

**II Congreso Latinoamericano de Estudios del Trabajo. El Trabajo en el Siglo
XXI. Cambios, impactos y perspectivas.**

GT 08 - La ocupación en las regiones nacionales en América Latina

**Informal versus Precarious Work in Colombia:
Conceptualisation and Operationalisation to Approach Quality of Labour**

Maria Teresa Ferreira Sequeda
Industrial University of Santander (Colombia), Professor in Economics
Master in Development Studies, Erasmus University Rotterdam (The
Netherlands)

ABSTRACT

This paper critically analysed the conceptual and operational clarification of the relationship between informality and quality of employment in Colombia, in order to comprehend the heterogeneity of the labour market, in light of the problems of development regarding precarious work. This research demonstrated that informality notion remains inadequate and ill-equipped to define and inform policy-making about the main challenges workers face in terms of work-related insecurities. As a response, this paper devised an adaptation of the multidimensional definition of precariousness suited to the context of Colombia. Using data from the labour force survey conducted in 2011, this paper proved the challenging task of operationalising a statistical multidimensional index of precarious work. The study results suggest that it is a central notion to explore and inform policy-making about different degrees of quality work since the prevalence of precariousness is widespread across formal/informal boundaries, revealed varying across different socio-economic locations.

EXTENDED RESUME

This paper is based on my recently presented MA thesis at the International Institute of Social Studies ISS in The Hague.

Research questions

1. Is the sectoral informality notion, as defined and applied in Colombia, an appropriate notion to approach quality of employment?
2. How can labour precariousness be defined in the context of Colombia for understanding, measuring and policy-making?
3. How can the distribution of labour precariousness be identified in Colombian statistics?
4. Can the notion of precarious work make a significant contribution to explaining and assessing the situation of employment in terms of quality, and informing policy?

Objective

Informality as a sectoral characteristic and quality of employment as an occupational characteristic have been treated in Colombia not only as related terms but also interchangeable concepts. Hence, the sectoral informality indicator has become a central measure of progress and detriment in quality work in the country as well as one of the most relevant focuses for policy-making. That in part because the government of Colombia believes that informality adversely affects national GNP growth, productivity and competitiveness. Hence, formalisation has been formulated as the national strategic policy to improve quality work, under the priority of GNP growth and competitiveness.

This raises serious questions about how accurate the informality notion is as it is applied in Colombia to reveal job quality challenges. Significant quality of employment difficulties that Colombian workers face may be missed under informality notions, and thus it may not provide an adequate basis for policy formulation.

This research paper seeks to advance the conceptual and operational clarification of this relationship in order to facilitate understanding of the complexity and heterogeneity of the labour market in Colombia, in light of the problems of development regarding precarious work (hereafter PW). In that sense, the notion of PW with its emphasis on various types of insecurities may appear a better alternative to understand and inform policy formulation and monitoring of those other labour factors that seem to be ignored or invisible under sectoral informality.

Epistemological stance and methodology

This paper is inspired by the critical realist epistemology in an attempt to give actual experience a better empirical representation of quality of employment in Colombia in the context of real globalising capitalism. In the same way, this epistemological stance reflects the interest of this research in balancing theories, evidence and data analysis in order to achieve a deeper understanding of connections between phenomena and dilemmas described earlier.

The methodology instead of inductive takes as starting point fundamental theoretical reflections on informality and precariousness in order to understand them and critically assess their coherent link to some operationalisation methods and reality. Explicitly, this research departs from the state of the art advanced in the most influential approaches of informality, definitions and statistics in order to question what has been normalised a descriptive interpretation of informal sector employment as necessary and sufficient to identify low quality jobs in Colombia, in the view of an obstacle for national economic growth and international competitiveness.

Thereafter, extending the insights of European researches about multidimensional precariousness to the context of Colombia, as a developing country, entails a pioneering exercise of adaptation of those concepts, bringing out specific benchmarks from the national institutional context and empirical conditions of the Colombian labour market. Then, the notion of PW guiding this paper reflects the endeavour to connect concepts in the same dialogue with related normative institutions, data and statistics.

Correspondingly, a definition and an operationalisation design of PW in Colombia are made in this research. That operationalisation challenges complexity of PW focused on individual workers' experiences, concerned with multiple dimensions of labour insecurities that appear in varying degrees instead of dichotomies. This approach embraces creating a statistical multidimensional index compounded by a set of variables, which come out from survey research informed by the previous critical theoretical analysis integrated with expansive notions from the particular normative and empirical context of Colombia.

