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Employment, Informality and Poverty

*-An Empirical Overview of Six Countries with a Focus on
Gender and Race–*

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I. Introduction

How does employment affect poverty outcomes for women, men, and their families? This report provides some answers to this important question through the analysis of nationally representative survey data in six countries: Brazil, El Salvador, India, Kenya, South Africa, and South Korea. These countries were chosen for a number of reasons: they are geographically diverse, they represent economies at different levels of development, there is notable variation in the structure of their labour markets, and, in some circumstances, there is scope for specific informative comparisons (e.g. the racialized patterns of employment in South Africa and Brazil). In each case, we examine the distribution of employment opportunities between women and men, with a particular emphasis on informal, unprotected, and non-standard forms of employment. The report looks at who works in what types of jobs, differences in the quality of employment, and the overall impact on poverty outcomes. Since employment status is often defined in terms of the individual and poverty in terms of the household, we need to look at the complex ways in which individuals' employment statuses determine the poverty outcomes for the households in which they live.

The research presented in this report is based on analysis conducted by a team of researchers. Dorrit Posel of the University of KwaZulu Natal School of Development Studies prepared the data analysis for South Africa. Miyoung An of Handong Global University in Pohong, South Korea prepared the Korean analysis. Arjun Jayadev of the University of Massachusetts, Boston generated the estimates for India. The statistics for El Salvador were drawn from previous research conducted by Edgar Lara López, Renaldo Chanchán, and Sarah Gammage as an input into the recent UNIFEM publication *Women, Work, and Poverty: Progress of the World's Women 2005* (Chen *et al.*, 2005). The analysis of Kenya and Brazil was carried out by the author of this report (James Heintz).

The report is structured as follows. The second section provides a conceptual framework for linking employment and poverty with a specific focus on gender dynamics. The third section describes current definitions used to characterize informal and non-standard forms of employment, since the concepts of informal and non-standard work are critical for understanding how employment affects poverty outcomes. These two conceptual pieces are followed by a detailed, sex-disaggregated presentation of the data analysis for the six countries featured in this report. The analysis includes an overview of the labour force, a description of the structure of employment, a discussion of broad trends, a comparison of earnings and hours of work, and an examination of poverty outcomes using a 'working poor' poverty rate. We present the case of South Korea in a separate section, with a special focus on non-standard employment. South Korea has experienced a rapid growth of non-regular employment which makes it a powerful illustration of labour market divisions that do not fit neatly into the typical formal/informal divide. The report then takes a different perspective on the employment-poverty connection and looks at poverty outcomes at the household level. Finally, using South Africa and Brazil as examples, we examine how issues of race impact

employment-poverty dynamics. In the case of Brazil, the analysis is taken one step further and decomposes contributions to overall earnings and income inequality in terms of gender, race, and class. A brief summary concludes the report.

II. Employment, poverty and gender

Most people receive the majority of their income through some form of employment. The factor of production which most poor households command in abundance is their labour (Islam, 2006; Squire, 1993). Although age, disability, and illness may create a shortage of productive labour in specific cases, most low-income households are not labour-constrained. They are more likely to be constrained in terms of access to other productive resources such as land, capital, financial assets, public infrastructure, and skills. Therefore, anything that raises the returns to labour – by increasing the intensity of employment, enhancing productivity, or improving the terms of exchange – will raise living standards and likely reduce poverty. Similarly, the risk of poverty grows when individuals are denied access to decent, gainful employment.

This report focuses on the relationship between employment and income (or consumption) poverty. Households are considered income or consumption poor if the estimated values of their income or expenditures fall below a specified threshold – the poverty line – which varies with the composition of the household and which establishes a minimum standard of living that is deemed adequate to sustain the members of the household. This concept of poverty aims to capture the extent of material deprivation. However, an insufficient standard of living reflects only one dimension of poverty. The deprivation associated with poverty takes many forms: poor health, shortened lives, emotional stress, and social exclusion, to name a few. Why then focus on low income or substandard consumption? There are three primary reasons. First, the employment-poverty relationship is most clearly expressed in terms of income poverty. Second, standard measures of income or consumption poverty facilitate the analysis of quantitative data featured in this report. Third, income poverty is strongly correlated with other dimensions of poverty, making it a useful indicator.

Improving employment opportunities and raising the returns to labour are not the only means of mitigating income poverty, although it is the pathway we explore at length here. The state can redistribute income through fiscal policy, either directly through a tax and transfer system, indirectly through the use of public revenues to provide basic services, or, most commonly, through a combination of both approaches. A third alternative would be to alter the distribution of productive assets, tangible and intangible. If poor households are poor because they lack resources other than their own labour, then one approach to combating poverty is to provide the poor with access to the assets they currently lack – by disproportionately building the wealth of poor families or through asset-based redistributions, such as land reform. These three pathways towards poverty reduction – the employment channel, social provisioning, and altering the distribution of assets – are not mutually exclusive and can be pursued in combination. Nevertheless, the focal point of this report is the nature and structure of employment.

Two sets of institutions shape the employment-poverty connection: the labour market and the household. These institutions are highly gendered and closely intertwined. Therefore, an adequate understanding of the relationship between employment opportunities and poverty outcomes requires examining both women's and men's employment. Women and men occupy different positions in economies with important implications for determining how employment and poverty status are linked. The gendered nature of economic institutions, the unequal distribution of assets and opportunities between men and women, and the division of labour between paid and unpaid work must be incorporated into the analytical framework.

It is commonplace to analyze the relationship between employment and poverty exclusively in terms of market-mediated transactions. In part, this is due to how the concept of employment is defined. This report adopts the convention of defining employment as working in activities which produce goods and services that are valued and included in the system of national accounts (SNA) – i.e. those economic activities which are officially counted as part of an economy's GDP. The majority of the value accounted for in the GDP represents goods and services exchanged in markets – including barter and monetary exchange.² These market exchanges take many forms. For instance, in wage labour markets, individuals exchange their labour directly for a salary or wage. The terms of this exchange has a direct impact on the living standards and poverty status of households. In contrast, the self-employed engage in other forms of market transactions to realize the value of their labour. However, in both cases, the existence of a market largely defines the employment boundary.

This focus on the market relationships that govern remunerative employment frequently gives short shrift to non-market activities that have an enormous effect on poverty status, development outcomes, and the production of human potential. Much of this non-market work takes place in households, families, and communities. In addition, inter-household dynamics directly influence the distribution of labour and resources in ways that impact access to employment opportunities in the short- and long-run.

Gender relations determine the ways in which market work and non-market work are organized. Women often have primary responsibility for non-market (unpaid) housework and caring labour. This constrains their choices in terms of labour force participation and their access to paid employment, both formal and informal (Benería, 2003). The allocation of time to non-market as opposed to market work limits the household income that women control directly. Furthermore, with more time allocated to non-market work, women frequently have less paid work experience or interrupt their employment, factors which often translate into lower earnings.

As we will see in much more detail, gender segmentation is endemic in labour markets around the world, with women concentrated in low-paid, unstable, and poor-

² The system of national accounts (SNA) also officially includes the value of goods produced in the household for own-consumption, even if the goods are not subject to market exchange. The extent to which actual GDP figures include the value of these goods varies widely. Importantly, the value of services produced and consumed in the household (e.g. housework and childcare) is excluded from the SNA.

quality employment. Wage labour markets might not be the only, and often not the most important, form of market exchange relating to these forms of employment. For instance, quasi labour markets exist in which workers sell a product or service, but within a set of dependent relationships that limit their authority over the employment arrangement. Examples include subcontracted production, in which workers produce or assemble goods within a longer supply chain. Distinct market dynamics, apart from those of labour markets, govern various forms of self-employment.

Such labour force segmentation reduces women's earning potential. With lower expected earnings, investment in girls' and women's education frequently lags behind that of men. In addition, incentives for investing in girls are reduced by the fact that female children, in most cultures, will marry and leave the household, so the benefits of any 'investment' that may accrue to a patriarch, or other dominant household member, is lost. Similarly, women's lower earning potential reinforces the gender division of labour within the household, since the opportunity cost, in terms of foregone income, of specializing in unpaid care work is lower for women than for men. Women who specialize in providing unpaid care work face enormous economic risks (Folbre, 1994). Such specialization not only lowers their earnings potential but also reinforces dependencies on a male "breadwinner".

Increasing women's access to paid employment has the potential to change gender roles, depending on the resilience of gender norms in society and the type of employment to which women have access (Benería, 2003; Kabeer, 2000). It is important to recognize that the relationship between employment and economic autonomy is complex. The fact that a woman receives income from employment does not always imply that she controls her earnings or influences the consumption decisions of the household (Elson 1999). Nevertheless, access to gainful employment is an important variable influencing gender dynamics more broadly.

Women's labour force participation is determined by prevailing economic conditions as well as gender norms. Women respond to adverse economic shocks – including rising unemployment – by increasing their rate of labour force participation. For instance, studies of labour market dynamics in particular countries have shown that women's labour force participation may increase with economic crises and policies that trigger labour displacement, job instability, and higher rates of unemployment (Cerrutti, 2000; Arriagada, 1994). Women also increase their labour force participation in response to sustained structural unemployment. For instance, research into the determinants of women's labour supply in post-apartheid South Africa has shown that women's labour force participation responded to increases in household joblessness, thereby placing further upward pressure on the country's average unemployment rate (Casale, 2003). Therefore, the relationship between poverty and employment runs in both directions: poverty can increase women's employment, often in marginal and informal activities. However, it is also important to recognize that the employment income these labour market entrants receive will be combined with other sources of household income and will ultimately influence the measurement of the depth and incidence of poverty.

The ability to translate access to paid employment into new capabilities, greater freedom, and improved investments in children depends on the nature of relationships within the household and the process by which decisions are made concerning the allocation of labour time and economic resources (Folbre, 1994; Sen, 1992). Indeed, increased gender inequalities, even in the short-run, can have long-term consequences for economic growth and human development (Seguino, 2005; Ranis, Stewart, and Ramirez, 2000). Therefore, the economic impact of women's employment extends beyond personal liberties and household welfare to the overall health of the economy.

In clarifying the linkages between employment and poverty, household relationships are important for reasons other than the gendered division of labour. Income poverty is typically defined at the level of the household. A household is considered poor if pooled income falls below a poverty line.³ Therefore, the poverty status of women is determined, in part, by their own employment status and the employment status of others in the household. Similarly, men's poverty status may depend on the employment status of women in the household. The fact that women spend time in paid work can lower the household's risk of income poverty, since the additional employment income determines whether the household is considered poor or not. As we will see later, it is not uncommon for women's employment income to make a critical difference in the poverty status of the household.

III. Informal and non-standard employment

Access to employment, in itself, does not represent a guaranteed path out of income poverty. A large share of employed individuals worldwide does not earn enough to lift themselves and their dependents above the poverty threshold (Kaspos, 2004). The quality of employment matters, not simply the quantity of opportunities. The quality gap between formal, regular employment and informal (or non-standard) employment represents one of the principal cleavages in the overall structure of employment. Research has shown that workers in informal employment earn less, have more volatile incomes, lack access to basic public services and protections, and face higher risks of poverty compared to workers in formal employment (Chen *et al.*, 2005). Therefore, the issue of informal and non-standard employment deserves special attention.

The concept of informal employment is meant to capture employment relationships that are not governed by formal economic regulations and/or basic legal and social protections. Often, the term "informal employment" is applied to the labour markets of developing countries. In higher-income economies, it is more common to speak of "nonstandard" or "atypical" employment. These two concepts are not the same. Informal employment typically refers to employment that is not subject to legal or economic regulations. That is, the emphasis is on the regulatory status of the enterprise or the job. "Nonstandard employment" refers to variations in the employment relationship

³ This raises the question as to what extent is income actually pooled within households. The asymmetric distribution of income (or control of income) *within* households will influence the welfare of household members. An in-depth exploration of intra-household distributive dynamics is beyond the scope of this report.

relative to a dominant or traditional form. In this case, the emphasis is on the economic arrangement and the nature of the employment contract (be it explicit or implied).

In some circumstances, non-standard employment is defined analogously to informal employment. However, nonstandard employment more frequently refers to employment relationships which (a) are short-term and contingent in nature (e.g. short-term hires and day labourers) or (b) are characterized by partial employment or volatile work-time regimes (e.g. part-time and on-call employment). Depending on the specific labour laws, nonstandard employment can also be associated with a reduced level of social and regulatory protection (that is, nonstandard work is also informal).

Labour statisticians have devoted considerable effort in recent years to develop international recommendations for defining informal employment. Given the importance of the concept of informal employment in the analysis featured later in this report, it is worth reviewing the relevant concepts and definitions in some detail.

There is an important conceptual distinction between *employment in the informal sector* and *informal employment*. The informal sector is comprised of all informal enterprises. Therefore, ‘employment in the informal sector’ in any particular country refers to all employment in enterprises which are classified as informal according to a common set of criteria. Employers operating informal enterprises, wage workers in these enterprises, informal own-account workers, and contributing family workers are included in this concept. In addition, informal partnerships and cooperatives would also be considered part of the informal sector.

To define the informal sector, informal enterprises must be distinguished from formal enterprises. In 1993, the 15th International Conference of Labour Statisticians (ICLS) adopted an approach for defining the informal sector that could be applied across countries. The resolution adopted by the 15th ICLS identified the following set of criteria for defining informal enterprises (Husmanns and du Jeu, 2002):

Legal organization of the enterprise. Informal enterprises are private unincorporated enterprises for which no consistent set of accounts are available that would allow the financial activities of the enterprises to be clearly separated from those of the owners. In most cases, informal enterprises are owned and operated by household members, although informal partnerships and cooperatives, whose ownership structures may extend across households, are also included.

Market production. A portion of the goods or services produced by the informal enterprise must be sold or bartered in market transactions. Household activities which produce exclusively non-market goods or services do not constitute informal enterprises.

Size and/or registration. Informal enterprises are frequently defined in terms of the number of paid employees, i.e. in informal enterprises the number of employees falls below a given threshold. Alternatively, informal enterprises may be defined in terms of their registration status with respect to national regulatory frameworks and legislation.

In practice, the full set of criteria may not be consistently applied in defining the informal sector. Specifically, the legal organization of the enterprises may be unknown or presumed. Often, the size criterion and/or the registration criterion are the primary indicators used to identify informal enterprises. When the full set of criteria is not used, the size of the informal sector may be overestimated.

In 2003, the 17th ICLS endorsed a framework which extends the concept of ‘employment in the informal sector’ with a jobs-based concept of ‘informal employment.’ The new framework broadens the definition of informality by including workers in informal employment relationships, not only workers in informal enterprises.⁴ Informal employment is defined to include self-employment in the informal sector, based on the earlier definition of informal enterprises, plus employees in informal jobs regardless of whether those jobs are located in formal or informal enterprises. Informal jobs are generally defined as jobs that lack a core set of legal or social protections. The ICLS framework for defining informal employment includes the following guidelines (Husmanns, 2004):

Informal own-account workers, employers, and members of producer cooperatives. Own-account workers, employers, and members of producer cooperatives are engaged in informal employment if the enterprise in which they work is informal. For these employment status categories, the definition of informal employment corresponds to the definition of employment in the informal sector.

Contributing family workers. The 17th ICLS definition recommends that all contributing family workers are classified as being engaged in informal employment since this form of employment is rarely governed by legal and social protections.

Paid employees in informal jobs. Employees are considered to work in informal jobs if those jobs lack basic legal (e.g. enforceable contract) and/or social protections (e.g. legislatively mandated benefits), and/or if the employment relationship is not subject to national labour regulation or taxation.

Own-account workers producing goods for own-use. Own account workers producing goods for their (or their households’) own final use are defined as working informally if they are also considered to be employed.

In the country case studies featured in this report, the broader notion of informal employment is used. That is, the self-employed are classified as formal or informal based on the characteristics of the enterprise. Paid employees are generally classified based on the nature of the employment relationship. However, the surveys used to construct the estimates presented here vary significantly from country to country. Therefore the criteria used to distinguish formal from informal employment are not identical across countries.

⁴ The definition of employment in the informal sector would exclude workers in informal jobs outside of informal enterprises. However, these workers would be included in the broader concept of informal employment which emphasizes the nature of the job, in addition to the nature of the enterprise.

The appendix contains the details of the country-specific definitions used in this report. Because of the differences in definitions, direct cross country comparisons are inadvisable. We therefore focus on comparing relative patterns of employment across countries, not absolute statistics.⁵

The one partial exception to this general approach is South Korea. In South Korea, the rapid deterioration of standard, regular employment and the equally quick emergence of non-regular arrangements dominate the changing nature of the labour market. Recent legislative changes in South Korea have extended social protections and government regulations to non-regular employees, at least *de jure* if not *de facto*. However, as will be discussed in much greater detail, non-regular employment tends to be much more precarious than regular employment, despite the extension of the social protection framework. Therefore, the issue is not unregulated or unprotected employment *per se*, but rather the transformation of typical relationships. In South Korea, non-regular employment refers to temporary employment in which workers are hired for short time periods without an expectation that the employment relationship will be renewed. Therefore, we use the concept of non-standard or non-regular employment to replace the concept of informal employment in the analysis of the employment-poverty link for South Korea.

IV. Country studies and statistical estimates

We present an analysis of the structure of employment, earnings, hours of work, and poverty risk for six countries: Brazil, El Salvador, India, Kenya, South Africa, and South Korea.⁶ These countries are diverse in terms of size, geography, economic development, and patterns of employment. Table 1 presents basic demographic and economic statistics for the six countries. India is the largest country of the group in terms of population (approximately 1 billion) and GDP (\$US 806 billion). However, on a per capita basis India is one of the poorest (\$552 per person in constant 2000 dollars). Only Kenya has a lower per capita GDP. El Salvador is the smallest country of the group, with a population of about 7 million and a total GDP of \$US 17 billion. South Korea, South Africa, and Brazil are the most industrialized, based on industry's share of GDP. Kenya and India are the countries which rely most heavily on agriculture. South Korea and El Salvador have the best human development indicators, such as life expectancy and infant mortality. Despite its relatively high level of economic development, South Africa rates poorly in terms of average human development indicators, partially due to the impact of the HIV/AIDS pandemic.

⁵ The emphasis on making relative comparisons (instead of absolute comparisons) across countries should still be approached with some caution. Large differences across countries – for example, in measuring women's employment or labour force participation – will affect relative comparisons. For example, if women in the most precarious forms of employment are excluded from the datasets for particular countries, the analysis may suggest a relatively high degree of gender equality when the statistics would be, in reality, indicative of just the opposite: an extreme level of social exclusion.

