,746	0.9	20,481*	20.7	453,028
TOTAL	59.0	1,293,355	1.9	40,705	19.2	421,720	15.6	341,859	4.4	95,732	100.0	2,193,371
<b>Women</b>												
Up to 24 years	8.1	107,649	0.1	1,527*	5.2	69,051	2.1	27,314*	1.4	18,726*	16.9	224,267
From 25 to 49 years	45.9	609,991	0.3	3,836*	13.4	177,990	2.6	34,420*	1.2	16,100*	63.4	842,337
50 years old or older	14.1	187,706	0.2	2,775*	4.2	55,521	0.8	10,568*	0.4	5,437*	19.7	262,007
TOTAL	68.1	905,346	0.6	8,138*	22.8	302,562	5.4	72,302	3.0	40,263	100.0	1,328,611

Source: EPH/ILM, IV Quarter 2005. Note: (\*) Coefficients of variation equal or greater than 20 per cent.



Table 15: Position in the Household of Formal and Informal Employees, by Type of Production Unit and Sex

Household position	Formal in formal production units		Formal (production unit not classified)		Informal in formal production units		Informal in informal production units		Informal (production not classified)		Total	
	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons
<b>Total</b>												
Household head	33.4	1,175,590	0.7	26,020*	8.7	306,526	5.8	203,819	1.8	62,144	50.4	1,774,099
Spouse	10.9	383,054	0.1	4,229*	4.3	150,904	1.1	39,759	0.4	14,540	16.8	592,486
Daughter/son	14.9	524,251	0.4	15,005*	6.1	216,058	3.5	123,331	1.4	49,243	26.3	927,888
Others	3.3	115,806	0.1	3,589*	1.4	50,794	1.3	47,252	0.3	10,068	6.5	227,509
TOTAL	62.4	2,198,701	1.4	48,843	20.6	724,282	11.8	414,161	3.9	135,995	100.0	3,521,982
<b>Men</b>												
Household head	41.6	913,145	1.1	23,517*	10.6	233,477	8.5	185,571	2.4	52,874	64.2	1,408,584
Spouse	1.3	28,169*	0.1	1,235*	0.8	17,662*	0.8	17,528*	0.3	6,680*	3.2	71,274
Son	12.4	271,638	0.6	12,364*	6.3	137,987	4.3	95,206	1.4	30,920*	25.0	548,115
Others	3.7	80,403	0.2	3,589*	1.5	32,594*	2.0	43,554*	0.2	5,258*	7.5	165,398
TOTAL	59.0	1,293,355	1.9	40,705	19.2	421,720	15.6	341,859	4.4	95,732	100.0	2,193,371
<b>Women</b>												
Household head	19.8	262,445	0.2	2,503*	1.4	18,248*	5.5	73,049	0.7	9,270*	27.5	365,515
Spouse	26.7	354,885	0.2	2,994*	1.7	22,231*	10.0	133,242	0.6	7,860*	39.2	521,212
Daughter	19.0	252,613	0.2	2,641*	2.1	28,125*	5.9	78,071	1.4	18,323*	28.6	379,773
Others	2.7	35,403*	-	-	0.3	3,698*	1.4	18,200*	0.4	4,810*	4.7	62,111
TOTAL	68.1	905,346	0.6	8,138*	5.4	72,302	22.8	302,562	3.0	40,263	100.0	1,328,611

Source: EPH/ILM, IV Quarter 2005. Note: (\*) Coefficients of variation equal or greater than 20 per cent.

Differences in the educational profiles of formal and informal employees are even more marked than those in age profiles. A quarter of informal employees who work for formal units, and as many as *half* of all informal employees who work for informal production units, have very low educational credentials (completed primary school or less). These profiles are heavily influenced by men's educational attainments, which are lower than women's. Note that as many as a third of male employees have only completed primary school, while the same proportion of female employees have completed university or tertiary degrees. But while almost 40 per cent of formal female employees have university/tertiary degrees, only 18 per cent have achieved these educational levels among informal employees in formal units; the proportion drops to 11 per cent among informal employees in informal production units.

