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A Rights-based Approach to Formalization:

Transformative Change through Collective Bargaining

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Abstract

The persistence of widespread informality indicates that it is a structural feature of every economy, particularly in developing countries. Informal work is strongly associated with decent work deficits, both reflecting and reinforcing poverty and inequality. Recognizing this, in 2002 the International Labour Conference affirmed that workers in the informal economy, including own-account workers, are entitled to the four pillars of decent work. However, as the focus has shifted towards "formalizing" the informal economy, the rights-based approach of the decent work agenda has been subsumed by, and largely lost within, economic development approaches – as reflected in ILO Recommendation 204. The result is policy incoherence and a rhetorical commitment to worker voice that has not translated into prioritizing the right to collective bargaining for own-account workers as a pathway to formalization.

To uncover these contradictions, this paper develops a typology of the economic approaches dominant in formalization debates: market-based, institutionally focused, and developmentally oriented. Interrogating their assumptions and blind spots reveals that, with varying degrees, all three see informality as a residual problem that can be subsumed into the formal economy, underplay questions of power and politics, and treat workers as objects of development policy, rather than as political subjects.

The paper advances a rights-based approach to formalization, grounded in a political economy understanding of the law. This approach highlights how states' failure to reconstruct their labour laws to extend collective bargaining rights to all workers mediates political and economic relationships in ways that contribute to the persistence of informality. To advance thinking on the legislative innovation needed to change this, it puts forward two proposals for how labour law might be reformed, drawing on lessons from initiatives by organizations of informal own-account workers that have engaged in collective negotiations to improve working conditions.

1. Introduction

In many developing economies – especially across Africa, which accounts for roughly 17 per cent of the world's population – over 80 per cent of the workforce works informally (ILO 2023; Kanyenze 2020). Globally, almost one billion (940 million) people are own-account or self-employed workers (who do not have an employer and do not employ anyone); they have created their own jobs in conditions of structural unemployment. Informal work is closely associated with poverty and inequality (Kanyenze 2020). This is because work in the informal economy is strongly associated with decent-work deficits. Poor working conditions, unstable earnings, and a lack of job security leave workers in the informal economy – many of whom are already socially marginalized – vulnerable to income shocks and without social protection.

The tripartite International Labour Conference (ILC) recognized this in 2002 in its *Resolution concerning decent work and the informal economy*, which established the right of workers in the informal economy, including own-account workers, to the four pillars of decent work: the opportunity to work; rights at work (in particular, the right to freedom of association and collective bargaining); social protection; and social dialogue.[1] But when the ILC's standard-setting process began in 2014, the discourse shifted in some quarters of the ILO from achieving decent work for own-account workers through labour rights to "formalizing" the informal economy. This laid the groundwork for incorporating economic development approaches into ILO reports and instruments.

As Kerry Rittich notes,

> *[W]hat it means to formalize work is a highly contested matter, a result of divergent narratives about informality's relation to law and regulation as well as contending priorities when it comes to the values and interests (efficiency and productivity versus worker protection and voice, for example) to be advanced through law and policy reform. This places informal workers at the centre of deep ideological conflict concerning the character and direction of the global economic order itself (2025:588).*

[1] See ILO "Resolution and conclusions concerning decent work and the informal economy" (2002) *International Labour Conference, 90th Session*. Available at: https://www.ilo.org/resource/resolution-and-conclusions-concerning-decent-work-and-informal-economy

These competing narratives – formalization to advance economic development versus formalization to realize workers' rights (the decent-work perspective) – have different outcomes for workers, for democracy, and for the structure of the economy. The former tends to view own-account workers as micro-entrepreneurs and prioritizes improving their productivity. By contrast, the latter recognizes that the vast majority of own-account workers are not entrepreneurs. It focuses on workers and their economic activity and understands formalization as extending protections and entitlements to guarantee workers' right to work and their rights at work.

The failure to resolve this tension between a formalization agenda oriented towards economic development and a rights-based decent work agenda is evident in ILO Recommendation No. 204 *Concerning the Transition from the Informal to the Formal Economy* (R204), adopted by the 104th ILC in 2015. For example, R204 enjoins member states to introduce an "appropriate regulatory framework", reflective of a development approach focused on the rule of law and good governance, as well as create an "enabling environment" for realizing the right to organize, bargain collectively and participate in social dialogue, reflecting the decent work agenda.