⁶ New research was commissioned to develop the statistical analysis for five of the six countries. In the case of El Salvador, the results presented here are based on prior research for a UNIFEM project and which has been previously published in Chen et al., 2005.

All the country case studies presented here rely on household survey data for the analysis of employment-poverty linkages. However, the surveys used in each case differ in terms of their purpose and design. For some countries, labour force surveys were used (South Africa and South Korea). In other cases, the household surveys used were designed for multiple purposes, but included a labour force module (Brazil, El Salvador, India, and Kenya). The relevant surveys for each country are summarized in Table 2. The specific survey design determined how the various employment definitions, including the definition of informal employment, were applied. In all cases, every effort was made to conform to the spirit, if not the letter, of international standards and recommendations. The table notes in the appendix provide a more detailed description of definitions and methodology.

The advantage of presenting statistics on six countries is that a comparative analysis is possible. However, a warning is necessary before plunging into the numbers. As has already been pointed out, the analysis presented here necessarily uses data derived from surveys with different designs and takes a pragmatic approach to applying definitions for labour market, employment, and poverty indicators. Therefore, the estimates presented in the remainder of the report are not strictly comparable across countries in their absolute values. The comparative analysis must be couched in terms of relative relationships and common underlying patterns, and even then caution in interpreting the results is warranted. Although the absolute values of the estimates will generally be presented side-by-side in the tables which follow, it is the relative relationships which will be most revealing.

V. The structure of employment

Table 3 presents a profile of the aggregate labour force for the six countries highlighted here. The table shows the estimated number of people in each employment category. Often, labour market statistics are presented in the form of percentages or ratios – the scale of employment is frequently lost. Table 3 preserves the absolute magnitude as a baseline for future reference. In two of the six countries – India and Kenya – agricultural employment exceeds non-agricultural employment. In all six cases, paid employees account for the largest share of non-agricultural employment, although self-employment is noticeably large in India and noticeably small in South Africa.

It is difficult to draw conclusions based on aggregate figures such as those presented in Table 3. Relative comparisons can be more powerful. Table 4 summarizes key labour market indicators, disaggregated by sex. Note that, in the tables contained in this report, we define the ‘working-age population’ without an upper limit. That is, for the purposes of these comparisons, the working-age population is 15 years or older. We take this standard approach for the sake of comparability across the different countries, recognizing that the institutional setting may influence the labour force participation decisions of older adults and the elderly.

In all countries, women's labour force participation rates are below those of men. However, the gap between women's and men's labour force participation varies enormously between countries. In Kenya, both women's and men's labour force participation rates are relatively high and fairly close to each other. India exhibits the largest gap between male and female participation rates: men's measured participation rate is the highest (about 86 percent) and women's the lowest (about 43 percent, along with South Africa) of the six countries. In South Africa, labour force participation rates for men are the lowest of all six countries and women's rates are among the lowest (along with India). South Africa's widespread pension system reduces the labour force participation rates of older adults and the elderly, influencing the average rate for the age group 15 and older.⁷ Low rates of labour force participation in South Africa could also result indirectly from high rates of unemployment that lead to large numbers of discouraged workers.⁸ For Brazil, El Salvador, and South Korea, women's labour force participation is significantly lower than men's, although the gender difference is not as pronounced as is the case with India.

It should be noted that indicators of labour force participation and employment status are subject to measurement errors, even when the definitions are precise. This is especially true with regard to women's employment. Women may be employed in the sense that they work in activities which produce goods and services that are valued and included in the system of national accounts. However, such work may not be counted as employment in survey responses – even when questions have been purposefully designed to accurately capture what is meant by employment. Moreover, the social meaning of 'being employed' varies from country to country. This can affect measured employment and labour force participation rates. For example, women's measured labour force participation rates in countries of the Middle East and North Africa are significantly below those of many other parts of the world. Although participation rates probably are low in these countries in actuality, measurement errors most likely contribute to the markedly low estimates (Charmes, 2007).

Table 4 contains two broad indicators of access to employment – the employment-population ratio and the unemployment rate. The employment-population ratio is calculated as total employment divided by the working-age population. The unemployment rate is the total number of economically active unemployed divided by the economically active population. Both indicators are useful. The employment-population ratio shows what fraction of the working-age population is employed. The denominator of the ratio – the total working-aged population – includes individuals who are officially defined as labour force participants and those who would be considered economically inactive.

⁷ Women become eligible for the pension programme (a public transfer payment) at age 60, men at 65. If we restrict the age range to 15-64, women's labour force participation rate rises to 47.0 and men's to 62.8.

⁸ The labour force participation and unemployment figures presented in Tables 3 and 4 for South Africa use the official, narrower definition of labour force participation which excludes discouraged workers. This definition is comparable to the definition used for the other five countries in the table.

In contrast, the unemployment rate shows the number of individuals who are searching for employment and cannot find acceptable opportunities relative to the size of the economically active labour force. Economically inactive individuals, including ‘discouraged workers’ who are able and willing to work but not actively searching, are therefore excluded from the determination of the unemployment rate. For example, if unemployed individuals ceased to actively search for employment because of a dearth of available opportunities (i.e. they became discouraged), the unemployment rate would decline (i.e. register a lower rate of joblessness) but the employment-population ratio would remain unchanged (i.e. indicating no change in the employment situation).

Like the labour force participation rate, women’s employment-population ratio is below that of men for all six countries. However, this same pattern does not hold for the unemployment rate in all cases. In Brazil and South Africa, women’s unemployment rates are significantly higher than men’s, indicating that female participants in the labour force have a harder time finding viable employment opportunities compared to men. In El Salvador, Kenya, and South Korea, the reverse holds true – women’s unemployment rates are lower than men’s, despite women’s lower employment-population ratio. For these three countries, women may exit the labour force when unemployed, at least according to official definitions and measurements, and would then be excluded from the unemployment rate calculations. In India, women’s unemployment rate is somewhat higher than men’s, although the measured unemployment rates are extremely low. The real story in India is the employment-population ratio – only about 42 percent of working-age women are considered employed compared to 84 percent of working-age men.

Agricultural employment accounts for a larger share of women’s employment than men’s in India and Kenya.⁹ Similarly, in South Korea rural employment represents a larger share of women’s employment compared to men’s. For the other three countries – Brazil, El Salvador, and South Africa – agricultural employment is a relatively more important source of employment for men than women. In some regions, notably Latin America, men’s disproportionate employment in agriculture appears to be changing over time. Research has documented a “feminization of agriculture” in certain countries in which women’s employment in agriculture has *increased* faster than men’s (UNRISD, 2005; Deere, 2005; Mehra and Gammage, 1999).

In all six countries and for both men and women, wage employment is the most important category of non-agricultural employment. Employment as own-account workers also represents a significant share of non-agricultural employment in most of these countries, with the possible exception of South Africa, in which wage employment is particularly dominant. As we will see in some detail later in the report, of all categories of self-employment, working employers (who hire others) enjoy the highest earnings. In these six cases, employed men are much more likely to be employers than employed

⁹ In terms of absolute numbers, more men are employed in agriculture in India than women. This is because of women’s low overall employment-population ratio. However, in Kenya, women dominate agricultural employment, both in terms of total numbers and in terms of agriculture accounting for a larger share of women’s employment compared to men’s.

women. That is, women may face barriers to entering more privileged and lucrative forms of self-employment.

Table 4 also presents estimates of informal employment expressed as a share of total employment (these figures include both agricultural and non-agricultural employment). Informal employment is defined based on the guidelines discussed in the previous section; the details for each country are presented in the table notes of the appendix. In the case of South Korea, the estimates show the share of non-standard employment instead of informal employment. South Africa and South Korea have the lowest shares of informal or nonstandard employment. For the other countries – Brazil, El Salvador, India, and Kenya – informal employment accounts for the majority of total employment. In India, informal employment's share of total employment exceeds 90 percent. In five of the six country case studies, informal (or nonstandard) employment accounts for a larger share of women's employment than men's. The exception is El Salvador, where informal employment accounts for approximately the same share of men's and women's employment.

The estimates presented in Tables 3 and 4 represent an aggregate profile of the labour forces of the six countries. However, broad categories – such as paid employees and informal employment – hide the heterogeneity of employment relationships within these categories. In this report, we focus on the structure of employment and its implications for poverty. Therefore, we need a more detailed presentation of the overall employment structure.

Table 5 describes the structure of employment in terms of employment status, informality status, and agricultural/non-agricultural sector, disaggregated by sex. South Korea is not included in Table 5 – we dedicate a separate section to South Korea and the issue of non-standard employment later in the report. In Table 5, domestic workers are treated as a separate category of paid employees when the survey data allow us to generate estimates for this group of workers.¹⁰

Table 5 is divided into three broad sections – formal employment, informal non-agricultural employment, and informal agricultural employment. Each of these categories is then further broken down by employment status (e.g. paid employees, own-account workers, employers, and contributing family workers).

As noted earlier, employed men are more likely to work in formal employment than are employed women, the exception in Table 5 being El Salvador. In the five countries discussed here, wage employment accounts for the largest share of formal employment. For formal paid employees, the gendered patterns of employment differ between the public and private sectors. For four out of the five countries, public sector wage employment accounts for a larger share of women's employment than men's, the exception being Kenya. Therefore, public employment generally constitutes an important

¹⁰ Statistics on domestic workers are included for Brazil, El Salvador, and South Africa. Domestic workers are considered a subset of paid employees in this analysis, not a distinct employment status category.

source of formal employment for women. Formal self-employment and formal agricultural employment account for a relatively small fraction of total employment for men and women, although in all five cases men are somewhat more likely than women to be employed in these categories of employment.

Two categories of employment dominate informal non-agricultural employment: informal wage workers and own-account workers. In two of the five countries (Brazil and South Africa), informal wage employment accounts for a larger share of women's employment than men's. However, this is due to the large numbers of informal domestic workers in the two countries. In El Salvador, a significant number of women are also employed as domestic workers. If we subtract the share of domestic workers from the overall share of informal paid employees, then men are disproportionately employed as informal wage workers (non-domestic) in all five countries. Treating domestic workers separately also highlights the relative importance of women's employment as non-agricultural own-account workers. Interestingly, in India and Kenya, informal non-agricultural employment is relatively more important for employed men than women. This is not because of a high level of formality for women in these two countries, but rather because women are disproportionately employed in agricultural activities.

We have already discussed general patterns of agricultural employment. Table 5 provides more detail. In India and Kenya, the high share of women's agricultural employment is partly explained by the relatively large number of women who work as contributing family members (generally considered to be unpaid). Interestingly, agricultural employment is structured differently in India and Kenya. In India, wage employment is much more common, while in Kenya small-holder production dominates. Informal agricultural employment is also important in Brazil and El Salvador, but in these cases men are disproportionately employed in agriculture. In South Africa, informal agricultural employment represents a relatively small share of total employment.

Clearly, these countries have diverse employment structures and care must be taken in making generalizations. Exceptions will undoubtedly exist. However, it is worthwhile making a few general observations, allowing for the inexactitude of the exercise. First, women are generally less likely to work in formal employment than men and the public sector provides women with access to formal jobs that might not otherwise exist. Second, if we exclude domestic work, non-agricultural wage employment (both formal and informal) frequently accounts for a larger share of men's employment than women's. Third, in countries in which domestic work is commonplace, it is highly gendered. From these country studies, no common pattern is evident as to whether women are more likely to be employed in agriculture relative to other forms of employment compared to men. However, when agricultural employment represents a large share of women's market-oriented work, many of these women often occupy marginal economic positions in the agricultural sector, such as contributing family workers.

VI. Broad Labour Market and Employment Trends

Analysis of employment trends in developing countries poses a number of problems. First, and perhaps most significant, is the availability of data – particularly sex-disaggregated labour force data. In recent years, detailed labour force data from representative household surveys has become available for a large number of countries. However, data are often not available for earlier years. Therefore, long-run trends cannot be analyzed with any precision. Second, the data collected may not be strictly comparable over time. For example, survey instruments change with the result that variables collected are not perfectly consistent over time. The sampling methodology may also be up-dated. More subtly, but no less important, the ways in which data on the variables of interest are captured may change over time. For example, the ways in which household surveys are currently administered, and the level of awareness among enumerators, frequently means that women's employment is more accurately measured now than in the past (although problems still remain). If estimates from survey data show an increase in women's employment over time, it may be difficult to ascertain whether the trend is real or simply represents improvements in data collection.

In addition, a standard framework for defining certain variables – e.g. employment in the informal sector and informal employment – has only recently been developed. Many surveys have been recently modified to include questions that allow an analyst to distinguish formal from informal employment. However, data collected from earlier surveys will not include these innovations. Although proxies may be developed that provide some indication of changes in certain phenomenon over time, true trends may be impossible to construct.

In the case of the six countries featured here, comparable data over time is particularly scarce for Kenya. Prior to the data collected from the 2005/6 household survey featured in this report, the last labour force survey was conducted nearly a decade ago. Moreover, the comparability of the two surveys – at least with regard to the labour force estimates – is questionable. In the case of South Africa, nationally representative survey data are not available prior to 1993, since the apartheid regime did not deem it necessary to collect such information. Furthermore, the results of the population censuses conducted during the apartheid period are suspect. Since the end of apartheid, South Africa has developed a series of nationally representative surveys that provide researchers with a rich source of data. However, long-term trends cannot be constructed with any accuracy.

For the other countries – Brazil, El Salvador, India, and South Korea, we can compile estimates over several decades. As mentioned above, we need to exercise some caution in interpreting the observed trends, since surveys, definitions, and data collection methodologies will have inevitably shifted somewhat over time. Moreover, countries that have experienced major upheavals may lack data over particular periods and the data which does exist may be challenging to interpret in terms of trends. This is almost certainly the case with El Salvador and the country's civil war which lasted from 1981 to 1992. In the case of India, we rely on population census figures to give us a long-run picture of general labour force trends. Population census data is often not as reliable as labour force surveys (or other detailed household surveys). This is because the census

questions do not delve into as much detail and may not fully capture the nuances of what it means to be “employed” or “economically active.” Nevertheless, these estimates may give us a sense of broad trends.

Many observers have noted an increase in women’s labour force participation in many countries around the world in recent decades (Heintz, 2006; ILO, 2004; Tzannatos, 1999; Horton, 1999; Çağatay and Özler, 1995; Goldin 1994). Table 6 shows estimates of labour force participation rates – disaggregated by sex – for Brazil, El Salvador, India, and South Korea from the 1970s to the 2000s. Women’s labour force participation rates have risen in all four countries from the 1970s to the 2000s. Moreover, women’s labour force participation rates have risen relative to men’s in all cases – a phenomenon sometimes referred to as the “feminization of the labour force.” The changes in the participation rate estimates summarized in Table 6 do not always constitute a smooth trend over the entire period. For example, in El Salvador, the estimate of women’s labour force participation rose during the years of the civil war, reaching over 50 percent in 1990, and then fell afterwards. This could represent a real phenomenon, brought about by the trauma of the conflict, but it may also be a result of problems with data collection during the conflict years. However, despite the uncertainty about the absolute comparability of the estimates, the evidence shows that, over the long-run, women’s labour force participation has risen in the countries featured in this report.

Numerous factors explain the increase in women’s labour force participation: improvements in female education, declining fertility, growing urbanization, shifts in the sectoral composition of production, and changing gender norms. As noted earlier, economic performance can also effect women’s labour force participation. When household resources are squeezed, women often increase the amount they work in income-generating activities – although this reaction varies from one country to the next.

Not surprisingly, women’s employment has generally increased with labour force participation. The opening up of new employment opportunities therefore constitutes a “pull” factor, which would provide incentives for women to enter the paid labour force. However, not all women who enter the workforce are employed. Figures 1 and 2 show, for Brazil and South Korea respectively, that women’s unemployment rates have risen relative to men’s – at the same time women’s labour force participation has grown. This suggests that “push” factors also help explain women’s entry into the labour force – e.g. households may increasingly rely on multiple earners to make ends meet and women enter the labour force even when there is no guarantee of finding employment.

A comparison of trends in Brazil and South Korea – as illustrated in Figures 1 and 2 – is interesting. In Brazil, women’s unemployment rates are generally higher than those of men’s. The difference between women’s and men’s unemployment rates expanded in the 1990s, following the introduction of Brazil’s *real* plan of price stabilization and restrictive macroeconomic policies. This suggests that macroeconomic policies may have an asymmetric impact on women’s and men’s employment opportunities, a point made by other research studies (e.g. see Braunstein and Heintz, 2008). In South Korea, women’s measured unemployment rates tend to be lower than men’s – but this difference

has been falling over time, again as women's labour force participation has increased. Immediately following the East Asian crisis in 1997, women's unemployment rates fell relative to men's (Figure 2) – in the context of rising overall unemployment. In this case, women's labour force participation rates fell for approximately two years after the crisis. In the case of South Korea and the East Asian crisis, women – on average – reacted to higher unemployment by temporarily withdrawing from the labour force.¹¹

Researchers have noted that the available evidence suggests an increase in informal employment in many countries in recent decades (Heintz and Pollin, 2003; ILO, 2002a; Benería, 2001; Castells and Portes, 1989). However, as noted above, long term trends in informal employment are difficult to document since reliable statistics are often not available. Statistics on narrower concept of employment in the informal sector (discussed earlier) are more readily available. The ILO regional office for Latin America and the Caribbean in Lima, Peru collects such data and publishes estimates in its *Panorama Laboral*. Table 7 presents estimates of different types of employment in the informal sector and employment as domestic workers (the majority of domestic work can typically be considered informal), disaggregated by sex, for Brazil and El Salvador. Note that the estimates in the *Panorama Laboral* typically use the size of the enterprise to distinguish informal firms from formal firms.

In the case of Brazil, employment in the informal sector increased between 1990 and 1995 – the period under which the reforms of the *real* programme were first implemented. Since that time, employment in the informal sector has remained at this higher level, falling slightly between 2001 and 2005. A similar pattern can be observed with regard to employment of domestic workers. Women's employment in the informal sector has generally risen and fallen along with men's – the one partial exception being paid employees in informal enterprises, in which there seems to have been a recent feminization of this type of employment.

