

The invisibility of wage employment in statistics on the informal economy in Africa: Causes and consequences

Matteo Rizzo (School of Oriental and African Studies, University of London), Blandina Kilama (REPOA, Dar es Salaam) and Marc Wuyts (Institute of Social Sciences, Erasmus University of Rotterdam.)

ABSTRACT

This paper challenges the claim, along with the statistics that support it, that self-employment is by far the dominant employment status in the informal economy. The paper begins by reviewing key insights from relevant literature on the informal economy to argue that conventional notions of 'wage employment' and 'self-employment', while unfit for capturing the nature and variety of employment relations in developing countries, remain central to the design of surveys on the workforce therein. After putting statistics on Tanzania's informal economy and labour force into context, the analysis reviews the type of wage employment relationships that can be found in one instance of the informal economy in urban Tanzania. The categories and terms used by workers to describe their employment situation are then contrasted with those used by the latest labour force survey in Tanzania. The paper scrutinises how key employment categories have been translated from English into Swahili, how the translation biases respondents' answers towards the term 'self-employment', and how this, in turn, leads to the statistical invisibility of wage labour in the informal economy. The paper also looks at the consequences of this 'statistical tragedy' and at the dangers of conflating varied forms of employment, including wage labour, that differ markedly in their modes of operation and growth potential. Attention is also paid to the trade-offs faced by policymakers in designing better labour force surveys.

Introduction

It is now common to argue that in developing countries and, more specifically, in the African context, wage employment has become the exception and self-employment the rule, particularly as a result of the growth of the informal economy. For example, Fox and Pimhidzai, in this issue, contrast the situation in OECD countries, where wage employment is the norm, with that in Sub Saharan Africa where, they argue, 'employment takes the form of self and/or household employment, where a task is performed for family profit or gain (including for home food consumption). Most labour force participants never even enter the labour market' (Fox and Pimhidzai, this issue, p. 4). There is a widely-held belief by policy

makers. The most recent labour force survey in Tanzania is no exception to this, as it suggests that working in one's own business is by far the most prevalent type of employment relationship in the informal economy.

This paper questions this common assumption that self-employment is the dominant mode of employment in the informal economy, and questions the wisdom of statistics on the informal labour force. The paper starts by reviewing some key insights obtained from relevant economic theory, but also from the literature on the informal economy in Tanzania. Our aim is to understand how conventional notions of 'wage employment' and 'self-employment' simultaneously fail to capture the nature and variety of employment relations in the informal economy, and yet these notions are central to the design of workforce surveys in developing countries. The paper then uses the 2006 Integrated Labour force survey to show that the informal economy is seen almost exclusively as the site of self-employment. The analysis then interrogates such claim by looking at the particular type of wage employment relationships that are found in one concrete sector of the informal economy in Tanzania, urban bus transport. The real labour relations at work therein, and the categories and terms with which workers describe their employment situation are then contrasted with the categories and terms used to frame the questions from the latest Integrated Labour Force Survey in Tanzania (ILFS thereafter), carried out in 2006. The paper scrutinises how key employment concepts and terms have been translated from English into Swahili, how the translation biases respondents' answers towards 'self-employment', and how the translation then leads to the invisibility of wage labour in the collection of statistics on employment in the informal economy, both urban and rural. The paper also looks at the consequences of this 'statistical tragedy'. We argue that this assumption conflates varied forms of employment, including wage labour, that differ markedly in their modes of operation that determine (or hinder) productivity growth (or the lack thereof) and the growth in incomes of the working population – the working poor, in particular. Attention is also paid to the most significant trade-off faced by policymakers in designing better labour force surveys.

Informal economy as self-employment?

Keith Hart, the inventor of the term 'the informal sector', claims that the 'distinction between formal and informal income opportunities is based essentially on that between wage-earning and self-employment' (Hart 1973, p. 68), a dichotomy that has been relentlessly adhered to

by policymakers in developing countries. In clarifying this distinction between wage labour and self-employment, Hart argues that ‘the key variable is the degree of rationalization of work – that is to say, whether or not labour is recruited on a permanent and regular basis for fixed rewards’ (Hart 1973). Hart’s restricted definition of ‘wage labour’ as permanent and as regular recruitment for fixed awards is indeed plausible when it comes to describing the nature of the employment contracts in the formal sector. This is the conventional or ‘formal’ definition of wage labour, which generally refers to ‘workers on regular wages or salaries in registered firms and with access to the state social security system and its framework of labour law’ (Harriss-White and Gooptu 2000, p. 89). Production based on this type of ‘formal’ wage labour is only viable, however, under conditions where productivity is reasonably high and stable relative to the fixed wage rate. ‘Formal’ wage contracting is indeed unlikely to be widespread under conditions where labour productivity is low, volatile, or unpredictable, which are precisely the conditions that prevail so widely within the informal economies in developing countries.