As argued by Sayer (2000: 63), the interest of this research in maintaining the balance between theories, concepts and measurability obeys the importance of searching for practically adequate knowledge, which allows understanding the transit way from the actual to the empirical level to construct different and complex analytical portrayals of phenomena in different places.

Finally, the multidimensional conceptualisation of PW in this paper implies questioning the taken-for-granted notions and challenges movements towards social change in the specific area of policy-making processes, a further ambition of this research.

Results

This research demonstrated that the conceptualisation and operationalisation of informal employment in Colombia remains inadequate and ill-equipped to deal with quality work since they do not captured multiple dimensions related to employment security. Thus, the term does not provide an adequate portrait of the labour difficulties that Colombian workers face, neither does it provide a sufficient basis for policy formulation.

As a response, this paper devised an adaptation of the multidimensional notion of PW suited to the context of Colombia, based on the national institutional context and empirical conditions of the labour market, as a better alternative to understand the various types of insecurities that are ignored under sectoral informality. As part of that, using data from the labour force survey conducted in Colombia in 2011, this paper

proved the challenging task of operationalising a statistical multidimensional index of precariousness; the PWI compounded by a set of indicators, namely indicators capturing different degrees of labour insecurities and risks at the micro-level.

The analysis, informed by both conceptualisation and operationalisation of quantitative data, suggests that PW in Colombia is central to explore varying levels of labour insecurities as factors of quality work beyond the formal/informal categorisation. As argued theoretically by Yusuff (2011) and Williams and Nadin (2012), the findings confirm for the case of Colombia that, generally, self-employment, small enterprises and informal sector, all as defined by the DANE, are somewhat but not highly nor perfectly well correlated with the PWI since they influence but do not reflect the full extent of precariousness, that is, they are not the only 'places' to find high-precarious workers. Descriptively, in 2011 the Colombian labour market consisted of 45.4% high-precarious workers (of which 36.6% were informal and 8.8%, formal workers) and only 10.3% enjoyed high work-related security (of which 8.25% were formal workers).

Dimensionally, results in this paper indicated that the chief deficits in Colombia regarding quality of employment in terms of work-related security were experienced by the workforce in social dialogue and participation, protection against work accidents and occupational diseases, and labour benefits and pension provision entitlements. Furthermore, this research revealed initial evidence that the nature and degree of precariousness varies across different socio-economic locations. In that sense, the most vulnerable workers to precariousness were unpaid workers, day labourers and domestic workers, and those located among occupations in agriculture, commerce, transport, construction and non-professional services. Furthermore, high-insecure conditions of work were found to prevail in the rural areas as well as employment protections varying to the disadvantage of rural jobs, usually ignored in the Colombian quality labour monitoring, based on the informality exclusive notion for non-agricultural activities.

Last but not least, operationalisation of PW provides striking first evidence that workers' education instead of being correlated to high quality jobs does not appear to be a determinant of degree of precariousness, possibly due to a significant portion of highly educated workers are not located in according technical or professional positions that, indeed, are shown to be less vulnerable to precariousness. This finding highlights concerns about the capacity of the national labour market to allocate workers in harmony with their capacities in terms of human capital.

Overall this paper concluded that it is a mistake to equate jobs in the informal sector in Colombia with low-quality employment since the prevalence of PW conditions is widespread across formal/informal sectoral and occupational boundaries. For that reason, the official informality indicators used for labour market monitoring and policy-making in Colombia are instrumental lenses that are blind to see insecurities content and protection. Then, new clear notions of quality work as precariousness and its statistics must be introduced for the development and evaluation of policies and for information and analysis of relevant labour quality issues.

Structure of the paper

The general structure of this research responds to the significance of analysing theory, operationalisation and policy implications of labour phenomena in a chronological manner. Then, this paper is organised into four chapters and the conclusions. Chapter 1 is the introduction and covers the empirical context and the problem statement as well as the epistemology and methodology of the research. Chapter 2 explores the theoretical framework of sectoral informality and informal work to critically assess these concepts, operationalisation and principal policy implications in Colombia in terms of their competence to approach quality of employment.

Chapter 3 presents and analyses the theoretical framework about PW and labour securities to suggest a contextualised adaptation of this concept for the case of Colombia. Thereafter, it illustrates the operationalisation proposal of PW in order to identify and locate more precisely the multiple dimensions of labour quality in Colombia in terms of security and precariousness. Then, Chapter 4 portrays the main empirical results of the previous operationalisation of PW, based on data from the national labour survey conducted in 2011. Finally, the conclusion critically examines some policy implications that a shift from informality to precariousness makes analytically for policy formulation in the context of Colombia. That includes the description of some gaps in the government response to this phenomenon, general recommendations, and opportunities for future research in this area.