These figures also indicate that the lower the educational credentials, the more likely that employees occupy informal positions in informal production units. In contrast, the higher the educational credentials, the more likely it is workers occupy formal positions, or, to a lesser extent, informal positions in formal production units.

Table 16: Educational Attainment of Formal and Informal Employees, by Type of Production Unit and Sex

Educational attainment	Formal in formal production units		Formal (production unit not classified)		Informal in formal production units		Informal in informal production units		Informal (production unit not classified)		Total	
	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons
<b>Total</b>												
Up to complete primary school	11.3	396,786	0.4	15,012 *	4.9	172,732	5.5	192,149	1.7	59,508	23.7	836,187
Secondary school (not complete)	8.2	289,480	0.2	6,202 *	4.7	164,757	3.3	116,283	0.8	27,895 *	17.2	604,617
Secondary school (complete)	15.0	526,574	0.4	13,123 *	4.7	164,115	1.9	65,780	0.6	19,853 *	22.4	789,445
University/tertiary school (not comp.)	11.4	402,916	0.2	7,111 *	3.6	126,914	0.6	21,849 *	0.5	17,684 *	16.4	576,474
University/tertiary school (complete)	16.6	582,945	0.2	7,395 *	2.7	95,764	0.5	18,100 *	0.3	11,055 *	20.3	715,259
TOTAL	62.4	2,198,701	1.4	48,843	20.6	724,282	11.8	414,161	3.9	135,995	100.0	3,521,982
<b>Men</b>												
Up to complete primary school	14.8	324,032	0.6	13,505 *	5.8	127,776	7.9	173,450	2.2	49,312	31.4	688,075
Secondary school (not complete)	10.4	228,952	0.3	6,202 *	4.6	101,578	4.1	90,753	0.9	19,223 *	20.4	446,708
Secondary school (complete)	13.9	304,485	0.5	11,636 *	3.9	86,585	2.4	51,571	0.7	15,019 *	21.4	469,296
University/tertiary school (not comp.)	9.4	206,736	0.3	5,876 *	3.0	66,380	0.7	16,034 *	0.3	6,560 *	13.7	301,586
University/tertiary school (complete)	10.4	229,150	0.2	3,486 *	1.8	39,401 *	0.5	10,051 *	0.3	5,618 *	13.1	287,706
TOTAL	59.0	1,293,355	1.9	40,705	19.2	421,720	15.6	341,859	4.4	95,732	100.0	2,193,371
<b>Women</b>												
Up to complete primary school	5.5	72,754	0.1	1,507 *	3.4	44,956	1.4	18,699 *	0.8	10,196 *	11.1	148,112
Up to complete primary school	5.5	72,754	0.1	1,507 *	3.4	44,956	1.4	18,699 *	0.8	10,196 *	11.1	148,112
Up to complete primary school	5.5	72,754	0.1	1,507 *	3.4	44,956	1.4	18,699 *	0.8	10,196 *	11.1	148,112
Up to complete primary school	5.5	72,754	0.1	1,507 *	3.4	44,956	1.4	18,699 *	0.8	10,196 *	11.1	148,112
Secondary school (complete)	16.7	222,089	0.1	1,487 *	5.8	77,530	1.1	14,209 *	0.4	4,834 *	24.1	320,149
University/tertiary school (not comp.)	14.8	196,180	0.1	1,235 *	4.6	60,534	0.4	5,815 *	0.8	11,124 *	20.7	274,888
University/tertiary school (complete)	26.6	353,795	0.3	3,909 *	4.2	56,363	0.6	8,049 *	0.4	5,437 *	32.2	427,553
TOTAL	68.1	905,346	0.6	8,138 *	22.8	302,562	5.4	72,302	3.0	40,263	100.0	1,328,611

Source: EPH/ILM, IV Quarter 2005. Note: (\*) Coefficients of variation equal or greater than 20 per cent.

