

The Creative Resilience of the Labor Force Labor Force Survey 2016-2017

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In the last few years, the national economy has seen small movements in the growth. This is an indication of a stagnant economy. However, while the economy is stagnant, the unemployment rate on Curacao has been increasing. These two factors can cause the labor force to get more creative in terms of getting or increasing their (disposable) income.

There is a part of the labor market which is difficult to put on the cards, as they are not regulated by tax department or the labor department. When there are no job opportunities or a mismatch between demand and supply, people will still find a way to earn income. These are the people who will fall in the informal labor category, those that are underemployed or those who have multiple jobs.

People who are involved in the Informal market are those who have an enterprise or are working on their own but are not registered as a legal entity or who do not have a separate financial administration. These economic transactions are thus not registered under the tax system or are not entitled to labor benefits.

Underemployed people are employed but are not used to their full potential. This can be established as working in employment where your skills are not fully utilized or you are not working full-time. The major reason people are working multiple jobs is because of financial reasons. Most of the time, these extra jobs are under the radar and thus would fall in the informal labor market. In 2016 and 2017, the local labor force has known some impactful events such as business closings and big lay-offs. Stagnancy in the economy, would indicate that the supply of labor would not be able to accommodate all these new entrants to the job seeking population. An increase in the informal market or underemployed would not be uncommon in these circumstances. Informal labor, although mostly off the books, is a major contributor to the national economy. It promotes entrepreneurship, creates employment, reduces crime and as an added value it keeps costs manageable. "The informalization of the economy results in government revenue reduction, collapse of the formal sector and corruption; while identified benefits include creation of employment, as well as lower costs of commodities." (Causes, Benefits and Costs of Informal Economy: Evidence from Zimbabwe (1980-2013) "Rose Constancia Sakuhuni")

This article looks at those who are involved in informal labor or are underemployed as an indication of resilience of the labor force population of Curaçao.

Definitions

Informal labor market

All persons who in their main or secondary jobs were in one of the following categories:

- Own-account workers, employers and members of producers' cooperatives employed in their own informal sector enterprises;

- Contributing family workers, regardless of whether they work in formal or informal sector enterprises;
- Employees holding informal jobs as paid domestic workers by households;
- Employees who are not enjoying employment benefits such as a written contract, paid vacation or those who can be dismissed without a package;

An enterprise belongs to the informal sector if it fulfils the following conditions (“Informal economy” https://www.ilo.org/ilostat-files/Documents/description_IFL_EN.pdf):

- It is an unincorporated enterprise, which means that:
 - It is not constituted as a legal entity separate from its owners, and
 - It is owned and controlled by one or more members of one or more households, and
 - It is not a quasi-corporation (it does not have a complete set of accounts including balance sheets);
- It is a market enterprise: this means that it sells at least some of the goods or services it produces. It therefore excludes households employing paid domestic workers;
- And at least one of the following criteria:
 - The number of persons engaged / employees / employees employed on a continuous basis, is below a threshold determined by the country
 - The enterprise is not registered
 - The employees of the enterprise are not registered

Employed

All persons of 15 years and older who during the research period:

- had a job or have their own business; or
- who during the week preceding the research period performed any work for pay in cash or in kind, for 4 hours or more.

Unemployed

All persons of 15 years and older who during the research period:

- did not have a job or a business of their own; and
- had actively been seeking work in the preceding month of the research period; and
- who were available to start working or start a business within two weeks.

Economically not active

All persons of 15 years and older who during the research period:

- did not have a job or own a business; and
- who were not actively seeking work.

Labour force

The total number of persons who are employed added to the total number of persons who are unemployed.

Underemployment

The percentage of employed people who are working less than the normal duration of work determined for the activity and who are seeking or are available for additional work during the reference period.

Informal Labor Market

Due to the definition of the informal labor market, it consists of different elements. Table 1 below shows these elements. The element which makes up the biggest share of the informal market are those who do not receive labor benefits and domestic workers.

