The jobs challenge

Demographic transitions, structural change, technological progress, and global volatility are changing the world of work. Yet, traditional farming and self-employment remain dominant in many countries.

regular wages or salaries. Another 1.4 billion work in farming and small household enterprises, or in casual or seasonal day labor. The majority of workers in the poorest countries are engaged in these types of work, outside the scope of an employer-employee relationship. Another 200 million people, a disproportionate share of them youth, are unemployed and actively looking for work. Almost 2 billion working-age adults are neither working nor looking for work; the majority of these are women, and an unknown number are eager to have a job.¹

The jobs challenge facing the world is multi-faceted, ranging from improving aspects of the work people do, to supporting the reallocation of people to better jobs, to creating jobs for those who want to work. Youth bulges in some countries are bringing in millions of new job seekers. Sub-Saharan Africa's labor force grows by about 8 million people every year. South Asia's grows by 1 million people every month. Elsewhere, the working population is rapidly aging, and more and more workers are putting off retirement. By 2020, more than 40 million additional jobs will be needed for people 65 years and older.²

Structural and technological changes are moving more people from rural areas to cities.

In the next 15 years, half of the population in developing countries will reside in urban areas, the result of a migration that is rapidly shifting work from the farm to the factory or the street. The rural-urban shift generally improves individual well-being, especially for those who find wage employment. Still, workers' share of global income may be declining, a pattern attributed in part to globalization and technological change. Wages for the same occupation are converging across countries, but a higher premium is paid for more skilled occupations. Women's earnings still lag behind those of men, and the fraction of them who work varies enormously across countries. While women's labor force participation exceeds 75 percent in Vietnam, it is only 28 percent in Pakistan.

As the world changes, so do jobs. Despite improvements in workers' education levels, many firms report that they have difficulty finding the skilled workers they seek. Part-time and temporary work appear to be increasing. In India and South Africa, for example, there has been a sharp rise in the number of temporary employment services and labor brokers. Outsourcing was once concentrated in manufacturing, but new technology is now enabling the splintering of tasks in services. Meanwhile, new platforms on the internet and mobile phones offer innovations for matching workers and employers, and not only for highly skilled jobs.

A job, but not always a salary

To many, the word *job* brings to mind a worker with an employer and a regular paycheck. Yet, this narrow definition excludes nearly 1.4 billion people who work for a living. The concept of a job is actually much broader than wage employment. Jobs are activities that generate actual or imputed income, monetary or in kind, formal or informal. But not all forms of work can be deemed jobs. Activities performed against the will of the worker or involving violations of fundamental human rights should not be considered jobs. Some other activities that entail work effort, such as cooking and cleaning at home, are not considered jobs unless they are performed by people hired and paid for the work.

Multiple forms of work

Defining and measuring jobs is challenging because the ways people spend their time and work are diverse (question 1). Economists usually distinguish between work and leisure, but the reality is more complex. Time can be allocated to nonproduction and production activities. The first category includes time spent eating, sleeping, schooling, and at recreation. Production includes both market and nonmarket work. Whether an activity is considered production can be assessed based on a third-person test: "if an activity is of such character that it might be delegated to a paid worker, then that activity shall be deemed productive."³

Patterns in time allocated to production differ across countries and over time. Jobs that span eight hours a day, five days a week, with paid vacation, are not the norm in developing countries. Some jobs involve a few hours of work during certain days of the week or certain weeks of the year; others entail long hours most days of the week almost every week of the year. Some people have had only one job in the previous week, while others have engaged in two or more jobs. In 2011, temporary employment represented more than one-fifth of total wage employment in the Republic of Korea and Spain, but around 5 percent in Australia and the Slovak Republic.⁴

The measurement of unemployment or underemployment is equally challenging. Some

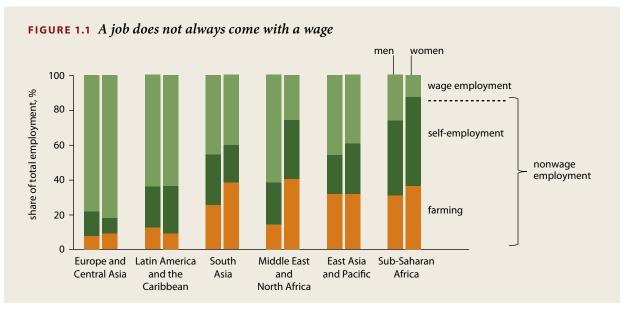
people would like to work more hours, whereas others would rather not. More than 15 percent of those employed in Armenia, Colombia, Guatemala, and Peru, but less than 3 percent in Hungary, Pakistan, Portugal, and the United States worked fewer hours than desired.⁵ Some people who would like to work have no job. Unemployment rates vary over the business cycle; around 2009 and 2010, when the worst of the international crisis hit most countries in the world, they ranged from more than 20 percent in South Africa and Spain to less than 5 percent in Austria, Korea, Malaysia, Singapore, Sri Lanka, and Thailand.⁶

The world of work is more diverse in developing countries than in developed countries. This diversity refers not only to the number of hours worked and number of jobs available, usual yardsticks in developed countries, but also to characteristics of jobs. Two main aspects stand out. First, there is prevalence of self-employment, which often makes measures of unemployment and underemployment inadequate. Second, the coexistence of traditional and modern modes of production leads to large variations in the nature of work, from subsistence agriculture and menial work to technology-driven manufacturing and services.

Work across the developing world is characterized by a high prevalence of informality, whether defined on the basis of firm registration, social security coverage, or a written employment contract. Informal employment is not under the purview of labor regulations, either because of their limited scope or because they are deliberately avoided or evaded. Regardless of the specific definition used, informal employment is generally associated with lower productivity. However, this does not necessarily mean that firm registration, social security coverage, or a written contract would result in greater efficiency. Informality can be a symptom of lower productivity as much as it can be a cause of it.

Different places, different jobs

Self-employment and farming represent almost half the jobs in the developing world. The vast majority of those in self-employment work in small enterprises with no paid employees.⁸



Source: World Development Report 2013 team. Note: Data are for the most recent year available.

But shares of wage work, farming, and selfemployment differ greatly by gender and across countries. Nonwage work represents more than 80 percent of women's employment in Sub-Saharan Africa, but less than 20 percent in countries of Eastern Europe and Central Asia (figure 1.1).

Gender differences are also striking.9 Worldwide, less than 50 percent of women have jobs, whereas almost 80 percent of men do. Roughly 50 percent of both working men and working women are wage earners, but this statistic hides substantial variation across countries and regions. Women are significantly underrepresented in wage employment in low- and lowermiddle-income countries, but are more likely than men to work for wages in middle-income countries. In countries such as Pakistan, where 28 percent of women but more than 82 percent of men participate in the labor force, wage employment is a much lower share of total employment among women than among men. Even in countries such as Tanzania and Vietnam, where participation rates are above 75 percent for both men and women, wage employment still lags behind for women. Beyond these stark contrasts, women continue to earn significantly less than men. And these differences are not fully explained by education, experience, or sector of work.

A growing share of youth, typically defined as people ages 15 to 24, is in schooling or in training. Still, youth unemployment reaches alarming levels in some countries (above 40 percent in South Africa since early 2008 and above 50 percent in Spain in early 2012).¹⁰ Even in countries where it is relatively low, the youth unemployment rate is twice or more the national average. In addition, a large share of young people are considered "idle"—not in education, not employed, and not in training or looking for work (figure 1.2).11 In some countries, more than one-third of 15- to 24-year-olds are idle; in most countries, unemployment rates are small compared to idleness rates.¹² In many cases, when youth work they do so in unpaid jobs. If paid, they are less likely to have access to social security.13

Although child labor is in decline, it still affects 1 in 8 children (1 in 14 in the case of hazardous work). The International Labour Organization (ILO) defines child labor as any work by a child under age 12 or, for a child above age 12, any work that impedes education or is damaging to health and personal development. Worldwide, 306 million children were at work in

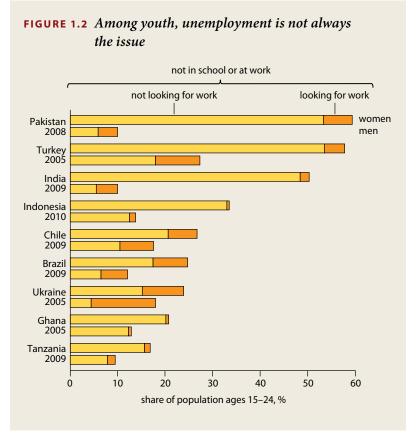
2008. Of these, 215 million were engaged in activities that constituted child labor, and 115 million were involved in hazardous work. Most of these children are unpaid family workers or participate in farming. More than half live in Asia and the Pacific; but the share is highest is in Sub-Saharan Africa, where child labor affects 1 in 4 children (or 65 million of them).

