



INFORMAL EMPLOYMENT HOUSEHOLD INCOME & EXPENDITURE SURVEY 2019





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INFORMAL EMPLOYMENT

HOUSEHOLD
INCOME AND EXPENDITURE SURVEY 2019

CONTENTS

INTRODUCTION-----	5
INFORMAL EMPLOYMENT BY EMPLOYMENT STATUS-----	6
INFORMAL EMPLOYMENT BY SEX, MALE' AND ATOLL- MAIN JOB-----	8
INFORMAL EMPLOYMENT BY ATOLLS- MAIN JOB-----	10
AGE COMPOSITION OF INFORMAL EMPLOYMENT -----	13
LEVEL OF EDUCATION IN INFORMAL EMPLOYMENT -----	15
INFORMAL EMPLOYMENT BY INDUSTRY OF ECONOMIC ACTIVITY -----	17
INFORMAL EMPLOYMENT BY OCCUPATION -----	20
WORKING HOURS AND INCOME OF INFORMAL EMPLOYMENT-----	23
CONCLUSION -----	27

INTRODUCTION

Informal employment plays a vital role in contributing to the labor market and production of good/services in many developing countries. Maldives is no exception to this reality, thus, empirical evidence and data on informal employment is crucial for policy making with regard to poverty alleviation and reduction of vulnerability among workers. However, data on informal employment is limited and is challenging to identify because of the inherent informality features in these types of work.

The informal employment comprises of the total informal jobs held in formal sector, informal sector and household sector during a reference period. Using HIES definition informal employment in informal sector comprises of own account worker and employers owning and operating an informal enterprise, contributing family workers and informal employees carrying out work for an informal enterprise. Informal employment in the formal sector included employees and contributing family workers in formal enterprises who do not receive social protection contributions by their employer or, in the absence of information on social protection, do not receive paid annual and paid sick leave. Informal employment in households consists of domestic workers employed by households who do not receive social protection contributions from their employers or, alternatively, do not receive paid annual and paid sick leave. In this chapter, informal employment is defined on the basis of whether the main job is informal and secondary job is not considered in this analysis.

This chapter discussed some of the characteristics and distribution of informal employment by gender; Male & Atolls; Age composition; Educational levels of those holding informal jobs. Subsequently, distribution of informal employment by industry, economic activity and occupation were illustrated and descriptively discussed. Finally, working hours and income of informal employment was analyzed followed by a conclusion. At times formal employment was illustrated along with informal employment for comparison. However, emphasis and explanation are on informal employment throughout the chapter.

INFORMAL EMPLOYMENT BY EMPLOYMENT STATUS

Table 1.1 summarizes the disparities between genders for different employment statuses in informal employment. Figure 1.1 depicts highest inequality among members of producer’s cooperatives (female 15% and male 85%). Generally, males dominated all the categories except for own account work (female 70% and male 30%) and contributing family work (females 60% and males 40%). From the employment statuses within informal jobs more than a quarter of employees as well as employers are dominated by males.

Figure 1.2 illustrates distribution of informal employment by economic status and sex. Among females who hold informal jobs considering their main work, most are engaged in own account work (48%) and also a high proportion is engaged in informal jobs as employees (45%). However, bulk of men who hold informal jobs are working as employees (69%) followed by own account work (17%). Both genders combined, the highest proportion of informal work is vivid for those working as employees (58%).

Table 1.1 Informal Employment by Employment Status and Sex

Employment Status	Female	Male	Total
Employees	14,647	26,745	41,392
Employers	679	2,007	2,687
Own-account workers	15,552	6,694	22,246
Members of producers' cooperatives (Group workers)	475	2,708	3,184
Contributing family workers	1,002	664	1,666
Workers not classifiable by status		58	58

Source: Household Income and Expenditure Survey, 2019

Figure 1.1 Informal Employment by Employment Status and Sex



Source: Household Income and Expenditure Survey, 2019

Figure 1.2 Distribution of Informal Employment by Employment Status and Sex



Source: Household Income and Expenditure Survey, 2019

INFORMAL EMPLOYMENT BY SEX, MALE' AND ATOLL- MAIN JOB

Total results from the summary (Table 2.1) when main job is considered, discloses a very uneven distribution between informal and formal employment. Figure 2.1 illustrates that the informal employment only contributes to 39% of total employed while the remaining 61% employed is in formal employment. This distribution is even more uneven in Male' since, only 28% is engaged in informal employment. However, in Atolls there is an almost equal proportion of informal (51%) and formal (49%) employment. From the total jobs held by men, only 36% were in informal employment. Informal employment was more prevalent with women as it contributed to 44% among the total main jobs held by women. However, when total employed in informal employment were disaggregated by sex, these informal jobs were widely held by men (figure 2.2).