As shown in Table 4, almost all employees who work for households are domestic workers, women, and informal. In striking contrast with their female counterparts working in production units, female domestic workers have very low educational attainment (60% of them have only attended or finished primary school) and are relatively old (40% are older than 50 years of age) (MTESS/BM 2007: 69).

## Formal and Informal Independent Workers

Compared to employees, independent workers are clearly older: only 6.3 per cent are young (up to 24 years of age) and over 40 per cent are older than 50 years of age. Also, independent male workers are relatively older than their female counterparts. There are very few young formal independent workers, either female or male; and formal independent workers are older than average independent workers. Therefore, the older the independent worker, the more likely that she/he (more “he” than “she” in absolute numbers) is formal (Table 17).

**Table 17: Age of Formal and Informal Independent Workers, by Sex**

Age	Formal production units		Informal production units		Not classified		Total	
	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons
<b>Total</b>								
<b>Up to 24 years</b>	0.9	11,089 *	4.9	62,030	0.6	7,377 *	6.3	80,496
<b>From 25 to 49 years</b>	22.9	291,427	26.3	333,676	3.6	45,200	52.8	670,303
<b>50 years old or older</b>	19.6	248,660	18.8	239,297	2.4	31,109*	40.9	519,066
<b>TOTAL</b>	43.4	551,176	50.0	635,003	6.6	83,686	100.0	1,269,865
<b>Men</b>								
<b>Up to 24 years</b>	1.2	9,884 *	4.5	37,785 *	0.3	2,478 *	6.0	50,147
<b>From 25 to 49 years</b>	22.8	191,073	24.2	203,070	4.0	33,850 *	51.1	427,993
<b>50 years old or older</b>	21.1	177,016	18.6	156,048	3.2	26,769 *	42.9	359,833
<b>TOTAL</b>	45.1	377,973	47.4	396,903	7.5	63,097	100.0	837,973
<b>Women</b>								
<b>Up to 24 years</b>	0.3	1,205*	5.6	24,245 *	1.1	4,899*	7.0	30,349*
<b>From 25 to 49 years</b>	23.2	100,354	30.2	130,606	2.6	11,350 *	56.1	242,310
<b>50 years old or older</b>	16.6	71,644	19.3	83,249	1.0	4,340 *	36.9	159,233
<b>TOTAL</b>	40.1	173,203	55.1	238,100	4.8	20,589 *	100.0	431,892

Source: EPH/ILM, IV Quarter 2005. Note: (\*) Coefficients of Variation equal or greater than 20 per cent.

The age profile of independent workers coincides with their position in the household. As many as 79.1 per cent of men independent workers are household heads, who are slightly less informal than average. In contrast, the great majority of sons are informal. Similarly, spouses and household heads are more prevalent among independent workers than they are among employees, although the incidence of informality does not seem to vary according to household position – with the exception of daughters.

**Table 18: Household Position of Formal and Informal Independent Workers, by Sex**

Household position	Formal production units		Informal production units		Not classified		Total	
	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons
<b>Total</b>								
Household head	29.1	369,063	28.3	359,563	4.7	59,287	62.0	787,913
Spouse	9.8	124,436	11.0	139,476	0.8	9,590 *	21.5	273,502
Daughter/son	3.4	43,105	8.8	111,744	1.1	13,619 *	13.3	168,468
Others	1.1	14,572 *	1.9	24,220 *	0.1	1,190 *	3.1	39,982 *
TOTAL	43.4	551,176	50.0	635,003	6.6	83,686	100.0	1,269,865
<b>Men</b>								
Household head	38.4	321,633	34.3	287,618	6.3	53,167	79.1	662,418
Spouse	3.0	25,203 *	2.8	23,422 *	0.1	1,247 *	6.0	49,872
Daughter/son	2.6	21,412 *	8.4	70,345	0.9	7,493 *	11.8	99,250
Others	1.2	9,725 *	1.9	15,518 *	0.1	1,190 *	3.2	26,433 *
TOTAL	45.1	377,973	47.4	396,903	7.5	63,097	100.0	837,973
<b>Women</b>								
Household head	11.0	47,430	16.7	71,945	1.4	6,120 *	29.1	125,495
Spouse	23.0	99,233	26.9	116,054	1.9	8,343 *	51.8	223,630
Daughter/son	5.0	21,693 *	9.6	41,399	1.4	6,126 *	16.0	69,218
Others	1.1	4,847 *	2.0	8,702 *	-	-	3.1	13,549 *
TOTAL	40.1	173,203	55.1	238,100	4.8	20,589 *	100.0	431,892