Youth bulges, aging societies, and migrant nations

Demographic shifts can be massive, but they do not always go in the same direction. The most populous countries in the world have experienced very large increases in their labor force: nearly 8 million new entrants a year in China and 7 million a year in India since the early 1990s. (These rates are now decelerating rapidly, particularly in China.) Many smaller countries face large relative increases, even if the absolute numbers are less astounding. In other countries, the overall population and the labor force are shrinking. For example, Ukraine's labor force is estimated to decrease by 0.75 percent annually, the equivalent of approximately 160,000 fewer people every year.¹⁵

A simple conceptual exercise illustrates the challenges raised by these dramatic demographic transitions. To keep the ratio of employment to working-age population constant, in 2020, there should be around 600 million more jobs than in 2005. More than 175 million of them, or nearly 1 million a month, would be needed in East Asia and the Pacific as well as in South Asia (figure 1.3). The number of jobs in Sub-Saharan Africa would have to increase by about 50 percent, which translates into employment growth of 2.7 percent a year. But in Eastern Europe and Central Asia, where populations are aging, only 2.4 million new jobs would be needed during the same period.

The age structure of the labor force, not simply its size, matters as well. Youth are staying in school longer and entering the labor market later, whereas adults are living longer and healthier lives. The labor force participation rate of people 65 years of age and older has remained relatively stable over the past two decades. Even with a stable participation rate, however, close to

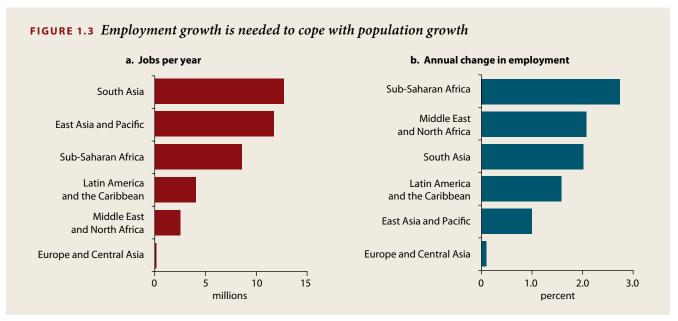


Source: World Development Report 2013 team

42 million jobs will have to be generated by 2020 to cope with the growth in the number of older people. One-quarter of these jobs will need to be in China, even though the size of the Chinese labor force will have started to decline in absolute terms.¹⁶

International migration is also changing the size and composition of the labor force in many countries. At the turn of the century, there were more than 200 million international migrants worldwide, and nearly 90 million of them were workers. If international migrants constituted a nation, theirs would be the fifth-largest in the world, ahead of Brazil. Precise estimates diverge but there is agreement that migrants represent nearly 3 percent of the world population.¹⁷

These aggregate figures hide important differences across countries. Some are large migration recipients either in absolute numbers (for instance, the United States) or in relative terms



Source: World Development Report 2013 team based on data from the International Labour Organization and World Development Indicators. Note: Estimations are for the period 2005–20, based on projected population growth assuming constant employment rates.

(Jordan and Singapore). Migrants from countries such as Bangladesh, India, and Mexico represent a large share of total migrants worldwide; countries such as Fiji, Jamaica, and Tonga have a large share of their population overseas. Figures for some of the smaller countries are striking. For instance, nearly one-fifth of all Salvadorians live abroad, while more than three-fifths of the population in Kuwait, Qatar, and the United Arab Emirates is foreign-born.¹⁸

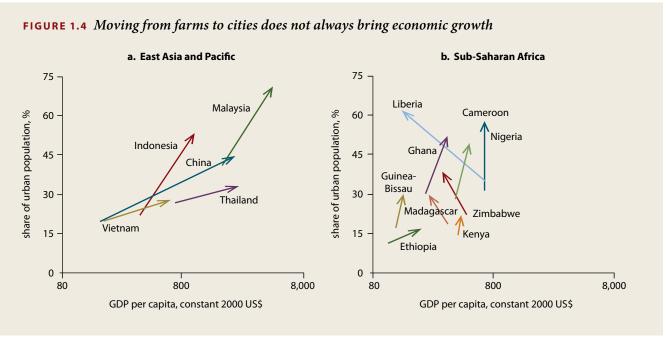
Cities, wages, and women

Economic development brings significant changes in the composition of the labor force, a process known as structural transformation. Before 2020, more than half of the total population in developing countries is expected to be living in cities and towns. That means that the growth of the nonagricultural labor force will vastly exceed the growth of the agricultural labor force. Urbanization derives from growth in agricultural productivity that sustains higher standards of living. It can also be associated with rapid economic growth at the aggregate level, because urban jobs tend to be more productive than rural jobs. But that has not always

been the case.²² Population movements away from agriculture were indeed associated with rapid economic growth in East Asia; much less so in Sub-Saharan Africa (figure 1.4).

Technological change induces families to increase market production in place of home production.²³ Structural change has increased the time devoted to consumption or investment activities but it has also meant more work. In some cases, structural change has even led to reduced leisure,²⁴ particularly for workers who shift to market jobs with low productivity.²⁵ In the past, this process of structural change often took decades, but in many developing countries, it is transforming lives within a generation (box 1.1).

The shift from home to market production is not gender neutral, because women have tended to specialize in home production whereas men traditionally have focused more on market production. As women move into jobs, they often continue to work at home. When both jobs and home activities are considered, women are generally busier than men. This is so in rich and poor countries. Evidence from Sub-Saharan Africa, Europe, and India shows that women spend more time on production activities than men do.²⁶ But when they take on jobs—especially



Source: World Development Indicators.

Note: Data correspond to changes between 1985 and 2010. GDP = gross domestic product.

BOX 1.1 The nature of work and leisure change as cities develop

The process of structural transformation can be seen today in small and medium-size cities throughout the developing world. The process has been so fast that most people, even young ones, remember the old rural setting. As they have embraced the traits of modern urban life, their jobs and their leisure have changed so much that they do not contemplate returning to the old mores.

A neighborhood of 5,000 outside the city of Tangerang, Indonesia, started coming to life 25 years ago, when iron, rubber, garment, and thread factories sprang up in the surrounding areas. Some in the neighborhood still work as farmhands. But most women and men earn their living in the factories, as well as in a variety of jobs that rose up alongside them. Many men drive *ojeks* (motorcycle taxis); women sell sweets and other items by the gates of the factories. Residents also make a living through home-based garment piecework, handicrafts such as broom-making, and construction work; some are civil servants and teachers. Poorer women collect and resell scraps of fabric. The flow of newcomers has also offered an income-generating opportunity to local families from renting rooms for lodging. Seemingly everyone in the neighborhood has a cell phone and gets around on their own motorcycle.

A 28-year-old steelworker and father of one said that getting factory work used to be a lot easier when the community was newer. Junior high school graduates were still accepted for work then. Now, he said, production workers must have at least a senior high school degree, and vocational school graduates under age 30

are preferred. Practices surrounding recruitment have also become tighter. "It is public knowledge," he added, "that to be accepted in the company, candidates must have an inside connection because more and more people need work, while the number of job opportunities is limited." Many factory workers in the neighborhood work on a six-month contract and hope for its renewal. The best local job available is often reported to be running one's own business. Even when faced with possible unemployment, a 41-year-old noted he had "never thought of returning to the village. That is desperate. Don't be desperate. Find another job and don't get picky."