Nevertheless, it does not follow from this that all activities within the informal economy are based on self-employment and, hence, that the capital/labour relation ceases to exist or does so only marginally. In fact, interestingly, Hart gives quite a detailed account of the variety of production forms that exist in the informal economy: ‘In practice, informal activities encompass a wide-ranging scale, from marginal operations to large enterprises’ (Hart, 1973: p. 68). Yet, surprisingly, he does not draw the obvious conclusion that these varied and often highly differentiated forms of production must imply the existence of a variety of labour regimes, including various forms of wage labour. Part of the problem is that Hart explicitly excluded from his analysis ‘casual income flows of an occasional nature’ (p. 69), yet recognised that ‘some may be hired to small enterprises which escape enumeration as establishments’. He, nevertheless, goes on to say that ‘the ensuing analysis is restricted to those who, whether working alone or in partnership, are self-employed’ (p. 70).

In making this restriction, however, Hart falls prey to the fallacy of ‘misplaced aggregation’ (a term borrowed from Myrdal, 1968, Appendix 3): that is, conceptually conflating entities that do not belong together and, thus, should not be aggregated into one category. The problem is that catch-all category of ‘self-employed’ conveys a connotation of an individual’s own business and/or a family business, of asset ownership, however limited, and of entrepreneurship and some degree of economic independence (Harriss-White and

Gooptu 2001, p. 91), yet, as Breman argues, ‘what at first sight seems like self-employment and which also presents itself as such, often conceals sundry forms of wage labour’ (Breman, 1996, 8). This should caution us against making too easy generalisations, both in theory and in the manner in which data are collected.

Interestingly, for example, while Fox and Pimhidzai (this issue), following Hart, assert that, in Sub-Saharan Africa, ‘most labour force participants never enter the labour market’, Fields (2005), in contrast, models the distinction between the formal and the informal (‘murky’) sectors (p. 4), as labour market segmentation or fragmentation: a dualism that implies that different workers are paid *different wages* in different sectors *for comparable work* (p. 6). Fields, however, blurs the distinction between different forms of employment, by defining a “job” (for which a wage is paid) as ‘both self-employment and wage employment’ (p.19).

This simplifying assumption of labour market dualism allowed Fields to explore distinctive analytical models of the dynamics of labour earnings in the informal sector: more specifically, whether the informal economy is a free-entry sector of last resort or whether it is a desirable sector for employment in its own right, or, as Fields contends, some combination of both, implying internal dualism within this sector (Fields, 2005: p. 17-25). Interestingly, these contrastive views on employment in the informal sector – a sector of despair or of potential – featured very prominently in the debates on the informal economy in Tanzania during the 1990s. In this respect, Maliyamkono and Bagachwa (1990) and Sarris and Van den Brink (1993) clearly viewed the informal economy as a ‘desirable sector’, while, in contrast, Jamal and Weeks (1993) took the opposing view of the informal sector as a last resort.¹

These authors, however, as well as subsequent work by Tripp (1997), all took the assumption of informal economy as self-employment more or less for granted. More recently, along the same lines, in their analysis of labour market dynamics using the Tanzanian urban household panel survey, Quinn and Teal (2008, p. 4) see the dichotomy between formal and informal employment as identical to that between wage earners and self-employment.² The question of the varied nature of labour regimes in informal production is thus left out of the picture altogether.

In contrast, the analysis of the informal economy in urban Senegal by Lebrun and Gerry (1974) provides some useful handles to tackle this question since they focus on differences in forms of petty production, ranging from artisans to petty commodity

production, and to small capitalist production, thus drawing attention not only to the level of labour earnings within the informal economy, but also to the variety of forms of employment. Moreover, these forms do not coexist in isolation, but give rise to a variety of transitional forms, including varied forms of wage labour. Within this spectrum of petty production, some forms lean more towards independent production (which can be best characterised as self-employment, possibly involving the employment of wage labour), while others lean more towards labour contracting. In the former case, it is the product that becomes a commodity; in the latter case, it is labour power that is being (sub-) contracted. For example, the itinerant street vendor buys commodities in small quantities from a supplier and sells them the customers on the streets. Notwithstanding the asymmetric relation that often exists between the vendor and the supplier, this can best be characterised as petty-commodity production through self-employment. A similar situation prevails for the producer-vendor of foodstuff – for example, selling meals at the road side or running a catering service, which may also involve the further employment of wage labour (which can thus be characterised as self-employment using paid labour).