In the case of El Salvador, employment in the informal sector exhibits a noticeable decline from 1990 to 1995. The peace accord ending the civil war was signed in 1992 – the fall in informality may therefore be a result of the restoration of a degree of political and social stability. Since 1995, employment in the informal sector appears to have begun to drift upwards. Employment as domestic workers has fallen as a share of women's total employment. Similarly, the share of female own-account workers in total women's employment has fallen. However, the share of contributing family workers (unpaid) has risen. This may suggest that more women are increasingly employed in more precarious forms of self-employment, with limited autonomy, control over income, and earning potential.

Although credible labour market data for South Africa has only existed for the past 15 years, some observations about trends in sex-disaggregated indicators can be made. Daniela Casale and Dorrit Posel (2005) provide a summary of notable labour

¹¹ Reaction to the East Asian crisis appears to differ from country to country. For example, Aslanbeigui and Summerfield (2000) find that women's labour force participation increased in response to the crisis in some countries.

market trends in South Africa. Women's share of total employment has increased since 1995, indicating that women's employment has grown faster than men's. However, women's employment has not grown quickly enough to absorb all new labour market entrants. Casale and Posel find that "... of the more than four million additional women who entered the labour market over this period [1995-2003] wanting employment, only about 1.4 million women found employment" (p. 3). Therefore, women's unemployment rates have increased even as women's employment has expanded – a pattern analogous with that of Brazil, discussed above.

The increase in women's employment has meant that some women have made inroads into more 'favourable' occupations – such as professional employment. For example, Casale and Posel find that professional employment increased by 90 percent for African women over the period 1995 to 2003 and by 130 percent for white women. Similarly, the number of women in formal self-employment more than doubled over the same time period. Nevertheless, informal self-employment and employment as domestic workers account for a significantly larger share of the overall increase in women's employment. Table 8, reproduced from Casale and Posel (2005), summarizes these trends.

To summarize this brief discussion of general employment trends: for the six countries examined here, women's labour force participation rates have grown in recent decades, a phenomenon noted in other countries as well. In part, this is due to the opening up of new employment opportunities for women. However, new labour market entrants are not guaranteed employment. In the case of Brazil, South Africa, and South Korea, women's increased labour force participation has been associated with higher unemployment rates for women. In some of the cases examined here, women have higher unemployment rates than men. In others, in which women historically have had lower unemployment rates due to low rates of labour force participation, the gap between men and women has been shrinking.

Data limitations make it difficult to say anything definitive about trends in informal employment. In general, there appears to be evidence for a general growth in employment in the informal sectors of the countries we examined here – Brazil, El Salvador, and South Africa.¹² In South Africa, there has also been notable growth in women's employment as domestic workers. However, the extent to which women's informal employment has expanded more rapidly than men's depends on the specific type of informal employment under consideration. Nevertheless, in countries where women's labour force participation has been increasing at the same time that informal employment has been expanding, we would expect to find informal employment accounting for an increasing share of women's employment.

Aggregate trends in labour force participation and employment are important, but they do not provide a comprehensive picture of a country's employment situation and the links to poverty outcomes. Not all employment is the same and therefore the composition of a country's employment, what we term the 'structure of employment,' has significant

¹² In a subsequent section, we discuss trends in non-regular employment in South Korea.

implications for poverty outcomes. We now turn to a more in-depth analysis of the quality of employment in five of the six countries featured in this report (the issue of non-standard employment in South Korea is treated separately).

VII. Earnings and hours of work

The structures of employment and employment trends described in the previous two sections give us a sense of how employment opportunities are distributed across the populations of the six countries we examine here and how those patterns have changed over time. However, the distribution of employment, by itself, does not tell us about the quality of the employment opportunities, their income-generating potential and general working conditions, such as hours of work. We need a picture of the quality of employment – not simply its quantity and distribution – in order to make the connection with poverty outcomes.

Hourly earnings are often used as a standard measure of the returns to a well-defined unit of labour – one hour's work. Table 9 presents estimates of hourly earnings for Brazil, El Salvador, Kenya, and South Africa, using the same scheme for classifying types of employment used in Table 5. Note: since contributing family workers are often considered to be unpaid, we do not report earnings for this employment status. Hourly earnings are difficult to compute from the survey data for India, since it is more common to measure earnings and work time on a daily or weekly basis. Therefore, we examine weekly earnings in India later in this section.

The figures presented in Table 9 are measured in either local currency units or, in the case of El Salvador, U.S. dollars. That is, the estimates for each country use different units of measurement. Therefore, for the purposes of this report we are most interested in similarities and differences in *relative* earnings. To facilitate such comparison, we present two tables derived directly from Table 9. Table 10 presents hourly earnings for each category of employment expressed as a percentage of the average hourly earnings for all employed individuals, disaggregated by sex, in each of the four countries. Table 11 presents women's hourly earnings as a percentage of men's for each employment category in Table 9.

Beginning with Table 10, we can make a number of helpful observations. For all countries examined here, earnings in formal employment are significantly higher than earnings in informal employment. Among the categories of formal employment, workers in agricultural jobs represent an exception – although this category accounts for a small fraction of total employment, as we saw earlier. Formal self-employment is particularly highly remunerated. Earnings in informal employment are generally lower than the overall average, the one notable exception being informal employers. In many cases, informal employers enjoy higher earnings than formal paid employees, although this does

not hold true for South Africa.¹³ The earnings of domestic workers are particularly low – often significantly below the earnings of other informal paid employees. The lowest levels of earnings are observed for informal employment in agriculture, although in the two Latin American countries, Brazil and El Salvador, earnings from informal self-employment in agriculture can be comparable to earnings in non-agricultural forms of informal employment.¹⁴

Table 11 presents a relative comparison of men’s and women’s hourly earnings. Within most categories of employment, we find that women’s hourly earnings are generally below those of men. For the four countries examined here, the gender earnings gap is generally larger in non-agricultural informal employment than it is in formal wage employment or agricultural employment, although we must be careful about over-generalizing. A sizeable gender earnings gap is often apparent in the various types of self-employment included in Table 11. This suggests that women’s disadvantage in earnings is not restricted to wage labour markets, although discussions of gender pay gaps are often couched solely in terms of wage and job discrimination among paid employees. These results indicate that women face disadvantages in market transactions apart from wage labour markets.

In Kenya, women’s average hourly earnings in formal wage employment are actually larger than the average for men. There are several factors that contribute to this outcome. First, in private formal wage employment, the average educational attainment of women is higher than men. 19 percent of women working as formal private sector paid employees have completed secondary or higher levels of education compared to 11 percent of men in this category of employment. One possible explanation is that, since formal employment is less accessible to women, the pool of women who do manage to secure formal jobs tend to be more highly qualified on average. In addition, a large fraction of women in public and private formal employment work in the health and education sectors, where earnings are higher on average. Similarly, the horticultural export sector – fresh vegetables, fruits, and flowers – employs a significant number of women. This sector has been growing rapidly in recent years with the result that women’s wages in agricultural processing activities are higher than men’s in the same industrial grouping.¹⁵

¹³ As will be shown in a later section, the racial distribution of employment – specifically in terms of informal self-employment and formal wage employment – may help account for the lower earnings of informal employers in the case of South Africa.

¹⁴ For Kenya, estimates of earnings from self-employment in agriculture were not available for this analysis. See table notes in the appendix.

¹⁵ As described in the table notes (see appendix), in Kenya the informality status of paid employees is defined by the class of employment and not by measurements of social protection. This is a necessity because of the survey design and the way in which the informal sector has been typically conceptualized in Kenya. Therefore, most horticultural workers, particularly those in the cut-flower industry which is dominated by large firms, would be classified as formal employees – even if their employment is seasonal and potentially precarious in other respects. Producers of fresh vegetables, on the other hand, are more likely to be classified as informal small-holder producers.

Kenya is not the only country in which the gender earnings gap is smaller, or vanishes altogether, for the formal public sector. This pattern can also be observed in El Salvador and South Africa (in South Africa, the gender gap remains, but is smaller relative to private employment). Not only is the public sector an important source of formal jobs for women, in many cases public employment also appears to be more equitable, at least along gender dimensions. This suggests that, when the public sector is down-sized – for instance, as part of an economic stabilization programme – women will disproportionately bear the cost of the lost opportunities. The implications of such economic trends for income poverty are discussed later in the report.

Statistics on hourly earnings only provide a partial picture of the income-generating potential of different categories of employment. Employment income depends on both average earnings and the total amount of labour time devoted to market work. Table 12 shows average weekly hours of work in employment for Brazil, El Salvador, Kenya, and South Africa. Table 13, derived from Table 12, shows women's hours of work as a percent of men's for these same four countries.

Roughly speaking, weekly hours of work typically range between 40 and 50 hours across employment categories and for the four countries. Weekly hours tend to be somewhat lower on average for contributing family workers and those self-employed in agriculture, although exceptions exist. There are significant differences in the hours worked by employed women and employed men. As Table 13 illustrates, women's weekly hours of paid, market work are 80-90 percent those of men in Brazil, Kenya, and South Africa. One of the principal explanations for the gender difference in the workweek is that, on average, women are engaged in much more non-market, unpaid work in their households and their communities than are men. The one exception to women's shorter workweek, at least in terms of employment, is El Salvador. In El Salvador, women's weekly hours of employment are more or less equal to men's.

Less time spent in paid, market work translates into lower weekly earnings, other factors remaining the same. Table 14 shows this, using Brazil, India, and Kenya as examples. We have weekly earnings data for India and we include it in Table 14 to show that the general patterns observed for other countries are also evident for India. Table 14 reaffirms what we have shown elsewhere. Weekly earnings tend to be higher in formal employment relative to informal employment, the exception being informal employers. Weekly earnings tend to be lowest in informal agricultural employment. Because of a combination of lower average earnings and less time dedicated to paid work, women's weekly employment earnings are significant below those of men. The one anomaly in Table 14 is formal private paid employees in Kenya and we have already suggested reasons for this.

To sum up the discussion to this point: access to employment is an important determinant of poverty outcomes, but access to paid work is not enough. The quality of employment opportunities needs to be taken into account. Our analysis of the structure of employment, although still at an aggregate level, demonstrates that there is enormous diversity in terms of employment relationships, regulatory governance (at least as

reflected in the formal/informal distinction), returns to labour, and overall earnings potential. Formal employment enjoys higher returns to labour and generates more income than informal employment. However, the aggregate category “informal employment” hides the diversity of these activities. For example, informal agricultural work accounts for some of the most precarious forms of employment in the countries examined here. In contrast, informal employers may earn more on average than many working as formal paid employees.

From this analysis, it is clear that women occupy a more precarious position in the labour force than do men. Three factors conspire to push women into an unfavourable economic position in terms of the returns to their labour that they ultimately realize:

- Employment segmentation. Women are disproportionately employed in lower-quality employment, including informal employment, with low returns to labour.
- The gender earnings gap. In general, women earn less for a given amount and type of work than do men – even within the same broad category of employment. This holds for both wage employment and self-employment.
- Fewer hours of work. Due to the competing demands of unpaid care work and non-market production, women spend less time on average in paid, market work. This lowers their total employment income.

The findings presented thus far have important implications for our understanding of the relationship between employment and poverty outcomes. With this background in place, we turn to estimates of poverty outcomes.

VIII. The working poor: assessing the risk of poverty

One approach to examining the relationship between different types of employment and poverty outcomes is to measure the ‘working poor’ poverty rate. In this report, we define the ‘working poor’ as those individuals who are (1) employed and (2) living in households whose income or consumption levels fall below a poverty threshold. The working poor poverty rate is simply the number of working poor in a particular employment category expressed as a percentage of the total number of people in the same employment category. This gives us one measure of poverty risk: a simple assessment of the likelihood that workers in particular types of employment will live in income or consumption poverty.

Once again, we focus on the five countries featured in the previous sections: Brazil, El Salvador, India, Kenya, and South Africa. We will take a closer look at South Korea in the next section of this report. We use national definitions of poverty for this analysis, instead of applying the, often contentious, idea of a single international poverty line. Because the methodologies for determining the poverty threshold differ from country to country, direct comparisons of poverty outcomes must be avoided. As with the discussion of the distribution and quality of employment, we want to look for common

patterns and relative comparisons. In addition, the survey data place further restrictions on the measurement of poverty in each country. In the surveys used for Brazil, El Salvador, and South Africa, we have data on income, but not consumption. For these three countries, the poverty rates reported represent a measurement of income poverty. For India and Kenya, poverty status is determined by estimates of total household consumption. In these two cases, the poverty rates represent a measurement of consumption poverty. These differences should not dramatically handicap our analysis as long as we avoid making direct comparisons of the absolute incidence of poverty across countries.¹⁶

In addition, the South African Labour Force Survey only includes data on income from employment. Therefore, poverty rates are calculated based on household employment income alone. Because of this limitation, the approach we take in this report will overestimate the incidence of poverty in South Africa.

Table 15 presents estimates of the working poor poverty rates using the same framework for the structure of employment featured in early parts of the report. The table gives an overview of measured poverty rates for the five countries. The table notes in the appendix provide additional details concerning the definition of the poverty line and how poverty rates are measured. Remember that these working poor poverty rates are *individual* poverty rates in the sense that they represent the number of individuals who are poor (i.e. who live in poor households) expressed as a percentage of the total number of individuals (poor and non-poor) within a particular category of employment.

As was the case with the analysis of earnings, the relative comparisons that we would like to emphasize are easier to see using indicators derived from Table 15. Table 16 presents *the ratio* of the working poor poverty rate for a given employment category to the working poor poverty rate for all employed individuals by sex. Table 17 provides a comparison of the poverty risk of employed women and men: *the ratio* of women's working poor poverty rate to men's. *Therefore, both Tables 16 and 17 contain ratios of the poverty rates presented in Table 15 – not the poverty rates themselves.* The numbers in both these tables can be interpreted as follows. In Table 16, a value of one indicates that the poverty rate in question is equal to the poverty rate for all employed women or men, as the case may be. A value below one indicates a lower than average poverty risk, and a value greater than one indicates a higher than average poverty risk. Similarly, in Table 17, a value of one indicates that the poverty rate for employed women is equal to the poverty rate of employed men. A value less than one means that employed women have a lower poverty rate than employed men, and a value greater than one means that the poverty rate for employed women is higher.

¹⁶ These methodological differences could potentially affect even the relative comparisons we emphasize here if, for example, the correlation between income and consumption were weak. This does not appear to be the case and should not be a significant concern. However, it is important to recognize that ideally we would be using identical variable definitions throughout this report. Unfortunately, we do not have that luxury given the survey data available at this time.

It should be stressed that the emphasis in this analysis falls on the connection between types of employment and poverty status – the focus is on the working poor population. Therefore, poverty rates among individuals who are not employed are not included in this particular part of the analysis. Care must be taken not to confuse the estimated poverty rates of employed individuals with general poverty rates among all individuals in the population as a whole. For example, the gender differentials discussed in this section indicate how the poverty rates of employed women differ from those of employed men, but do not adequately capture the aggregate poverty risk of all women. In later sections, we look at poverty rates among households as a complement to these estimates – which include individuals who are not employed

From Table 16, we can see that poverty risk by employment category follows a similar pattern to average earnings. That is, individuals in formal employment tend to have lower than average rates of poverty. The risk of poverty rises as we move from formal to informal employment. Informal agricultural workers experience some of the highest poverty rates. The exceptions to this general pattern are similar to the exceptions with regard to average earnings. For example, formal agricultural workers face a higher risk of poverty than workers in non-agricultural formal employment. Informal employers generally face a lower-than-average poverty risk. Contributing family workers and domestic workers generally have particularly high rates of poverty, relative to other employed individuals.

However, the differences between women and men in terms of average earnings are not necessarily reflected in a comparison of their poverty rates. Based on the ratios presented in Table 17, we see that employed women often have a lower average poverty rate than employed men, particularly in specific categories of employment. Remember: if women have a higher “working poor” poverty rate than men, the ratio will be greater than one. If the number in Table 17 is less than one, employed women in that category of employment have a lower poverty rate than men in the same category of employment. This holds true even when women’s average returns to labour and weekly earnings are below those of men. In India and South Africa, poverty rates among employed women are almost always higher than those among employed men. However, in Brazil, El Salvador, and Kenya, the same generalization cannot be made.

Consistent patterns are not evident across these three countries. For example, in Kenya poverty rates tend to be higher for women engaged in self-employment relative to men (e.g. formal self-employment, informal employers, and contributing family workers). Along similar lines, in El Salvador, women in informal self-employment tend to have higher working poor poverty rates than men in the same general type of employment, but for other forms of employment, this does not hold true. In Brazil, employed women have poverty rates that are effectively equal to or below those of men – the one exception being the relatively small category of formal self-employment.

What is going on here? Why might employed women – who are disadvantaged in terms of employment opportunities and earnings – actually have lower poverty than men in similar categories of employment? The answer has to do with the fact that poverty

status is determined at the level of the household while analysis of labour market and employment dynamics focus on the individual. Employed women frequently have lower poverty rates on average because their contribution to family income makes the difference as to whether the household is poor or not – even when women’s employment is of very low quality. In many cases, it is women’s employment that keeps a family above the poverty line. This seemingly contradictory result emerges because aggregate household income (or consumption), not an individual’s position in the labour market, determines poverty status.

Of course, employed women do not always have a lower risk of poverty than men. In certain cases, the marginal position many women occupy in the labour force translates directly into poverty in the household. Perhaps the most obvious case would be when an employed woman maintains a household by herself, with few complementary sources of income. We cannot adequately analyze poverty dynamics – and not even the employment-poverty connection – based on employment and labour market outcomes alone. The structure of the household must complement the structure of employment. We will return to a household-level analysis of the employment-poverty connection later in this report.

IX. Non-standard work: the case of South Korea

For five of the six countries included in the detailed analysis, we emphasized the importance of informal employment in analyzing the implications of the overall structure of employment. Now we turn to a concept that is closely related to, yet distinct from, the idea of informal employment: non-standard or non-regular employment.¹⁷ Using South Korea as our case study, we will look at the same indicators that were used to analyze the employment structures of Brazil, El Salvador, India, Kenya, and South Africa: distribution of employment opportunities, average earnings, hours of work, and the working poor poverty rate. However, our classification scheme will change somewhat to reflect the current focus on non-standard employment.

As had been mentioned earlier, informal employment refers to employment that is not subject to regulatory, social, or legal protections. In contrast, non-standard employment refers to a departure from traditional employment relationships or from the nature of the dominant employment contract (implicit or explicit) which may or may not be associated with a *de jure* reduction in regulatory oversight or legal and social protections. Often, an increase in non-standard employment is associated with less favourable distributive outcomes for workers and a redistribution of economic risk from the employer to the employee.