Comparing the situation now to the early days, a local official described the neighborhood's busy market as "cleaner and more strategic now, and there are more sellers or merchants, so there are more options. Public transportation to the market is more accessible now. It used to be hard to find, and the streets used to be muddy." He estimated that poverty in the neighborhood had fallen by half, from 20 percent at the turn of the century to around 10 percent now. He indicated that the neighborhood had weathered the global financial crisis well and that factory workers had been able to keep their jobs. These changes to work come with changes in leisure. Young men now spend time on computer chats and playing video games. "We used to send letters through the post office," recalls a 22-year-old. "Now, nobody wants to go to the post office. It's beneath them. Now everyone has cell phones."

BOX 1.2 Jobs bring earnings opportunities to women, but also new difficulties

Jobs can transform women's roles in households and in society more broadly. In a community of 3,000 inhabitants outside Durban, South Africa, 80 percent of the women were estimated to be working outside their home, mainly as teachers and nurses but also in offices and retail outlets or with the police. Women did not have such opportunities 10 years ago. "Women are no longer regarded as housewives," a young woman remarked in a Durban focus group.

In a bustling neighborhood in East Jakarta, in Indonesia, women work as street sellers, peddling food, glasses, plates, and carpets. Young women explained that selling carpets is hard work that women do "because they have to help support their families. Their husbands' jobs don't generate enough income." With more education than their elders, young women in this area of Jakarta are more likely to be working in the nearby ceramic factory or in one of the shops or beauty salons in the neighborhood's markets or at the new shopping malls in the city.

In a poor neighborhood of Santiago de los Caballeros, the second-largest city in the Dominican Republic, only a few women sold clothes and sweets in the streets a decade ago. Many are now earning incomes from activities such as selling lottery tickets or running small clothing stores and beauty salons. The incomes of these women are vitally important to their families because men are struggling. Factory opportunities and other jobs associated with the city's free trade zone have been shrinking in recent years. Participants in a Santiago focus group said that women found work

more easily than men because employers have "more confidence in them [the women]."

Increased labor force participation is not without challenges. The women in Santiago worry about their safety because of assaults, theft, and gang violence; many think it is too dangerous to work at night. Despite the expansion of work opportunities, mobility continues to be a constraint not only because of poor transportation and safety risks but also because of the roles women play as incomeearners and as caregivers in the household. In rural areas, women face difficulties in traveling for farm work and other jobs outside their villages because of traditional cultural and gender norms.

In a semi-urban area outside Cuzco, in Peru, large numbers of women are now engaged in home-based handicrafts, sewing, and diverse agricultural activities. Outside the home, they take up farm jobs, run their own small shops or restaurants, or work for hire in these places. The women explained, however, that they consider home-based activities (such as raising livestock) to be better jobs than jobs outside the home, because "it's peaceful work, and we can look after the kids."

Women encounter many difficulties in commuting across cities for work. In Lautoka, an urban area in Fiji, the local economy is stagnant, and women are working in much larger numbers to help their households cope. Focus group participants explained that only men "can take up jobs in a different town . . . but not the wife because she has responsibilities at home to look after the kids and in-laws."

Source: World Bank 2011a.

those that are outside the household setting—their economic role changes (box 1.2).

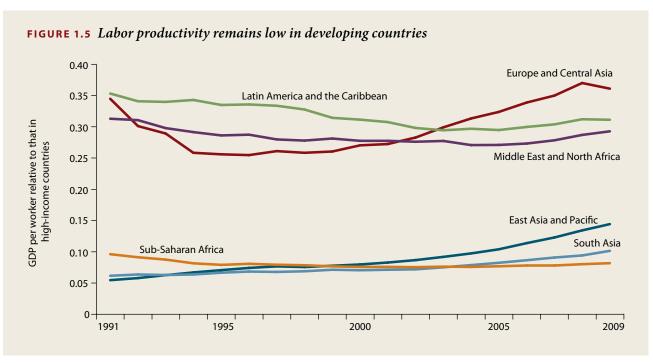
Jobs are changing in surprising ways

New technologies, globalization, and structural transformation have brought about remarkable improvements in efficiency. Some developing countries have managed to narrow the productivity gap with industrial countries in only a few decades.²⁷ But others have failed to catch up and the gap remains considerable for all developing regions (figure 1.5).

The nature of work is changing as well. Industrial countries are experiencing a sustained shift away from primary and traditional manufacturing industries toward services and knowledge-intensive jobs. At the same time, technology improvements and greater reliance on outsourcing to developing countries is leading to a decline in middle-skilled jobs.²⁸ Technology has allowed production tasks to be splintered and therefore performed in different locations.²⁹

Transnational companies have built integrated value chains and can tap into national skill pools around the world.³⁰ Outsourcing is occurring in services as well as manufacturing. The share of developing countries in exports of world services rose from 11 percent in 1990 to 21 percent in 2008.³¹ India has led the way in the information technology (IT) sector, but other countries, such as the Arab Republic of Egypt, have begun to focus attention on exporting services.³²

This changing landscape of global production has also brought about shifts in skills endowments and in the distribution of top talent across countries. India and China rank high in perceived attractiveness as hubs of outsourcing because of their exceptionally high ratings in people skills and availability.³³ India has close to 20 million students in higher education, nearly as many as the United States; both countries are outpaced by China, with 30 million postsecondary students.³⁴ The United States still accounts for a large share of international top scorers in student assessments, but Korea has the same share as Germany, and both are closely followed



Source: World Development Indicators.

Note: GDP = gross domestic product. Ratio is measured in 2005 purchasing power parity US\$.

by the Russian Federation. The number of highperforming students in the city of Shanghai alone is one-fifth of that of Germany and about double that of Argentina.³⁵

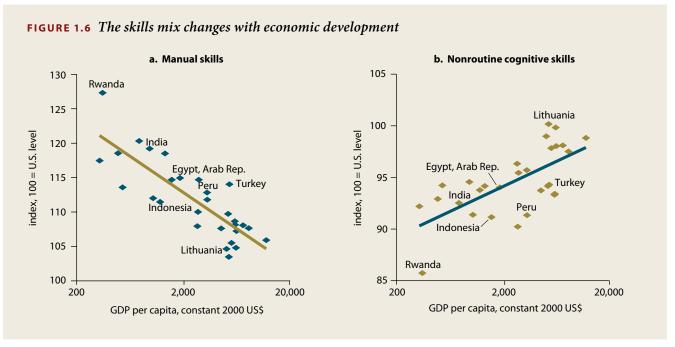
Skills are not one-dimensional, however. Different jobs require different combinations of manual skills (needed for physical tasks), cognitive skills (needed for mental tasks), and social skills (needed to interact with others). The distribution of employment by occupation can be used to estimate the skill intensity of production. As incomes rise, countries tend to use fewer manual skills in production, and more nonroutine cognitive skills. ³⁶ However, even for a given level of gross domestic product (GDP) per capita, countries can use nonroutine skills to varying degrees (figure 1.6). ³⁷

Technological progress expands the possibilities for emerging and even low-income countries to create jobs in higher-skilled production activities as well as to link to international value chains in services and manufacturing. In other words, technological progress enables countries to diverge from a linear evolutionary path from manual skill intensity to the use of higher-order cognitive and social skills.³⁸ India and China top the list of countries in an index measuring their

attractiveness as hubs for the outsourcing of services. Ghana and Senegal, ranked 26th and 28th, come in significantly ahead of emerging market powerhouses like South Africa or Turkey.³⁹ High-skilled niches are developing the world over. They tend to be located in close proximity to centers of higher education in metropolitan areas with good infrastructure, from Cairo's Smart Village Business Park to Ghana's IT Enabled Service Industry cluster. ⁴⁰ Bangalore and Chennai in India and Suzhou in China have emerged as global research and development hotspots.