But many other informal sector activities mainly involve the contracting of labour, and not of commodities. In Tanzania, for example, the employment in informal mining, as shown in the next section, is almost exclusively classified as self-employment. But, as Wangwe (1997), Jonsson and Bryceson (2009) and Jonsson and Fold (2009) show, the reality on the ground is much more complex. Production relations in informal mining are distinctly hierarchical, involving claim holders (those holding the mining licence), pit owners (those operating the pit, including the recruitment of labour), and varied types of workers. Typically, workers are not paid a fixed wage, but a share in the output produced, *net* of ‘coverage of workers’ reproductive costs (food, medicine, basic health services, and pocket money)’ (Jonsson and Fold, 2009: p. 217). A basic wage is paid, therefore, to cover reproductive costs. Of the remainder, the claim holder usually takes 30% of net output, the pit owner 40%, and workers share the remaining 30% (Jonsson and Fold, 2009).

Similarly, in Tanzania (as elsewhere in East Africa), in the construction industry, informal production has taken on an increasingly more prominent role in output and in employment, in particular, in part because of “an increase in sub-contracting by the formal sector and a new role for the informal sector as supplier of labour”, but also because “an increasing number of building clients are choosing to by-pass the formal sector altogether,

and engage directly with enterprises and operators in the informal sector “(Wells, 2001: p. 270). The client obtains labour by engaging a contractor, who effectively becomes a ‘labour contractor’ since the client pays for the building materials and the contractor supplies the labour, but, at times, the client recruits labour directly and the contractor effectively becomes a foreman (Wells, 2001).

These examples illustrate that lumping together these varied forms of labour contracting with the heterogeneity of petty commodity production (with or without wage labour) into a single category of self-employment hides more than it reveals. But, as we go on to argue, this is precisely what labour force surveys tend to do.

The 2006 ILFS: definitions and patterns of employment

Labour force surveys are among the least frequently carried out surveys in Sub-Saharan Africa (SSA). Since the 1980s, in particular, international donors directed their support towards income and expenditure and integrated household surveys (Oya, 2013, p. 257). Against this trend, Tanzanian authorities have done relatively well, as three labour force surveys were completed in 1990/1991, 2000/2001 and 2006, and a fourth one is now in preparation. Although the quantity of available data on labour is higher in Tanzania than elsewhere in SSA, the quality of such data is low.

The 2006 ILFS allow us to explore different ways of looking at informal employment using different sets of classifications of the structure of employment: in particular, by industry, by sector, and by status. Moreover, a distinction is made between main and secondary activities of employment, but, for purpose of aggregation, only main activities are included to avoid double-counting. The definition of informal sector relates to the type of enterprises, while that of self-employment to the status of employment.³ In the 2006 ILFS in Tanzania, following the prevailing ILO guidelines, the informal sector is defined as ‘a subset of household enterprises or unincorporated enterprises owned by households’ (NBS, 2007, p. 7). These enterprises ‘may or may not employ paid labour and the activities may be carried out inside and outside the owners’ home’ (NBS, 2007, p. 7). The informal sector comprises both informal own-account enterprises as well as enterprises of informal employers: the former employ workers on a continuous basis, while the latter employ workers on an occasional basis or make use of the employment of unpaid family helpers. (NBS, 2007, p. 7).

According to this definition, therefore, the informal sector does not exclude the employment of wage labour.

Self-employment, in contrast, is one of the four categories of the status of employment, alongside paid employees, family worker and traditional agricultural worker. More specifically, self-employment is defined as ‘persons who perform work for profit or family gain in their own non-agricultural enterprise, including small and larger business persons working in their own enterprise.’ (NBS, 2007, pp. 7-8). This category is sub-divided into those with employees and those without employees. (NBS, 2007: pp. 7-8).

Table 1 gives a cross-tabulation of employment status against sector of main employment for the 2006 Integrated Labour Force Survey.

Table 1: Employment status by sector of main employment: 2006 (main activities only)

Employment Status	Sector of main employment						Totals
	Central / local government	Parastatal	Agriculture	Informal	Other Private	Household economic activities	
Paid Employee	439,355	66,307	0	12,274	1,206,395	31,563	1,753,481
	100.0%	100.0%	0.0%	0.7%	84.2%	6.1%	10.5%
Self Employed (non- agr) with employees	0	0	0	232,334	66,552	899	299,786
	0.0%	0.0%	0.0%	13.8%	4.6%	0.2%	1.8%
Self Employed (non- agr) without employees	0	0	0	1,409,698	99,828	3,025	1,512,551
	0.0%	0.0%	0.0%	83.8%	7.0%	0.6%	9.1%
Unpaid Family helper (non- agricultural)	0	0	0	29,366	61,035	485,974	575,798
	0.0%	0.0%	0.0%	1.7%	4.3%	93.2%	3.5%
Unpaid Family helper (agricultural)	0	0	1,316,724	0	0	0	1,316,724
	0.0%	0.0%	10.5%	0.0%	0.0%	0.0%	7.9%
Work on own farm or shamba	0	0	11,168,792	0	0	0	11,168,792
	0.0%	0.0%	89.5%	0.0%	0.0%	0.0%	67.2%
Total	439,355	66,307	12,485,516	1,682,383	1,432,370	521,202	16,627,133

Source: Constructed by the authors using ILFS 2006, Table 5.8, Table B4 and B5 pages 38 and 119

This table shows is ‘paid employment’ is a mere 0.7 per cent of informal sector employment (main activity only) and, hence, is deemed to be a very rare type of employment relationship. Self-employed workers without employees constitute the dominant type of employment status, at 83.8 per cent. Together with self-employed workers with employees, at 13.8 per cent, self-employment totals a staggering 97.6 per cent of employment in the informal sector.⁴ The implication is that, while, conceptually, the definitions of informal sector and self-employment clearly differ, as far as the statistical evidence is concerned, informal sector employment essentially equals self-employment.