Table 1. Informal Labor Activity 2016 - 2017				
	Mar-16	Sep-16	Mar-17	Sep-17
Domestic Worker	39.0	36.0	37.1	31.8
Family Worker	1.2	1.2	1.7	0.6
No Benefits	35.4	43.1	37.3	52.5
Not registered as legal entity	19.2	14.4	18.4	10.4
No Financial accounts	3.4	4.1	4.4	3.9
Employees in Informal sector	1.9	1.0	0.9	0.8
Self-employed in Informal sector	0.0	0.1	0.2	0.0
	100.0	100.0	100.0	100.0
Share of Informal Activity	33.3	35.2	34.4	39.8

Table 1 Informal Labor Activity 2016-2017

Table 1 shows that in the last couple of years, people involved in the informal labor market have increased from 33.3 percent to 39.8 percent. This increase is largely due to the employees working without one or more labor benefits as it shows an increase of more than 15 percentage points.

Declines are noted largely in the categories of domestic workers and unregistered business. The share of domestic workers in the informal market has declined from 39 percent to 31.8 percent in September 2017 while the unregistered business went from 1.92 percent in March 2016 to 10.4 percent in September 2017.

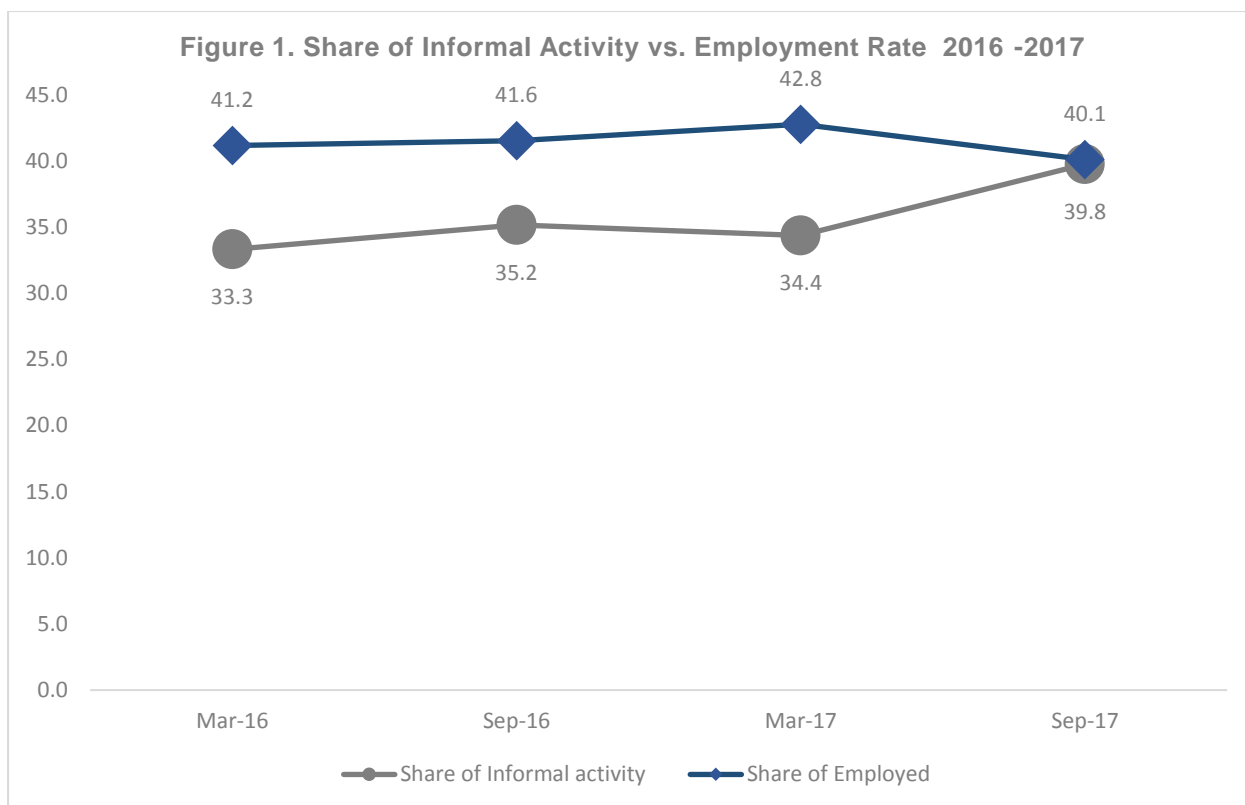


Figure 1 Share of Informal Activity vs Unemployment Rate 2016-2017

Figure 1 illustrates that the share of people involved in informal labor activities increases as the share of employed people decline. This means that more people are moving from being employed to partaking in informal labor.