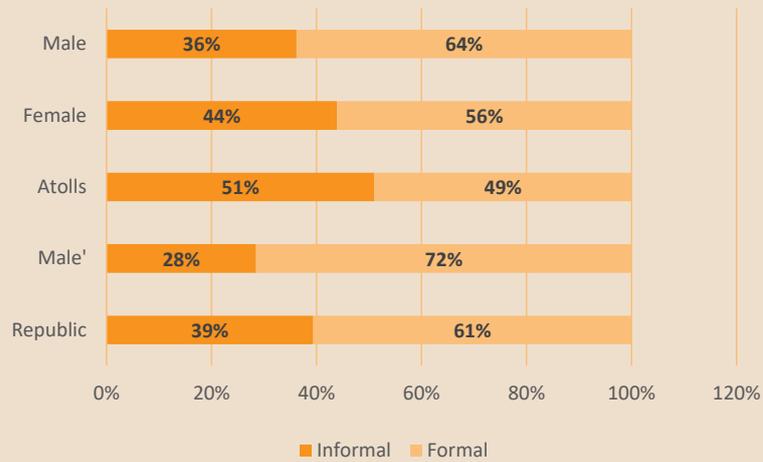
Male dominated the informal employment population illustrating a gender gap as shown in figure 2.2. It showed that men held 55% of total informal jobs (only main job) compared to the 44% held by women. Further it showed that formal employment was largely concentrated in Atolls (63%) compared to Male' (37%).

Table: 2.1 Employment by Sex, Male' and Atolls

	Republic	Male'	Atolls	Female	Male
Informal	71,295	26,635	44,660	32,355	38,877
Formal	109,849	66,983	42,866	41,362	68,549
Total	181,144	93,618	87,526	73,717	107,426

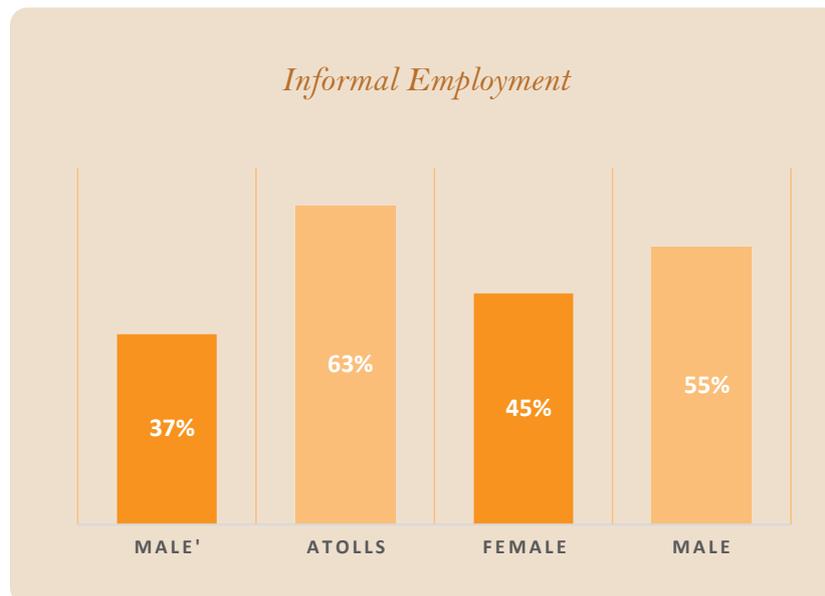
Source: Household Income and Expenditure Survey, 2019

Figure 2.1: Informal Employment by Sex, Male' and Atolls



Source: Household Income and Expenditure Survey, 2019

Figure 2.2: Informal Employment by Sex, Male' and Atolls



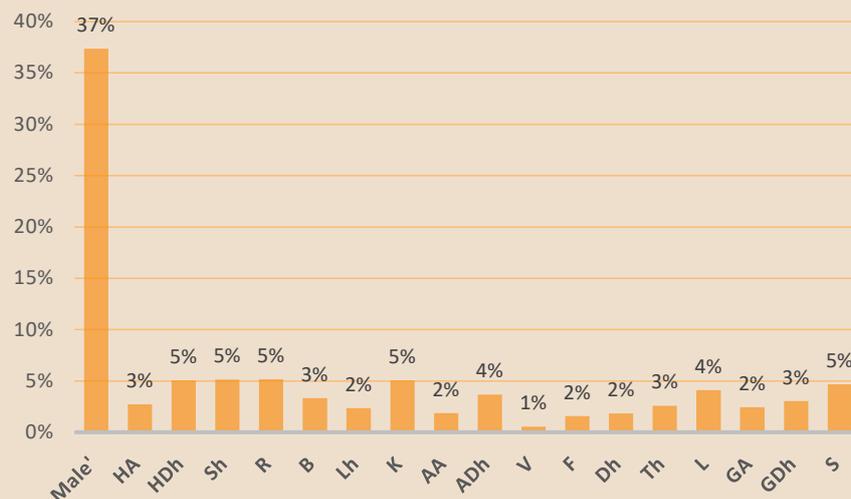
Source: Household Income and Expenditure Survey, 2019