Table 2 gives a more detailed breakdown of employment figures for selected sub-sectors of employment for the 2006 survey. The selection of sectors was confined to those sectors with significant employment in the informal sector. The aggregate totals, however, give the total employment across all sectors of the economy (and not just the sum of the selected sectors only).

Table 2: Sectoral structure of employment by male and female: 2006 (selected sub-sectors: main activity only)

Industry	Currently Employed Population (Main Activity Only)					
	Total			Informal		
	Male	Female	Total	Male	Female	Total
Agriculture/ hunting/ forestry & fishing	5,880,789	6,832,446	12,713,234	13,296	6,202	19,498
	72.7%	80.0%	76.5%	1.4%	0.8%	1.2%
Mining & quarry	72,862	11,463	84,325	39,987	7,492	47,478
	0.9%	0.1%	0.5%	4.3%	1.0%	2.8%
Manufacturing	272,872	161,335	434,206	133,470	109,533	243,003
	3.4%	1.9%	2.6%	14.4%	14.5%	14.4%
Construction	171,995	6,686	178,681	50,699	412	51,111
	2.1%	0.1%	1.1%	5.5%	0.1%	3.0%
Wholesale & retail trade	750,999	518,357	1,269,356	538,496	428,990	967,487
	9.3%	6.1%	7.6%	58.1%	56.8%	57.5%
Hotels & restaurants	86,882	240,552	327,433	46,746	170,387	217,132
	1.1%	2.8%	2.0%	5.0%	22.6%	12.9%
Transport/storage & communication	231,116	13,111	244,227	25,968	17,081	43,050
	2.9%	0.2%	1.5%	2.8%	2.3%	2.6%
Other community/social & personal service activities	79,336	35,206	114,543	78,789	14,835	93,624
	1.0%	0.4%	0.7%	8.5%	2.0%	5.6%
Totals	8,086,325	8,540,809	16,627,133	927,452	754,932	1,682,383

Source: Constructed by the authors using ILFS 2006, from Figure 5.2 page 35, Table B3 page 118 and Table C2 page 119

This suggests that the informal sector is mainly concentrated in trade followed by manufacturing. However, tables 1 and 2 feature employment totals by main activity only. The labour force data, however, give information, albeit less detailed, on employment in secondary activities. Indeed, in 2006, 48.6 per cent of employed persons were engaged in secondary activities (NBS, 2007, p. 52). Moreover, participation in secondary activities is most common in rural areas, at 51.8 per cent of employed persons (NBS, 2007). Table 3 gives a more detailed breakdown of employment in secondary activities for selected sub-sectors of employment for the 2006 survey.

Table 3: Sectoral structure of employment by male and female: 2006 (Selected sectors: secondary activity only)

Industry	Currently Employed Population (Secondary Activity Only)					
	Total			Informal		
	Male	Female	Total	Male	Female	Total
Agriculture/ hunting/ forestry	1,218,842	573,391	1,792,234	120,175	18,538	138,714
	35.9%	12.3%	22.2%	10.7%	1.8%	6.5%
Mining & quarry	256,669	301,134	557,803	209,572	273,729	483,301
	7.6%	6.4%	6.9%	18.7%	27.2%	22.7%
Manufacturing	1,289		1,289	1,289		1,289
	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%
Construction	625,468	496,099	1,121,567	569,892	458,202	1,028,094
	18.4%	10.6%	13.9%	50.8%	45.5%	48.3%
Wholesale & retail trade	76,501	242,783	319,285	69,289	227,784	297,073
	2.3%	5.2%	4.0%	6.2%	22.6%	14.0%
Hotels & restaurants	51,882	3,144	55,026	31,011	899	31,910
	1.5%	0.1%	0.7%	2.8%	0.1%	1.5%
Transport/storage & communication	873		873	16,814	12,026	28,840
	0.0%	0.0%	0.0%	1.5%	1.2%	1.4%
Other community/social & personal service activities	854,801	3,013,198	3,867,999	103,022	16,208	119,230
	25.2%	64.4%	47.9%	9.2%	1.6%	5.6%
Totals	3,397,310	4,677,151	8,074,461	1,121,063	1,007,387	2,128,450