From Table 2 we learn that younger and older males are more likely to be involved in informal labor activities than females. The share of females is slightly more in the 45-64 age range.

Table 2. Informal Labor activity by age and gender

	Male				Female				Total			
	Mar-16	Sep-16	Mar-17	Sep-17	Mar-16	Sep-16	Mar-17	Sep-17	Mar-16	Sep-16	Mar-17	Sep-17
15-24	16.1	14.3	13.9	10.5	7.0	4.9	8.3	6.1	11.4	9.3	11.0	8.1
25-34	19.2	22.4	17.7	19.0	15.0	19.8	17.4	17.1	17.1	21.0	17.5	18.0
35-44	17.2	16.2	18.9	24.3	26.2	22.8	18.8	23.2	21.8	19.7	18.8	23.8
45-54	27.8	25.6	26.9	25.7	28.6	29.1	28.2	27.8	28.3	27.4	27.5	26.8
55-64	16.0	17.7	18.9	14.9	19.9	20.7	23.4	22.0	18.0	19.3	21.2	18.7
65+	3.6	3.7	3.8	5.6	3.2	2.8	4.0	3.7	3.4	3.2	3.9	4.6

Table 2 Informal Labor Activity by Age and Gender

Figure 2 shows that even though informal labor activity is more present in the 45-54 age range, the share has decreased slightly in the last two years. The increase is more prevalent in the 35-44 range which has increase with five percentage points from the beginning of 2017 to the end of 2017.