Technology itself is changing the way workers and firms connect, through their access to much larger, even global, marketplaces for employment. Some of these marketplaces operate through the Internet; others use mobile phone technology.⁴¹ These changes are affecting workers in developing countries and not just those in high-skilled occupations. *Babajobs*, for example, was launched in 2009 and is now the largest digital marketplace for blue-collar jobs in India, with more than 320,000 job listings and more than 80,000 job seekers.

With changes in technology and the organization of work, permanent jobs are becoming



Source: Aedo and others 2012 for the World Development Report 2013.

Note: GDP = gross domestic product. All skill intensities are measured relative to the U.S. level. Each data point shows the skill intensity of national production, derived from transcribing the occupational structure to individual skills, following Autor, Levy, and Murnane 2003.

less common. Part-time and temporary wage employment (also called nonstandard employment) is now a major feature of industrial countries. More than half the firms in the United States expect to raise the share of their part-time and temporary employees over the next five years.⁴² The trend is also evident in developing countries (box 1.3).

People's jobs may not match their aspirations. Surveys in high-income countries show that as many as half of all workers—among both selfemployed and wage employees—would prefer to be their own bosses.⁴³ Percentages are lower in low- and middle-income countries, where a larger fraction of the labor force works in household enterprises or on farms. On average, about one-fourth of adults from 35 countries in Eastern Europe and Central Asia prefer selfemployment, but the rate varies from 10 percent in Azerbaijan and Hungary to 43 percent in Belarus and Turkey.⁴⁴ In poorer countries, selfemployment is often a choice of last resort, in part because of the inability to find salaried employment.⁴⁵ Owning a small business is a goal to which the poor do not always aspire.⁴⁶

Prosperity, but a changing distribution of earnings

Earnings from work increase with economic development, and the benefits associated with jobs improve as well (figure 1.7). The relationship is not mechanical, but growth is unambiguously good for jobs. Part of the change in earnings and benefits stems from the higher average skills that economies gain as they become more developed; part comes from workers with the same skills enjoying better opportunities.

Poverty has declined in the developing world, to a large extent through jobs. The share of the population of the developing world living on less than US\$1.25 a day (in purchasing power parity, or PPP) fell from 52 percent in 1981 to 22 percent in 2008, or from 1.94 billion to 1.29 billion people.⁴⁷ This reduction is the result of multiple factors, but the creation of millions of new, more productive jobs, mostly in Asia but also in other parts of the developing world, has been the main driving force.⁴⁸ More people have jobs now than ever before, and those jobs provide generally higher earnings.

BOX 1.3 The temporary staffing industry is growing in developing countries

A decade ago, the temporary staffing industry was seen as irrelevant outside of high-income countries. But it is now growing rapidly in some developing countries, even beyond large cities.^a This growth is often viewed as a response to the complex regulatory framework facing employers. Temporary staffing also allows more flexibility in the management of peak workloads and in adjusting staffing levels up or down in line with business demands.

Depending on the context, the temporary staffing industry employs different types of workers, from mainly entry-level, previously unemployed workers seeking to gain experience to highly educated, mid-level career employees looking to fast-track their careers.

In South Africa, temporary workers make up about 7 percent of the labor force; the temporary staffing industry provides employment to an average of 410,000 workers a day.^b Finance—the sector in the statistics that includes temporary staffing—was a close second to retail in employment growth from 1994 to 2009. Unskilled jobs and service-related occupations dominate the employment distribution within the labor brokering subsector. A worker employed in temporary staffing services is less likely to contribute to pension funds or health insurance and is generally seen as more vulnerable.

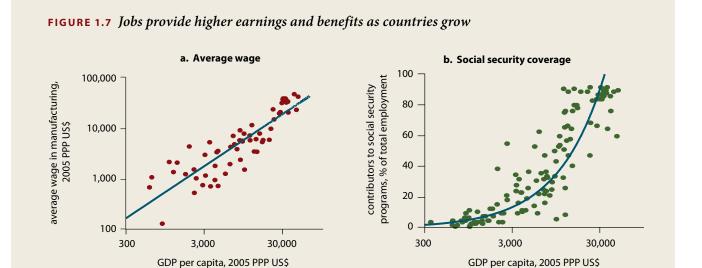
Temporary forms of employment have existed in India for decades, partly as a way to circumvent rigid labor laws.^c However,

the modern industry of temporary staffing is only 15 years old, and is developing rapidly. The number of temporary workers recruited by labor brokers grew more than 10 percent in 2009 and 18 percent in 2010. According to some media reports, workers are quitting permanent jobs to move into more attractive temporary roles. Some firms claim that as many as 15 percent of new recruits are permanent employees switching to temporary jobs. Competition in the Indian temporary staffing industry is strong. Agencies have introduced lower recruitment fees to gain more market share and to drive growth. Large temporary staffing firms are entering niche activities such as business consulting (Manpower) and training (TeamLease).

As temporary staffing grows, so do calls to examine the regulatory framework of the industry. Some of those calls focus on addressing vulnerability. Workers in these jobs typically face lower earnings (because a portion of the pay is diverted to temporary staffing agencies). They also face a lack of benefits, coverage by labor laws, and job security. Other efforts focus on professionalizing the industry. For instance, in 2011 TeamLease and seven other staffing firms formed the Indian Staffing Federation to advocate for changes in labor laws and more acceptance for the industry in a country where a vast majority of the labor force is unorganized.

Source: World Development Report 2013 team.

- a. Dourgarian (2011) remarks that it is not the Group of 8 countries that led the pack in the growth in the staffing industry in 2011, but the BRICs (Brazil, India, the Russian Federation, and China), along with Indonesia, Mexico, and Pakistan.
- b. The discussion on South Africa is drawn from Bhorat (2012) for the World Development Report 2013.
- c. World Bank 2011b.
- d. TeamLease 2010.
- e. Bajaj 2011.
- f. ILO 2011; Musgrave 2009.



Source: World Development Report 2013 team.

Note: GDP = gross domestic product; PPP = purchasing power parity. Each dot represents a country.

Yet in a majority of countries, both industrial and developing, the share of labor in total income is declining.⁴⁹ This trend, which has been observed since the mid-1980s and early 1990s, has been attributed to various forces, from technological progress biased toward skilled workers to global competition undermining workers' bargaining power. The entrance of China and India in world trade has doubled the size of the globalized labor force, hence reducing the price of labor relative to that of other factors of production.⁵⁰

Changes in the distribution of income in recent years have actually taken place not only between factors of production but between workers. Two distinctions are relevant in this respect: between high- and low-skill workers, and between those who work in tradable sectors and those who do not. Tradable sectors produce goods and services that can be exported or imported, such as shirts or computers. A turning point came in the mid-1990s, when labor earnings in developing countries started to grow faster than those in industrial countries, regardless of level of skill. But the trend is more pronounced in tradable sectors, whereas low-skill workers in nontradable sectors continue to be the most disadvantaged (figure 1.8).

The relatively lower wages among low-skill workers compared with high-skill workers, particularly in nontradable sectors in developing countries, are consistent with an increase in returns to education. Returns to education measure the wage premium on higher educational attainment for workers of the same sex with the same age and work experience. In all regions, more schooling is associated with higher labor earnings, but the gain is not linear. The labor earnings of workers with tertiary education are double or more than those of workers with secondary education only. However, workers with only a secondary education earn little more than those with elementary education. The education premium is generally higher the lower the income level of the country (figure 1.9).