Source: Constructed by the authors using ILFS 2006, from Table C2 page 119 and Table D2 page 120

This table shows that looking at employment by main activity only yields a wrong impression of the size of informal sector employment. In table 3, the dominant sector appears to be other community, social and personal activities (with 47.9 per cent of employment), the definition of which is left rather vague in the ILFS 2006. But what is perhaps most striking in Table 3, however, is the size of employment in mining and in construction, both of which involve heavy reliance on labour contracting rather than direct commodity production by persons employed in this sector. Furthermore, according to the ILFS 2006, self-employment constituted 97.6 per cent of those employed in secondary activities of the informal sector (NBS, 2007, p. 46). Once more, the statistical evidence suggests that informal sector equals self-employment, in contrast with our earlier discussion on mining and construction. This shows that this supposedly overwhelming dominance of self-employment is by no means as straightforward as reality on the ground suggests.

One possible reason for the invisibility of paid labour in labour force surveys is that its modules are designed with the realities of advanced economies in mind (Standing, 2006). That is, the tools used for surveys on employment stem from OECD and are not fit to record

information about employment statuses. In this respect, a recent survey experiment by the World Bank in Tanzania aimed to test the extent to which labour statistics are affected by the way in which questions are asked. The experiment included a shorter and longer module to determine employment status. Although its authors claim that there is a ‘significant’ impact from the way questions on employment status are asked in terms of results obtained (Bardasi *et al.*, 2010, p. 25), the picture that emerges from both modules, however, suggests that self-employment remains the norm in SSA. The percentage of people in ‘paid employment’, for example, varies by a maximum of 5.5 per cent, and as little as 0.1. per cent, but never exceeds 20 per cent. Hence, self-employment, with or without employees, and unpaid family work, when combined, still make up the lion’s share of employment, at no less than 77 per cent (Bardasi *et al.*, 2010, p. 41).

However, with others (Oya, 2013, pp. 257–259), we argue instead that the main consequence of the OECD origin of labour force surveys is that their definition of paid employment, rooted in the conventional conceptualisation of formal wage employment that can be observed in these countries, is inadequate for capturing informal and precarious forms of wage labour in developing countries.

Informal labour in urban transport: the case of the *daladala* workers

This paper has argued that the dividing line between wage employment and self-employment is not as clear-cut as theory and the labour force data suggests, thus leading to considerable underestimation of the importance of wage labour in informal production. In this section, we look in more detail at a fieldwork-based study of the public transport sector in Dar es Salaam and of its informal employment relations. The analysis draws on long-term research on the sector, and, for this paper, on fieldwork carried out in 1998, 2001–2002, and in 2009. The results of a questionnaire on labour relations in the sector, administered to over 650 workers in the sector in 1998, have been triangulated with the observation of the dynamics at work therein, as well as with semi-structured interviews with urban bus workers about their employment. The aim of this research was to analyse in more depth how employment relationships can be categorised, how the dividing line between wage and self-employment becomes blurred, and how workers themselves refer to these employment relations in Swahili. We then contrast workers’ wording of and thinking about employment with the words and categories used by ILFS to capture such reality.

Dar es Salaam is Tanzania's largest city, with no less than four million people.⁵ Approximately ten thousand privately owned minibuses, known in Swahili as *daladala*, provide the cheapest form of public transport in the city. Results from two different questionnaires administered in the late 1990s and early 2000s to these bus workers (Rizzo, 2002; UWAMADAR, Konrad Adenauer Stiftung and Development Dynamics International, 2003) found that family or household employment, so central to mainstream conceptualisations of economic informality (de Soto 1989), are the exception to the rule in this sector. Instead, the *daladala* operations are characterised by a clear division between a class of bus owners and a class of transport workers. Over 90 per cent of the *daladala* workforce, whose total number is estimated to be between 20,000 and 30,000, sell their labour to bus owners. The vast majority of these workers (83.9 per cent) are employed without a contract (*kibarua* in Swahili) (Rizzo, 2002, p. 155)

They are casual workers who do not own the buses on which they work, but their actual employment relationship with bus owners does not easily translate into any of the conventional categories of 'paid employment' and 'self-employment'. Some qualifications are, therefore, necessary for understanding their employment situation. Workers pay a daily rental fee (*hesabu* in Swahili) to bus owners for operating the bus. The daily return for workers will consist of whatever remains after paying the daily rent to bus owners, petrol costs, and any other work-related expenditures (such as the cost of repairing a tyre or bribing oneself out of the hands of traffic police) have been deducted from the gross daily income. Hence, workers are not waged in a conventional sense, nor would it be correct to categorise them as pieceworkers. The remuneration for the daily piece of work tends, in fact, to be unknown and highly volatile. Furthermore, working at a loss, i.e. ending the working day without being able to collect the daily sum expected from the owner, or, more frequently, not having enough cash to fill the full tank with petrol, is not an uncommon outcome. In this case, workers would fill part of the tank, which would imply that the daily sum to be earned the day after would be even lower.