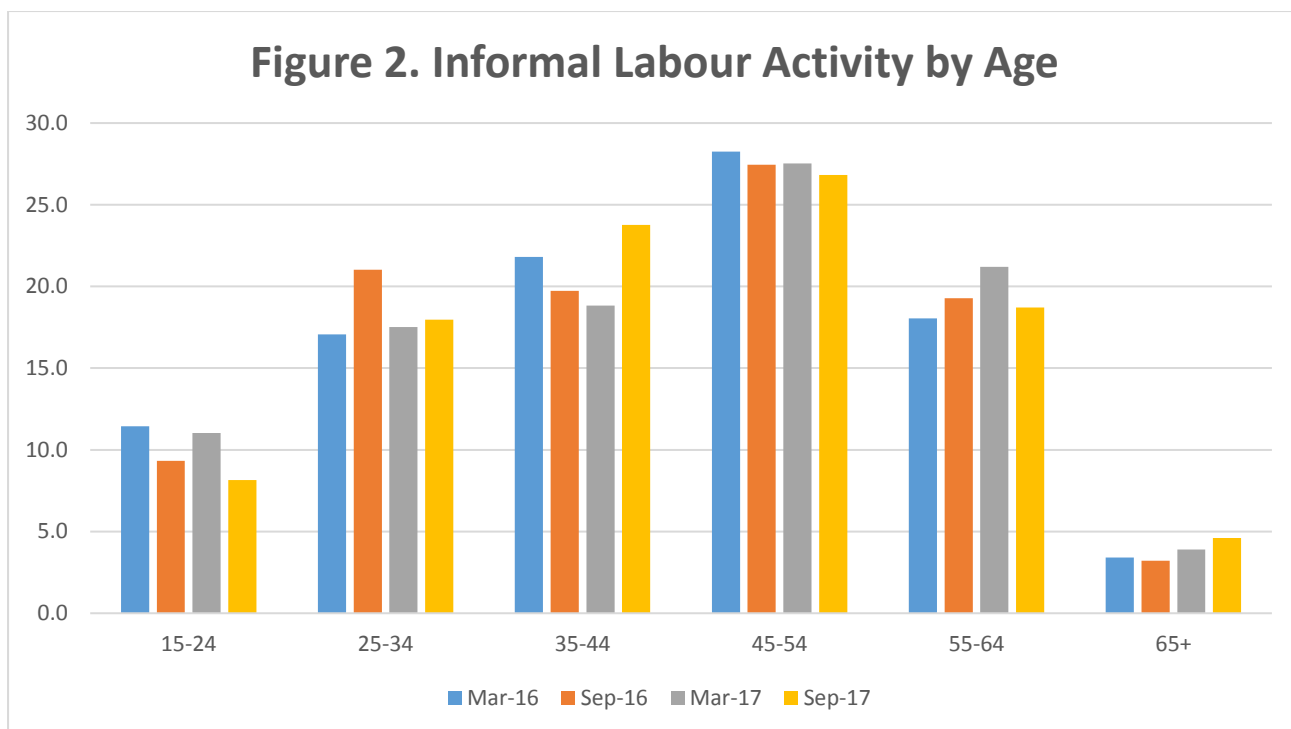


Figure 2 Informal Labor Activity by Age

With upper secondary scholars having the biggest share, the past two years have shown an increase in informal labor activity from those with a tertiary education or higher. Those with a short cycle tertiary education constituted 10.8 percent of the informal labor market in March 2016 and that share increased to 15.2 percent in September 2017.

	Mar-16	Sep-16	Mar-17	Sep-17
Primary education	0.2	0.1	0.0	0.4
Lower secondary education	10.2	12.3	10.9	12.8
Upper secondary education	40.6	38.1	40.1	39.5
Post-secondary non-tertiary education	25.7	31.8	27.0	27.4
Short-cycle tertiary education	10.8	9.8	11.2	15.2
Bachelor or higher	2.0	1.6	2.4	3.7
Unknown or No education	10.0	5.9	8.2	0.2

Table 3 Highest Education Informal Labor Activity 2016-2017

Besides local laborers, the persons born in the Dominican Republic and Colombia are most active in the informal sector (Table 4). Bonaire and Jamaica have seen some growth in the last two years.

Table 4. Country of Birth Informal Labor Activity 2016-2017 (in %)				
	Mar-16	Sep-16	Mar-17	Sep-17
Curaçao	67.9	66.6	68.5	69.3
Aruba	1.7	0.6	0.3	0.4
Bonaire	0.4	0.6	0.3	1.5
Colombia	5.2	6.9	4.7	6.6
Dominican Republic	7.0	6.7	6.6	6.7
Haiti	4.1	6.1	4.4	3.3
Jamaica	-	2.6	2.6	2.4
Netherlands	2.5	3.4	4.1	3.3
Other	11.4	6.5	8.6	6.5

Table 4 Country of Birth Informal Labor Activity 2016-2017

Table 5 shows that the income of those active in the informal sector is between 1,000 and 1,500 Antillean Guilders net per month. This share has decreased from 26.3 percent in March 2016 to 22.7 percent in September 2017.

From March 2016, the share of those earning more than 3000 Antillean Guilders per month has increased from 10.1 percent to 16.3 percent. We also see an increase in those earning between 2,500 and 3,000 guilders

Table 5. Income Informal Labor Activities 2016-2017 (in %)				
	Mar-16	Sep-16	Mar-17	Sep-17
No income	5.6	4.1	4.6	4.9
1-500	7.3	6.1	6.7	5.7
501-1,000	16.5	15.6	16.2	13.6
1,000-1,500	26.3	28.2	26.4	22.7
1,501-2,000	13.3	12.9	15.9	14.4
2,001-2,500	7.2	10.5	5.1	6.7
2,501-3,000	5.2	5.0	4.9	8.1
3,000+	10.1	14.2	11.9	16.3
Refused	8.5	3.4	8.5	7.7
Average Income	ANG 1,858.40	ANG 2,158.14	ANG 1,830.50	ANG 2,111.39

Table 5 Income Informal Labor Activities 2016-2017

These earnings come mostly from wholesale and retail trade which also includes the repair of motor vehicles and motorcycles (Table 6).

The biggest movers were in the construction industry who decreased by 2.3 percentage points with a counter increase of 1.5 percentage points in the manufacturing industry. The manufacturing industry includes activities that are related to the transformation of products into a different finished or semi-finished product. This material can be from agriculture or fishing.