INFORMAL EMPLOYMENT BY ATOLLS- MAIN JOB

It is important to see the geographical distribution of informal employment in Atolls (Table 3.1). Figure 2.1 illustrates that 37% from the total informal employment are concentrated in Male'. While, informal employment contributes to 63% in Atolls among total informal jobs held in Maldives, less than 7% of workers are in informal employment arrangements in each individual Atoll. The lowest proportion of informal employment is seen in Vaavu Atoll (1%).

However, within employed population taking account main job, Figure 3.2 illustrates that Male' held the lowest proportion of informal jobs (28%) among all Atolls followed by Seenu Atoll (42%). It's worth noting that these two Atolls are among the most populated as well as developed islands in Maldives. Conversely, Shaviyyani Atoll and Raa Atoll had the highest proportion of informal employment with 65% and 60% respectively. As illustrated in Figure 3.2 more than 40% of workers in all Atolls held informal jobs except in Male'. This shows that a substantial amount of informal employment is persisting in Atolls and thereby informal employment is significantly contributing to total employment in Maldives.

Figure 3.1 Geographical distribution of informal employment by Atolls



Source: Household Income and Expenditure Survey, 2019

Table 3.1 Geographical distribution of informal employment by Atolls

	Informal	Formal	Total
Atolls	44,660	42,866	87,526
Male'	26,635	66,983	93,618
HA	1,936	2,331	4,267
HDh	3,600	3,683	7,284
Sh	3,664	1,978	5,642
R	3,691	2,470	6,161
B	2,371	2,169	4,540
Lh	1,685	1,473	3,158
K	3,604	3,014	6,618
AA	1,326	1,385	2,711
ADh	2,620	2,807	5,426
V	386	509	895
F	1,135	897	2,031
Dh	1,303	1,511	2,814
Th	1,851	2,040	3,891
L	2,929	2,943	5,871
GA	1,736	2,092	3,828
GDh	2,172	2,304	4,476
S	3,339	4,653	7,992
Total	71,295	109,849	181,144

Source: Household Income and Expenditure Survey, 2019

Figure 3.2 Employment by Atoll/Island

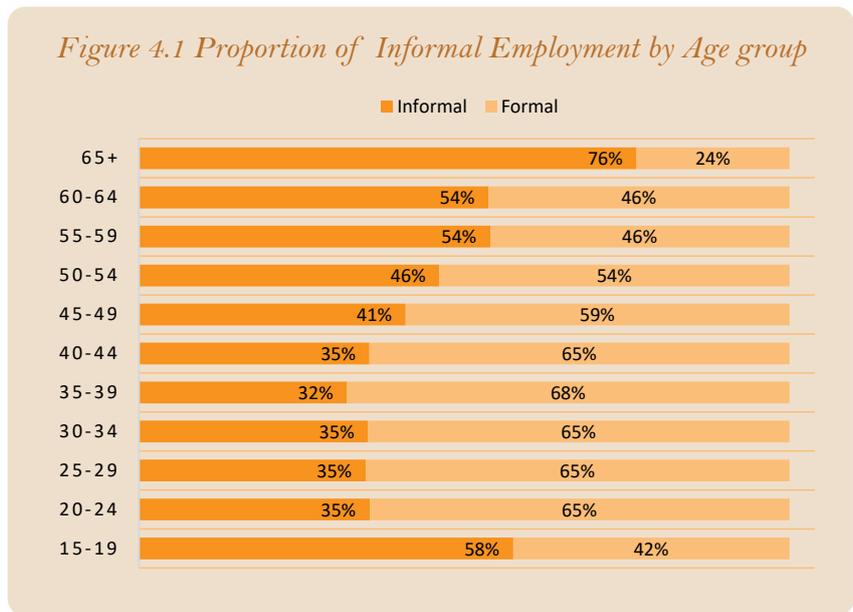


Source: Household Income and Expenditure Survey, 2019

AGE COMPOSITION OF INFORMAL EMPLOYMENT

Age distribution of employment (Refer to Table 4.1) is important to examine to see in which age group informal jobs are more prevalent. Figure 4.1 illustrates the proportion of informal employment from the total employed by age group. Firstly, the highest prevalence in informal employment (76%) is evident 65 and above age group. This is officially the retirement age group in Maldives and this maybe an indication that people are opting more in-formal jobs after their retirement. Secondly, the highest informal employment is observed in the lowest working age group (15-19) with 58%. This may be due to the fact that the official age for working is 18 years and above. So, some younger workers may have no other option then working in informal employment arrangements if they want to earn.