The fact that workers are not waged in a conventional sense, nor are they pieceworkers, does not imply, however, that labelling them as self-employed micro-entrepreneurs, as policy makers and official statistics on the informal economy commonly do, is a better fit. Recalling the key fact that these workers do not own any capital (in this case the buses on which they work), categorising them as self-employed would imply a notion of

entrepreneurship and economic independence that would be highly misleading. It also conceals the fundamental power relation at play between bus owners and workers. *Daladala* workers sell their relatively unskilled labour to employers in a context of an oversupply of unskilled job seekers. Taking advantage of this, bus owners impose on workers the daily sum expected for a day's work without any real negotiation. Extremely long working hours (the average day lasting 15 hours and the work week lasting more than 6.5 days) and occupational uncertainty (employment on a bus lasts no more than 7 months on average) are the consequences of the very high daily rent that owners expect from bus workers (Rizzo, 2002, p.155). Workers' responses to being financially squeezed by bus owners consist of speeding, overloading the buses, and denying boarding to passengers entitled to social fares, all actions that aim at maximising returns from work on a given day. We thus concur with Breman's comments on the nature of rickshaw runners in Calcutta, who similarly pay a daily rental fee to rickshaw owners and face uncertain daily returns from work. Breman warns that these workers cannot be conceptualised as 'independently-operating small entrepreneurs,... but dependent proletarians who live on the defensive' (Breman 2003, p. 154).

The modalities of employment and remuneration of the workforce can in fact be best understood as a strategy by bus owners, or *de facto* employers, to transfer business risks squarely onto the workforce. The implication is that bus owners confront labour not as risk-taking entrepreneurs, but as rentiers, thus leaving labour to manage the risks inherent in low and volatile productivity, a condition that is often more conducive to self-exploitation by the worker (or the exploitation of household labour) than to growth in productivity. In these circumstances, therefore, workers act as entrepreneurs only in the sense that they have become managers of two sets of risks under adverse conditions of extreme competition: the daily insecurity that results from an uncertain income, on the one hand, and the ever-present chance of erratic job loss, on the other (Wuyts, 2011).

This is just one example of the employment relations that prevail in one particular type of informal economic activity in one context. It illustrates the way in which conventional categories of both 'wage/paid employment' and 'self-employment' do not easily apply to the reality faced by those informal workers and the complexity of the employment relationship linking them to employers. At the same time, however, it is important not to lose sight of two key characteristics that ultimately define their employment status. First, these workers do not own any of the capital with which they work. A clear division between capital and labour can

be observed here, making the notion of self-employment implausible in this case. Second, it is precisely because of workers' economic vulnerability that they are deprived of a conventional wage employment relationship with employers, who benefit from its absence.

Importantly, *daladala* workers concur in seeing themselves as casual wage workers rather than as self-employed workers, as shown by the goals of their political organisation since the late 1990s. When these workers established their association, and built an alliance with the Tanzanian transport union, their main objective was to lobby the state and employers to spell out the employment relationship with bus owners. They had no entrepreneurial agenda, such as the request for micro-credit. Instead, they demanded employment contracts and a fixed wage (Rizzo, 2013).

Such workers are best categorised as people in (uncertainly) paid employment in the informal economy. Many other forms of paid employment are to be found in different economic sectors and in different contexts, with the working poor often straddling precarious wage employment with some ownership of equally insecure, very small-scale activities in the informal economy (Bernstein 2010). Notwithstanding the heterogeneity of employment relations in which the poor can be engaged, they certainly do not easily match the conventional conceptualisation of both 'paid employment' and 'self-employment'. Given the difficulties in categorising the employment status of activities in the informal economy, how is it then that labour force surveys tend to consistently suggest that paid employment is statistically irrelevant, whilst self-employment appears the norm? To answer such question, the analysis now utilises the 2006 Integrated Labour Force Survey in Tanzania as an entry point to investigate how these conventional categories, and their translation into Swahili, are used to generate statistics on the informal economy.

The 2006 ILFS questionnaire: lost in translation?

The importance of paying attention to the way in which key employment and work concepts are worded by labour force surveys is well understood (Campanelli *et al.*, 1989; Martin and Polivka, 1995). The way in which such concepts are translated from English into other languages in labour force surveys is less often investigated (see Floro and Hitomi, 2011, for an exception). This is problematic as ultimately it is in languages other than English that questions are posed to labour force survey respondents.

Translating words and concepts, often ideologically loaded and context specific in their

origin, into other languages is not an easy task. Questionnaire respondents reference local categories when making sense of employment questions. As the analysis below will reveal, there is a lot to be lost in the process of translating the labour force questionnaire into Swahili.