South Korea provides a compelling case study of non-standard employment because of the extremely rapid growth of this form of employment following the East Asian economic crisis of 1997. Estimates show that non-standard employment, broadly

¹⁷ We will generally use the term non-standard employment in this report. In South Korea, it is common to refer to non-regular employment. Others use the term atypical employment. For our purposes, these terms can be used interchangeably.

defined, has grown from 17 percent of total employment in 2001 to 29 percent in 2006 (Grubb, Lee, and Tergeist, 2007).¹⁸ In Korea, non-standard employment is usually defined in terms of two specific types of short-term employment: temporary employment and daily employment. Non-standard employment therefore represents an erosion of permanent employment, in which people could expect to retain a relationship with a particular employer over much of their working lives. In the Korean Economically Active Population Survey (EAPS), temporary employment refers to workers with a contract of less than one year or workers hired for a specific task. Daily employment refers to workers with a contract of less than one month.

Table 18 contains estimates describing Korea's employment structure, average weekly hours worked, and average hourly earnings. Table 18 also disaggregates the estimates by the size of enterprise in which individuals work. Urban employment currently accounts for the vast majority of employment in Korea. 67.4 percent of employed men and 66.1 percent of employed women, both rural and urban, work as paid employees (i.e. wage employment). Nevertheless, self-employment, including own-account workers, employers, and contributing family workers, remains a significant source of employment for about a third of Korea's workforce.

Non-standard employment – defined as the combination of temporary employment and daily employment – accounts for 24.1 percent of men's employment and 40.3 percent of women's employment. Weekly hours of work are significantly lower in non-standard employment compared to regular wage employment and the various forms of self-employment. Hourly earnings are also significantly lower relative to the average earnings of regular paid employees.¹⁹ Moreover, women's hourly earnings are systematically below those of men. The comparison between regular and non-standard employment parallels the patterns which we observed between formal and informal employment. Workers in non-standard employment realize a lower return to their labour and have a reduced earnings potential compared to regular employees. The gendered patterns are also strikingly similar. Women are concentrated in non-standard forms of employment, a gender earnings gap is evident, and weekly hours of employment are significantly shorter. These factors will limit women's earning potential, at least in terms of labour force participation, relative to men's.

In Korea, many women who left the labour market for marriage and/or to raise a family find it difficult to find permanent employment when they return. Many of these women work in non-regular employment when they once again become economically active. For example, only 35 percent of women who are employed and have never married work in non-regular employment (Grubb, Lee and Tergeist, 2007). In contrast, 46.4 percent of married women who are employed work in non-regular employment and 56.5 percent of separated women who are employed work in non-regular jobs. Therefore, there is a clear work/family conflict in Korea, in which women face large labour market penalties for raising children and engaging in caring labour.

¹⁸ The Economically Active Population Survey (EAPS) did not collect data on these forms of employment before 2001.

¹⁹ The EAPS does not contain data on earnings from self-employment.

According to the EAPS, most non-standard employment is concentrated in the service sector – including retail trade, hotels, restaurants, administrative support, and educational services. This is particularly true for women. In rural areas, agricultural employment accounts for a significant share of non-standard employment. In addition, construction work comprises an important share of daily employment. Male workers dominate non-regular employment in construction.

The size of enterprise is also important. In terms of the estimates in Table 18, small scale enterprises refer to firms with 1 to 4 workers in total. ‘Other enterprises’ refer to firms with 5 or more workers. Of total urban wage employment, 20 percent of employees work in small enterprises. 89 percent of total urban self-employment is in small-scale enterprises.²⁰ Women in the urban wage labour force are more likely to work in small enterprises than are men. However, men are more likely to be employers in small enterprises. For paid employees, earnings and hours of work are lower in small enterprises compared to other enterprises. Again – we have the same pattern, this time based on the size of the enterprise instead of the nature of the employment relationship.

Table 19 presents estimates of the working poor poverty rates for Korea using the same employment structure as Table 18. The Korean EAPS data does not include a measurement of total household income. Therefore, total employment income is used in the estimates of the working poor poverty rates. Poverty rates, based on household employment income alone, tend to be higher for workers in non-standard employment compared to regular employment. Employees in regular wage employment have a virtually negligible likelihood of living in poverty. Poverty risk increases for temporary workers and is pronounced for daily workers. Rural workers have slightly higher poverty rates than urban workers. The poverty rates for employed women are often significantly higher than those of men in the same category of employment. For example, the estimated poverty rates among women working as daily workers in the urban labour force are three times those of men in daily employment.

The analysis of non-standard employment reveals patterns in Korea parallel to those described previously in terms of informal employment. The precariousness of employment may be measured along many dimensions: the degree of formality, the security of the employment relationship, or several others (e.g. the work-time arrangement, degree of the dependency on other actors, etc.). Not surprisingly, the more precarious the arrangement, the greater the economic risk and the higher the incidence of poverty. The poverty risk associated with the structure of employment extends beyond employed individuals and encompasses household dependents. Therefore, the welfare implications of the employment-poverty connection are far-reaching. As has been mentioned before, the structure of the household also influences the risk of poverty among working people – as issue to which we now turn.

²⁰ Often, a size criterion is used to distinguish informal enterprises from formal enterprises. If we were to apply this approach to Korea, the small enterprises could be called informal and the other enterprises formal. In this way, Table 15 gives some indication of employment in the informal sector.

X. Employment and household-level poverty: India, Brazil, and Kenya

We have already examined one approach to investigating employment-poverty linkages: through the concept of a ‘working poor’ poverty rate. The working poor poverty rate is an individual assessment of poverty risk, in the sense that it reflects the fraction of poor individuals within a particular employment category. Income poverty is defined at the household level, but the incidence of poverty is measured at the individual level. This allows a mapping of individuals’ labour market status to their poverty status. However, this approach does not take into account the structure of the household beyond the determination of the relevant poverty line. This is a problem because a person’s poverty status is not only determined by his or her position in the labour market, but also by the labour market positions of other household members and by any supplemental, non-employment sources of income. In this section, we explore a different approach to documenting the employment-poverty connection – one that keeps the analysis at the level of the household.

Table 20 shows the household poverty rates for Brazil, India, and Kenya by the total number of employed persons in the household.²¹ Note that these poverty rates differ from the “working poor” poverty rates (discussed in the previous sections) in one important respect: these are household poverty rates. In this section, *the household poverty rate represents the number of poor households expressed as a percentage of the total number of households*. The poverty rates presented in earlier sections were individual poverty rates: the number of individuals from poor households expressed as a percentage of the total number of individuals within a particular employment category. These two measures are not equivalent, since the number of household members and the number of employed individuals in each household vary across the income distribution with poorer households typically being larger on average than richer households. A number of interesting patterns emerge from the estimates presented in Table 20.

In India and Kenya, households with no employed individuals had higher poverty rates than those with one or two employed household members. Therefore, access to employment – in general – helps to reduce poverty. The situation is different in Brazil – poverty rates are lower in households with no employed members compared to those with one employed person. This suggests that Brazilian households in which no one is engaged in paid employment have an alternative source of income or savings that helps these households make ends meet (e.g. income from a pension or remittances). Poor households without such resources have no alternative but to work in paid employment.

In India and Kenya, the rate of poverty actually *rises* as the number of employed people in the household increases. This is due to two factors. First, household size tends to increase with the number of earners. Larger households need to generate more income to keep all household members out of poverty. Larger households also tend to have a

²¹ We do not present estimates for South Africa and South Korea in this section because the surveys used in these two cases only contained information on income from employment. Therefore, no data on total household income or total household consumption were available. The working poor estimates for El Salvador were taken from a previous study and could not be easily adapted to the presentation here.

bigger pool of potential earners simply because they have more members. However, household size only provides a partial explanation. The second critical factor is the labour supply response to poverty. As mentioned in the introductory sections of this report, when households come under economic pressure, household members, particularly women, frequently increase their labour force participation as a survival strategy. Therefore, low household incomes cause more people to work in paid employment, but the additional income may not be enough to get families out of poverty. The employment-poverty connection runs in the reverse direction – poverty status affects employment outcomes at the household level.

The situation in Brazil is less clear-cut. Poverty rates fall when we move from one-earner households to two-earner households – the second source of employment income makes a difference to the poverty status of households. However, poverty rates rise when we move from two-earner to three-or-more-earner households. This may suggest that households that depend on larger numbers of earners only have access to more marginal forms of employment (e.g. informal agricultural work). Also, individuals with poverty-level earnings may find it advantageous to pool resources with others in the same household and share the fixed costs of maintaining that household. The larger the household, the smaller would be the fixed costs per person. In addition, the members of large households may increase their labour force participation rates as a necessary livelihood strategy, given the greater resource demands of larger households.

The fact that employment decisions are often made at the household level and that labour supply may increase due to worsening employment conditions runs counter to neoclassical models of labour supply. In the neoclassical framework, labour supply decisions are taken at the individual level. Individuals choose between work and leisure – as employment earnings increase, the implicit cost of leisure also rises. Therefore, individuals will supply more labour when earnings are high and withdraw from the labour market when earnings are low. However, we observe that opposite may be the case: individuals in the same household may respond to low earnings by increasing their labour supply. This alternative labour supply response to poor employment conditions has important implications for the functioning of labour markets, the relationship between earnings and employment, and the welfare implications of the standard models.

How does the type of employment impact household poverty outcomes? We examine this question by dividing households into two groups: those in which income from formal employment dominates (i.e. total income from formal employment is greater than or equal to income from informal employment) and those in which income from informal employment dominates (i.e. total income from informal employment is strictly less than income from informal employment). Table 21 summarizes poverty rates for these two groups of households in Brazil and Kenya.²²

The key relationship of Table 18 is unambiguous: households which depend on income from informal employment face significantly higher poverty rates than

²² Large numbers of missing observations for employment earnings makes a similar analysis for India questionable.

households which get most of their income from formal employment. In addition, the relationship between the number of earners and poverty outcomes changes depending on which group of households we consider. For example, in Brazilian households where formal income dominates, poverty rates drop as the number of earners expand, but this does not hold true for households dependent on informal employment. In Kenyan households where formal employment dominates, poverty rates initially increase and then decrease as the number of earnings grows. For households relying on informal employment, poverty rates increase with the number of employed household members.

As we have already discussed, the types of employment available to women matter for determining the risk of income or consumption poverty. However, there is no one-to-one relationship between employment opportunities, gender, and poverty outcomes. Poverty analysis must take into account the combined interaction between the gendered structure of employment and the gendered structure of the household.

Here we focus on how women's employment, in the context of the household, may affect poverty outcomes. Many studies of the "feminization of poverty" have focused on female-headed households and whether such households have higher risks of poverty. This approach has been questioned on empirical and conceptual grounds (see, for example, Chant, 2003; Marcoux, 1998; Quisumbing, et al., 1995; Razavi, 1999; Folbre, 1991). For Brazil and Kenya, we propose an alternative to the commonly-used 'head of household' category. We divide households into two groups: those in which the single largest contributor to household employment income is a woman and those in which the single largest contributor is a man. Because of missing data on employment earnings, we cannot reliably divide Indian households into the same two groups. Therefore, for India we use the traditional "male-headed household" and "female-headed household" nomenclature.²³

The poverty rates for these comparison groups of households are reported in Table 22. No consistent pattern emerges across countries. In Brazil, poverty rates of households in which the highest earner is female are always lower than households in which the highest earner is male. Given women's unfavourable position in Brazilian labour markets, women whose earnings are higher than men's may simply be more highly qualified on average and the households in which they live would have a lower poverty risk.²⁴ In addition, remember that, in Brazil, men are disproportionately employed in agriculture – with low earnings and high risk of poverty. Therefore, those households in which men work in agricultural jobs and women are either out of the labour force or work as contributing family workers would pull up average poverty rates.

In Kenya, households in which the highest earner is female have higher poverty rates than households in which the highest earner is male. The exception to this pattern is households with 3 or more employed persons. This pattern fits more closely with what

²³ Although there are missing observations with regard to employment earnings, we can still compare household poverty rates since these are based on estimates of total household consumption. See the table notes in the appendix.

²⁴ Of course, this explanation cannot apply to households with one female earner.

we would expect from the employment analysis. Households which depend on women's employment face a higher risk of poverty because of women's more precarious position in the labour force.

In the case of India, we look at poverty rates using the more traditional notion of household headship, despite the problems that have been identified with this particular categorization. For households with two or more earners, male-headed households have higher poverty rates than female-headed households. For households with only one employed person, female-headed households have higher poverty rates. Therefore, we find similar mixed results as some other empirical studies of the "feminization of poverty" hypothesis. That is, female-headed households do not systematically have higher poverty rates. However, the hypothesis of higher poverty rates for female-headed households is not entirely without merit. Female-headed households with only one employed person will include households that are maintained by single women engaged in paid employment. Given women's unfavourable labour market position, these households should be at a higher risk of poverty compared to other households classified as female-headed.

Table 23 presents a different approach to classifying households based on the gendered nature of paid employment. Households are classified into four categories: those with no employed persons, those in which only women are employed, those in which only men are employed, and those in which both women and men are employed. Table 23 presents poverty rates for each household type for Brazil, India, and Kenya. In addition, Table 23 presents estimates of average household size and the average ratio of the number of individuals aged 0-14 to the number of individuals aged 15+ in each household. We call this second indicator a "dependency ratio".²⁵

For the three countries analyzed here, there is not one example in which households with only women earners have the lowest poverty rates. Only in Kenya do such households have the highest risk of poverty. In India, households with both men and women employed have the highest risk of poverty. In Brazil, households with only men employed have the highest risk of poverty.

What might explain these divergent patterns? In India, households with both men and women employed are larger than households in the other three categories. Also, these households have a relatively high dependency ratio. These two factors could raise average poverty rates. In Brazil, households with only men employed are larger than those with only women employed. Also, as discussed above, in Brazil, men are disproportionately employed in agriculture with significantly higher-than-average risks of poverty.

²⁵ It is more common to define the dependency ratio as the ratio of the entire non-working-age population to the entire working-age population (generally, 15-64). In Table 20, we define the ratio at the household level and use a different set of age ranges. We focus on children (0-14 years of age) in calculating this ratio in order to be consistent with earlier analysis of the structure of employment, in which no upper-bound was placed on the working-aged population. The more traditional dependency ratio would include those above 64 as 'dependents' – even if they were gainfully employed.

In all three countries, households with only women earners have the highest dependency ratio. That is, these households are likely to support more children (per working aged adult) than other households. However, these households also tend to be smaller on average. Therefore, the overall impact on standard measures of income poverty is ambiguous. Moreover, the very fact that women in these households work in paid employment may, under certain circumstances, lower their poverty risk relative to households in which women do not participate in the labour force at all – even when the quality of women’s employment is substandard.

Can we draw any conclusions from the earlier discussion of labour market trends and the discussion of the sections of this report focusing on poverty outcomes? Data limitations and problems of comparability prevent us from compiling detailed poverty trends for the employment categories (of individuals and households) presented in this report. However, the analysis allows us to generate a number of informed hypotheses and to advance some preliminary conclusions.

Income or consumption poverty rates would most likely have been higher on average if it had not been for women’s increased entry into the paid labour force over the past several decades, all other factors being equal. Women’s employment income, even from highly precarious work, can make a meaningful impact on a households’ standard of living. However, the impact on poverty would have been greater still if the quality of the employment opportunities available to women were comparable to those available to men. Also – it is important to emphasize that we are focusing on average poverty rates. In many countries, a non-negligible fraction of women who entered the paid labour force experienced bouts of unemployment. There is no guarantee that greater labour force participation, by itself, will reduce poverty – women’s access to employment opportunities would have to expand.

Rising informalization would have a negative impact on the average quality of employment – both for men and for women. As shown in this section, households that depend on informal employment for their primary source of income face a much higher risk of income/consumption poverty than other households. There are important feedback loops which need to be recognized. For example, deterioration in the quality of employment can lead to increased labour force participation by women, who end up working in more precarious jobs. Growing informality of employment would tend to increase the overall risk of poverty, but women’s paid work could partially off-set this risk. Under this scenario, income poverty rates would have been higher still if women remained economically inactive.

Changes in household composition can have a dramatic impact on income/consumption poverty. If economic stress (or other factors) trigger a rise in households headed by lone working-aged women, average poverty rates are likely to climb. These households cannot increase the number of employed family members as a coping mechanism. Moreover, the fact that the single earner in these households faces numerous labour market disadvantages (e.g. a gender earnings gap, labour market

segmentation, care responsibilities for children, etc.) will further increase the risk of poverty.

How do recent economic reforms (e.g. the adoption of a neoliberal policy agenda) fit into this picture? The answer is complex. For example, evidence from various countries suggest that trade liberalization may provide additional jobs for women *if labour-intensive exports expand post-liberalization* (i.e. “pull” factors). However, when trade liberalization results in greater import penetration, male workers appear to be disproportionately affected (Heintz, 2006). If the quality of men’s employment is reduced, this could squeeze household resources and prompt more women to enter the paid labour force (i.e. “push” factors). In both cases, the end result may be a growing feminization of the labour force, but the impact on the poverty risk of households is ambiguous. The creation of new jobs in export sectors may reduce poverty, but the displacement of workers by imports may increase poverty, depending on the magnitude of the effects and the quality of jobs created and/or lost.

As mentioned earlier, studies have shown that macroeconomic stabilization policies (e.g. targeting low rates of inflation) frequently have negative consequences on women’s paid employment (Braunstein and Heintz, 2008). The analysis of this report suggests that this will have a detrimental impact on poverty rates, since women’s entry into paid employment represents an important (and increasingly significant) livelihood strategy. Similarly, conservative fiscal policies may have a negative impact on women’s access to formal employment – since, as we have seen, public employment represents an important source of quality jobs for women. Curtailing the creation of formal employment opportunities will likely increase the prevalence of poverty since informal employment is associated with higher poverty risk at the individual and household level. In addition, such policies can contribute to open unemployment among women. As household resources are squeezed, women may enter the labour force at a time when employment opportunities are in decline. This will reduce the probability of finding a job – again, raising the risk of poverty.

Even if women do manage to find employment which reduces the households’ risks of poverty, the welfare implications can be ambiguous. This is because women’s unpaid labour also produces non-market goods and caring services necessary to sustain households. With more time devoted to paid work, women may supply fewer of these non-market necessities or the quality of the services produced may decline. The risk of income poverty may be reduced, relative to what it otherwise would have been, when women enter the paid labour force, but the impact on non-market aspects of social well-being would need to be taken into account to understand the complete welfare picture.