The role of the private sector

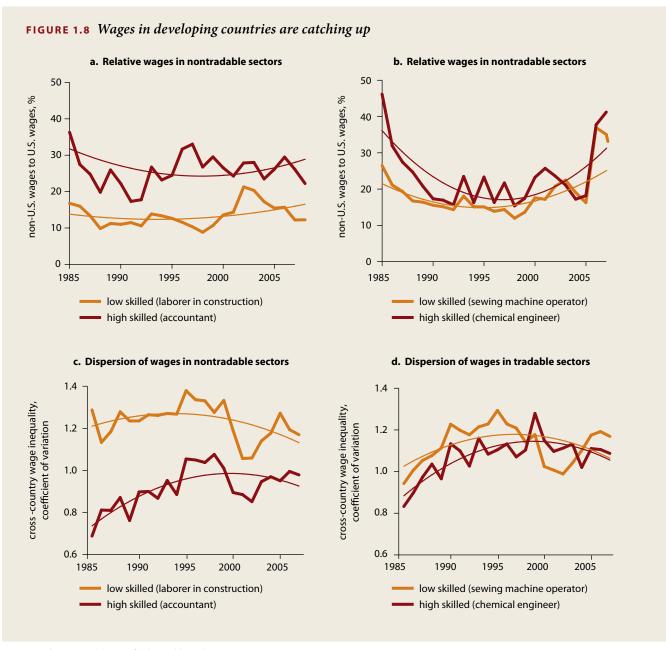
The solution to all these demographic and technological challenges rests with the private sector. That does not mean that the government does not have a role to play. The quality of the civil service is critically important for development, whether it is teachers building skills, agricultural extension agents improving agricultural productivity, or urban planners designing functional cities. Public works programs or employment programs for the demobilization of combatants are also justified in some circumstances. But the private sector is the main engine of job creation and the source of roughly nine of 10 jobs in the world. Between 1995 and 2005, the private sector accounted for almost 90 percent of jobs created in Brazil. In the Philippines and Turkey, the fraction reached 95 percent.⁵¹

But the most remarkable example of the expansion of employment through private sector growth is the case of China. In 1981, private sector employment accounted for 2.3 million workers while state-owned enterprises (SOEs) had 80 million workers. Two decades later, employment in private sector firms accounted for 74.7 million workers surpassing, for the first time, the 74.6 million workers in SOEs (figure 1.10).⁵²

In contrast to the global average, in some countries in the Middle East and North Africa, the state keeps a leading role as an employer—a pattern that can be linked to the political economy of the post-independence period and, in some cases, to the abundance of oil revenues.⁵³ For a long period, public sector jobs were offered to young college graduates. In recent years, however, the fiscal space for continued expansion in public sector employment shrank, and "queuing" for public sector jobs became more prevalent, leading to increasing transitions into informality, a devaluation of education credentials, and forms of social exclusion.⁵⁴ A relatively well-educated and young labor force remains unemployed, or underemployed, and labor productivity stagnates.55

Vulnerability on a global scale

Jobs are vulnerable to economic downturns and much more so in the private than in the public sector. Short-term crises may wipe out years of progress. They may start in a single country and through globalization spread over entire regions or, as in the recent one, to the

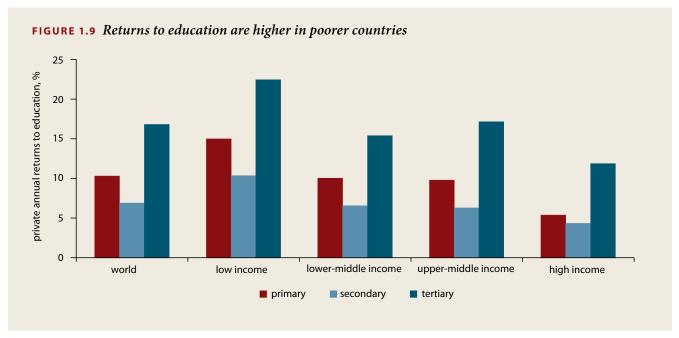


Source: Based on Oostendorp 2012 for the World Development Report 2013.

Note: The database used to construct this figure contains wage data by occupations for an unbalanced panel of more than 150 countries from 1983 to 2008. The data are derived from the International Labour Organization (ILO) October Inquiry database by calibrating the data into a normalized wage rate for each occupation. For a description of the data, see Freeman, Oostendorp, and Chor 2011. The vertical axis in panels a and b represents the ratio between U.S. wages and non-U.S. wages. The vertical axis in panels c and d represents the coefficient of variation of wages—a measure of wage inequality—across all countries in the sample.

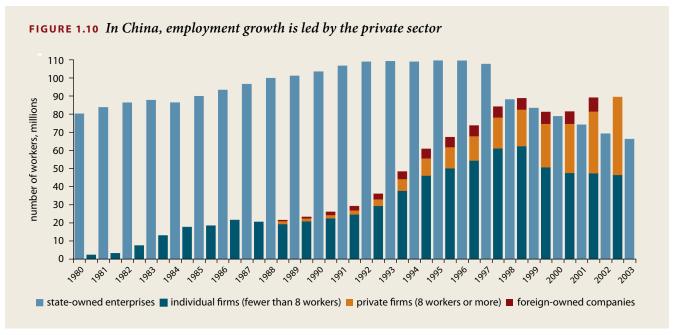
whole world. In 1995, a financial crisis in Mexico engulfed most of Latin America as well as other emerging countries. In 1997, a speculative attack on Thailand's currency severely affected the economies of Indonesia, Malaysia, and Ko-

rea. In 2007, an alarming rise in food prices begot problems with food supply and inflation, increasing poverty and reducing real wages in parts of the developing world.⁵⁶



Source: Montenegro and Patrinos 2012 for the World Development Report 2013.

Note: Reported figures are unweighted averages of country-level private returns, for the most recent year within the period 2000–10 in a sample of 69 countries.

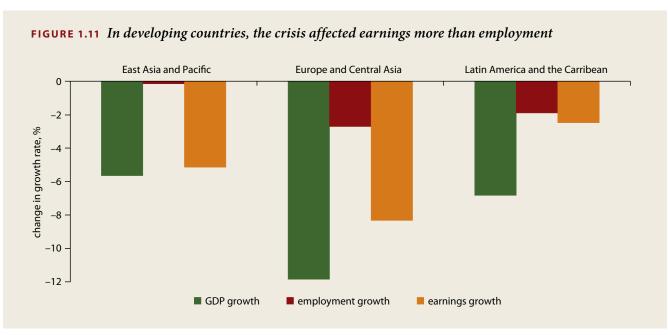


Source: Kanamori and Zhao 2004.

Note: Data for foreign-owned companies in 2002 and for non-state-owned enterprises in 2003 are not available.

In 2008, the bursting of asset price bubbles and the resulting collapse of financial institutions in the United States and some European countries initiated a crisis of worldwide span,

creating 22 million new unemployed in a single year. Growth in total employment, which had been hovering around 1.8 percent a year before 2008, fell to less than 0.5 percent in 2009, and by



Source: Khanna, Newhouse, and Paci 2010.

Note: GDP = gross domestic product. The vertical axis measures the difference in growth rates before and after the beginning of the crisis.

2011 had not yet returned to its pre-crisis level.⁵⁷ As Europe struggles with high levels of public debt, vulnerabilities in its banking sector, and uncertainties about the euro, and as growth decelerates in China and India, it is by no means clear that the global crisis is over.

The impact of the 2008-09 crisis varied across developing countries. Some, such as the Baltic countries, the Kyrgyz Republic, Mexico, Romania, Russia, South Africa, and Turkey, had absolute declines in employment; other countries such as Brazil, China, and Indonesia experienced only a brief deceleration. Countryspecific studies shed further light on employment impacts across different population groups. For example, it is estimated that the crisis cost China between 20 million and 36 million jobs, particularly among migrant workers in export-oriented sectors.⁵⁸ In Mexico, it caused a decline of half a million jobs between 2008 and the second quarter of 2009, particularly among women, youth, and older workers, as well as a 10 percent drop in real wages.⁵⁹ In Indonesia, although the effects of the crisis were mild, young, casual, and informal workers were affected.⁶⁰ Across countries, the young bore the largest brunt.⁶¹

Adjustment patterns, in terms of jobs lost or earnings declines, also varied in developing

countries. The less formalized the labor market, the more earnings shrank and the less employment numbers gave away. In Central and Eastern Europe, where the labor market is largely formalized, the growth rate of GDP dropped on average by 12 percentage points, employment contracted by 3 percent, and earnings fell by more than 8 percent (figure 1.11). East Asia, where formal employment rates are very low, the average decline in GDP growth was 5.5 percentage points and total employment numbers barely changed.