Putting concerns about the household as a unit of analysis aside for a moment (see Guyer and Peters, 1987; Randall and Coast, this issue), consider, for instance, the ILFS introductory question on household economic activities, to be answered by the head of the household on behalf of his/her household members. In English it reads:

Does this household or anyone in this household engage in any of the following activities? a) Wage Employment (yes/no), b) Working on own or family business (excl. Agriculture), c) working on own shamba, fishing or animal keeping d), do you have any paid employees. (NBS, 2009a, p.3.)

What differentiates the four (not mutually exclusive) possible answers, at least in the English version of the questionnaire, are the three possible types of employment status: 1) being a wage employee, as per option (a); 2) being self-employed, as per in options (b) and (c); and 3) being an employer, as per option (d). In Swahili, however, ‘working on own or family business’ is translated as ‘kazi isiyo ya kilimo’ (NBS, 2009c), which literally means any ‘work that is not agriculture’. Strikingly, and misleadingly, the reference to self or family employment in business or agriculture, central to the English wording of the questionnaire, is dropped altogether in the Swahili version.

The section of the questionnaire on the individual respondent’s main economic activity (rather than on households at an aggregate level) does better, as it presents an accurate correspondence between English and Swahili survey questions. Respondents are in fact asked whether their work entails self-employment: ‘kujiajiri mwenyewe binafsi’. However, what above all influences respondents’ choice of the category that best describes their employment status is how they understand the main alternative answer they might opt for, namely ‘paid employment’, to which the analysis now turns.

In the 2006 ILFS, the Swahili translation of the term ‘wage employment’ is also problematic. The term used in this case is ‘ajira ya msharara’. While this literally means wage (mshahara) employment (ajira), such terminology clearly connotes registered employment in the formal sector, ‘proper jobs’ for the lay Swahili mother-tongue speaker, with a formal

employer, a contract and a wage. Part of the problem lies in the ambiguity of the term ‘ajira’ in Swahili. Broadly speaking ‘ajira’ is used to denote employment of any type. In this sense, one reads and hears that ‘Tanzania tatizo ni kwamba *hakuna ajira*’ (the problem in Tanzania is that there is *no employment*) (Interview with Rashidi Ngaika, bus workers, Dar es Salaam, 16 September 2009). Yet, at the same time, people use the word ‘ajira’ to mean registered employment, as opposed to employment of precarious and informal nature. Along these lines, a *daladala* workers, commenting on his informal and precarious employment, stated that ‘tatizo la kazi ya *daladala* ni kwamba *hakuna ajira*. Kibarua tu’ (the problem of work in *daladalas* is that *there is no formal employment*. Only casual work). Failure to appreciate the two possible meanings of the word ‘ajira’ in Swahili would potentially allow the implausible translation of the sentence above as ‘the problem of work in *daladalas* is that there is no employment’! Instead, when workers refer to their work as work without ‘ajira’, they mean that it is work without contract, rights and security, in other words, informal. This suggests that there is therefore a remarkable dissonance between the way in which the concept of ‘paid employment’ is worded in Swahili by ILFS, and the way in which informal casual workers understand and word it.

The bias against recording informal wage employment is present also in the questionnaire section focusing on working patterns of individual members of the household. The question on ‘what was the economic activity in which you spent most of your time?’ has ‘employee in a wage job’ as one of its five possible answers (the other four being self-employed, working on your own or family farm, unpaid work in family business, and other). The Swahili wording of ‘employee in a wage job’ as ‘mwajiriwa wa kulipwa’ once more points to formal sector employment. And so does the range of subsectors in which an ‘employee in a wage job’ might be employed: the central government, the local government, a parastatal organisation, a political party, co-operatives, NGOs, international organisations, religious organisations, and the private sector (NBS, 2009b, p. 3). It is very plausible that a respondent answering this question will fail to match his/her informal employer with any of the possible employers from the survey list, and will not opt for declaring himself/herself as an ‘employee in a wage job’.

ILFS, therefore, puts forward a stark and questionable dichotomy between paid and self-employment, and a leading one at that. Consider the implications of the translation issues of ‘self-employment’ and ‘paid employment’ together. On the one hand, ‘self-employment’ is

translated in extremely loose terms, to the point that any work outside agriculture seemingly fits into it, or that work by people who do not own any capital can be misleadingly identified as 'self-employment'. On the other hand, paid employment is translated in very narrow terms, so that only those in formal and registered paid employment are likely to identify themselves as 'paid employees'. Arguably, it is out of this contrast between an overly expansive notion of self-employment and an extremely narrow notion of paid employment that the official statistics are created, thus suggesting that the informal economy consists of a teeming mass of family entrepreneurs.