Clearly, more work needs to be done in this area. Nevertheless, the impact of such policies on women’s employment will almost certainly be an important part of the overall dynamics of poverty.

XI. Employment, poverty, and race: a comparison of South Africa and Brazil

Social divisions – such as those based on racial categorization, ethnicity, nationality or caste – affect access to employment and poverty outcomes. In this section we examine racial divisions and the employment-poverty connection in South Africa and Brazil. The analysis parallels that of the previous sections of the report, presenting estimates of the structure of employment, earnings, and poverty rates, but emphasizes differences among racial groupings. South Africa and Brazil were chosen out of the six countries because in both countries race is a potentially important determinant of social and economic well-being.²⁶ In addition, survey data exist that allow us to generate racially-disaggregated estimates for both countries.

In South Africa, four racial categories are generally recognized, based on the administrative racial categorization of the apartheid era: whites (generally of European decent), black Africans, Indians (of South Asian heritage), and coloureds (generally referring to mixed race communities). We use these same categories in the analysis here. There is considerable debate on whether these classifications should continue to be used, since they are a clear social construction of the apartheid state. However, these racial groups remain socially meaningful – particularly in tracking economic inequalities in South Africa. Therefore, we use these established categories, noting in the process that ideally the economic inequalities which we document would vanish over time.

The data source we use for Brazil – the *Pesquisa Nacional por Amostra de Domicílios* or PNAD (National Household Sample Survey) – classifies individuals into five racial groups – whites (*brancos*), *pretos*, *pardos*, Asians (*amarelos*), and indigenous (*indigino*). *Pretos* (‘blacks’) generally refers to darker-skinned individuals of African decent and *pardos* (‘browns’) generally refers to lighter-skinned individuals of African decent. There is on-going debate in Brazil as to whether the *preto/pardo* distinction is warranted, since the dividing line between *preto* and *pardo* can be arbitrary. The labour market situation for *pretos* and *pardos*, based on analysis of the PNAD data, is similar, although not identical. Given the similarity in labour market standing, we take the approach, often used by academics to examine race in Brazil, of combining *pretos* and *pardos* into a single category which we will call *afro-decedentes* (‘of African heritage’). Therefore, we analyze four racial groupings in Brazil: whites, *afro-decedentes*, Asians, and indigenous.

Table 24 presents general labour market indicators by racial category for South Africa and Brazil. In South Africa, Africans account for the largest share of the working aged population, followed by whites, coloureds, and Indians. Labour force participation rates are highest for whites and lowest for Africans. This could be the result of very high unemployment rates among Africans (over 30 percent), resulting in large numbers of discouraged workers who drop out of the labour force. The employment-population ratio

²⁶ This is not to ignore equally important divisions within the populations of the other countries analyzed in the report: for example, caste divisions in India, the indigenous population in El Salvador, immigrants and ethnic minorities in South Korea, and distinct ethnic/linguistic groups in Kenya. However, this section focuses on race and South Africa and Brazil are useful case studies of racial differences.

and the unemployment rate reveal similar patterns: whites enjoy the best access to employment opportunities and Africans the worst. Only one-third of the working-age African population is employed, according to the survey data, compared to 59 percent of whites. The rate of informalization is also highest for the African population, followed by coloureds, and Indians. Informal employment is relatively uncommon among the white population.

In contrast to the South African situation, there is no similar pattern of broad labour market exclusion in Brazil. Whites and *afro-decedentes* are by far the two largest groupings – together they account for the vast majority of the working aged population. Labour force participation rates, employment population ratios, and unemployment rates are similar across the four racial groups. *Afro-decedentes* and the indigenous population have somewhat higher unemployment rates compared to whites, but the extreme divergence observed in South Africa is not apparent in Brazil. However, informal employment accounts for a significantly higher share of total employment for *afro-decedentes* and the indigenous populations. As we will see in greater detail, in Brazil, racial labour market disadvantages appear to manifest themselves in terms of unfavourable inclusion (e.g. higher rates of informality). In South Africa, racial disadvantages in the labour market are the combined result of economic exclusion (high unemployment rates) and unfavourable inclusion (concentration in low quality employment).

Employment, poverty, and race in South Africa

We will first examine the statistical profile of employment and poverty outcomes in South Africa and then turn to the example of Brazil. Table 25 presents the structure of employment in South Africa, disaggregated by racial category. Formal employment accounts for over 91 percent of total white employment, nearly 85 percent of Indian employment, approximately 78 percent of coloured employment, but only 55 percent of African employment. Employed Africans and, to a lesser extent, employed coloureds are more likely to work in informal agricultural employment, with low earnings and high incidence of poverty. Informal wage employment represents a significant share of African employment. This is partly due to the large numbers of African domestic workers (almost all of whom are women). In general, whites tend to have access to much better employment opportunities on average and Africans are concentrated in the lowest quality jobs.

Table 26 presents estimates of average hourly earnings by race. We already have discussed differences in earnings across employment categories in an earlier section. The same patterns are evident here within each of the racial groups – e.g. informal workers earn less on average than formal workers. Moreover, a racial earnings gap is evident *within* each employment category. African workers almost always earn less than any other racial group within the same category of employment.²⁷ Overall, the same racial

²⁷ The exceptions – informal domestic workers and informal agricultural self-employment – may reflect the limited number of observations available rather than a statistically significant difference. For example, there are very few Indian domestic workers in the sample collected for the 2004 Labour Force Survey.

hierarchy evident elsewhere is reflected in measurements of average earnings: earnings are lowest for Africans, somewhat higher for coloureds, higher still for Indians, and the highest overall for the white population.

Table 27 presents estimates of working poor poverty rates by racial category. The Labour Force Survey used to construct these estimates only contains information on employment income. Therefore, these poverty rates are constructed based on employment income alone and exclude other sources of income due to the limitations of the survey data. One implication of this is that the poverty rates in Table 27 are likely to be overestimates of the actual poverty rates in South Africa (see table notes in the appendix). Nevertheless, a comparative analysis is instructive. Since the non-white population is generally concentrated in poorer quality employment and since a racial earnings gap is evident within specific employment categories, we would expect working poor poverty rates to be highest for Africans and lowest for whites. Table 27 generally confirms these expectations – particularly for informal forms of employment and in terms of the overall working poor poverty rates. Racial differences in poverty risk are evident within employment categories and across all employment categories. The estimated poverty rate for all white workers, based on employment income alone, is 26.4 percent. The estimated poverty rate for all African workers is 45.9 percent. But Indian poverty rate is lower than the rate for white workers, at 17.8.

Employment, poverty, and race in Brazil

Table 28 presents the structure of employment in Brazil, disaggregated by the four racial categories described previously: whites, *afro-decedentes*, Asians, and the indigenous population. In some respects, the broad patterns of employment reflect those in South Africa, although the differences are not as extreme. Also – whites and Asians share similar patterns of employment, compared to those of *afro-decedentes* and the indigenous population. Formal employment accounts for a larger share of total employment for whites and Asians, although the composition of formal employment differs somewhat between these two groups. Specifically, self-employment is a relatively more important source of employment for Asians than whites.

Whites are less likely to work informally than the other three racial groups. Both *afro-decedentes* and indigenous workers are more likely to be employed in informal agricultural activities. Informal non-agricultural employment accounts for a large share of Asian employment. However, the composition of this employment needs to be taken into account. For example, Asians are more likely to be informal employers than individuals from other racial groupings. *Afro-decedentes* and the indigenous population are most likely to work as informal paid employees. This is, in part, due to the significant number of domestic workers among these racial groups. Subsistence activities (classified as “production for own use”) account for a significant share of indigenous employment. These activities are associated with low standards of living and high risks of poverty.

Table 29 presents estimates of average hourly earnings for the four Brazilian racial groups. *Afro-decedentes* and indigenous workers systematically receive the lowest returns to their labour.²⁸ Asian workers receive the highest average returns to their labour, followed by the white population. Therefore, a racial earnings gap is present in Brazil, but its character differs from the racial earnings gap in South Africa in that white workers do not enjoy the highest average earnings.²⁹ However, across the two racial groups that are dominant in terms of their size – whites and *afro-decedentes* – whites occupy, on average, a much more advantageous position with regard to employment opportunities. In many types of employment (e.g. formal paid employees), earnings of indigenous workers are close to those of white workers. However, the indigenous population is disproportionately concentrated in poor quality employment. Therefore, average earnings across all indigenous workers are relatively low.

As in South Africa, the combination of a racial earnings gap and differences in the distribution of employment opportunities by race result in higher poverty rates for *afro-decedentes* and indigenous workers compared to whites and Asians. Table 30 presents working poor poverty rates by race. Approximately a third of employed *afro-decedentes* (32.4 percent) and indigenous workers (33.7 percent) live in households subsisting on incomes below the poverty line. This compares to 13.9 percent of white workers and 8 percent of Asian workers.

When we analyzed working poor poverty rates by gender, we found that although women are disadvantaged in terms of employment opportunities, employed women may have lower measured poverty rates than employed men in certain circumstances and in certain countries. This is because women and men often live together in the same household, and, in households where women work in paid employment, the overall risk of poverty will be lower. The same dynamic does not hold in terms of racial groups. Although interracial households certainly exist in Brazil and South Africa, it is common to find that all household members belong to the same racial group and face similar economic disadvantages. Therefore, working poor poverty rates often more closely track race-based labour market disadvantages than gender-based disadvantages in paid employment. Moreover, the interaction of race and gender disadvantages in labour markets can dramatically increase poverty risk.

The employment-poverty connection is stark in this comparison of racial inequalities in South Africa and Brazil. In both cases, a combination of segmented employment opportunities and racial earnings differentials contribute to much higher poverty risks for disadvantaged groups. The pattern of racial inequality differs between the two countries. Perhaps most significantly, in South Africa racial exclusion from employment opportunities is pronounced, while in Brazil, racial inequalities manifest themselves primarily in terms of unequal opportunities among the employed.

²⁸ The single exception in Table 29 is the category ‘informal employer’. However, the very small number of informal indigenous employers makes this estimate of average earnings unreliable.

²⁹ It should be noted that Asians account for a small fraction of the total working age population – about 0.5 percent (see Table 24).

Nevertheless, the end result, high poverty rates due to labour market inequalities, is evident in both cases.

XII. Earnings Inequality in the Case of Brazil: Gender, Race, and Class Dimensions

This report has largely focused on the employment-poverty linkage, in which income poverty (or consumption poverty) has been defined in terms of an absolute poverty line – that is, the threshold below which a household would be considered to be poor. However, an examination of the distribution of income and consumption is also relevant.³⁰ When income inequality worsens, the incidence and depth of income poverty also tends to increase. Similarly, the report has focused on averages – average wages, earnings, and poverty rates – and how these averages differ between men and women and across racial groups. However, averages say little about the distribution of earnings within these different categories of workers. This section uses the example of Brazil to highlight the importance of income distribution.

In this analysis, we use the term ‘class’ to refer to different categories in the overall structure of employment, as defined and applied in the previous sections of the report. Therefore, we do not define class strictly in terms of the ownership of productive assets or in terms of the employer/employee divide in a typical wage employment relationship. Clearly, there is substantial overlap among these different approaches to defining socio-economic class. To be consistent with the earlier analysis, we will use the same criteria to characterize the nature of employment as we have done in other parts of this report and preserve the same general employment categories.

We use the Theil Index to gauge the extent of inequality in income and employment earnings in Brazil. Under conditions of perfect equality, the Theil Index will have a value of zero. As inequality increases, so does the Theil Index. We chose the Theil Index over other common indicators of inequality – such as the Gini coefficient – because the Theil Index is better suited to decomposing overall inequality into the contribution from within group inequalities (e.g. inequality among all women) and the contribution from between group differences (e.g. inequality between men and women on average).

We begin with an examination of income inequality among the entire working aged population in Brazil.³¹ ‘Income’ is defined as the individual reported income from all sources in the 2005 PNAD survey. Therefore, income includes employment earnings plus non-employment income from other sources. Table 31 (section A) summarizes the Theil Index and two decompositions of overall income inequality: between men and women and between the employed and not employed.³² In terms of the sex-disaggregated measures, income inequality among men (Theil=0.859) is lower than income inequality among women (Theil= 1.035). Moreover, *within* group inequality accounts for most of

³⁰ Concepts of ‘relative poverty’ define poverty in terms of the degree of income or consumption inequality as opposed to an absolute threshold, such as a poverty line.

³¹ As in other sections of the report, we define the working aged population to include all individuals aged 15 years or older.

³² ‘Not employed’ includes the unemployed and the economically inactive populations.

the overall income inequality observed in Brazil. The overall Theil Index is 0.971. This can be decomposed into the within group contribution (0.924) and the between group contribution (0.047). Note that the within group and between group contributions must sum to the overall Theil index.

Table 31 (section A) also shows the results of a similar decomposition between the ‘employed’ and ‘not employed.’ Here the between group effect is stronger (0.111), although within group inequalities dominate (0.860). Note that the inequality within the ‘not employed’ group is particularly high. This is because some of those who are not employed have no source of income while others choose not to work because of their wealth or access to non-employment income (e.g. pensions).

The second section (section B) of Table 31 performs the same decomposition, but focused only on employment earnings – not total income. The overall Theil Index rises when we only include employment earnings. Again, this is because some individuals with zero employment earnings have access to other sources of income – when we exclude these other sources of income, inequality appears to rise. In the case of the decomposition by sex, the results are similar to those obtained when we analyzed total income – within group inequalities are far more important in determining overall earnings inequality than are average differences between men and women. In terms of the ‘employed/not employed’ distinction, the between group contribution becomes even more substantial. Note that the Theil Index for those who are not employed is zero – since all individuals who are not employed have zero employment earnings there is, by definition, perfect equality within this group. Therefore, between group differences become more prominent.

Table 32 reports a similar decomposition exercise using the four racial groups described in the previous section. Again – the estimates focus on inequality based on total individual income and inequality based on employment earnings only. As with the decomposition by sex, within group inequalities contribute most to overall inequality. Note that, as with the other decomposition exercise, the within and between group effects must sum to the overall Theil Index.

This initial analysis of inequality in Brazil yields some interesting results. First, the estimates show that there is substantial inequality among men, among women, and among the individual racial categories. These differences will be hidden by the comparison of averages presented in earlier sections of the report. Second, these within group differences are a major contributor to overall inequality in Brazil. Therefore, class differences are important to take into account. Finally, access to employment (or the lack of such access) contributes to overall inequality. Under the heading ‘lack of access’ we include both the unemployed and the economically inactive – who may not have access to paid work due to the burden of unpaid work, gender dynamics in the household, and social norms. Therefore, gender dynamics can contribute to within group class differences. A similar line of reasoning can be applied to race (i.e. barriers to economic mobility *may* contribute to greater within group inequality, since only a relatively few individuals manage to overcome these barriers).

Employment is the primary focus of this report. Therefore, it is helpful to examine inequalities among the employed population and not simply the entire working aged population. Therefore, we now examine inequalities among individuals who (1) are employed and (2) report positive employment earnings. Table 33 reports Theil indices and decompositions conditional on being employed and reporting positive earnings. Three decompositions are shown: agricultural and non-agricultural employment; men and women; and workers in formal employment and those who are not in formal employment.³³ Note that the latter two decompositions exclude agricultural workers

The overall Theil index shows that earnings inequality is significantly less pronounced among the employed population compared to the entire working aged population. This is not surprising since access to employment is a significant contributor to overall inequality. In terms of the agricultural/non-agricultural decomposition, almost all of the overall inequality can be explained by within group differences. Note that earnings in agricultural employment are significantly more unequal (Theil = 0.739) compared to earnings in non-agricultural employment (Theil = 0.602). The unequal distribution of land and the substantial class differences in Brazilian agriculture could explain the sector's higher earnings inequality.

The decomposition by sex in Table 33 again shows that within group differences (among employed women and among employed men) account for a much greater portion of overall inequality than do between group differences. Therefore, these within group inequalities cannot simply be explained by the inclusion of individuals who are not employed in the earlier estimates discussed above – class differences are also apparent among employed women and men. In the comparison of formal/not formal workers, within group differences again account for a large share of overall inequality and between group effects are modest. Interesting, the Theil Index for workers in formal employment (0.534) is lower than the Theil Index for workers not in formal employment (0.578). This underscores the finding, stressed elsewhere in the report, that there is substantial diversity among informal workers. Put another way, class differences among informal workers must also be taken into account.

Because of the heterogeneity of formal and informal workers, a more detailed classification of employment (i.e. class positions) is warranted. We restrict our attention to five categories: (1) formal wage employees; (2) formal self-employment; (3) informal employers; (4) informal own-account workers; and (5) informal wage employees. Table 34 shows the Theil indices and decomposition, based on these five categories. With this more detailed class structure, between group differences contribute noticeably more to overall inequality than was the case with the simply formal/not formal dichotomy. Interestingly, inequality is highest among the formal self-employed. If we restrict our attention to employed men only or employed women only, these general results still hold. Among employed women, inequality is noticeably higher among the formal self-employed and informal own-account workers.

³³ We use the term 'not formal' instead of 'informal' for this one decomposition, since we consider all workers whom we cannot classify as formal (including those who are 'unclassified' or 'other').

We also performed the earnings decomposition for racial categories, conditional on being employed and reporting positive earnings. These results can be found in Table 35. Once again, within group inequalities contribute the most to overall inequality – consistent with the other racial decompositions reported in this section. Note that earnings inequality is significantly lower among *afro-decedentes* (Theil= 0.476) compared to the other groups. We have previously seen that average earnings also tend to be lower for *afro-decedentes* compared to other groups. The combination of lower average earnings and a less dispersed income distribution suggest that *afro-decedentes* face significant barriers to upward economic mobility in Brazil. Not only are earnings lower on average, but few individuals are employed in highly remunerated positions. Instead individuals are clustered around a lower average level of earnings – unlike other racial groups in Brazil.

Table 35 also examines race-gender interactions in the context of these types of Theil decompositions. To limit the number of categories, we only focus on the two racial groups – whites and *afro-decedentes* – which account for the vast majority of Brazil's population. We therefore examine four groups: white men, white women, men *afro-decedentes*, and women *afro-decedentes*. The between-group contribution to overall inequality is somewhat higher when we include the interaction between race and gender. Nevertheless, the within group contribution still dominates.

What are the implications of this analysis? Clearly, access to employment and the structure of employment are important contributors to overall inequality. Class differences among women, men, and the racial groupings examined here represent a significant part of the story and these distributive dynamics may be hidden by focusing only on averages.