Between ages 20-54 years workers engaged in informal jobs are lower compared to formal jobs. Nevertheless, from 55 and above age group, reverse is true where proportion of informal employment is higher. From 20 years to 34 years proportion of informal workers are stagnant at 35%. But then onwards, it tends to increase with age. This maybe an indication that as workers age they may have a preference to settle with informal employment arrangements.



Source: Household Income and Expenditure Survey, 2019

Table 4.1 Employment by Age group

Age Group	Informal	Formal	Total
15-19	3,912	2,889	6,801
20-24	7,026	12,790	19,816
25-29	9,950	18,598	8,548
30-34	10,760	19,790	30,550
35-39	8,514	18,108	26,622
40-44	7,370	13,426	20,796
45-49	6,145	8,849	14,994
50-54	6,047	7,044	13,091
55-59	5,314	4,528	9,842
60-64	3,435	2,958	6,392
65+	2,822	868	3,690
Total	71,295	109,849	181,144

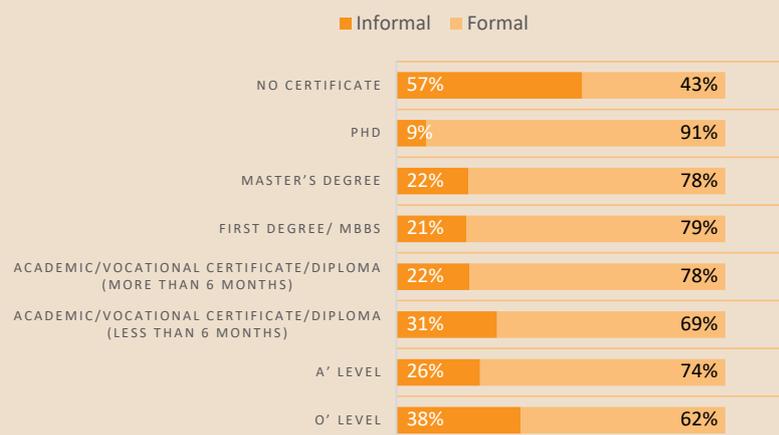
Source: Household Income and Expenditure Survey, 2019

LEVEL OF EDUCATION IN INFORMAL EMPLOYMENT

The level of education is one of the factors that determines which kind of employment spectrum a worker is more probable to fall into; either formal or informal employment. Figure 5.1 shows distribution of employment by informal and formal employment according to the level of education. Noticeably, among those who had no certificate 57% held informal jobs. In contrast, only 23% or less are likely to be engaged in informal employed from those who held diploma (more than 6 months) or higher education level. It evidences an inverse relationship between level of education and the proportion of informal jobs held by workers. As the level of education increases, proportion of informal employment falls. This substantiates that better education is a key for a person to be employed in a formal employment arrangement.

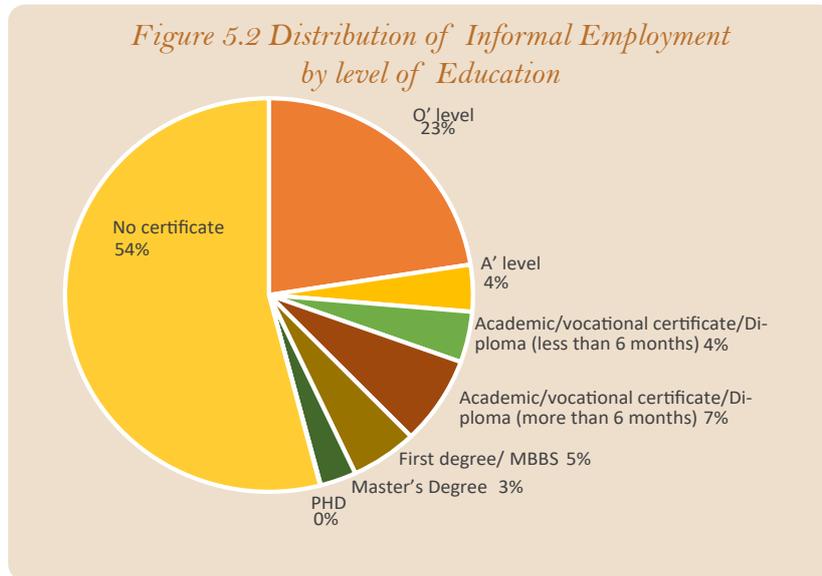
Figure 5.2 illustrates, more than half (54%) had no certificate among total who are associated with informal jobs. Moreover, 23% who are engaged in informal employment arrangements have only O' Level certificate and this proportion kept on falling as the level of education level moved up the ladder.