A depiction of economic informality as self-employment is then consistently built upon by the 2006 ILFS, specifically through its modules on the informal economy, where information on informal business is sought (see questions 26–32, which are designed for 'business owners only'). The focus is on understanding how businessmen in the informal economy set up their businesses, where they operate from and how often, and their sources of credit and training, but without much consideration of how many of these respondents can really be understood as businessmen in any meaningful way.

Concluding remarks

This paper has argued that in Tanzania, as elsewhere in Africa, self-employment is seen as the almost exclusive type of employment in the informal economy. The result of this, we argued, is that the importance of wage employment has been largely rendered invisible, in part, because wage labour is often overlooked and lumped together with self-employment, and, in part, because the significant trend towards the sub-contracting of informal labour services rather than the direct production of commodities is poorly understood. The paper showed, for example, that, while the *daladala* workers in urban Dar es Salaam are directly involved in the sale of urban transportation services, it is nevertheless questionable to classify them as self-employed given the lack of control they have over the capital that they operate and the precarious nature of the terms of their 'employment'.

At the root of the invisibility of informal wage labour lies the fact that conventional categories of 'self-employment' and 'wage employment', on which labour force surveys rest, are inadequate for capturing the heterogeneity of employment relations found in the informal economy and the heterogeneity of relationships between capital and labour that mediate poor people's participation in the (informal) economy. Using the case of Tanzania, the paper has

highlighted the remarkable distance between the complexity of the employment relationships linking informal wage-workers to employers and the clear-cut categories used to frame questions for the 2006 ILFS. As field-based research repeatedly shows, the simple dichotomy between self-employment and wage employment does not work. More attention needs to be paid in survey analysis to the results of field-based qualitative research that does not only focus on differences in earnings, but also on the myriad of labour regimes that prevail in informal production.

The analysis has further argued that the Swahili words chosen for asking workers whether they are in wage employment communicated a very narrow connotation of paid employment in the formal sector. By contrast, 'self-employment' is translated in extremely loose terms, arguably acting as a 'catch all' category in the Tanzanian context. The ILFS statistical suggestion that only 0.7 per cent of workers in Tanzania's informal economy are wage workers, and the remaining are self-employed in one way or another, therefore, rests on disturbingly shaky grounds.

To address this major shortcoming requires in-depth research to understand the language and categories used by informal workers. Such research would be essential to design better surveys questions aimed at detecting and understanding the nature of informal wage labour, or the work of *kibarua*, a word ubiquitously referred to by informal wage workers in Tanzania to describe their status, yet a status that is strikingly at the margin of the 2006 ILFS. If the picture of informal economies presented by ILFS has indeed no analytical purchase on actual realities on the ground, as we would argue with reference to the Tanzania 2006 ILFS, efforts to identify labour categories that are intelligible to respondents should take priority.⁶

This paper, then, sought to emphasise the urgent need to move away from the problem of 'misplaced aggregation' in the classification of labour regimes, which results from conflating into one catch-all category various forms of production and employment that are essentially different, not just as static entities, but also in terms of their dynamic potential. It is indeed difficult to see how one can address the issue of the dynamic potential of the informal economy without taking explicit account of these diversities in production and their corresponding labour regimes. Coming to terms with these issues, however, would require a shift in focus towards the analysis of capital accumulation and its relation to the transformation of labour regimes in the so-called informal economy, an issue on which

mainstream literature on economic informality is sorely silent and labour force surveys provide insufficient insights.

Endnotes

¹ Wuyts (2001: pp. 424-431) for a discussion of the underlying models of informal sector behaviour that underscore these two contrastive views.

² In their own words: "the distinction between formal and informal employment is fundamental to understanding the Tanzanian labour market (p. 4). In this survey, all income-earners "were required to assign themselves to one of two mutually exclusive categories: wage-earners and the self-employed" (Quinn and Teal, 2008, p.4), to conclude that "it is clear that informality is a key characteristic of the Tanzanian labour market: approximately two-thirds of interviewed respondents in 2004 reported being self-employed" (Quinn and Teal, 2008, p. 4).

³ Importantly, more recently, taking into account criticisms of the narrowness of earlier definitions of informality, there has been greater awareness, at least conceptually, that 'employment in the informal sector' and 'informal employment' are concepts which refer to different aspects of the 'informalization' of employment and to different targets for policy-making' (ILO, 2013, p. 33).

⁴ This also reveals an interesting anomaly in these data: while paid employees constitute only 0.7 per cent of the total, the self-employed with employees account for 13.8 per cent. Even assuming that the self-employed with employees employ as little as one employee each, however, these figures appear to hide the importance of paid employment in the informal sector (Rizzo and Wuyts, 2014, p. 5).

⁵ UDA, Dar es Salaam public transport company, was operating about 20 buses in 2010. Unless otherwise stated, this section draws on Rizzo (2011, 1183–1200).

⁶ See Jerven (2013, pp.114-115) for a useful discussion of the possible role for qualitative research in the collection of less 'poor numbers'.

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