Table 6. Industry Informal Labor Activities 2016-2017				
	Mar-16	Sep-16	Mar-17	Sep-17
Agriculture, forestry, fishing, mining and quarrying	0.3	0.7	1.5	0.7
Manufacturing	4.9	3.3	4.1	6.4
Electricity, gas, steam and air-conditioning supply	0.3	0.8	0.2	1.1
Water supply; sewerage, waste management and remediation activities	1.0	1.3	0.8	0.6
Construction	11.1	11.1	10.1	8.8
Wholesale and retail trade; repair of motor vehicles and motorcycles	15.3	16.8	15.9	15.2
Transportation and storage	5.2	4.3	4.9	5.2
Accommodation and food service activities	12.1	14.4	10.3	12.6
Information and communication	1.9	1.5	2.3	2.2
Financial and insurance activities	3.1	2.6	2.8	3.7
Real estate activities	0.4	1.2	0.9	0.8
Professional, scientific and technical activities	2.5	3.1	3.2	2.8
Administrative and support service activities	8.6	6.2	9.2	7.3
Public administration and defence; compulsory social security	3.4	4.1	3.1	6.1
Education	1.5	1.2	2.3	2.5
Human health and social work activities	5.8	7.9	5.4	6.9
Arts, entertainment and recreation	3.2	2.6	4.0	3.6
Other service activities	4.1	2.6	3.9	2.9
Activities of households as employers	7.7	9.2	9.7	8.1
Activities of extraterritorial organizations and bodies	0.0	0.3	0.7	0.5
Unknown / Refused	7.7	4.7	4.8	1.9
	100.0	100.0	100.0	100.0

Table 6 Industry Informal Labor Activities 2016-2017

Table 7 portrays the occupations of the participants to the informal labor sector. Elementary occupations are the highest contributors. However, the biggest increase in the last two years came from clerical support workers and the professionals with the biggest decrease in the elementary occupations followed by the craft and related trade workers (Figure 3).

Table 7. Occupations Informal Labor Activities 2016-2017				
	Mar-16	Sep-16	Mar-17	Sep-17
Armed Forces Occupations	-	-	-	-
Managers	3.6	3.7	4.5	5.5
Professionals	4.4	5.4	5.5	7.2
Technicians and Associate Professionals	9.0	9.6	10.4	10.9
Clerical Support Workers	5.7	7.7	7.1	9.0
Services and Sales Workers	16.5	16.6	14.2	16.3
Skilled Agricultural, Forestry and Fishery Workers	0.0	0.4	0.4	0.5
Craft and Related Trades Workers	13.5	9.9	11.8	10.3
Plant and Machine Operators and Assemblers	4.2	4.8	2.6	4.5
Elementary Occupations	42.0	41.4	42.8	34.5
Unknown / Refused	1.0	0.5	0.8	1.3