Figure 5.1 Distribution of employment by Education Level

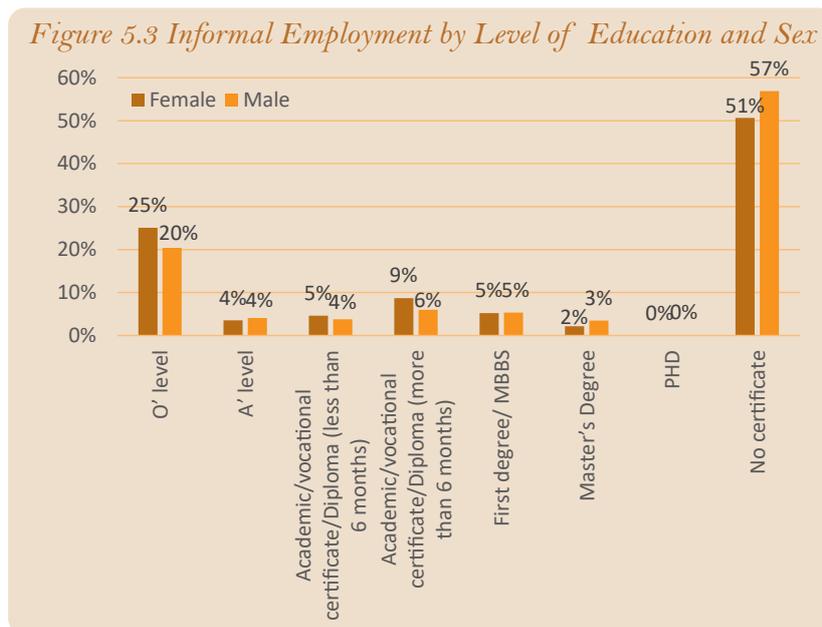


Source: Household Income and Expenditure Survey, 2019

Figure 5.3 represents proportion of informal employment by Educational level and Sex. From the total women employed in informal jobs 51% had no certificate and this percentage for men is even higher (57%). Conversely, among men in informal jobs more had O'Level certificate level (25%) compared to women (20%). For lower level of certificates distribution is more or less similar across gender.



Source: Household Income and Expenditure Survey, 2019



Source: Household Income and Expenditure Survey, 2019

INFORMAL EMPLOYMENT BY INDUSTRY OF ECONOMIC ACTIVITY

The division of informal and informal employment depended on the industry of economic activity (Table 6.1). Activities of household as employer had the highest proportion of informal employment arrangement (95%) compared to those formal workers in the industry. Subsequently, informal employment was highly observable comparative to formal employment in Agriculture, forestry and fishing (76%), Mining and quarrying (71%), Manufacturing (86%) and Arts Entertainment and Recreation (77%). There was no informal employment in neither in real estate nor in Activities of extra territorial organ (refer to Figure 6.1).

From total workers engaged in informal employment (refer Figure 6.2), the bulk is engaged in Manufacturing Industry (23%) followed by Agriculture, forestry and fishing (14%) and wholesale & retail trade and repair (13%). Utilities industries (electricity and water) and telecommunication had the least informal workers accounting for only 1% of those industries. This was followed by health industry, recreation industry and other service activities which accounted for only 2%. Most probably these industries require higher qualification and very specific technical trainings.

Table 6.1 Employment by Industry

Industry	Informal	Formal	Total
01. Agriculture, forestry, and fishing	10,260	3,168	13,428
02. Mining and quarrying	249	102	352
03. Manufacturing	16,189	2,648	18,837
04. Electricity, gas, steam, and air condition	626	4,191	4,817
05. Water supply: sewerage, waste manage	371	2,141	2,512
06. Construction	3,362	2,714	6,077
07. Wholesale and retail trade; repair	9,485	11,061	20,546
08. Transportation and storage	3,719	13,437	17,156
09. Accommodation and food service activities	5,961	6,134	12,095
10. Information and communication	569	2,604	3,173
11. Financial and insurance activities	51	2,452	2,503
12. Real estate activities		55	55
13. Professional, scientific and technic	1,272	3,124	4,396
14. Administrative and support service a	1,309	1,601	2,910
15. Public administration and defense; c	2,559	26,685	29,244
16. Education	6,937	15,727	22,674
17. Human health and social work activities	1,665	9,612	11,277
18. Arts, entertainment, and recreation	1,617	470	2,087
19. Other service activities	1,284	1,334	2,618
20. Activities of households as employer	3,619	198	3,818
21. Activities of extraterritorial organ		55	55
99. Unable to codify	93	297	391