Source: EPH/ILM, IV Quarter 2005. Note: (\*) Coefficients of variation equal or greater than 20 per cent.

As older generations of workers are less likely to be highly educated, it is not surprising that independent workers are relatively less educated than employees on average (Table 19). As many as 35 per cent of all independent workers have only partial or completed primary education, a proportion that reaches 40 per cent among male independent workers. The less educated, the more likely that these workers are informal: as many as 60 per cent of all informal male independent workers, and 33 per cent of informal female independent workers, have only these very low educational credentials.

**Table 19: Educational Attainment of Formal and Informal Independent Workers, by Sex**

Educational attainment	Formal production units		Informal production units		Not classified		Total	
	%	Number of persons	%	Number of persons	%	Number of persons	%	Number of persons
<b>Total</b>								
Up to complete primary school	8.0	101,695	24.2	307,288	2.7	34,902 *	35.0	443,885
Secondary school (complete)	7.3	93,088	7.4	94,130	1.2	15,360 *	16.0	202,578
University/tertiary school (not comp.)	5.2	66,052	6.2	78,231	1.0	12,500 *	12.3	156,783
University/tertiary school (complete)	18.2	230,997	3.5	44,645	1.1	13,566 *	22.8	289,208
TOTAL	43.4	551,176	50.0	635,003	6.6	83,686	100.0	1,269,865
<b>Men</b>								
Up to complete primary school	9.0	75,266	27.3	228,410	3.7	31,264	40.0	334,940
Secondary school (not complete)	6.5	54,347	8.7	73,020	0.9	7,358	16.1	134,725
Secondary school (complete)	8.2	68,607	5.5	45,844	1.1	9,159	14.8	123,610
University/tertiary school (not comp.)	6.8	57,247	4.4	36,849	1.1	8,938	12.3	103,034
University/tertiary school (complete)	14.6	122,506	1.5	12,780	0.8	6,378	16.9	141,664
TOTAL	45.1	377,973	47.4	396,903	7.5	63,097	100.0	837,973
<b>Women</b>								
Up to complete primary school	6.1	26,429*	18.3	78,878	0.8	3,638*	25.2	108,945
Secondary school (not complete)	1.2	4,997*	8.7	37,689*	0.0	-	9.9	42,686
Secondary school (complete)	5.7	24,481*	11.2	48,286	1.4	6,201*	18.3	78,968
University/tertiary school (not comp.)	2.0	8,805*	9.6	41,382	0.8	3,562*	12.4	53,749
University/tertiary school (complete)	25.1	108,491	7.4	31,865*	1.7	7,188*	34.2	147,544
TOTAL	40.1	173,203	55.1	238,100	4.8	20,589*	100.0	431,892

Source: EPH/ILM, IV Quarter 2005. Note: (\*) Coefficients of variation equal or greater than 20 per cent.

# Earnings

## Formal and Informal Wage Earners

The previous sections have highlighted the heterogeneity of the informal economy in Greater Buenos Aires, showing the importance of wage employment in explaining informality and the diverse contexts in which informal wage employment occurs: in formal production units; in informal production units; and in households. These different forms of informality in wage work are heavily related to earning penalties that go beyond the informal-formal divide. As expected, monthly earnings of formal employees are more than twice those of informal employees (\$1162 as compared to \$493, current values). Table 20 shows, however, that being informal but working for a formal production unit is associated with mean monthly earnings that are almost 50 per cent higher on average than those of informal employees in informal production units.

