**PROBLEM IN GENERAL**

A nation’s progress depends on the economic growth and development of the nation as a whole and of each of its citizens. Economic growth is measured by the country’s Gross Domestic Product (GDP). And its economic development is linked to the quality of life of its citizens, measured using the Human Development Index (HDI).

Employment of the people results in increase in both, the economic growth and development of a country. Even a little increase in employment may raise the GDP of a nation, which has been seen before: *At the global level,*[*Kapsos (2005)*](http://www.oit.org/wcmsp5/groups/public/---ed_emp/---emp_elm/documents/publication/wcms_143163.pdf)*finds that for every 1-percentage point of additional GDP growth, total employment has grown between 0.3 and 0.38 percentage points during the three periods between 1991 and 2003.*

Employment also gives buying powers to individuals that uphold their standard of living, by improving educational and health care facilities, i.e., increasing the HDI of the country.

Hence, it is important to increase employment, or to eradicate unemployment in a country. There are several jobs available for different types of skills and competencies, in all economic sectors – industries, agricultural and informal sectors, enough for a country’s work force.

Still, the problem of unemployment persists. This is either because, people are not being able to utilize and enhance their skills properly to get a job, or the job to person matching procedure is not very efficient.

For this reason, over the years, Skill and Competency Management has developed as a significant part of Human Resource Development in every organization. This is done to specify all skills present in each person and to specify their competency in each of those skills. We can then categorize people according to their skill sets and competency levels and employ them in various jobs.

In doing so, it has been noticed that a major portion of the work force gets neglected because they may not have formal education and/or certification to validate their skills and competency. They may be self-employed (entrepreneurs and freelancers), and hence are not enlisted in any such Skill and Competency management programmes.

These particular individuals actually form an economic sector, known as the Unorganized Sector or Informal Sector.

*The informal sector covers a wide range of labour market activities that combine two groups of different nature. On the one hand, the informal sector is formed by the coping behaviour of individuals and families in economic environment where earning opportunities are scarce. On the other hand, the informal sector is a product of rational behaviour of entrepreneurs that desire to escape state regulations.*

*The ILO/ICFTU international symposium on the informal sector in 1999 proposed that the informal sector workforce can be categorized into three broad groups:*

*a) Owner-employers of micro enterprises, which employ a few paid workers, with or without apprentices.*

*(b) Own-account workers, who own and operate one-person business, who work alone or with the help of unpaid workers, generally family members and apprentices.*

*(c) Dependent workers, paid or unpaid, including wage workers in micro enterprises, unpaid family workers, apprentices, contract labour, home-workers and paid domestic workers.*

*The informal sector plays an important and controversial role:*

* *It provides jobs and reduces unemployment and underemployment, but in many cases the jobs are low-paid and the job security is poor.*
* *It bolsters entrepreneurial activity, but at the detriment of state regulations compliance, particularly regarding tax and labour regulations.*

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| **Informal Employment as Per Cent of** N**on-Agricultural Employment by Sex 2004-2010** |
| **South Asia**  83% women, 82% men |
| **Sub-Saharan Africa**  74% women, 61% men |
| **Latin America and the Caribbean**  54% women, 48% men |
| **Urban China**  36% women, 30% men |
| **East and Southeast Asia (excluding China)** 64% women, 65% men |
| **Middle East and North Africa** 35% women, 47% men |

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| **Informal Employment as Per Cent of Total Non-Agricultural Employment 2004-2010** |
| **South Asia: 82%**  range: 62% in Sri Lanka to 84% in India |
| **Sub-Saharan Africa: 66%** range: 33% in South Africa to 52% in Zimbabwe to 82% in Mali |
| **East and Southeast Asia: 65%**  range: 42% in Thailand to 73% in Indonesia |
| **Latin America: 51%** range: 40% in Uruguay to 75% in Bolivia |
| **Middle East and North Africa: 45%** range: 31% in Turkey to 57% in West Bank & Gaza |
| **Eastern Europe & Central Asia: 10%** range: 6% in Serbia to 16% in Moldova |

Some statistics on Informal Sector are as follows:

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| **Contributing Family Workers as Per Cent of Informal Employment by Sex 2004-2010** |
| **South Asia** 26% women, men 9% |
| **Sub-Saharan Africa** 15% women, 8% men |
| **East and Southeast Asia (excluding China**) 15% women, 5% men |
| **Latin America and the Caribbean** 9% women, 4% men |
| **Urban China** 8% women, 2% men |

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| **Informal Own Account Workers as Per Cent of Informal Employment by Sex 2004-2010** |
| **Sub-Saharan Africa** 60% women, 47% men |
| **Latin America and the Caribbean** 41% women, 43% men |
| **East and Southeast Asia (excluding China)** 38% women, 31% men |
| **South Asia** 32% women, 41% men |
| **Urban China** 27% women 32% men |
| **Eastern Europe and Central Asia** 20% women, 41% men |

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| **Informal Wage Employment and Informal Self-Employment as Per Cent of Non-Agricultural Informal Employment** **2004-2010** |
| **Latin America and the Caribbean** 48% wage employment, 52% self-employment |
| **South Asia** 47% wage employment, 53% self-employment |
| **East and Southeast Asia (excluding China)** 49%, wage employment, 51% self-employment |
| **Urban China** 47% wage employment, 51% self-employment |
| **Eastern Europe and Central Asia** 59% wage employment, 41% self-employment |
| **Sub-Saharan Africa** 33% wage employment, 67% self-employment |

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| **Informal Self-Employment as Per Cent of Non-Agricultural Informal Employment by Sex 2004-2010** |
| **Sub-Saharan Africa** 76% women, 58% men |
| **East and Southeast Asia (excluding China)** 61% women, 44% men |
| **South Asia** 58% women, 51% men |
| **Latin America and the Caribbean** 51% women, 52%, men |
| **Urban China** 48% women, 53% men |
| **Eastern Europe and Central Asia** 28% women, 48% men |

From the given statistics, it is clear that a major population of the country is employed in the Unorganized Sector. It is also known, that the goods and services produced by this sector are not added to the GDP of the country.

If we organize the informal sector by managing all skills and skill workers available as well as required in a country, and include their incomes in the GDP of the country, the GDP will grow. Unemployment will decrease if we undergo the job-matching process, thereby, increasing income of workers. Hence this will improve the HDI too, leading to a complete growth in the economy.

And that is why, this sector needs to be focussed, for improving employment opportunities by developing Skill Management techniques to enlist the wide range of skills available in this sector and provide Skill Profiles to the workers of the unorganized sector.