Source: Household Income and Expenditure Survey, 2019

Figure 6.1 Employment by Industry

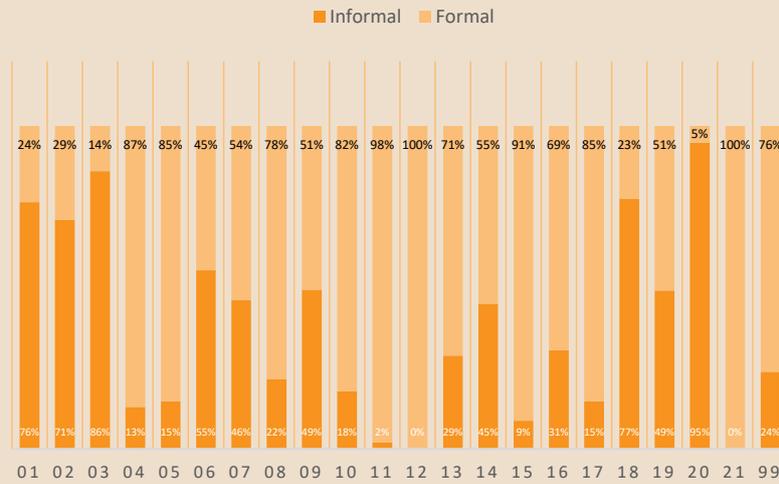
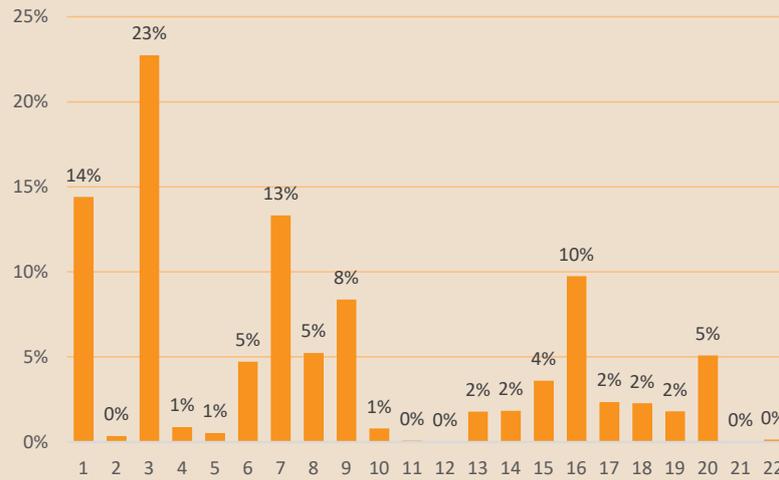


Figure 6.2 Informal Employment by Industry



Source: Household Income and Expenditure Survey, 2019

INFORMAL EMPLOYMENT BY OCCUPATION

Table 7.1 shows the distribution of employment by gender for different occupations. Noticeably, more of the semi-skilled and unskilled work contributed to informal employment while more skilled jobs are associated with formal employment. Figure 7.1 represents the contribution of informal employment to total employment (taking account only main job) by gender for different occupations. Formal employment is also included for comparison. Majority of women who held informal jobs were in crafts and related trade work (7%). However, most of men in informal employment worked in skilled agricultural, forestry and fishing work (5%). Informally women are more likely to be working as professionals (3%) compared to men (2%). Conversely, only few women worked as managers (753) compared to men in informal jobs (3,519). Same was true in Technical and associate professional occupation (females 844 and males 5,232) (refer to table 7.1). These types of professional occupations are predominantly occupied by formal jobs. Similar contribution to total employment among men and woman is seen for clinical support work, service and sales work and elementary occupations in informal employment (refer figure 7.1).