Mean monthly earnings are the lowest among informal employees working for households, at a level that is half the earnings of formal workers in households. It is worth noting, however, that this is not the case for mean hourly earnings: at \$3.30 per hour, mean hourly earnings of informal workers in households are higher than those of informal employees working in informal production units, and equivalent to mean hourly earnings of formal employees working for households. (Figures are similar in the case of women, who are the bulk of these workers.) This is because the differences behind monthly earnings are almost exclusively related to differences in mean hours worked, in an occupation that is mostly paid “by the hour”<sup>15</sup>: formal workers in households work 16 hours more on average than their informal counterparts. Still, the fact that the great majority of domestic workers work in a single home (i.e. have only one employer) suggests that these short working hours are not necessarily desired, as the opportunity to increase the hours of work (and monthly income) is associated more with the needs of a single employer rather than with the possibility of working for multiple employers (Esquivel 2010).

**Table 20: Mean Monthly and Hourly Earnings of Formal and Informal Employees, by Sex**

Employees	Women			Men			Total		
	Mean hours worked	Mean monthly earnings	Mean hourly earnings	Mean hours worked	Mean monthly earnings	Mean hourly earnings	Mean hours worked	Mean monthly earnings	Mean hourly earnings
<b>Formal in formal production units</b>	38	1045	6.85	48	1263	6.69	44	1176	6.75
<b>Formal (production unit n.e.c.)</b>	45	895	5.36	50	720	3.42	49	758	3.84
<b>Formal in households</b>	38	510	3.21	61	1023	3.84	42	602	3.33
<b>Informal in formal production units</b>	31	538	4.61	44	728	4.18	39	647	4.36
<b>Informal in informal production units</b>	35	322	2.99	47	470	2.53	44	442	2.62
<b>Informal (production unit n.e.c.)</b>	36	215	2.15	45	574	3.19	42	466	2.87
<b>Informal in households</b>	24	288	3.33	29	288	2.85	24	288	3.30
<b>TOTAL</b>	33	722	5.32	29	991	5.33	41	874	5.32

Source: EPH/ILM, IV Quarter 2005.

<sup>15</sup> There are therefore differences between monthly earnings that do not vary with hours worked (typically, those of formal and regulated employees); and those of “per hour” workers, whose earnings vary *pari passu* with hours.

**Table 21: Mean Monthly and Hourly Earnings of Formal and Informal Independent Workers, by Sex**

Independent workers	Women			Men			Total		
	Mean hours worked	Mean monthly earnings	Mean hourly earnings	Mean hours worked	Mean monthly earnings	Mean hourly earnings	Mean hours worked	Mean monthly earnings	Mean hourly earnings
<b>Formal production units</b>	37	1115	8.49	51	1788	9.05	47	1585	8.88
<b>Informal production units</b>	34	347	3.71	38	545	5.05	36	472	4.56
<b>Production units not classified</b>	24	343	5.08	42	1042	6.42	38	899	6.15
<b>TOTAL</b>	35	648	5.63	44	1132	6.93	41	972	6.50

Source: EPH/ILM, IV Quarter 2005.

It should also be noted that *all* formal workers in households work 16 hours a week or more, while 42.8 per cent of informal workers in households work for less than 16 hours a week. According to the Domestic Service Personnel Statute (Decree 326/1956), it is not compulsory for employer households to register employees who work for less than 16 hours a week. It is therefore expected that domestic workers who work less than 16 hours a week are informal.

Aside from employees working for households, the distribution of mean hourly earnings resembles that of monthly earnings. Formal employees in formal production units earn 50 per cent more per hour on average than informal employees in formal production units, who in turn earn 60 per cent per hour more than informal employees in informal production units.

Differences in hours worked largely explain differences in monthly earnings between women and men, as women's hourly earnings are higher than men's hourly earnings – a long-term stylized fact in Argentina. This does not mean that gender wage gaps do not exist: multivariate analyses show that based on their formal qualifications – other things being equal – women employees should earn *more* (not the same) than men on an hourly basis (Esquivel 2007; and below).