The policy response to the crisis was unprecedented in its scale, but it also involved different combinations of instruments, with potentially different implications for jobs. Fiscal stimulus across the world amounted to US\$5.5 trillion in purchasing power parity, with China, Japan, and the United States accounting for more than 70 percent of it.64 Of 77 countries for which data are available, 80 percent used fiscal expansion. Higher-income countries favored tax cuts, higher unemployment benefits, and direct support for enterprises. Low- and middleincome countries boosted expenditures, including spending on training and income-support measures. 65 Across countries, responses mainly aimed at preventing or mitigating employment

BOX 1.4 Responses to the crisis went beyond income support for the unemployed

Countries worldwide used an array of policy responses to confront the jobs crisis. Macroeconomic stimulus and targeted sector policies were supplemented by policies to strengthen income support for those affected; measures to boost labor demand through wage subsidies, credit policies, and public works programs; and investments in skills and tailor-made employment services for those most affected.

Globally, unemployment insurance played a minor role. Only 15.4 percent of the unemployed received benefits during the crisis, because of the low effective coverage of unemployment insurance programs. In 23 countries in the Organisation for Economic Cooperation and Development, Central Europe, and Latin America, the duration of benefits was extended. Countries with large informal sectors or without unemployment schemes relied on a mix of cash transfers and public works schemes to provide additional income support for those in need. Colombia's Familias en Acción—a program focusing on strengthening nutrition and education for children—increased its coverage from 1.8 million to 2.7 million families. Argentina expanded the coverage of family benefits to all informal sector workers.

Countries across all income levels took measures to boost labor demand. Of the resources devoted to creating and protecting jobs, high-income countries spent more than half (56 percent) on credit policies for firms. They also implemented work-sharing arrangements to cushion the impact of the crisis. Take-up rates for these

initiatives reached 3.3 percent of the employed in Italy, 3.2 percent in Germany, and 2.7 percent in Japan.

Low- and middle-income countries spent 67 percent of their resources on direct job creation measures and public works programs. Mexico, for example, extended its temporary works program to around 250,000 workers, or 0.5 percent of the labor force. Wage subsides were popular in Europe. They were most often implemented through a reduction in social security contributions and were targeted to small and medium enterprises or to disadvantaged groups such as long-term job seekers and the young. To reach an effective scale in a timely manner, though, countries needed to have had such programs in place before the crisis.

In comparison, efforts to ramp up training, employment services, or specific support programs for vulnerable groups were relatively modest in scope and scale. Building or maintaining skills took the lion's share of the budget in this category, with Chile, Italy, Mexico, Turkey, and the United States spending the most.

Overall, countries with more mature social protection systems as well as established employment programs were able to respond quickly and reduce the impact of the crisis on jobs. With few exceptions, though, little is known about possible unintended effects of their programs such as whether preserving some jobs came at the expense of destroying others. Careful impact analysis is only in its initial stages.

Sources: ILO and World Bank 2012.

losses, rather than trying to offset earnings shortfalls (box 1.4).

* * *

Demography, urbanization, globalization, technological progress, and macroeconomic crises bring about formidable jobs challenges. Countries that fail to address them may fall into vicious circles of slow growth in labor earnings and job-related dissatisfaction affecting a sizable por-

tion of the labor force. 66 Youth unemployment and idleness may be high, and women may face limited job opportunities, leaving potential economic and social gains untapped. 67 A repeating pattern of small gains in living standards, slow productivity growth, and eroding social cohesion may emerge. In contrast, countries that successfully address these job challenges can develop virtuous circles. The results—prosperous populations, a growing middle class, increased productivity, and improved opportunities for women and youth—may then be self-reinforcing.

QUESTION What is a job?

The world of work is diverse, especially in developing countries, and it is changing rapidly. Against this backdrop, the diversity of the words used to describe what people do to earn a living across countries and cultures should not be surprising. Even people who speak the same language can have vastly different interpretations of the meaning of a *job*. For some, the word conjures up an image of a worker in an office or a factory, with an employer and a regular paycheck. Others may think of farmers, self-employed vendors in cities, and caregivers of children or elderly relatives.

Work matters and words matter

The varied interpretations capture the different aspects of jobs that people value. A woman in Hanoi, Vietnam, explained, "an old woman who just sells vegetables can gain respect from others and people listen to her." A man who had worked his way out of poverty in Satgailijhara, Bangladesh, linked the value of his job as a rice farmer to being able to invest in his children, "I have been able to get my children educated. That's the best achievement in life."

Ela Bhatt, a lawyer and the founder of Self Employed Women's Association (SEWA) in India, described her struggle with the language of work, given the multiplicity of tasks that people do every day and over time: "A small farmer works on her own farm. In tough times, she also works on other farms as a laborer. When the agriculture season is over, she goes to the forest to collect gum and other forest produce. Year round, she produces embroidered items either at a piece rate for a contractor or for sale to a trader who comes to her village to buy goods. Now, how should her trade be categorized? Does she belong to the agricultural sector, the factory sector, or the home-based work sector? Should she be categorized as a farmer or a farm worker? Is she self-employed or is she a piece-rate worker?"70

These questions are not merely semantic. The words and categories that are used to describe work have tangible implications. Views on what a job is and what it means almost inevitably influence views on what policies for jobs should look like. Those for whom the word *job* is associated with the image of a worker in an office or a factory, with an employer and a paycheck, may focus on a supportive investment climate for firms. Those for whom the word also encompasses farming, street vending, waste picking, and domestic employment may think of jobs policies as including land reform, agricultural extension, urban policies, or the provision of voice to the most vulnerable workers.

According to the International Conference of Labour Statisticians (ICLS), which sets standard definitions for official use across countries, a job is "a set of tasks and duties performed, or meant to be performed, by one person, including for an employer or in self-employment." Under this definition, a *job* is not the same as *employment*. The existence of job vacancies and people with more than one job means that the number of jobs is greater than the number of people employed. The existence of unemployment means that people do not find the jobs they want. Jobs refer to tasks, while the wage employed, farmers, and the self-employed refer to the people who do them.

Some gray areas

The ICLS definition excludes some forms of work from official employment statistics. The employed are part of the economically active population, defined as people who contribute to "the production of goods and services as defined by the United Nations systems of national accounts and balances."⁷² The system of national accounts (SNA) includes "all production actually destined for the market, whether for sale or barter," as well as the production of goods for one's own use, but "excludes all production of services for own final consumption within households."73 This definition thus leaves out of official statistics activities such as child-rearing, care of the elderly, or home cooking, as well as traveling to work.

Some countries are starting to develop estimates of these other types of activities. The SNA offers guidelines to countries for producing satellite accounts reflecting forms of household work that are not considered jobs. According to these guidelines, "a job can refer to unpaid household service and volunteer work performed by one person for a household outside the SNA production boundary but within the general production boundary."74 Mexico, for instance, has used this guidance to estimate the value of unremunerated activities in households, such as housekeeping and child care. These activities represented nearly a quarter of Mexican GDP between 2003 and 2009 and were equivalent to about two-thirds of worker wages and benefits.⁷⁵

Informality is another important gray area. After nearly four decades of debates about the concept of informality, there is still no consensus on what is meant by informal jobs. Some schools of thought link informality to characteristics of firms—whether the business is registered or pays taxes. Others focus on characteristics of workers—whether they are covered by social protection or have an employment contract. And yet others stress modes of production and levels of productivity to define informality. A consensus is starting to emerge on how to measure informality, but the definitions used still leave out types of work that some consider informal. Meanwhile, relatively few countries produce regular statistics on informality (box 1.5).

BOX 1.5 Few countries produce statistics on informality

The concept of dual economies has an old lineage.^a Based on the recognition of dual economies and the Harris and Todaro two-sector model, the term *informality* was first coined by a U.K. anthropologist in a paper about Ghana. The concept gained popularity with a widely cited report from a mission of the International Labour Organization (ILO) to Kenya.^b Since then, studies on informality have proliferated, and the concept has become standard in development studies, labor economics, and other disciplines. Today the causes and implications of informality are the subject of an intense academic debate and an extended research agenda aimed at understanding how labor markets function in developing countries.^c

A variety of approaches can be used to measure informality, informal employment, and the informal sector. Measurement becomes even more complex when informality is combined with other concepts like illegal and underground activities or nonstandard work. The lack of systematic country-level data on informality has led researchers to construct their own estimates using similar but not identical criteria, which sometimes lead to diverging conclusions.