The importance of within group inequalities does not negate or diminish the between-group differences documented elsewhere in the report. Women do earn less than men on average and are concentrated in more precarious forms of employment. Marginalized racial groups do face higher risks of poverty. However, the analysis presented in this section adds another dimension. For example, the analysis presented here strongly suggests that some women occupy much more vulnerable positions than other women. *Afro-decedentes* appear to encounter a type of “glass ceiling” in Brazil, which limit their upward mobility.

The interactions between gender, class, and race may be mutually reinforcing. Consider the gender-class dimension. Women may be in a weaker class position due to prevailing gender dynamics – which limit access to paid employment and create segmented labour markets. Highly qualified women – who often come from a more privileged class background – can overcome some of these barriers. This reinforces class differences among women. Moreover, women who do have access to decent jobs in the formal economy may be in a better position to challenge prevailing gender norms, the household division of labour, and other sources of gender inequality. As discussed at the beginning of this report, women who cannot work in paid employment or work in

precarious jobs may not be in a position to challenge prevailing gender norms (i.e. they may not be economically secure enough to threaten to leave the household where they currently live). Therefore, class differences reinforce patterns of gender inequality.

XI. Summary and conclusion

Using estimates derived from nationally representative household survey data, this report has examined how distribution of employment opportunities affects poverty outcomes for six countries: Brazil, El Salvador, India, Kenya, South Africa, and South Korea. We specifically focused on how gender and race influence both employment and poverty outcomes. We found that the employment-poverty relationship depends on several key factors: access to employment opportunities, the quality of employment, and household structures, composition, and dynamics. As the quality of employment deteriorates, so the risk of poverty rises. Informal, unprotected, and non-standard forms of employment are characterized by lower earnings, more precariousness, and higher poverty rates. Households that depend on these forms of employment for their income are significantly more likely to have a standard of living inadequate to meet their basic needs.

Women and disadvantaged racial groups experience greater economic risks on average due, in part, to their marginalized positions in the labour market. Labour market disadvantage comes from two sources: these employed individuals are concentrated in lower quality forms of employment and, even within a specific type of employment, the returns to their labour fall below those of other workers. Women face an additional constraint: the work time they have at their disposal for paid, market work is often limited, reducing their overall earnings potential.

Labour market dynamics have an important impact on poverty outcomes. However, an understanding of structure of employment is insufficient for analyzing the employment-poverty connection. Household composition, structures and gender dynamics need to be taken into account. Worse employment conditions do not always translate into higher poverty rates for individual workers – much depends on the economic status of other household members, the number of dependents, labour supply responses, and *all* contributions to household income.

This report has been primarily descriptive. We have not analyzed the factors behind the inequalities highlighted in these pages. For example, numerous factors could contribute to earnings inequalities: differences in education, experience, age and lifecycle issues, access to assets, interruptions to labour force participation, and/or structural segmentation of the labour market. We have not attempted to evaluate which of these factors best explains the patterns described in the report. Similarly, we have documented disadvantages in employment opportunities based on gender and race. However, these inequalities may be due to other factors – again, such as access to education or the historic distribution of assets. We do not attempt to ascertain whether race and gender continue to have an independent effect after controlling for other explanatory variables. Instead, our aim has been to document the patterns of poverty and inequality, but not to

rigorously explore their determinants. Having taken this first step, we hope that future research will begin to unpack the detailed mechanics of the employment-poverty relationship.

- Figures -

Figure 1

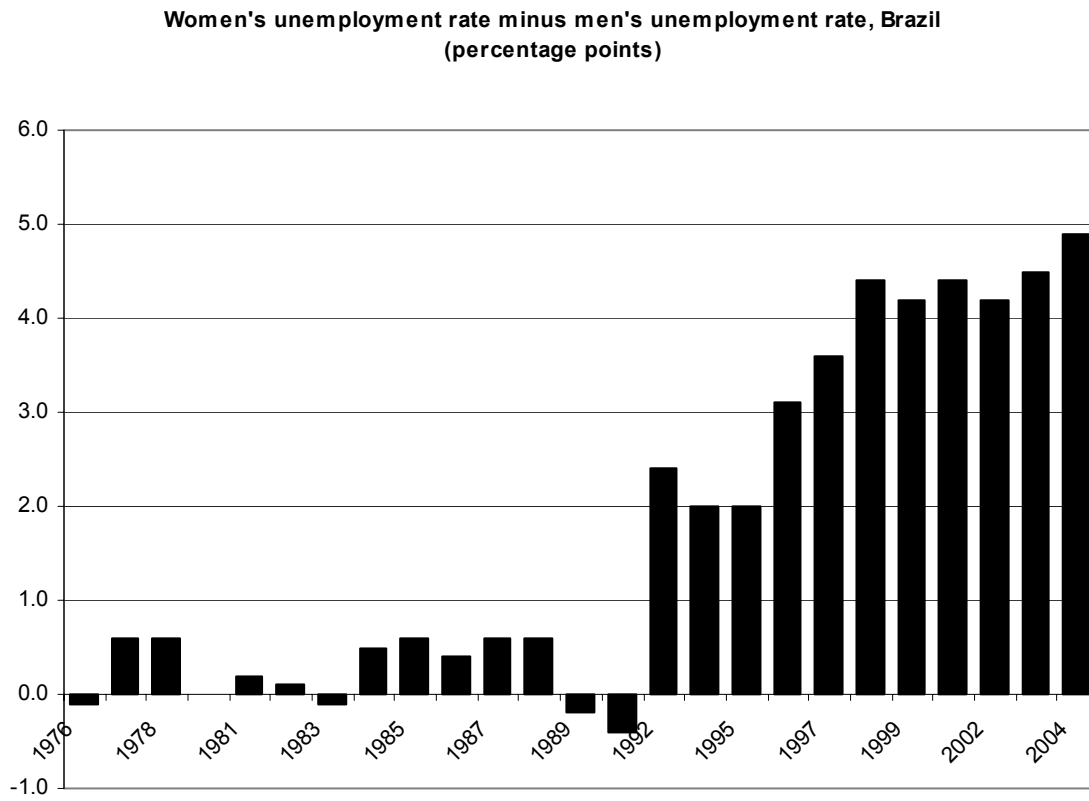
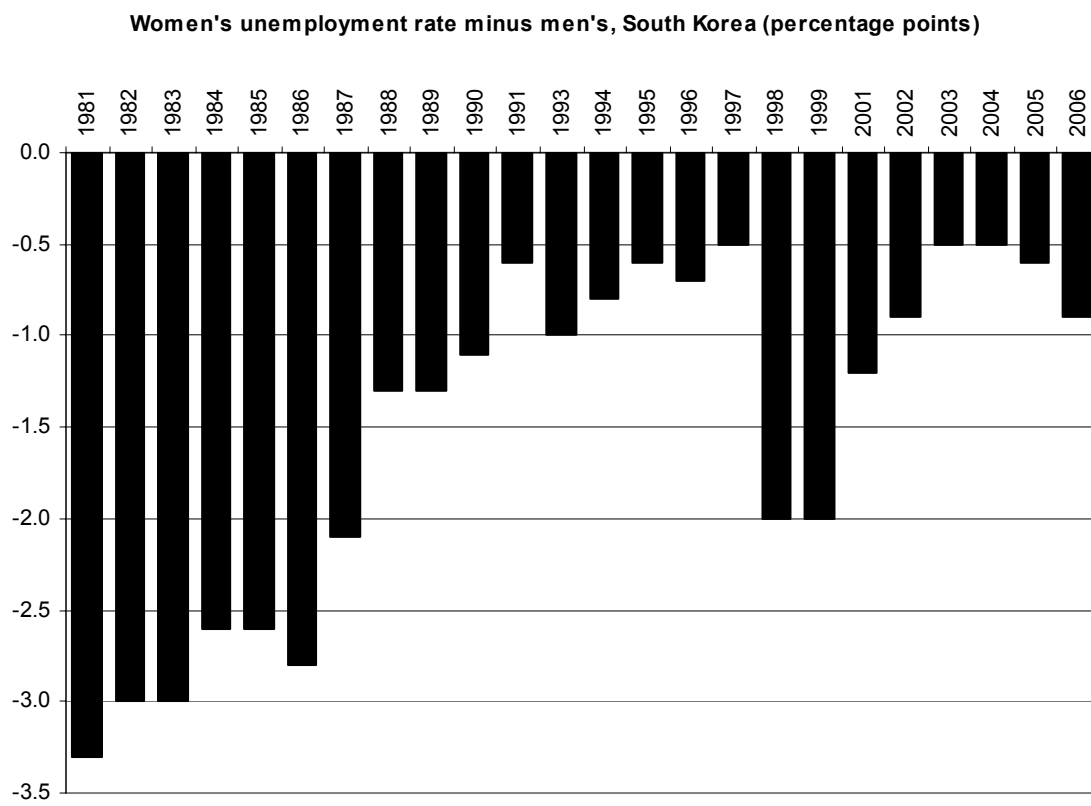


Figure 2



- Tables -

Table 1. Selected demographic and economic statistics, country case studies, 2005.

	Brazil	El Salvador	India	Kenya	South Africa	South Korea
Population (million)	184	6.9	1,095	30	47	48
GDP (\$US million)	796,055	16,974	805,714	18,730	239,543	787,624
GDP per capita (\$US 2000)	3,597	2,127	588	442	3,406	13,210
Agricultural value-added as % of GDP	8%	10%	18%	27%	3%	3%
Industry value added as % of GDP	38%	30%	27%	19%	30%	40%
Manufact. value-added as % of GDP	n/a	23%	16%	11%	19%	28%
Life expectancy	71.2	71.3	63.5	49.0	47.7	77.6
Infant mortality (per 1,000 live births)	31	23	56	79	55	5

Source: World Development Indicators, 2007 (World Bank) and author's calculations based on data sources described in the text.

Table 2. Surveys and data sources, country case studies.

Country	Year	Survey
Brazil	2005	<i>Pesquisa Nacional por Amostra de Domicílios</i> (National Household Sample Survey), PNAD
El Salvador	2003	<i>Encuesta de Hogares de Propósitos Múltiples</i> (Multi-Purpose Household Survey), EHPM
India	2004	National Sample Survey
Kenya	2005/6	Kenya Integrated Household Budget Survey, KIHBS
South Africa	2004	Labour Force Survey, LFS
South Korea	2005	Economically Active Population Survey, EAPS

Table 3. Profile of the aggregate labour force.

	Brazil (2005)	El Salvador (2003)	India (2004)	Kenya (2005/6)	South Africa (2004)	South Korea (2005)
Total population	184.4	6.6	971.9	29.7	46.4	48.1
of which ...						
0-14 years	48.8	2.3	348.5	9.5	15.2	9.7
15+ years	135.6	4.0	623.4	20.1	31.3	38.4
of which ...						
Not in the labour force	40.6	1.3	218.6	6.0	15.3 [*]	14.7
In the labour force	95.0	2.6	404.8	14.1	16.0 [*]	23.7
of which ...						
Unemployed	9.8	0.2	9.2	1.3	4.2	0.8
Employed	85.2	2.5	395.6	12.8	11.7	22.8
Of which ...						
Agricultural	17.0	0.5	230.3	8.1	1.2	2.2 ^{**}
Non-agricultural	68.3	2.0	165.3	4.8	10.5	20.6 ^{**}
Of which ...						
Paid employee	49.2	1.3	88.4	2.7	8.7	14.5
Self-employed	18.7	0.7	76.9	1.8	1.8	6.1
Of which ...						
Own-account	14.2	0.56	55.1	1.4	1.0	3.5
Employer	3.1	0.09	2.5	0.16	0.7	1.7
Contributing family	1.3	0.09	17.3	0.20	---	1.0
Other employed (non-ag)	0.4	---	2.0	0.28	---	---

^{*} South African labour force statistics often report estimates based on a standard and an expanded definition of labour force participation. Here the standard definition is used. The standard definition of the economically active population includes all employed individuals plus the unemployed who are willing and able to work and who have searched for employment in the previous 4 weeks. The expanded definition includes all the unemployed who are willing and able to work – regardless of their search activity over the past 4 weeks.

^{**} For South Korea, total employment is divided into rural employment and urban employment, instead of agricultural and non-agricultural employment.

Table 4. Labour force indicators by sex (population aged 15+).

	Brazil		El Salvador		India		Kenya		South Africa		South Korea	
	M	F	M	F	M	F	M	F	M	F	M	F
Labour force participation rate	82.0%	59.1%	85.9%	50.2%	86.0%	43.4%	74.5%	66.2%	59.4%	43.4%	74.3%	49.7%
Employment-population ratio	74.6	48.4	78.0	48.4	84.2	42.3	67.5	60.4	45.6	30.1	71.4	48.2
Unemployment rate	7.7	13.6	9.3	3.5	2.1	2.6	9.4	8.8	23.2	30.5	4.0	3.0
Agric. employment as % of total employment	23.1	15.6	27.2	3.6	50.5	73.9	56.3	69.7	12.1	7.2	8.7*	11.0*
Paid employees as % of non-agric employment*	69.2	75.8	72.7	52.9	54.9	48.1	64.2	43.6	82.4	82.7	69.6	71.6
Own account as % of non-agric employment*	23.4	17.6	18.2	37.3	35.0	27.0	25.6	36.8	8.0	12.2	16.9	12.6
Employers as % of non-agric employment*	5.9	3.0	6.2	2.7	1.8	0.4	4.0	2.5	9.1	4.9	9.9	3.5
Informal employment as % of total (South Korea: non-standard)	63.0	65.9	70.2	69.8	91.0	95.2	82.6	92.1	30.7	39.0	26.4	45.3

* For South Korea, total employment is divided into rural employment and urban employment, instead of agricultural and non-agricultural employment. Non-standard employment (temporary and daily workers) as a share of total employment is used as an indicator instead of informal employment's share of total employment.

Table 5. Share of employment by employment status, formality, and sex (population aged 15+). Percentages.

	Brazil		El Salvador		India		Kenya		South Africa	
	M	F	M	F	M	F	M	F	M	F
Formal employment										
Paid employee (non-agric.)	34.3	31.6	28.4	29.9	7.6	3.7	13.6	5.7	58.5	55.2
... of which ... Private	27.7	20.1	20.7	22.0	---	---	8.1	2.6	44.1	36.9
... of which ... Public	6.6	11.5	7.7	7.9	---	---	5.5	3.1	14.4	18.3
Self-employed (non-agric.)	2.3	2.2	0.9	0.2	---	---	1.3	1.0	5.1	3.1
Formal agricultural	0.2	0.0	0.5	0.1	0.1	<0.1	2.5	1.3	4.9	2.1
<i>TOTAL FORMAL</i>	<i>36.8</i>	<i>33.8</i>	<i>29.8</i>	<i>30.2</i>	<i>7.7</i>	<i>3.7</i>	<i>17.4</i>	<i>8.0</i>	<i>68.5</i>	<i>60.4</i>
Informal, non-agricultural employment										
Paid employee	18.9	32.5	24.6	21.1	19.1	8.3	14.5	7.6	15.5	21.1
... of which ... domestic workers	0.9	17.0	0.9	9.9	---	---	---	---	0.4	12.2
Own-account	16.9	13.4	13.2	35.9	17.3	7.0	10.3	10.3	6.2	10.6
Employer	3.3	1.9	3.8	2.4	0.9	0.1	1.3	0.6	3.8	2.3
Contributing family	0.9	2.5	2.0	6.8	3.5	6.1	1.3	1.8	---	---
<i>TOTAL INFORMAL, NON-AG</i>	<i>40.0</i>	<i>50.3</i>	<i>43.6</i>	<i>66.2</i>	<i>40.8</i>	<i>21.5</i>	<i>27.4</i>	<i>20.3</i>	<i>25.5</i>	<i>34.0</i>
Informal, agricultural employment										
Paid employee	8.8	1.4	11.1	1.6	18.0	26.2	8.3	3.7	3.2	2.1
Self-employed	9.0	1.6	10.1	0.8	22.1	10.1	24.4	37.1	2.7	3.4
Contributing family	2.7	5.4	4.2	1.0	10.0	37.4	20.9	26.7	---	---
<i>TOTAL INFORMAL, AGRIC.</i>	<i>20.5</i>	<i>8.4</i>	<i>25.4</i>	<i>3.4</i>	<i>50.1</i>	<i>73.7</i>	<i>53.6</i>	<i>67.5</i>	<i>5.9</i>	<i>5.5</i>
Other and unclassified employment										
Production for own-use	2.4	7.1	---	---	---	---	---	---	---	---
Other/unclassified	0.2	0.4	1.2	0.2	1.3	1.1	1.6	4.2	0.1	0.1
<i>TOTAL EMPLOYMENT</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>

Table 6. Estimates of Labour Force Participation Rates, 1970s – 2000s.

Country	Year	LFP rate, male	LFP rate, female	Female to male ratio	Data source
1970s					
Brazil	1973	86.9	37.2	0.43	LFS
	1976	84.1	32.4	0.39	LFS
El Salvador	1978	83.4	34.9	0.42	HHS
India	1971	85.6	18.7	0.22	Census
1980s					
Brazil	1985	85.0	41.1	0.48	LFS
El Salvador	1980	83.3	38.7	0.46	HHS
India	1981	86.8	32.9	0.38	Census
South Korea	1981	71.6	42.3	0.59	LFS
	1985	67.4	41.7	0.62	LFS
1990s					
Brazil	1990	84.6	44.0	0.52	LFS
	1995	84.0	53.6	0.64	LFS
El Salvador	1990	80.1	51.0	0.64	HHS
	1995	81.8	41.8	0.51	HHS
	1999	78.8	44.5	0.56	HHS
India	1991	80.4	33.7	0.42	Census
South Korea	1990	73.9	47.0	0.64	LFS
	1995	76.5	48.3	0.63	LFS
2000s					
Brazil	2001	81.0	54.1	0.67	LFS
	2004	81.2	57.0	0.70	LFS
El Salvador	2002	76.3	43.9	0.58	HHS
	2006	78.8	44.5	0.56	HHS
India	2001	78.4	37.7	0.48	Census
South Korea	2000	74.0	48.3	0.65	LFS
	2006	74.1	50.3	0.68	LFS

Source: ILO, Laborsta database.

LFS = labour force survey, HHS = multi-purpose household survey, Census = population census.

Table 7. Employment in the informal sector and as domestic workers, Brazil and El Salvador, 1990-2005.