Multivariate analyses of ILM data confirm these findings. As shown in Table 22, after controlling for variables related to qualifications, educational level, industry, and personal characteristics, being an informal employee carries a wage penalty of 36 per cent, while working for an informal production unit penalizes wages 20 per cent. Being a man carries a wage premium of 20 per cent. Hourly wages decrease with hours worked, and increase (at a decreasing rate) with age. Household heads have a 6 per cent wage premium. Wages increase with education levels attended (the control is no schooling), and with qualifications. The sectors with a greater presence of informal work among men (construction) and women (domestic sectors) are not significantly different from the manufacturing industry (the control), possibly because other variables (and in particular, informal work) fully capture the effect of the gender profile on wages.



**Table 22: Multivariate Analysis of Earnings: Employees**

		<b>Coefficient</b>	<b>Std. Err.</b>	<b>t</b>	<b>Sig.</b>	<b>Mean</b>
<b>Dependent var.</b>	Ln hourly earnings					
<b>Independent variables</b>	Hours worked	-0.014	0.001	-21.79	***	1.446
	Age	0.051	0.005	10.58	***	41.4
	Age squared	-0.001	0.000	-9.03	***	38.1
	Man	0.202	0.025	7.97	***	1627.8
	Household head	0.064	0.024	2.67	***	0.562
	Primary school (complete)	0.129	0.046	2.78	***	0.498
	Secondary school (not complete)	0.199	0.049	4.06	***	0.229
	Secondary school (complete)	0.352	0.050	7.1	***	0.178
	University/tertiary school (not complete)	0.491	0.054	9.13	***	0.212
	University/tertiary school (complete)	0.697	0.057	12.15	***	0.149
	Semi-skilled	0.137	0.029	4.76	***	0.410
	Technical skill	0.287	0.041	7.01	***	0.490
	Professional skill	0.562	0.052	10.87	***	0.150
	Agriculture and mining	-0.237	0.123	-1.93	*	0.075
	Construction	0.022	0.053	0.4		0.007
	Wholesale/retail trade	-0.052	0.036	-1.46		0.047
	Hotels and restaurants	0.057	0.055	1.04		0.141
	Transport	0.075	0.042	1.8	*	0.041
	Financial sector	0.077	0.040	1.93	*	0.083
	Public administration	0.122	0.045	2.74	***	0.101
	Education	-0.163	0.049	-3.33	***	0.074
	Health and other community/social services	-0.037	0.038	-0.98		0.079
	Other sectors	0.321	0.105	3.06	***	0.130
	Domestic Service	0.027	0.050	0.53		0.009
Informal production unit	-0.205	0.040	-5.17	***	0.105	
Informal employee	-0.363	0.026	-13.82	***	0.171	
Constant	0.465	0.109	4.27	***	0.098	
<b>Observations</b>		2369				
R-squared		0.5458				
Adj R-squared		0.5408				
Control variables: woman; other family members; no schooling; unskilled; manufacturing industry; not informal production units.						

## Formal and Informal Independent Workers

Compared to employees, formal independent workers earn more than formal employees, but informal independent workers earn less than informal employees in monthly terms (Tables 20 and 21). As their hours are lower on average, however, independent workers make substantially more per hour than their comparable employees. Formal independent workers earn \$8.88 per hour, as compared to the \$6.66 formal employees make on average; and informal independent workers earn \$4.56, as compared to \$3.56 that informal employees make (a figure heavily influenced by the higher hourly earnings of employees for households).

In all cases, independent male workers earn more than their female counterparts. The multivariate analysis (Table 23) shows that the earnings premium male independent workers get (37.5%) is higher than that of male employees.