Table 7 Occupations Informal Labor Activities 2016-2017

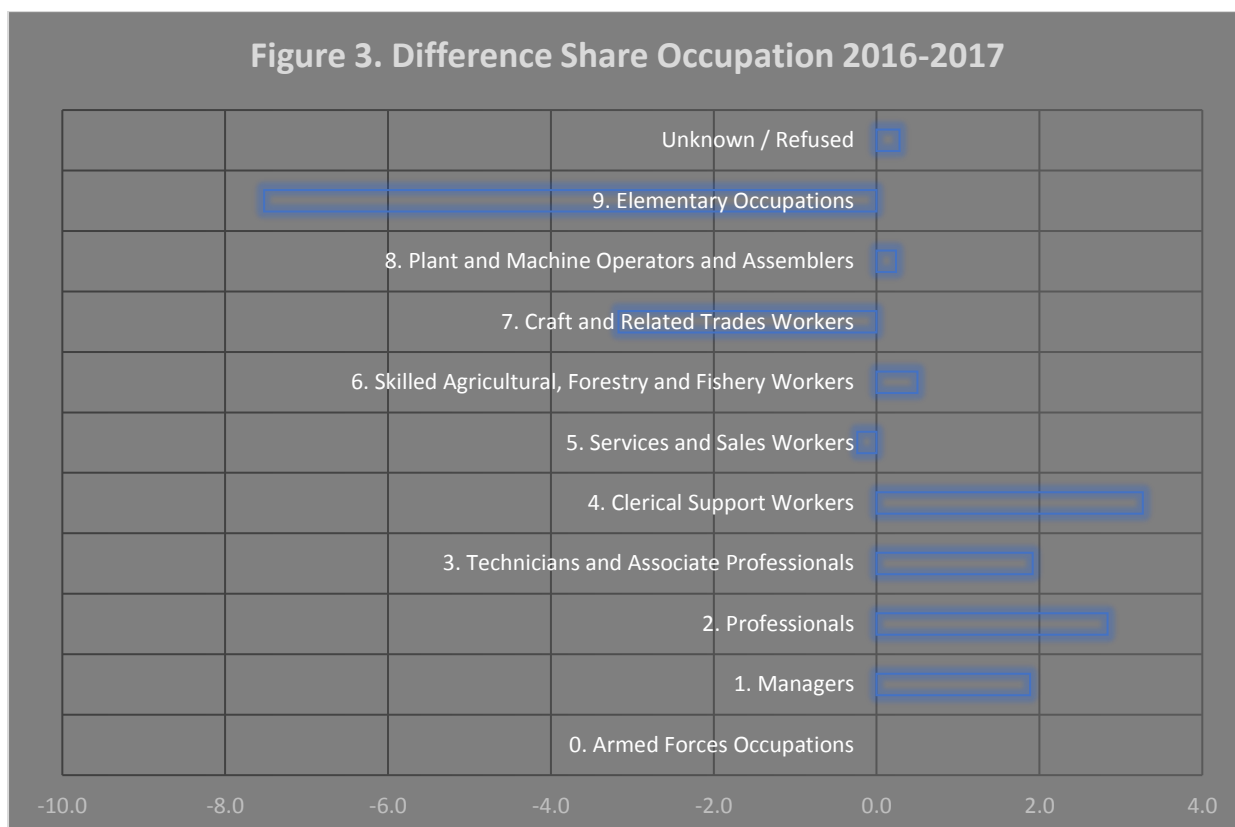


Figure 3 Difference Share Occupation 2016-2017

Clerical support workers are administrative support workers employed as secretaries, data entry clerks, or data filing. Professionals are those with a higher educational background, which is in line with what we saw before in Table 3.

The Elementary occupation classification group includes domestic workers. Craft and trade related workers are workers who make and sell arts and crafts.

Underemployed Employees

Underemployed persons are those who are currently employed but are looking for more hours of work. Whilst these persons currently have a job, they are not completely satisfied and are looking for additional work hours.

During the last measurement periods, the underemployment rate increased from 12.9 percent to 17.1 percent. However, in September 2017 decreased to 10.5 percent (Figure 4).