		Informal Sector						Other	
		Own-account		Contributing family		Wage employee		Domestic Workers	
		M	F	M	F	M	F	M	F
Brazil	1990	18.9	18.4	1.9	3.2	12.9	7.9	0.4	6.5
	1995	23.8	20.0	3.5	5.8	16.7	8.5	0.8	8.6
	2001	24.1	17.4	2.5	4.8	16.7	9.5	0.8	8.6
	2005	23.7	18.1	2.1	4.1	16.0	9.4	0.8	8.5
El Salvador	1990	18.7	37.1	4.6	8.8	18.7	7.5	0.0	13.0
	1995	17.7	35.3	3.5	7.7	14.5	6.1	0.5	9.1
	2000	17.5	35.0	3.1	6.3	19.0	8.4	0.4	8.2
	2005	19.6	34.6	5.9	9.0	18.4	8.1	0.7	7.2

Source: Panorama Laboral 2006 (ILO, Lima).

Table 8. Selected employment trends in South Africa, 1995-2003, disaggregated by sex.

	Male			Female		
	1995	2003	% change	1995	2003	% change
Employees	4,599	4,903	+7%	2,610	3,096	+19%
Informal self-emp.	216	681	+215%	184	763	+315%
Formal self-emp.	237	390	+65%	65	131	+102%
Domestic workers	21	45	+114%	689	970	+41%
Unskilled agriculture	689	347	-50%	193	182	-6%
Multiple jobs	96	66	-31%	44	45	+2%
TOTAL	5,858	6,433	+10%	3,785	5,188	+37%

Source: Casale and Posel (2005).

Table 9. Hourly earnings by employment status, formality, and sex (population aged 15+). National currency units or U.S. dollars.

	Brazil (Reais)		El Salvador (\$US)		Kenya (Ksh)		South Africa (Rands)	
	M	F	M	F	M	F	M	F
Formal employment								
Paid employee (non-agric.)	6.1	5.6	2.10	2.06	121	168	23.8	21.6
... of which ... Private	5.2	4.5	1.88	1.67	121	159	21.2**	19.5**
... of which ... Public	9.8	7.4	2.71	3.15	122	176	31.8	29.8
Self-employed (non-agric.)	21.4	13.6	9.68	6.58	626	180	54.5	48.7
Formal agricultural	2.7	---	1.41*	1.38*	44	24	15.0	7.8
Informal, non-agricultural employment								
Paid employee	3.4	2.7	1.16	0.88	31	23	6.5	5.7
... of which ... domestic workers	2.1	2.0	1.00	0.72	---	---	4.7	4.5
Own-account	4.2	3.5	1.84	1.24	58	39	10.2	6.4
Employer	11.1	10.2	4.33	3.90	123	76	15.9	9.1
Informal, agricultural employment								
Paid employee	1.8	1.6	0.74	0.61	15	14	3.7	3.1
Self-employed	3.0	3.2	1.51	0.95	---	---	1.2	1.0
ALL EMPLOYED	5.0	4.3	1.62	1.47	78	62	19.0	15.0

* For formal agricultural employment in El Salvador, only the earnings of paid employees are included in these estimates.

** Excludes formal private domestic workers. Formal domestic workers are included in the estimates for all formal paid employees – public and private.

Table 11. Women's hourly earnings as a percent of men's.

	Brazil	El Salvador	Kenya	South Africa
Formal employment				
Paid employee (non-agric.)	92%	98%	139%	91%
... of which ... Private	87%	89%	131%	92%
... of which ... Public	76%	116%	144%	94%
Self-employed (non-agric.)	64%	69%	29%	89%
Formal agricultural	---	98%	55%	52%
Informal, non-agricultural employment				
Paid employee	79%	76%	74%	88%
... of which ... domestic workers	95%	72%		96%
Own-account	83%	67%	67%	63%
Employer	92%	90%	62%	57%
Informal, agricultural employment				
Paid employee	89%	82%	93%	84%
Self-employed	107%	63%	---	83%
ALL EMPLOYED	86%	91%	79%	79%

Table 10. Hourly earnings by employment status, formality, and sex (population aged 15+) expressed as a percent of the average hourly earnings for all employed individuals.

	Brazil (reais)		El Salvador (\$US)		Kenya (Ksh)		South Africa (Rands)	
	M	F	M	F	M	F	M	F
Formal employment								
Paid employee (non-agric.)	122%	130%	130%	140%	155%	271%	125%	144%
... of which ... Private	104%	105%	116%	114%	155%	256%	112%	130%
... of which ... Public	196%	172%	167%	214%	156%	284%	167%	199%
Self-employed (non-agric.)	428%	316%	602%	457%	803%	290%	287%	325%
Formal agricultural	54%		87%	94%	56%	39%	79%	52%
Informal, non-agricultural employment								
Paid employee	68%	63%	72%	60%	40%	37%	34%	38%
... of which ... domestic workers	42%	47%	62%	49%			25%	30%
Own-account	84%	81%	114%	84%	74%	63%	54%	43%
Employer	222%	237%	267%	265%	158%	123%	84%	61%
Informal, agricultural employment								
Paid employee	36%	37%	46%	41%	19%	23%	19%	21%
Self-employed	60%	74%	93%	65%	n/a	n/a	6%	7%
<i>ALL EMPLOYED</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>

Table 12. Hours of work per week, by employment status, formality, and sex (population aged 15+). Percent.

	Brazil		El Salvador		Kenya		South Africa	
	M	F	M	F	M	F	M	F
Formal employment								
Paid employee (non-agric.)	45.2	41.0	47.9	44.2	50.5	42.6	46.0	42.9
... of which ... Private	45.8	43.1	49.0	46.0	52.9	44.9	46.9	44.1
... of which ... Public	42.9	37.4	45.0	39.0	46.8	40.6	43.4	41.3
Self-employed (non-agric.)	46.7	37.0	49.8	50.2	53.0	49.7	51.7	44.9
Formal agricultural	46.9	42.8	51.0	44.0	50.4	46.0	50.6	46.5
Informal, non-agricultural employment								
Paid employee	44.0	37.9	45.2	51.4	54.3	51.8	46.8	41.2
... of which ... domestic workers	45.0	37.5	51.0	58.0	---	---	40.1	39.2
Own-account	45.3	32.5	43.0	41.0	50.2	43.8	45.9	42.9
Employer	51.1	47.0	48.0	49.0	52.3	44.7	47.8	48.4
Contributing family	32.7	32.6	40.0	42.0	48.7	46.5	---	---
Informal, agricultural employment								
Paid employee	46.2	40.5	38.0	40.8	44.6	35.1	51.9	47.9
Self-employed	45.7	29.4	37.5	31.0	31.1	30.7	26.9	22.9
Contributing family	34.0	28.7	36.0	33.0	23.4	29.3	---	---
Other employment								
Production for own-use	25.3	13.1	---	---	---	---	---	---
<i>ALL EMPLOYMENT</i>	<i>44.4</i>	<i>35.8</i>	<i>44.0</i>	<i>44.0</i>	<i>49.9</i>	<i>44.1</i>	<i>46.4</i>	<i>42.4</i>

* For formal agricultural employment in El Salvador, only the hours worked by paid employees are included in these estimates.

** Excludes formal private domestic workers. Formal domestic workers are included in the estimates for all formal paid employees – public and private.

Table 13. Women's weekly hours of remunerative/market work as a percentage of men's, by employment status and formality (population aged 15+).

	Brazil	El Salvador	Kenya	South Africa
Formal employment				
Paid employee (non-agric.)	91%	92%	84%	93%
... of which ... Private	94%	94%	85%	94%
... of which ... Public	87%	87%	87%	95%
Self-employed (non-agric.)	79%	101%	94%	87%
Formal agricultural	91%	86%	91%	92%
Informal, non-agricultural employment				
Paid employee	86%	114%	95%	88%
... of which ... domestic workers	83%	114%		98%
Own-account	72%	95%	87%	93%
Employer	92%	102%	85%	101%
Contributing family	100%	105%	95%	---
Informal, agricultural employment				
Paid employee	88%	107%	79%	92%
Self-employed	64%	83%	99%	85%
Contributing family	84%	92%	125%	---
<i>ALL EMPLOYMENT</i>	<i>81%</i>	<i>100%</i>	<i>88%</i>	<i>91%</i>

Table 14. Weekly earnings, by employment status, formality, and sex (population aged 15+). Local currency.

	Brazil (Reais)		India (Rupees)		Kenya (Ksh)	
	M	F	M	F	M	F
Formal employment						
Paid employee (non-agric.)	254	209	1,970	1,415	4,736	5,313
... of which ... Private	221	178	---	---	4,620	6,440
... of which ... Public	391	264	---	---	4,916	4,315
Self-employed (non-agric.)	888	473	---	---	23,571	7,831
Formal agricultural	128	109	---	---	1,776	989
Informal, non-agricultural employment						
Paid employee	135	89	539	341	1,393	799
... of which ... domestic workers	86	63	---	---	---	---
Own-account	172	92	296	146	2,259	1,298
Employer	501	393	1,384	---	5,537	2,169
Informal, agricultural employment						
Paid employee	82	66	283	183	502	378
Self-employed	130	62	293	181	---	---
<i>ALL EMPLOYED</i>	<i>211</i>	<i>150</i>	<i>648</i>	<i>323</i>	<i>3,081</i>	<i>2,048</i>

Table 15. Working poor poverty rates by employment status, formality, and sex (population aged 15+). Percent.

	Brazil		El Salvador		India		Kenya		South Africa	
	M	F	M	F	M	F	M	F	M	F
Formal employment										
Paid employee (non-agric.)	11.0	5.9	14.8	9.8	1.5	2.2	17.3	9.9	23.1	30.4
... of which ... Private	11.6	5.6	16.2	12.3	---	---	16.5	11.9	24.7	32.7
... of which ... Public	8.2	6.5	10.9	2.8	---	---	18.5	8.0	18.0	20.2
Self-employed (non-agric.)	3.5	5.8	12.9	12.2	---	---	11.6	13.3	28.7	36.3
Formal agricultural	27.2	22.9	23.7	12.2	4.0	---	32.1	27.8	45.4	45.5
Informal, non-agricultural employment										
Paid employee	23.2	22.6	32.2	24.6	11.6	14.0	34.6	29.4	52.3	64.9
... of which ... domestic workers	31.0	30.1	43.9	21.9	---	---	---	---	60.6	65.4
Own-account	23.5	22.3	32.0	34.5	9.7	12.3	33.5	32.8	60.9	75.9
Employer	5.5	2.0	11.7	16.1	0.3	---	18.9	20.5	42.1	57.6
Contributing family	35.7	29.5	26.9	24.5	9.4	15.5	30.5	35.2	---	---
Informal, agricultural employment										
Paid employee	47.5	41.9	55.9	39.3	30.7	30.5	41.1	50.1	65.6	70.2
Self-employed	45.5	47.2	59.1	54.7	13.4	10.2	45.2	54.0	95.1	94.2
Contributing family	65.3	57.6	54.2	45.5	15.6	16.4	36.3	45.1	---	---
Other employment										
Production for own-use	45.1	50.3	---	---	---	---	---	---	---	---
ALL EMPLOYED	24.0	21.2	32.7	24.3	14.6	18.4	30.5	30.5	35.6	47.1

Note: National poverty lines are determined using different methodologies (see Table Notes). Therefore, poverty rates are not comparable across countries. However, patterns of the relative risk of poverty may be compared across countries.

* Excludes formal private domestic workers. Formal domestic workers are included in the estimates for all formal paid employees – public and private.

Table 16. Ratio of working poor poverty rates (by employment category) to the average working poor poverty rate for all employed individuals.

	Brazil		El Salvador		India		Kenya		South Africa	
	M	F	M	F	M	F	M	F	M	F
Formal employment										
Paid employee (non-agric.)	0.5	0.3	0.5	0.4	0.1	0.1	0.6	0.3	0.6	0.6
... of which ... Private	0.5	0.3	0.5	0.5	---	---	0.5	0.4	0.7	0.7
... of which ... Public	0.3	0.3	0.3	0.1	---	---	0.6	0.3	0.5	0.4
Self-employed (non-agric.)	0.1	0.3	0.4	0.5	---	---	0.4	0.4	0.8	0.8
Formal agricultural	1.1	1.1	0.7	0.5	0.3	---	1.1	0.9	1.3	1.0
Informal, non-agricultural employment										
Paid employee	1.0	1.1	1.0	1.0	0.8	0.8	1.1	1.0	1.5	1.4
... of which ... domestic workers	1.3	1.4	1.3	0.9	---	---	---	---	1.7	1.4
Own-account	1.0	1.1	1.0	1.4	0.7	0.7	1.1	1.1	1.7	1.6
Employer	0.2	0.1	0.4	0.7	0.0	---	0.6	0.7	1.2	1.2
Contributing family	1.5	1.4	0.8	1.0	0.6	0.8	1.0	1.2	---	---
Informal, agricultural employment										
Paid employee	2.0	2.0	1.7	1.6	2.1	1.7	1.3	1.6	1.8	1.5
Self-employed	1.9	2.2	1.8	2.3	0.9	0.6	1.5	1.8	2.7	2.0
Contributing family	2.7	2.7	1.7	1.9	1.1	0.9	1.2	1.5	---	---
Other employment										
Production for own-use	1.9	2.4	---	---	---	---	---	---	---	---
ALL EMPLOYED	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0

See notes to Table 12.

Table 17. Ratio of women's working poor poverty rate to men's working poor poverty rate.

	Brazil	El Salvador	India	Kenya	South Africa
Formal employment					
Paid employee (non-agric.)	0.5	0.7	1.5	0.6	1.3
... of which ... Private	0.5	0.8	---	0.7	1.3
... of which ... Public	0.8	0.3	---	0.4	1.1
Self-employed (non-agric.)	1.7	0.9	---	1.1	1.3
Formal agricultural	0.8	0.5	---	0.9	1.0
Informal, non-agricultural employment					
Paid employee	1.0	0.8	1.2	0.8	1.2
... of which ... domestic workers	1.0	0.5	---	---	1.1
Own-account	0.9	1.1	1.3	1.0	1.2
Employer	0.4	1.4	---	1.1	1.4
Contributing family	0.8	0.9	1.6	1.2	---
Informal, agricultural employment					
Paid employee	0.9	0.7	1.0	1.2	1.1
Self-employed	1.0	0.9	0.8	1.2	1.0
Contributing family	0.9	0.8	1.1	1.2	---
Other employment					
Production for own-use	1.1	---	---	---	---
ALL EMPLOYED	0.9	0.7	1.3	1.0	1.9

See notes to Table 12.

Table 18. Share of employment, weekly hours, and hourly earnings by employment status, region, and sex. South Korea, 2005.

	Distribution of employment		Weekly Hours		Hourly earnings (won)	
	M	F	M	F	M	F
Urban employment						
Regular employee	40.2%	25.0%	59	39	14,570	10,871
Small scale	1.5%	1.4%	43	31	9,589	7,942
Other enterprises	38.7%	23.6%	59	47	14,771	11,059
Temporary employee	15.2%	28.6%	33	24	7,140	6,048
Small scale	4.7%	10.2%	31	21	6,287	5,105
Other enterprises	10.4%	18.4%	34	25	7,529	6,580
Daily employee	8.2%	10.1%	25	14	6,709	4,332
Small scale	3.2%	5.4%	22	14	6,403	4,173
Other enterprises	5.0%	4.7%	23	16	6,908	4,515
Employer	9.9%	3.5%	52	54	n/a	n/a
Small scale	6.0%	2.9%	53	54	n/a	n/a
Other enterprises	3.9%	0.6%	50	52	n/a	n/a
Own-account	16.9%	12.6%	50	45	n/a	n/a
Contributing family	0.9%	9.1%	44	57	n/a	n/a
Rural employment						
Regular employee	0.9%	0.8%	40	32	9,009	7,760
Temporary employee	0.4%	0.8%	25	20	5,507	4,874
Daily employee	0.3%	0.8%	22	13	6,481	3,399
Employer	0.3%	0.1%	57	59	n/a	n/a
Own-account	6.4%	3.1%	43	39	n/a	n/a
Contributing family	0.5%	5.5%	42	43	n/a	n/a

Table 19. Working poor poverty rates, South Korea

	Men	Women	Ratio: women to men
Paid employment (Urban)			
Regular worker	0.1	0.1	1.0
1-4 employees	1.0	1.2	1.2
5 and more employees	0	0	n/a
Temporary worker	2.6	7.0	2.7
1-4 employees	3.4	9.3	2.7
5 and more employees	2.3	5.8	2.5
Daily worker	13.1	37.6	2.9
1-4 employees	18.9	41.9	2.2
5 and more employees	9.4	32.8	3.5
Paid employment (Rural)			
Regular worker (Rural)	---	0.3	---
1-4 employees	---	---	---
5 and more employees	---	0.3	---
Temporary worker (Rural)	6.8	9.1	1.3
1-4 employees	12.9	9.3	0.7
5 and more employees	3.7	8.9	2.4
Daily worker (Rural)	15.6	36.3	2.3
1-4 employees	17.3	40.6	2.3
5 and more employees	14.6	33.6	2.3

Note: Poverty rates are based on employment earnings only, not total household income.

Table 20. Household poverty rates by number of employed household members.

	Brazil	India	Kenya
Zero employed	23.4	14.8	46.1
One employed	28.4	10.2	31.5
Two employed	19.6	16.5	37.7
3 or more employed	21.9	17.5	45.4

Table 21. Household poverty rates by number of employed household members and by the dominant form of employment income (from formal or informal employment).

	Brazil		Kenya	
	Informal dominant	Formal dominant	Informal dominant	Formal dominant
One employed	36.0	17.4	35.9	14.9
Two employed	28.7	8.3	39.7	17.2
3 or more employed	29.9	8.0	48.6	16.5

Table 22. Household poverty rates by number of employed household members and by the gender of the highest earner/household head.

	Brazil		Kenya		India	
	Highest earner male	Highest earner female	Highest earner male	Highest earner female	Male-headed	Female-headed
One employed	29.1	24.8	22.4	29.8	10.0	11.8
Two employed	20.0	16.3	25.9	30.7	16.8	12.0
3 or more employed	22.4	18.4	31.1	25.5	17.6	16.0

Table 23. Household poverty rates, household size, and dependency ratios by gender composition of household employment.