**Table 23 : Multivariate Analysis of Earnings: Independent Workers**

		Coefficient	Std. Err.	t	Sig.	Mean
<b>Dependent var.</b>	Ln hourly earnings					1.345
<b>Independent variables</b>	Employer	0.241	0.124	1.94	*	0.117
	Hours worked	-0.020	0.001	-13.81	***	40.9
	Age	0.060	0.012	4.91	***	45.7
	Age squared	-0.001	0.000	-4.63	***	2298.8
	Man	0.375	0.076	4.95	***	0.659
	Household head	0.141	0.074	1.9	*	0.638
	Primary school (complete)	0.310	0.103	3.01	***	0.248
	Secondary school (not complete)	0.287	0.117	2.45	**	0.152
	Secondary school (complete)	0.547	0.118	4.66	***	0.170
	University/ tertiary school (not complete)	0.578	0.132	4.38	***	0.121
	University/ tertiary school (complete)	0.739	0.134	5.51	***	0.192
	Semi-skilled	0.311	0.126	2.47	**	0.628
	Technical skill	0.574	0.164	3.51	***	0.201
	Professional skill	0.882	0.185	4.76	***	0.109
	Agriculture and mining	0.454	0.530	0.86		0.003
	Construction	0.023	0.113	0.21		0.157
	Wholesale/retail trade	-0.094	0.093	-1.02		0.359
	Hotels and restaurants	-0.079	0.179	-0.44		0.031
	Transport	0.253	0.150	1.69		0.052
	Financial sector	0.131	0.133	0.98		0.106
	Public administration	(dropped)				0.000
	Education	0.212	0.199	1.06		0.038
	Health and other community/social services	0.018	0.129	0.14		0.102
Other sectors	(dropped)				0.000	
Domestic service	-0.361	0.296	-1.22		0.010	
Informal production unit	-0.451	0.069	-6.55	***	0.552	
Constant	-0.183	0.325	-0.56			
<b>Observations</b>		677				
R-squared		0.510				
Adj R-squared		0.492				
Control variables: Own account worker; woman; other family members; no schooling; unskilled; manufacturing industry; not informal production unit						

The multivariate analysis is also informative about other dimensions of informal independent work and their impact of earnings. Hourly earnings diminish with hours worked, and increase with age (at a decreasing rate). Employers, as expected, have hourly earnings that are 24 per cent above those of own account workers. Returns on education and qualifications are greater than those of employees, but industries are irrelevant (not statistically significant at 10%) in explaining independents' hourly earnings. There are indications that informality in production units (i.e. those not complying with business and tax regulations) is connected with lower earnings, as those who are informal have hourly earnings 45 per cent less than formal independents. This suggests that non-compliance is related to low incomes and a subsistence logic of these units and workers. Data on capital stock and production unit size, as well as motivational aspects, also point towards this conclusion (MTESS/WB 2007).

## An Aggregate View on Labour Earnings

An aggregate look at labour earnings helps summarize this section's findings. Table 24 shows shares in labour earnings and employment shares of formal and informal workers, according to formality and status in employment. Informal workers' lower mean earnings imply that, although they are almost half of total employment (45.6%), they only get a quarter of total labour earnings (24.9%). Informal independent workers are worse off than their employee counterparts, getting an income share that represents half their share in employment. In contrast, formal independent workers get a share of total labour earnings that is almost double their share in employment, making them on average better off than their formal employee counterparts.

**Table 24: Shares of Labour Earnings and Employment, by Status in Employment and Formality. Greater Buenos Aires 2005**

Job category	Workers							
	Formal		Informal		Not specified		Total	
	Share in earnings	Share in employment	Share in earnings	Share in employment	Share in earnings	Share in employment	Share in earnings	Share in employment
Employees	55.6	42.9	18.3	31.9	-	-	73.9	74.9
Independent workers	18.3	10.4	6.7	12.6	1.2	1.2	26.1	24.1
Family workers	-	-	0	1.1	-	-	0	1.1
TOTAL	73.9	53.3	24.9	45.6	1.2	1.2	100.0	100.0

Source: EPH/ILM, IV Quarter 2005.