References

- Arnold, D. and J. Bongiovi (2011) 'Precarious, informalizing and casualizing labor: Concepts and definitions' paper presented at the Chung-Ang University Workshop: Precarious Work in Asia, South Korea (19-20 July).
- Bacchetta, M., E. Ekkehard, and J.P. Bustamante (2009) 'Globalization and Informal Jobs in Developing Countries', A joint study of the International Labour Office and the Secretariat of the World Trade Organization. Geneva: ILO Publications.
- Barbier, J. (2004) 'A Comparative Analysis of Employment Precariousness in Europe', paper presented on the Seminar on Learning from Employment and Welfare Policies in Europe, Paris (15 March).
- Bensusán, G. (2007) 'La Efectividad de la Legislación Laboral en América Latina' (Effectiveness of Labour Legislation in Latin America). Discussion Paper. Geneva: International Labour Organization, International Institute of Labour Studies.
- Biles, J. (2009) 'Informal Work in Latin America: Competing Perspectives and Recent Debates', *Geography Compass* 3(1): 214-236.
- Breman, J. (1976) 'A Dualistic Labour System? A Critique of the 'Informal Sector' Concept: III: Labour Force and Class Formation', *Economic and Political Weekly* 11(50): 1939-1944.
- Burgess, J. and I. Campbell (1998) 'The nature and dimensions of precarious employment in Australia', *Labour and Industry* 8(3): 5-21
- Chen, M. (2005) 'Rethinking the Informal Economy - Linkages with the Formal Economy and Formal Regulatory Environment', Research Paper No. 10. Helsinki: United Nations University - World Institute for Economic Development Research.
- Cranford, C. and L. Vosko (2006) 'Conceptualizing Precarious Employment: Mapping Wage Work across Social Location and Occupational Context', in L. Vosko (ed.) *Precarious*

Employment: Understanding Labour Market Insecurity in Canada, pp. 44-66- Montreal and Kingston: McGill-Queen's University Press.

Echeverry, J. and M. Santa María (2004) 'The Political Economy of Labour Reform in Colombia', Working Paper prepared for the World Development Report 2005. Bogotá: Universidad de Los Andes.

ECLAC (2011) '*Anuario Estadístico de América Latina y el Caribe*' (Statistical Yearbook for Latin America and the Caribbean). Santiago de Chile: Economic Commission for Latin American and the Caribbean, United Nations Publications.

European Commission (2004) 'Precarious Employment in Europe: A Comparative Study of Labour Market Related Risks in Flexible Economies', Final Report Project HPSE-CT2001-00075. Brussels: EU Research on Social Sciences and Humanities.

Fagnani, J. and M.T. Letablier (2009) 'France: Precariousness, Gender and the Challenges for Labour Market Policy', in L.F. Vosko, M. MacDonald and I. Campbell (eds) *Gender and the Contours of Precarious Employment*, pp. 143-158. New York: Routledge.

Farné, S., C.A. Vergara and N. Baquero (2011) '*La Calidad del Empleo en medio de la Flexibilización Laboral*' (Quality of Employment and Labour Flexibility). Bogotá: Universidad Externado de Colombia.

Fields, G.S. (1990) 'Labour Market Modelling and the Urban Informal Sector: Theory and Evidence' in D. Turnham, B. Salomé, and A. Schwarz (eds) *The informal sector revisited*, pp. 49-69. Paris: Organization for Economic Cooperation and Development.

Habib-Mintz, N. (2009) 'To what Extent can the Informal Economy Concept Adequately Explain the Dynamism of the Non-Formal Sector in Developing Countries?', *Journal of International Business and Economy* 10(1): 1-19.

Houseman, S. (2001) 'Why Employers use Flexible Staffing Arrangements: New Evidence from an Employer Survey', *Industrial and Labor Relations Review* 55(1): 70-149.

Huitfeldt, H. and J. Jütting (2009) 'Informality and Informal Employment', in OECD (ed.) *Promoting Pro-Poor Growth Employment*, pp. 95-108. Organization for Economic Cooperation and Development.

Husmanns, R. (2004) 'Defining Informal Employment and Methodologies for its Measurement, Statistical definition of informal employment: Guidelines endorsed by the Seventeenth International Conference of Labour Statisticians'. Geneva: International Labour Organization, Bureau of Statistics Publications.

