



What do we know about the impact of informal employment on health inequalities?

FACTSHEET

Based on a literature review produced by the Health Inequality Research Group – Employment Conditions Network (GREDS-EMCONET), Barcelona, for the Equity Action project
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This factsheet summarises the main findings of a literature review – *Labour market flexibility in Europe: Informal employment, employment policies and their impact on health equity* – which looked at:

- how informal employment is defined and measured in high-income countries
- the prevalence of informal employment in high-income countries
- which employment-related policies (related to unemployment, precarious and informal employment) have been implemented in the European Union, and
- the impact of these policies on health inequalities.

General lack of research

- There is very little research on the relationship between informal employment and health inequalities, partly due to the lack of official statistics, methodological problems such as the lack of accepted standard definitions, and the large heterogeneity of occupations, trades, and employment arrangements.

Definitions of informal employment

- Most articles covered in the literature review explained the evolution of the concept of informal employment over the years. Fourteen per cent of articles used their own definition of informal employment, 9% used the ILO (International Labour Organization) definition, 5% the European Commission definition, and 6% used other definitions. Twenty-three per cent of articles did not give a definition. (These were articles about measurement.)
- The authors propose the following as a definition to be used in public health research to study health inequalities. Informal employment is: “a non-regulated labour market situation which usually involves an informal agreement between the employee and the employer (that is, all employees without contracts or those who do not know if they have one), self-employed people who are not registered as professionals and work alone, employers who have 5 or fewer employees, and family workers working in a family business without a contract.”

Methods for measuring informal employment

- The methods for measuring informal employment include: **indirect methods**, such as macroeconomic estimates of the size of the informal economy; and **direct methods** such as voluntary surveys (including labour force surveys), and tax auditing-based methods. The most useful method for finding out about the different characteristics of employment and working





conditions are surveys, along with qualitative research to complement the same information. The best way of studying health inequalities among informal workers is also using direct methods such as surveys.

Prevalence of informal employment

- In the European Union in 2010, 13.3% of employed people had informal employment as their main job. Of this 13.3%, 3.7% were informal employees, 8.6% were informal self-employed, and 0.9% were informal family workers. Of the five countries examined in more detail in the review – Belgium, Spain, Slovakia, Sweden and the UK (one country of each type of welfare state found in the EU) – the lowest percentage of informal employed was found in Sweden (5.2%), and the highest in Spain (15.8%).

Employment-related policies on health inequalities

After completing the initial literature review, the authors compiled a list of employment-related policies in the European Union, including Spain. Based on discussions with various experts, the authors identified which employment-related policies are likely to have a greater impact on employment conditions and which ones are likely to have a greater impact on health inequalities, with potential harm for population health.

Main conclusions

In order to be able to make comparisons between countries and over time, it is necessary to have a standard definition of informal employment, which can be used in high-income countries, and which is distinct from the concept of non-standard employment.

It is also essential to develop consistent and broadly comparable measures of informal employment and of the health of informally employed workers, stratified by important social indicators into data sets.

It is necessary to carry out further research to identify the impact of employment-related policies on health inequalities.

For more information

Labour market flexibility in Europe: Informal employment, employment policies and their impact on health equity

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