## Conclusions

This report complements previous analyses based on the Informal Labour Module collected in Greater Buenos Aires in 2005 by examining a comprehensive set of dimensions that define the *informal economy* in a sex-disaggregated way. This report has shown that not only are women more informal than men, but that the dimensions that contribute to characterizing women's and men's informality differ. Half of all women workers and 42 per cent of men worked in the informal economy in Greater Buenos Aires in 2005. But women who work in the informal economy are more likely than men to be employees. Almost half of all women informal employees are domestic workers, and over a third are informal in formal production units. In contrast, as many as a quarter of men informal workers are independent workers. Male informal employees are almost equally as likely to work in formal and in informal production units.

Informal employees and independent workers who work in informal production units, which constitute the *informal sector*, are in the most vulnerable position, and account for almost half of total informal employment. They are likely to be men, semi-skilled or unskilled, and concentrated in construction and trade (and transport, if they are informal employees). Their mean monthly earnings are only half the mean earnings of their counterparts (with the same status in employment), although informal independent workers are relatively better off than their waged counterparts.

However, informal employment in the *informal sector* does not explain the whole of informality in Greater Buenos Aires. There coexists a group of informal workers employed by formal enterprises who account for a third of informal employment. Women are relatively more likely than men to belong to this group, with a high incidence of semi-skilled workers, and a concentration in manufacturing and trade. Although they are unprotected by the Labour Law, these workers' mean monthly and hourly earnings are higher than informal employees in informal enterprises.

The remaining group of informal workers is female domestic workers. Employed by households and *de jure* and *de facto* discriminated against, these women have the lowest educational credentials and have the lowest monthly earnings among informal employees. They constitute a group of highly vulnerable female workers, closely related to the "organization of care" in Argentina, in this case, the fact that households in the middle classes and upper-middle classes resort to domestic employment to cover some of their care needs. The extent and characteristics of this occupation cannot be understood without taking into account existing income inequality – both in terms of the income differentials between employer households and the wages they pay to their employees; and of the restricted employment options available to women from poor households, who end up clustered in domestic work (Esquivel, 2010).

The ILM has thus provided new evidence on the dynamics behind the heterogeneity of *informal employment* in Greater Buenos Aires, by singling out these different groups of informal workers and helping characterize them in ways that are meaningful for policy purposes. This was not possible without the ILM, as the formality of the production unit in which employees and independent workers work was previously unknown.

In terms of methods, the ILM has shown that it is possible to rely on the knowledge workers have of the characteristics of the enterprise they work for (or on their willingness to provide information, in the case of independent workers), provided a sufficiently broad number of questions are posed on different dimensions of business and labour registration, in ways that are meaningful to respondents.

ILM findings point to the fact that variables used in the past to identify the informal sector (in particular, industry and workers' skill level)<sup>16</sup> are relatively reasonable proxies. But they are imperfect predictors of the conditions that explain informal employment beyond that generated by the informal sector. Therefore, there

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<sup>16</sup> The size of the establishment has also been used as a proxy variable, but there is no evidence that it is related to informality and has not been analyzed in this report. For an analysis based on the information provided by the ILM, see MTESS/BM (2007).

is room for incorporating some of the variables that help identify the formality of the enterprise into the core EPH. If this is not done, the ILM should be repeated periodically in all EPH urban centres to cover the whole of urban employment in Argentina.

Because the ILM was attached to the EPH, the module did not collect information on secondary activities – the incidence of informality in such activities remains unknown. Neither the ILM nor EPH can be used to identify waste pickers (there are no occupation codes that describe the activity). There are occupation codes dedicated to street vendors, but home-based workers are identified using the “place of work” variable. Except for home-based workers in the manufacturing industry (most of them women), little can be said about them, given their small numbers. Aside from recommending that the classification of activities is improved (as it stands now, it says little more than the industry composition of employment and the status in employment, as it is a combination of these two dimensions), it is not clear that the ILM should be tailored for these groups of workers, for which other statistical instruments might be better suited.

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