Table 7.1 Employment by Occupation and Sex

	Female		Male	
	Informal	Formal	Informal	Formal
Armed forces occupations		67		2,700
Managers	776	2,451	3,537	10,075
Professionals	5,733	12,466	3,084	6,708
Technicians and associate professionals	844	8,385	5,232	18,140
Clerical support workers	1,114	7,353	1,381	5,654
Service and sales workers	5,865	4,692	5,688	9,164
Skilled agricultural, forestry and fi	1,035	101	8,190	2,593
Craft and related trades workers	12,446	832	6,052	3,058
Plant and machine operators, and asset	118	174	1,941	4,761
Elementary occupations	4,449	4,798	3,621	5,474
99. Unable to codify	8	8	178	194
Total	32,389	41,328	38,906	68,520

Source: Household Income and Expenditure Survey, 2019

Table 7.2 Employment by Occupation and Sex

Occupation	% to total employment			
	Female		Male	
	Informal	Formal	Informal	Formal
0. Armed forces occupations	0%	0%	0%	1%
1. Managers	0%	1%	2%	6%
2. Professionals	3%	7%	2%	4%
3. Technicians and associate professional	0%	5%	3%	10%
4. Clerical support workers	1%	4%	1%	3%
5. Service and sales workers	3%	3%	3%	5%
6. Skilled agricultural, forestry and fi	1%	0%	5%	1%
7. Craft and related trades workers	7%	0%	3%	2%
8. Plant and machine operators, and asset	0%	0%	1%	3%
9. Elementary occupations	2%	3%	2%	3%
99. Unable to codify	0%	0%	0%	0%
Total	18%	23%	21%	38%

Source: Household Income and Expenditure Survey, 2019

WORKING HOURS AND INCOME OF INFORMAL EMPLOYMENT

Working hours is an important factor that determines workers productivity, as well as hourly wage. Figure 8.1 illustrates that there is not much difference in the average weekly hours worked in informal jobs compared to formal jobs except for own account workers. For own account workers a substantial difference is seen in average weekly hours worked by informal employment arrangements (29 hours) compared to formal employment (61 hours). Across different employment status in informal employment, employees and group workers worked most on an average 51 hours per week

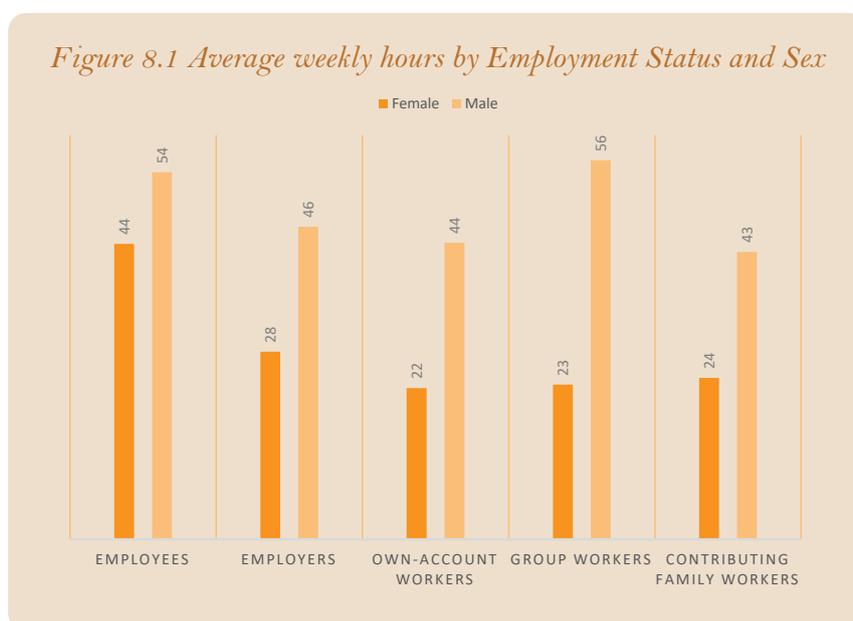
A substantial gender gap is observed on average weekly hours between men and women in the informal employment (figure 8.1). Men on an average per week worked almost double or more among employers, own-account workers, group workers and contributing family workers compared to women. Furthermore, while women as employees worked on an average 6-7 hours per day, men worked 7-8 hours per day.

Figure 8.2 illustrates how strikingly different average monthly income is between men and women in the informal employment. This maybe as a result of less working hours by women compared to men as discussed earlier. However, this needs to be further investigated. There is absolutely misbalance in the average monthly income between men and women. The highest disparity in average monthly income is seen among employers between men (MVR 7,230) and women (MVR 1,766). Furthermore, contributing family workers had a difference in income of MVR 5,464 and group workers and own account workers had a difference of income of MVR 4,447 and MVR 4,827 respectively between genders. The lowest gap in income is depicted among employees of men (MVR 10,335) and women (10,335) who held informal jobs.