Recommendations on the measurement of informality were first drafted in 1993 by the 15th International Conference of Labour Statisticians (ICLS). Four years later, the United Nations created the Delhi Group to document and recommend methods for defining and collecting data on the informal sector. In 2003, the 17th ICLS, through the document "Guidelines Concerning a Statistical Definition of Informal Employment," introduced a definition of informal employment and a series of rules for its measurement. Since 2006,

the Delhi Group has been working with the ILO on a forthcoming "Manual of Surveys of Informal Employment and Informal Sector." In 2008, the newest version of the United Nation's system of national accounts adopted most of the previous resolutions and recommendations on the measurement of informality. That resulted in a broad definition that includes both the informal sector and informal employment. However, gray areas remain in relation to activities such as farming, independent professionals, and activities among rural workers in general.

Few countries produce regular official statistics on informality. The dearth of data is apparent in global repositories such as the ILO's Key Indicators of the Labor Market database, which, in its most recent version, includes data on informality for only 60 countries. A report on informality across the world by the ILO and Women in Informal Employment: Globalizing and Organizing (WIEGO) makes systematic use of the most thorough definition of informality, covering informal employment and employment in informal firms, to present data on 47 countries. The ILO-WIEGO report shows informality rates ranging from 40 percent in Uruguay and 42 percent in Thailand to 75 percent in Bolivia and 80 percent in India.

The extent of informality varies with differences in productivity across firms and workers, as well as with differences in the nature of regulations and the degree to which they are enforced. Whether informality is the result of exit, exclusion, uneven enforcement, or low firm productivity is still a matter of debate. Better measurement can provide information on the magnitude of informality and provide more data for the advancement of studies in this area.

Source: World Development Report 2013 team.

- a. Boeke 1942; Lewis 1954.
- b. Harris and Todaro 1970; Hart 1973; ILO 1972.
- c. A few among the most recent are Guha-Khasnobis and Kanbur 2006; Perry and others 2007; Kanbur 2009; Blades, Ferreira, and Lugo 2011; and Vanek and others 2012.
- d. ILO Key Indicators of the Labour Market (database).
- e. Vanek and others 2012.

What is not a job?

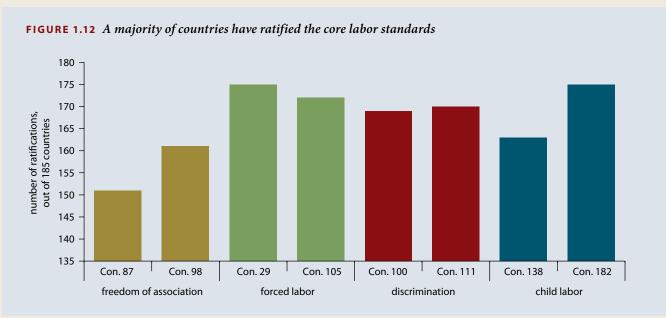
While views about what a job means vary, a broad consensus exists on the types of activities that should never be considered a job. International norms define basic human rights as the boundaries of what is unacceptable. The United Nations Universal Declaration of Human Rights, which the UN General Assembly embraced unanimously in 1948, provides for the right to work and protection from discrimination.⁷⁶ The Declaration on Fundamental Rights and Principles at Work adopted at the ILO conference in 1998 further specifies core labor standards that call for an end to forced and compulsory labor, child labor, and labor discrimination, and that provide for freedom of association and collective bargaining.⁷⁷ Most countries have ratified the conventions on forced labor, child labor, and discrimination; fewer have ratified the conventions on freedom of association and collective bargaining (figure 1.12).⁷⁸

While international agreements help define what forms of work are unacceptable, in practice many people work in activities that violate their rights. Some 21 million people are estimated to be subject to forced labor, and around 1 million to trafficking.⁷⁹ In many cases, forced labor is inflicted upon minorities or groups that

are discriminated against, such as migrants, women, and indigenous people. Migrant workers in sweatshops in Latin America, child soldiers in conflict-afflicted areas of Africa, people trafficked for sexual exploitation in Europe and Asia, and temporary migrant workers under sponsorship contracts in the Middle East are the subjects of the most conspicuous forms of forced labor and trafficking in the world.

Child labor provides another striking example (box 1.6). Although it is covered by the core labor standards and many countries have ratified the relevant ILO conventions and the UN Convention on the Rights of the Child, the ILO estimates that 115 million children worldwide were involved in hazardous work in 2008. Measurement is complicated by legal and moral concerns, as well as by the flawed design of surveys that may induce parents to misreport children's work.⁸⁰ These statistics may actually represent only a lower boundary on the size of the problem.

Recent research shows that children work for diverse and complex reasons.⁸¹ They range from household poverty to the relative accessibility and affordability of schooling and from the preferences of families and even children regarding work and play to the influence of technological change, international trade, and ur-



Source: ILO 2012c.
Note: Con. = Convention.

BOX 1.6 Not all child work is child labor

According to the International Labour Organization (ILO), children engaged in child labor include "all persons aged between 5 and 17 years who during a specified time period were engaged in one or more of the following activities: (a) hazardous work; (b) worst forms of child labor other than hazardous work; and (c) other forms of child labor (depending on age of the child and weekly hours worked)."a The "worst forms of child labor" include any work that jeopardizes the health, safety, or morals of a child. Such work is determined to be hazardous depending on its specific nature, the demands on children in particular industries, and the general working conditions. Apart from hazardous work, the worst forms of child labor include all forms of slavery, bondage, military conscription, trafficking, and using, procuring, or offering children for prostitution, pornography, or other illicit activities.

This definition of child labor is governed by two ILO Conventions (132 and 182), two ILO recommendations (146 and 190), and the UN Convention on the Rights of the Child. However, international standards also provide countries with some latitude in setting allowed boundaries for the involvement of children in productive activities (regarding ages or the definition of hazardous work, for example). The standards also permit limited work in the performance of household chores or in light productive activities that are not considered harmful.

Source: World Development Report 2013 team. a. ILO 2008a.

banization. Children in wealthier households may, in some settings, be engaged in child labor if household assets and access to finance, land, or other resources generate more demand for work from household members.⁸² Child labor

may affect schooling, health, fertility, and behavior, although establishing these links has been challenging. Rarely is there a one-to-one tradeoff between school and work. In many places, the majority of children who work are also attending school. Moreover, a child may have dropped out of school for reasons unrelated to child labor. The participation of children 12 years and older in family farming and small household enterprises can in some cases contribute to the acquisition of skills.⁸³

In sum, jobs are activities that generate actual income, monetary or in kind, and do not violate fundamental rights and principles at work. This definition includes the categories of work covered by ICLS guidelines: wage or salary employment, employers, members of cooperatives, family workers (including unpaid family members), and the self-employed. In many instances, however, these categories may fail to uniquely or clearly classify certain individuals. For instance, small farmers are sometimes wage employed or self-employed, but they may also be employers if they hire unpaid family workers. Jobs include labor activities that generate income for the household, even if no income measure can be attributed to a person's specific labor, as in the case of household enterprises and farming.

By this definition, jobs are much broader than just working in an office or a factory, with an employer and a regular paycheck.