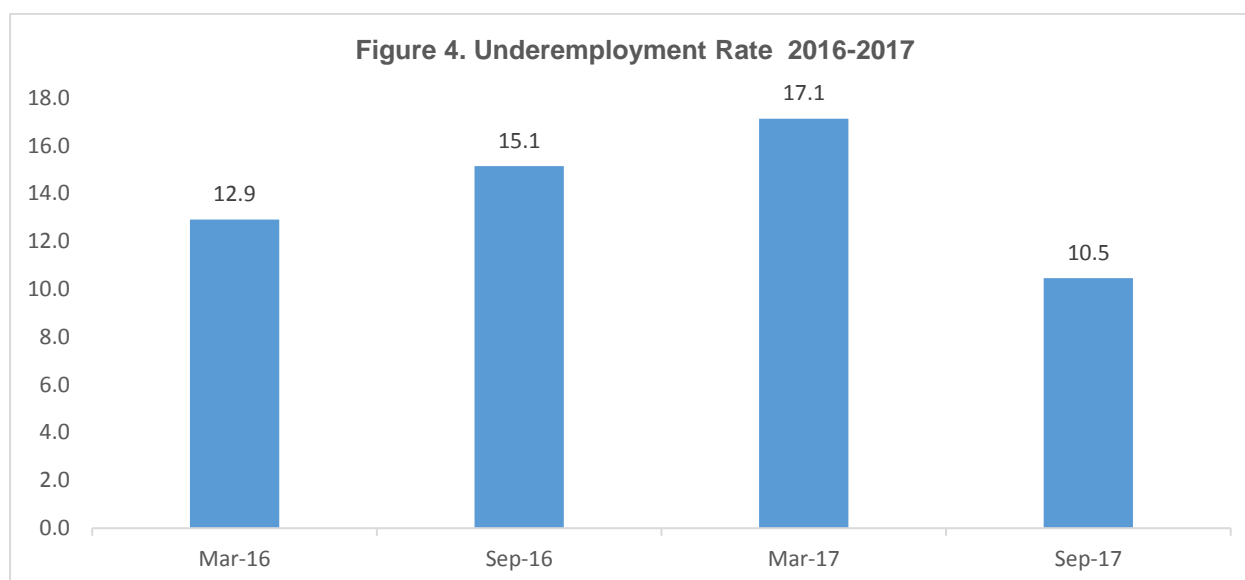


Figure 4 Underemployment Rate 2016-2017

Underemployment is a reflection of the “underutilization of the productive capacity of the employed population.” (“Underemployment statistics. <https://www.ilo.org/global/statistics-and-databases/statistics-overview-and-topics/underemployment/lang--en/index.htm>). Underutilization can present itself on many levels. A person can be underutilized by performing tasks under their level of education or only being used for a limited number of hours. Underutilization on the supply side can be seen as a lack of confidence in the economy or a reluctance to invest. In fact, the Business Cycle Survey conducted in December 2017, show that only 6 percent of companies indicate that their confidence in the economy has improved. (“Resultaten Conjunctuurenquête jaar 2017”, p. 4). It can also mean that there is a divide between supply and demand. This gap is due to a difference between education and the positions offered by the companies.

The Labor Force Survey shows that the main reason people are looking for more working hours is financial. This reason however, has decreased in the last two years (Table 8). The two reasons which increased in this period are lack of career opportunities and employment which is beneath the person’s educational level. These reasons are directly in line with underutilization of the productive capacity which is the definition of underemployment.

Table 8. Reasons for Looking for More Working Hours 2016-2017				
	Mar-16	Sep-16	Mar-17	Sep-17
Current job does not offer any career opportunities	4.7	8.6	8.7	8.4
Dangerous working conditions	0.5	1.8	1.9	1.1
Possible loss of present job	2.4	2.0	0.5	3.5
Present job is below my educational level	5.9	6.9	9.7	13.1
Want more income	74.4	73.4	69.0	61.2
Other	12.3	7.3	10.2	12.8

Table 8 Reasons for Looking for More Working Hours 2016-2017

Table 9 shows an overview of all industrial sectors. As we saw in the informal sector activities, manufacturing is also a rising industry in the underemployment as is the decrease in the wholesale and retail trade industry. The underemployment amongst the people working in the Accommodation and food service activities sector has increased over the last two years.

Table 9. Industry Underemployment 2016-2017				
	Mar-16	Sep-16	Mar-17	Sep-17
Agriculture, forestry, fishing, mining and quarrying	0.6	1.1	0.0	0.0
Manufacturing	2.2	1.5	3.2	6.9
Electricity, gas, steam and air-conditioning supply	0.0	0.0	0.0	0.0
Water supply; sewerage, waste management and remediation activities	0.6	0.5	0.0	1.1
Construction	10.0	17.6	9.6	12.2
Wholesale and retail trade; repair of motor vehicles and motorcycles	17.7	14.2	13.6	13.1
Transportation and storage	5.8	2.2	4.2	3.9
Accommodation and food service activities	9.3	14.8	11.8	12.5
Information and communication	1.8	2.1	4.1	2.3
Financial and insurance activities	1.2	1.8	2.0	2.1
Real estate activities	0.0	0.6	0.9	0.0
Professional, scientific and technical activities	3.0	1.7	2.6	2.1
Administrative and support service activities	11.0	7.2	8.3	12.2
Public administration and defence; compulsory social security	4.0	1.1	2.0	4.1
Education	2.4	2.0	2.0	3.3
Human health and social work activities	9.5	6.9	7.6	7.8
Arts, entertainment and recreation	2.9	3.7	7.5	6.4
Other service activities	3.0	4.9	4.3	1.0
Activities of households as employers	8.3	9.0	10.9	5.9
Activities of extraterritorial organizations and bodies	0.0	0.0	0.5	0.0
Refused / Unknown	6.9	7.1	5.0	3.1

Table 9 Industry Underemployment 2016-2017

The income of the underemployed persons falls in the category of 500 Antillean guilders to 1,500 Antillean guilders (Table 10). The average of underemployed population peaked in September 2016 at 2,142 Antillean guilders but decreased to 1,594 Antillean guilders last September.