	Zero employed	Only men employed	Only women employed	Both men and women employed
	Household poverty rates			
Brazil	23.4%	28.1%	23.9%	20.6%
India	14.8%	10.5%	14.7%	18.2%
Kenya	44.5%	26.6%	35.8%	33.2%
	Average household size			
Brazil	2.2	3.4	2.9	4.1
India	2.2	4.7	2.9	5.2
Kenya	4.0	3.6	4.2	6.0
	Average household dependency ratio [*]			
Brazil	0.26	0.43	0.49	0.42
India	0.52	0.62	0.83	0.68
Kenya	0.83	0.59	0.95	0.83

^{*} Dependency ratios are often defined as the non-working aged population expressed as a fraction of the working aged population. In the report, we have not imposed an upper age limit on the working aged population. Therefore, the household dependency ratio is the number of individuals aged 0-14 in the household expressed as a fraction of the number of individuals aged 15+ in the household.

Table 24. Basic labour force indicators by race, South Africa and Brazil.

South Africa (2004)				
	African	White	Indian	Coloured
% of working aged population	77%	11%	3%	9%
Labour force participation rate	48.3	62.2	56.9	59.2
Employment-population ratio	33.1	58.8	48.8	46.0
Unemployment rate	31.5	5.5	14.1	22.3
Informal employ. as % of total	44.3	8.4	15.0	21.4
Brazil (2005)				
	White	Afro-decedentes	Asian	Indigenous
% of working aged population	51.2%	48.1%	0.5%	0.2%
Labour force participation rate	69.1	71.1	69.3	71.0
Employment-population ratio	61.2	60.6	63.8	60.8
Unemployment rate	9.1	11.6	6.8	10.9
Informal employ. as % of total	58.2	70.6	57.4	69.0

Table 25. Share of employment by racial category, South Africa (2004).

	African	White	Indian	Coloured
Formal employment				
Paid employee (non-agric.)	50.6%	72.0%	74.6%	67.7%
... of which ... Private	32.5	52.5	59.6	48.8
... of which ... Public	15.2	19.3	14.9	16.4
Self-employed (non-agric.)	1.3	15.9	9.5	2.3
Formal agricultural	3.1	3.7	0.8	8.4
<i>TOTAL FORMAL</i>	<i>55.0</i>	<i>91.6</i>	<i>84.9</i>	<i>78.4</i>
Informal, non-agricultural employment				
Paid employee	22.4	4.4	8.3	20.3
... of which ... domestic workers	7.2	0.3	0.1	3.6
Own-account	10.9	1.9	3.1	2.4
Employer	3.9	1.8	3.6	0.7
<i>TOTAL INFORMAL, NON-AG.</i>	<i>37.2</i>	<i>8.1</i>	<i>15.0</i>	<i>23.4</i>
Informal, agricultural employment				
Paid employee	3.5	0.2	0.0	3.6
Self-employed	4.3	0.1	0.1	0.2
<i>TOTAL INFORMAL, AGRIC.</i>	<i>7.8</i>	<i>0.3</i>	<i>0.1</i>	<i>3.8</i>
<i>ALL EMPLOYED</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>

Table 26. Hourly wages by employment and racial categories, South Africa (2004). Rands.

	African	White	Indian	Coloured
Formal employment				
Paid employee (non-agric.)	16.7	45.3	27.3	19.2
... of which ... Private	12.9*	45.3*	24.3*	17.1*
... of which ... Public	26.9	45.3	39.5	27.5
Self-employed (non-agric.)	34.2	62.5	52.0**	36.3**
Formal agricultural	4.9	49.3	53.8**	6.9
Informal, non-agricultural employment				
Paid employee	5.3	17.0**	12.0**	7.8
... of which ... domestic workers	4.3	5.8	2.0**	6.6
Own-account	6.8	41.6	16.5**	11.0**
Employer	11.6	31.8	25.5	15.0
Informal, agricultural employment				
Paid employee	3.2	30.7**	11.4**	4.0
Self-employed	1.0	22.7**	---	0.8**
ALL EMPLOYED	11.4	46.1	27.8	15.7

* Excludes formal private domestic workers. Formal domestic workers are included in the estimates for all formal paid employees – public and private.

* Small number of observations. Estimates should be treated with caution.

Table 27. Working poor poverty rates by employment and racial categories, South Africa (2004).

	African	White	Indian	Coloured
Formal employment				
Paid employee (non-agric.)	26.5	24.1	17.4	30.1
... of which ... Private	28.2	25.3	20.3	30.8
... of which ... Public	18.3	20.7	5.8	24.2
Self-employed (non-agric.)	25.6	34.1	18.8	33.7
Formal agricultural	53.2	25.3	10.7	43
Informal, non-agricultural employment				
Paid employee	61.4	32.7	18.2	49.3
... of which ... domestic workers	71.1	74.8	100*	60.2
Own-account	72.2	28	27.3*	53.5
Employer	51.2	28.2	14*	29.9*
Informal, agricultural employment				
Paid employee	68.1	37.8*	---	63.4*
Self-employed	95.0	60.6*	---	92.0*
ALL EMPLOYED	45.9	26.4	17.8	36.4

* Small number of observations. Estimates should be treated with caution.

Table 28. Share of employment by racial category. Brazil (2005).

	White	Afro-decedentes	Asian	Indigenous
Formal employment				
Paid employee (non-agric.)	37.9%	28.0%	32.9%	28.3%
... of which ... Private	28.1	20.6	23.3	20.5
... of which ... Public	9.8	7.4	9.6	7.8
Self-employed (non-agric.)	3.4	1.0	9.0	2.6
Formal agricultural	0.1	0.2	0.0	0.0
<i>TOTAL FORMAL</i>	<i>41.4</i>	<i>29.2</i>	<i>41.9</i>	<i>30.9</i>
Informal, non-agricultural employment				
Paid employee	22.9	26.6	19.6	24.3
... of which ... domestic workers	6.1	9.5	1.9	11.2
Own-account	14.9	16.0	15.3	19.2
Employer	3.7	1.7	8.3	0.6
Contributing family	1.5	1.6	3.9	1.3
<i>TOTAL INFORMAL, NON-AG</i>	<i>43.0</i>	<i>45.9</i>	<i>47.1</i>	<i>45.4</i>
Informal, agricultural employment				
Paid employee	3.7	7.9	1.1	4.9
Self-employed	5.0	6.8	4.9	4.5
Contributing family	3.2	4.6	2.5	1.8
<i>TOTAL INFORMAL, AGRIC.</i>	<i>11.9</i>	<i>19.3</i>	<i>8.5</i>	<i>11.2</i>
Other employment				
Production for own-use	3.5	5.3	1.7	12.3
Other/unclassified	0.3	0.2	0.6	0.1
<i>ALL EMPLOYED</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>

Table 29. Hourly wages by employment and racial categories, Brazil (2005). Reais.

	White	Afro-decedentes	Asian	Indigenous
Formal employment				
Paid employee (non-agric.)	6.7	4.5	12.5	6
... of which ... Private	5.7	3.7	12.3	5.2
... of which ... Public	9.6	6.7	12.8	8.1
Self-employed (non-agric.)	19.8	11.8	27.5	11.3
Formal agricultural	3.4	2.4	---	---
Informal, non-agricultural employment				
Paid employee	3.6	2.4	5.3	3.1
... of which ... domestic workers	2.2	1.9	2.3	2.1
Own-account	4.7	3.1	7.1	2.8
Employer	12.1	7.6	13.8	32.8*
Informal, agricultural employment				
Paid employee	2.1	1.6	2.2	1.5
Self-employed	4.5	1.9	9.2	3.4
<i>ALL EMPLOYED</i>	<i>6.0</i>	<i>3.3</i>	<i>11.3</i>	<i>4.4</i>

* Small number of observations. Estimates should be treated with caution.

Table 30. Working poor poverty rates by employment and racial categories, Brazil (2005).

	White	Afro-decedentes	Asian	Indigenous
Formal employment				
Paid employee (non-agric.)	5.9%	13.4%	3.7%	12.0%
... of which ... Private	6.5	14.1	4.5	11.2
... of which ... Public	4.4	11.4	1.5	14.2
Self-employed (non-agric.)	2.8	10.6	2.1	0.0
Formal agricultural	15.5	35.2	---	---
Informal, non-agricultural employment				
Paid employee	14.8	30.3	10.5	26.0
... of which ... domestic workers	22.5	35.3	26.8	39.2
Own-account	14.5	31.6	11.6	37.4
Employer	2.5	8.8	7.2	0.0
Contributing family	16.7	46.3	4.6	72.6
Informal, agricultural employment				
Paid employee	36.8	52.0	19.7	49.5
Self-employed	31.7	56.9	7.9	68.4
Contributing family	45.5	72.0	20.7	85.5
Other employment				
Production for own-use	35.7	57.5	48.6	71.1
<i>ALL EMPLOYED</i>	<i>13.9</i>	<i>32.4</i>	<i>8.0</i>	<i>33.7</i>

Table 31. Decomposition of income inequality, Brazil, 2005 (by sex and employment status).

A. Theil Index of Inequality – Individual Reported Monthly Income from All Sources				
<i>Theil Index Calculations</i>			<i>Decomposition</i>	
Overall Theil Index	Theil (Men)	Theil (Women)	Between Group	Within Group
0.971	0.859	1.035	0.047	0.924
Overall Theil Index	Theil (Employed)	Theil (Not Employed)	Between Group	Within Group
0.971	0.718	1.608	0.111	0.860
B. Theil Index of Inequality – Individual Reported Monthly Employment Earnings				
<i>Theil Index Calculations</i>			<i>Decomposition</i>	
Overall Theil Index	Theil (Men)	Theil (Women)	Between Group	Within Group
1.201	0.979	1.418	0.079	1.122
Overall Theil Index	Theil (Employed)	Theil (Not Employed)	Between Group	Within Group
1.201	0.728	0.0	0.473	0.728

Table 32. Decomposition of income inequality, Brazil, 2005 (by race).

A. Theil Index of Inequality – Individual Reported Monthly Income from All Sources						
<i>Theil Index Calculations</i>					<i>Decomposition</i>	
Overall	Whites	Afro-Dec.	Asians	Indigenous	Between	Within
0.971	0.950	0.854	0.982	0.886	0.055	0.916
B. Theil Index of Inequality – Individual Reported Monthly Employment Earnings						
<i>Theil Index Calculations</i>					<i>Decomposition</i>	
Overall	Whites	Afro-Dec.	Asians	Indigenous	Between	Within
1.201	1.185	1.085	1.189	1.244	0.053	1.149

Table 33. Decomposition of income inequality, Brazil, 2005 (various dimensions, only employed individuals with positive earnings included).

Theil Index of Inequality – Individual Reported Monthly Employment Earnings				
<i>Theil Index Calculations</i>			<i>Decomposition</i>	
Overall Theil Index	Theil (Ag)	Theil (Non-ag)	Between Group	Within Group
0.626	0.739	0.602	0.014	0.612
Theil Index – excluding agricultural employment				
Overall Theil Index	Theil (Men)	Theil (Women)	Between Group	Within Group
0.602	0.589	0.570	0.020	0.582
Overall Theil Index	Theil (Formal)	Theil (Not formal)	Between Group	Within Group
0.602	0.534	0.578	0.051	0.552

Table 34. Decomposition of income inequality, Brazil, 2005 (employment types, only employed individuals with positive earnings included).

Theil Index – employment income, excluding agricultural employment							
<i>Theil Index Calculations</i>						<i>Decomposition</i>	
Overall	Formal wage	Formal self	Inform. employer	Inform. self	Inform. wage	Between	Within
0.582	0.438	0.644	0.458	0.489	0.447	0.113	0.469
<i>(men only)</i>							
0.587	0.450	0.582	0.449	0.429	0.465	0.124	0.463
<i>(women only)</i>							
0.545	0.407	0.652	0.458	0.527	0.408	0.100	0.444

Table 35. Decomposition of income inequality, Brazil, 2005 (by race and gender, only employed individuals with positive earnings included).

A. Theil Index of Inequality – Individual Reported Monthly Income from All Sources						
<i>Theil Index Calculations</i>					<i>Decomposition</i>	
Overall	Whites	Afro-Dec.	Asians	Indigenous	Between	Within
0.602	0.608	0.476	0.643	0.598	0.050	0.552
B. Theil Index of Inequality – Individual Reported Monthly Employment Earnings						
<i>Theil Index Calculations</i>					<i>Decomposition</i>	
Overall	White men	White women	Afro-dec. men	Afro.dec. women	Between	Within
0.599	0.596	0.569	0.455	0.461	0.060	0.539

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Appendix

TABLE NOTES

Brazil

Survey: *Pesquisa Nacional por Amostra de Domicílios (PNAD)*, 2005
Statistical Agency: Instituto Brasileiro de Geografia e Estatística (IBGE)
Survey type/scope: Nationally representative household survey.

Definition of informal employment. Based on primary occupation only. For self-employed: employment in an enterprise with 5 or fewer paid employees. Own account workers who report working in professional occupations are considered to be formal. All contributing family workers are considered informal. For paid employees: employees are considered to be informal if they work in a job without a *Carteria de Trabalho e Previdência Social* (the *Carteira de Trabalho* provides access to key social protections, such as unemployment insurance).

Definition of poverty. Income poverty estimates based on the total income (employment income plus other income) of the household. A per capita poverty line is used. The poverty line based on half of the 2005 *salário mínimo* of 300 reais per person per month (150 reais per household member per month).

Other notes: Domestic workers and their relatives are excluded from the household in the determination of the poverty line and total household income.

El Salvador

Survey: *Encuesta de Hogares de Propósitos Múltiples (EHPM)*, 2003
Statistical Agency: Dirección General de Estadística y Censos
Survey type/scope: Nationally representative household survey.

Definition of informal employment. Based on primary occupation only. For self-employed: employment in an enterprise with 5 or fewer paid employees. All contributing family workers are considered informal. For paid employees: employees in a job in which no social security contributions are made.

Definition of poverty. Income poverty estimates based on the total income (employment income plus other income) of the household. A 2003 per capita urban poverty of 1106.44 colones and a per capita rural poverty line of 786.84 colones were used.

Other notes: Estimates were previously prepared for the 2005 UNIFEM Publication *Women, Work, and Poverty: Progress of the World's Women* (Chen, *et al.*).

India

Survey: National Sample Survey (NSS), 2004
Statistical Agency: Ministry of Statistics and Programme Implementation
Survey type/scope: Nationally representative household survey.

Definition of informal employment. Informal employment is classified as a situation where the individual is working for an informal enterprise or where the job has no formal characteristics (paid leave, a written contract, or social security benefits) as well as the cases in which the individual is in agriculture, but the enterprise type is missing. Informal enterprises are defined as all unincorporated private enterprises owned by households engaged in the sale and production of goods and services operated on a proprietary or partnership basis. All classifications are made using the usual status (ps+ss) category i.e. by considering usual principal and subsidiary activity together.

Formal employment is defined as a situation where the individual is working, but (1) not for an informal enterprise and (2) where the job has at least one form of formal social or legal protection (paid leave, a written contract, or social security benefits). Uncategorized employment refers to a situation where missing values make it impossible to determine whether the worker is in formal or informal employment. There are about 5,000 observations (about 1 percent of the population) which fall into this category.

Because of the inherent problem of missing values for enterprise type and for job characteristics, some categories of formal employment may be underestimated. This is especially the case with employers and own account workers (who comprise a small number of the population working outside proprietorships and partnerships to begin with). In fact, we have no observations for formally employed own account and employers. This should be interpreted with caution since it is likely that some of the sample who should belong in this category do not because of lack of adequate information about their job characteristics.

Definition of poverty. Consumption poverty estimates based on the estimated monetary value of total household consumption. A national per capita poverty line of 11.7 rupees per person per day is used.

Kenya

Survey: Kenya Integrated Household Budget Survey (KIHBS), 2005/6
Statistical Agency: National Bureau of Statistics
Survey type/scope: Nationally representative household survey.

Definition of informal employment. Based on primary occupation only. For self-employed: individuals who work in an unregistered household enterprise. For paid employees: based on the sector of the employer (i.e. given the design of the KIHBS, informal wage employment is defined in terms of the characteristics of the employer, not the characteristics of the job). Employers are considered to be part of the formal sector if they are private corporations, government agencies/departments, public enterprises, public sector teachers, or national/international NGOs. Other employers are considered to

be informal (including employers identified as individuals). All self-employment in agriculture is considered to be informal.

Definition of poverty. Consumption poverty estimates based on the estimated monetary value of total household consumption as calculated by staff members of the National Bureau of Statistics. The value of consumption was adjusted for regional and seasonal price variations. A national urban poverty line of 2,913 Kenyan shillings per adult equivalent per month and a national rural poverty line of 1,562 Kenyan shillings per adult equivalent per month were used.

Other notes: Data on household agricultural activities were not available when this report was completed. Therefore, full information on self-employment in household agricultural enterprises was not used in the report's statistical analysis. Specifically, estimates of earnings from agricultural self-employment were not available.

South Africa

Survey: South Africa Labour Force Survey (LFS), September 2004
Statistical Agency: Statistics South Africa
Survey type/scope: Nationally representative labour force survey.

Definition of informal employment. For self-employed: individuals who work in an unregistered enterprise. For paid employees: a job is considered to be formal if there is an employment contract or if the employee receives both paid leave and pension contributions.

Definition of poverty. An income poverty measure is used. Since the Labour Force Survey does not contain information on income apart from employment income, total household employment income is used to define the poverty status of a household. The poverty line used was the household subsistence level (HSL) set by The Institute for Development Planning Research at the University of Port Elizabeth, South Africa (see Woolard and Leibbrandt, 2001:49). In 2004 prices, the HSL was 501 rands per adult equivalent per month. This measure of household poverty is likely to overestimate significantly the extent of household poverty given the value of social assistance grants in South Africa which target the poor. Woolard (2003), for example, estimates that the number of beneficiaries of social grants in February 2003 reached almost six million.

South Korea

Survey: Economically Active Population Survey (EAPS), 2005
Statistical Agency: National Statistics Office
Survey type/scope: Nationally representative labour force survey.

Definition of non-standard employment. Non-standard employment is comprised of temporary employment and daily employment. The EAPS defines temporary workers as employed individuals with a contract of less than one year or individuals hired for a

specific task. It defines daily workers as employed individuals with a contract of less than one month.

Definition of poverty. An income poverty measure is used. Since the Economically Active Population Survey (EAPS) does not contain information on income apart from employment income, total household employment income is used to define the poverty status of a household. The Ministry of Health and Welfare provides minimum cost of living, which is differentiated depending on the household size. This minimum cost of living was used to define the poverty line. In 2005, the minimum cost of living was 401466 won for one-person household.