Garimpeiros (independent prospectors) at the Serra Pelada gold mine, in Brazil

Notes

- 1. World Development Report 2013 team estimates.
- World Development Report 2013 team estimates based on data from the International Labour Organization, http://laborsta.ilo.org/applv8/data/ EAPEP/eapep_E.html, and World Development Indicators, http://data-worldbank.org/data/cata log/world-development-indicators.
- 3. Reid 1934, 11.
- 4. Organisation for Economic Co-operation and Development Employment database, http:// www.oecd.org/employment/database. Temporary work refers to a mixture of seasonal jobs, fixed-term contracts, on-call workers, and temporary help agency workers that varies by country, depending on national definitions and available statistics.
- 5. Lee, McCann, and Messenger 2007.
- ILO Department of Statistics, "Short term indicators of the labour market," http://laborsta.ilo .org/sti/sti_E.html.
- 7. Ghose, Majid, and Ernst 2008.
- 8. Gindling and Newhouse 2012 for the World Development Report 2013.
- 9. World Bank (2011c) offers a more in-depth review of these issues.
- ILO Department of Statistics, "Short term indicators of the labour market," http://laborsta.ilo .org/sti/sti_E.html.
- 11. Youth not in employment, education, or training are also sometimes referred to as "NEETs." See the statistical annex for more information. Kovrova, Lyon, and Rosati 2012 for the World Development Report 2013; Ranzani and Rosati 2012 for the World Development Report 2013.
- Lyon, Rosati, and Guarcello 2012 for the World Development Report 2013.
- 13. World Bank 2006.
- 14. ILO 2010.
- 15. United Nations Population Division, World Population Prospects 2011; ILO, Labor Force Participation Estimates and Projections.
- Rozelle and Huang 2012 and estimates from International Labour Office database on labor statistics, Laborsta, http://laborsta.ilo.org/, October 2011.
- 17. IOM 2008; Lucas 2005; Özden and others 2011.
- 18. IOM 2010.
- 19. Chenery and Syrquin 1975; Clark 1940; Kuznets 1966; Rostow 1960.
- 20. UN 2011b.
- 21. Herrmann and Khan 2008.
- 22. This is the main observation that sparked the research on the informal sector: Harris and Todaro

- 1970; Hart 1973; ILO 1972. For a recent study of the process of structural change in Africa, see Losch, Freguin-Gresh, and White (2012).
- 23. Freeman and Schettkat 2005; Ngai and Pissarides 2008
- 24. Bardasi and Wodon 2006; Lee, McCann, and Messenger 2007; Maddison 2001; Ramey and Francis 2009.
- 25. Bardasi and Wodon 2010; Gammage 2010.
- 26. Charmes 2006; Gálvez-Muñoz, Rodríguez-Modroño, and Domínguez-Serrano 2011; Hirway and Jose 2012. Burda, Hamermesh, and Weil (2011) argue that differences in total work by gender change over the business cycle but converge over the long term.
- 27. ILO 2009a; Pagés 2010.
- 28. Autor and Dorn 2011; Gratton 2011; Holzer and Lerman 2009.
- 29. Feenstra 2010.
- 30. Brown, Ashton, and Lauder 2010. For U.S. parent companies, according to the National Science Foundation, the share of research performed by Asia-located affiliates outside of Japan rose from 5 to 14 percent from 1997 to 2008, mainly in China, Korea, Singapore, and India (http://nsf.gov/statistics/seindl12/c4/c4s4.htm).
- 31. Goswami, Mattoo, and Sáez 2011.
- 32. Goswami, Mattoo, and Sáez 2011.
- 33. A.T. Kearney 2011.
- 34. United Nations Educational, Scientific and Cultural Organization Institute of Statistics, http://stats.uis.unesco.org/unesco/TableViewer/tableView.aspx?ReportId=175.
- 35. WDR team estimates of the top 20 percent of PISA ratings among 12 countries in the 2009 Programme for International Student Assessment (PISA) of 15-year-olds.
- 36. This skill definition broadly follows Autor, Levy, and Murnane (2003) and Acemoglu and Autor (2011). Other approaches distinguish, for example, between cognitive, noncognitive, and technical skills (World Bank 2010) or cognitive/problem solving, learning, personal/behavioral/ethical, and social and communication skills (ILO 2008b).
- 37. Aedo and others 2012 for the World Development Report 2013.
- 38. Brown, Ashton, and Lauder 2010.
- 39. A.T. Kearney 2011.
- 40. Yoshino 2011.
- Examples include oDesk (https://www.odesk .com/), babajob (http://www.babajob.com/), Google trader (for example, http://www.google .co.ug/africa/trader/search?cat=jobs), and Souk-Tel (http://www.souktel.org/).
- 42. McKinsey Global Institute 2011.

- 43. Blanchflower, Oswald, and Stutzer 2001. More recent (2005) data of the International Social Survey Programme show similar patterns.
- 44. WDR team estimates from the 2010 Life in Transitions Survey.
- 45. Banerjee and Duflo 2011; Perry and others 2007.
- 46. Banerjee and Duflo 2011. Although, it is not always the case that the self-employed always report lower well-being. In their study from Ghana, Falco and others 2012 for the WDR 2013 find that informal firm owners who employ others are on average substantially happier than formal workers.
- 47. Based on an update by the authors Chen and Ravallion 2010.
- 48. World Bank 2011b.
- 49. Guscina 2006; Lübker 2007; Rodriguez and Javadev 2010.
- 50. Bentolila and Saint-Paul 2003; Freeman 2008.
- International Labour Office database on labor statistics, Laborsta, http://laborsta.ilo.org/.
- 52. The definition of "private sector" in China is broad and sometimes not clearly defined in official statistics. There is differentiation between what are labeled "private firms" (a profit-making unit invested in and established by natural persons or controlled by persons hiring more than seven workers) and "individual firms" (those with fewer than eight employees). Foreigninvested firms and collectives are not part of the private sector in official statistics. For more details, see Kanamori and Zhao (2004).
- 53. Nabli, Silva-Jaurengui, and Faruk Aysan 2008.
- 54. Assaad 2012; Assaad and Barsoum 2007.
- 55. Mryyan 2012.
- 56. For a study of previous crises, see Fallon and Lucas (2002). For the food price crisis, see Ivanic and Martin (2008).
- 57. ILO 2012a.
- 58. Giles and others 2012 for the World Development Report 2013. These losses were temporary and currently worker shortages are experienced instead.
- 59. Freije-Rodriguez, Lopez-Acevedo, and Rodriguez-Oreggia 2011.
- 60. McCulloch, Grover, and Suryahadi 2011.
- 61. Cho and Newhouse 2010.
- 62. Khanna, Newhouse, and Paci 2010.
- 63. Khanna, Newhouse, and Paci 2010; World Bank 2012.
- 64. ILO and World Bank 2012.
- 65. ILO and World Bank 2012; Robalino, Newhouse, and Rother forthcoming.
- 66. Bell and Blanchflower 2011; Farber 2011.
- 67. World Bank 2011c.
- 68. World Bank 2011a.
- 69. Narayan, Pritchett, and Kapoor 2009, 19.

- 70. Bhatt 2006, 17.
- 71. Article 2, ILO 2007. Also see UN (2009).
- 72. Article 9, ILO 1982, http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_087481.pdf.
- 73. UN 2009, 6–7.
- 74. ILO 2009b, 42.
- 75. INEGI 2011.
- 76. UN 1948, http://www.un.org/en/documents/udhr/, article 23 (1).
- 77. ILO 1998.
- 78. The core international labor standards are the subject of eight conventions covering the four areas: Convention 87 (1948), the Freedom of Association and Protection of the Right to Organize Convention; Convention 98 (1949), the Right to Organize and Collective Bargaining Convention; Convention 29 (1930), the Forced Labour Convention; Convention 105 (1957), the Abolition of Forced Labour Convention; Convention 100 (1951), the Equal Remuneration Convention; Convention 111 (1958), the Discrimination (Employment and Occupation) Convention; Convention 138 (1973), the Minimum Age Convention; and Convention 182 (1999), the Worst Forms of Child Labour Convention, See "Conventions," NORMLEX Database: Information on International Labour Standards, International Labour Organization, Geneva. ILO (2012). http:// www.ilo.org/dyn/normlex/en/.
- 79. Andrees and Belser 2009; ILO 2009c; ILO 2012b.
- 80. Dillon and others 2012.
- 81. Basu 1999; Basu and Tzannatos 2003; Cigno and Rosati 2005; Edmonds 2008.
- 82. Del Carpio and Loayza 2012; Hazarika and Sarangi 2008.
- 83. Edmonds (2008) offers a review of the theoretical and empirical evidence on child labor.

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