



Work/Jobs

Defining the concept of work

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The [International Labour Organization's](#) (ILO) definition of employment includes work in both the formal and the informal sectors. According to this definition then, nominally, a large portion of Africa's labour force is considered employed, and unemployment in Africa is estimated at roughly 7%, compared with 5% in India and China. However, most 'employment' occurs in the informal sector, which is significantly larger in Africa.

Generally, the informal portion of an economy declines as GDP per capita increases. Typically, a larger portion of the economies of poor countries are informal compared with that of rich countries, and many more people are employed in the informal sector in poorer countries than in wealthier ones.

In this context, the actual meaning of employment – having paid work – means earning something. But it is seldom a living wage. Employment data therefore would include an executive of a company, who may be earning a million dollars a year, and a teacher in the Democratic Republic of the Congo (DR Congo), who earns US\$100 per month. It also includes a street vendor in Soweto, South Africa who sells packets of peanuts and may be earning 20 or 30 cents per day in the informal sector. Hence, it is no surprise that the ILO found that over 630 million persons in employment globally survived in extreme or moderate poverty in 2019 – a number that increased substantially with the COVID-19 pandemic. [1]

Generally, one would assume that people employed in the formal sector would enjoy better job quality, including adequate earnings, job security and safe working conditions, whereas those in the informal sector would be worse off. The reality is more complex, with many in the formal sector actually classified as extremely poor. The ILO refers to these people as working poor – employed people who live in households that fall below the poverty line and who are unable to lift themselves and their families above the poverty threshold. The working poor are, of course, generally better off than unemployed people or those outside the labour force who survive from hand to mouth.

Many people in the informal sector live below or just above rates of extreme poverty, which explains the challenges in interpreting ILO employment data. Inevitably, the rate of the working poor in the informal sector is much higher than that in the formal sector. In the absence of a social net, employment in the informal sector is, of course, better than no employment or income. But by its nature, informal work does not offer benefits such as health insurance, unemployment insurance or paid leave. Most informal workers, many of which are self-employed, need to work every day to earn their living and pay for their basic household necessities. Their lives are precarious and their ability to survive shocks (such as lockdowns during COVID-19) is limited.

Although the informal sector provides employment for unskilled and undereducated individuals, employment in this context cannot be classified as 'decent work', which the ILO defines as including 'a fair income, security in the workplace and social protection for families.' [x]

In recognition of these challenges, the ILO is now in the process of revising the statistical standards used to measure work and economic activity in the informal economy.

Endnotes

1. Moderate and extreme poverty would include the share of workers living in households with income or consumption per capita below US\$3.20 per day in purchasing power parity.

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Dr Jakkie Cilliers is the ISS's founder and former executive director of the ISS. He currently serves as chair of the ISS Board of Trustees and head of the African Futures and Innovation (AFI) programme at the Pretoria office of the ISS. His 2017 best-seller *Fate of the Nation* addresses South Africa's futures from political, economic and social perspectives. His three most recent books, *Africa First! Igniting a Growth Revolution* (March 2020), *The Future of Africa: Challenges and Opportunities* (April 2021), and *Africa Tomorrow: Pathways to Prosperity* (June 2022) take a rigorous look at the continent as a whole.

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