ILO (1999) 'Decent Work', Report of the Director-General of the ILO to the 87th Session of International Labour Conference. Geneva: International Labour Organization.

ILO (2002) 'Decent Work and the Informal Economy: Sixth Item on the Agenda' Resolutions adopted by the International Labour Conference at its 90th Session. Geneva: International Labour Organization.

ILO (2004) *Economic Security for a Better World*. Geneva: International Labour Organization.

ILO (2012) 'Statistical Update on Employment in the Informal Economy'. Geneva: International Labour Organization - Department of Statistics.

Kalleberg, A.L. (2009) 'Precarious Work, Insecure Workers: Employment Relations in Transition', *American Sociological Review* 74(1): 1-22.

Kucera, D. and L. Roncolato (2008) 'Informal Employment: Two Contested Policy Issues', *International Labour Review* 147(4): 321-348.

Muñoz de Bustillo, R., E. Fernández-Macías, F. Esteve and J. Antón (2011) '*E Pluribus Unum?* (A Critical Survey of Job Quality Indicators)', *Socio-Economic Review* 9(3): 447-475.

Osterman, P., T. Kochan, R. Locke and M. Piore (2001) *Working in America: A Blueprint for the New Labor Market*. Cambridge: MIT Press.

Pineda, J. (2008) 'Informalidad y Calidad de Empleo' (Informality and Employment Quality), in Carmen López, L. G. López, J.A. Pineda and S. Vanegas (eds) *Vías y escenarios de la transformación laboral: aproximaciones teóricas y nuevos problemas* (Ways and scenarios of the labour transformation: theoretical approximations and new issues), pp. 281-306. Bogotá: Universidad del Rosario.

Pratap, S. and E. Quintin (2006) 'The Informal Sector in Developing Countries: Output, Assets and Employment', Research Paper No. 2006/130, Helsinki: United Nations University - World Institute for Economic Development Research.

Ritter, J. and R. Anker (2002) 'Good Jobs, Bad Jobs: Workers Evaluations in Five Countries', *International Labour Review* 141(4): 331-331.

Rodgers, G. and J. Rodgers (1989) *Precarious Jobs in Labour Market Regulation: The Growth of Atypical Employment in Western Europe*. Geneva: International Labour Organization.

Sayer, A. (2000) *Realism and Social Science*. London: SAGE Publications Ltd.

Standing, G. (2011) *The Precariat: The New Dangerous Class*. New York: Bloomsbury Academic.

Tokman, V.E. (2005) 'La Estratificación Social Bajo Tensión en la Era de la Globalización' (Social Stratification under tension in the Age of Globalization), *ECLAC Review* 72: 45-76.

Tucker, D. (2002) 'Precarious, Non-Standard Employment – A Review of the Literature', Working Paper. Wellington: Department of Labour.

Vosko, L. (2006) 'Precarious Employment: Towards an Improved Understanding of Labour Market Insecurity', in L. Vosko (ed.) *Precarious Employment: Understanding Labour Market Insecurity in Canada*, pp 3 - 39. Montreal and Kingston: McGill-Queen's University Press.

Vosko, L. (2006b) 'What is to be done? Harnessing Knowledge to Mitigate Precarious Employment', in L. Vosko (ed.) *Precarious Employment: Understanding Labour Market Insecurity in Canada*, pp 379 - 388. Montreal and Kingston: McGill-Queen's University Press.

Vosko, L.F. and L. Clark (2009) 'Canada: Gendered Precariousness and Social Reproduction', in L.F. Vosko, M. MacDonald and I. Campbell (eds) *Gender and the Contours of Precarious Employment*, pp. 26-42. New York: Routledge.

Vosko, L.F., M. MacDonald and I. Campbell (2009) 'Introduction: Gender and the Concept of Precarious Employment', in L.F. Vosko, M. MacDonald and I. Campbell (eds) *Gender and the Contours of Precarious Employment*, pp. 1-25. New York: Routledge.

Weinkopf, C. (2009) 'Germany: Precarious Employment and the Rise of Mini-Jobs', in L.F. Vosko, M. MacDonald and I. Campbell (eds) *Gender and the Contours of Precarious Employment*, pp. 177-193. New York: Routledge.

Williams, C. and S. Nadin (2012) 'Work Beyond Employment: Representations of Informal Economic Activities', *Work, Employment & Society* 26(2): 1-10.

Yusuff, O.S. (2011) 'A Theoretical Analysis of the Concept of Informal Economy and Informality in Developing Countries', *European Journal of Sciences* 20(4): 624.