Table 8.1 Average weekly hours by Employment Status

Employment Status	Informal	Formal
Employee	51	47
Employer / owner (with employees)	42	58
Own account worker	29	61
account worker (with family members)	32	40
Contributing family worker	31	38
Members of producers' cooperatives (Group workers)	51	56
Total	43	48

Source: Household Income and Expenditure Survey, 2019



Source: Household Income and Expenditure Survey, 2019

Table 8.2 Average monthly Income by Employment Status and Sex

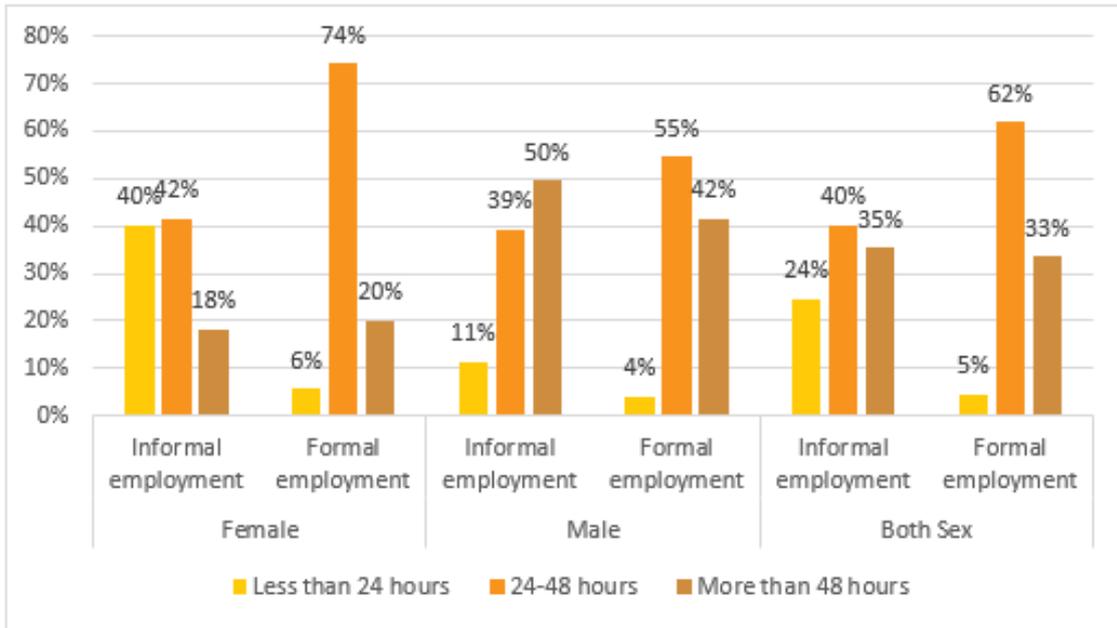
Employment Status	Female	Male
Employees	6,599	10,335
Employers	5,894	13,956
Own-account workers	2,651	7,098
Members of producers' cooperatives (Group workers)	2,298	7,126
Contributing family workers	1,766	7,230

Source: Household Income and Expenditure Survey, 2019

Around 25% of the employed population in informal employment worked less than 24 hours per week while only 5% of the employed population in formal employment worked less than 24 hours per week. Among informal employment 35% of the employed population worked more than 48 hours per week while 33% of employed population in formal employment worked more than 48 hours per week.

Among female, majority of the employed population work less than 48 hours per week in both formal as well as informal employment. However, among male informal employment, almost half of them worked more than 48 hours per week as seen in Figure 8.2.

Figure 8.2 Average weekly hours by employment formality and Sex



Source: Household Income and Expenditure Survey, 2019

CONCLUSION

Informal employment may either be a choice or involuntary. However, its contribution to total production of Maldives cannot be ignored. Hence, satisfactory wages, working environment and social protection is required for these informal workers as well. Data from HIES 2019 may not be sufficient but a starting point for policy makers to make informed decisions for the betterment of these workers to provide a bridge towards better standard of living.

Data shows that from the total employed, informal employment is more prevalent in Atolls compared to Male' and more among males compared to females. Furthermore, Male' represented least proportion of informal employment among all Atolls/islands and Shaviyani Atoll showed the highest informal employment from total employment (considering only main job). Further, amongst all industries, Manufacturing depicted the highest informal workers. When comparisons were made between different employment statuses in informal employment, most gender disparity is realized among members of producers' cooperatives (Group workers). Also, as expected higher informal employment is prevalent among less skilled and unskilled workers rather than skilled workers. Furthermore, even if there is not much difference in the average hours worked between genders, there is a huge gender disparity in the income of informal workers.

To be more informed about the dynamics of informal employment additional data may be required. Furthermore, empirical data is crucial to recognize and appreciate the contribution of informal workers to the economy. Thereby, start initiatives to strengthen benefits given to these workers who are currently enduring informal employment arrangements.



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