Table 10. Income Categories Underemployment 2016-2017				
	Mar-16	Sep-16	Mar-17	Sep-17
0001-0500	14.9	9.8	7.4	11.5
0501-1000	19.5	23.5	23.0	19.2
1000-1500	18.2	16.7	20.5	21.2
1501-2000	11.8	12.4	14.4	14.1
2001-2500	7.7	10.6	5.3	8.2
2501-3000	6.3	3.9	5.8	4.0
3000+	7.1	13.1	9.5	9.4
Unknown / Refused	6.7	10.0	14.0	12.6
Average Income	ANG 1,576.14	ANG 2,142.19	ANG 1,673.87	ANG 1,594.89

Table 10 Income Categories Underemployment 2016-2017

The average income of underemployed persons is less than the average incomes of those involved in informal labor with a widening gap between the two.

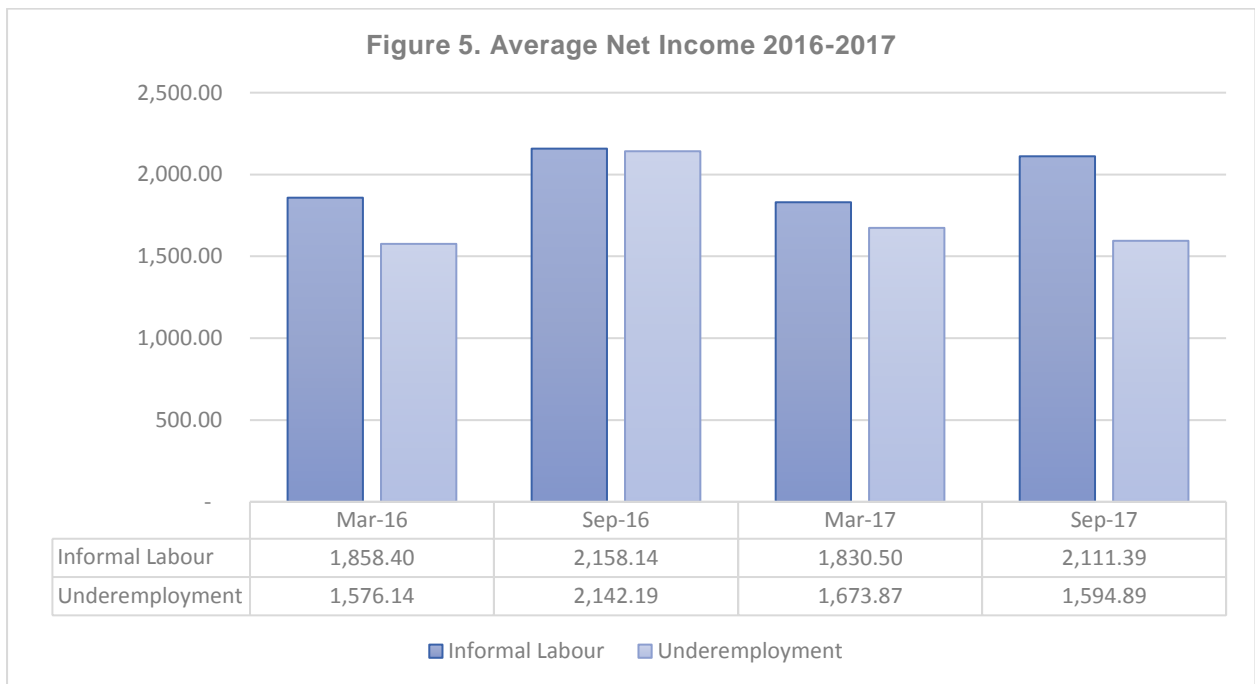


Figure 5 Average Net Income 2016-2017

Conclusion

The resilience of the population establishes itself in many forms. People can become disillusioned and stop looking for work or they can turn to informal work or multiple jobs. In 2017, the labour market on Curacao shows an increase in informal activities. These are manifested in employees with no benefits. The data also shows that while underemployment has been increasing over the last couple of years, in 2017, the rate nearly halved.

Both these phenomena are an indication of an unstable and dissatisfied economy. In such an environment, people will accept any employment under any circumstances which results in informal labour (employment without benefits) or underemployment (underutilized employment).

The risks that can result from here are further increase of informal labour and an increase of the inactive labour market which can result in a strain on the governmental coffers.

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