Both social dialogue and collective bargaining are critical for formalization. Social dialogue is a "governance paradigm" (ILO 2013:2) that occurs at the global, national and even city levels. Providing a "springboard for social and political engagement" (ILO 2022:132), it takes different forms, including collective bargaining and "other forms of negotiation, cooperation and dispute prevention and resolution" (ILO 2013:5). Social dialogue gives institutional form to participatory democracy.

Collective bargaining is different to other forms of social dialogue. The right to bargain collectively is an *enabling* right because it facilitates the realization of a range of labour and socioeconomic rights (including dignity, occupational health and safety, increased wages, and social protection). Specifically, it enables workers to bargain as a group, conclude an enforceable agreement, and rely on pressure tactics (typically the right to strike) to compel employers to compromise and reach agreement.

Inherent in the right to collective bargaining is the recognition that bargaining is a political act – it involves redistribution – and an agreement that reflects the respective bargaining power of the parties. The role of collective bargaining law is to establish a framework for negotiations. The framework includes rights for workers to organize and build their power as a collective. Although the purpose of such a framework is to establish stable industrial relations, the framework facilitates unions building organizational strength; and strong trade unions are critical to functioning democracies (Andreas 2024).

More than a decade later, there has been little progress on either front. In June 2025, the 113th session of the ILC that focused on "innovative approaches to addressing informality and promoting the transition to formality for decent work" affirmed the continued importance of R204:

> *The Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204), remains the global reference for addressing informality and promoting the transition to formality. It provides comprehensive policy guidelines for addressing the root causes of informality, recognizes the diversity of the informal economy across and within countries and calls for integrated approaches tailored to national circumstances and based on social dialogue (ILO 2025b).*

Yet, the 113th ILC's Resolution IV fails to build on R204 in identifying how collective bargaining rights could be realized for own-account workers. Nor does it define what constitutes an "enabling environment" for own-account workers to realize this right.

At face value, resistance by member states to extend collective bargaining rights to own-account workers may be explained by the fact that it is not straightforward. Traditionally, labour law regulates the relationship between employers and employees, and the state mediates the relationship between capital and labour. Own-account workers not only lack an employer, but their relationships with capital are more complex and diffuse. While it is often the municipal arm of the state that exercises the most power over the working conditions of own-account workers, these workers are embedded in broader commercial value chains characterized by multiple layers of economic dependency and uneven bargaining power.

For example, in many cities in developing countries, local governments are pursuing urban renewal programmes (often funded by the World Bank) to transform their cities into "World Class Cities". The working poor face mass evictions from their workplaces as developers compete for access to land to build malls and office blocks.

At the same time, vendors are an important distribution channel for commodities sold by multinational enterprises, and their organizations sometimes receive financial support from these enterprises. Access to waste is also typically mediated by the local authority. As recyclables become a valuable commodity, waste pickers compete with corporations for access to waste, while also selling recyclables to corporations in the waste value chain.

Extending labour law to own-account workers therefore calls for a recalibration of how the relationships among workers, capital and the state are conceived. Although labour law scholars have made normative and conceptual arguments for incorporating own-account workers into labour law, the question of how to do so needs further elaboration.

More fundamentally, the question of what constitutes appropriate legislation is a political, rather than a technocratic question. Both R204 and Resolution IV include contradictory approaches to formalization, reflecting competing development theories whose underlying ideological and normative assumptions remain underexplored. Like all ILC instruments, these texts were the result of compromise. Workers in informal employment – including street vendors and waste pickers – participated in the Worker Group of the ILC and fought for rights to freedom of association and collective bargaining. Yet this "compromise without consensus" has not been matched by political will at the national level to forge a clear pathway.[2] Partly, this is because collective bargaining and broader participation in tripartite structures have redistributive implications that many member states are reluctant to accept.

Resolving these issues is critical. Despite periods of strong economic growth in the developing world, including parts of Africa, informality has remained "stubbornly persistent" (Islam 2020:73). As the *World Development Report* observes, "informality has remained remarkably stable notwithstanding economic growth" (Islam 2020:73). This means that even as economies expand, most workers continue to face poor working conditions, unstable earnings and a lack of job security – deepening patterns of inequality and social exclusion.

As a starting point for dialogue among stakeholders, we develop a typology of approaches reflected in policy debates about formalizing the informal economy: market-centric, institutionally focused, and developmentally oriented. We situate each within a development theory, discuss its explanation for why informality persists and its primary policy levers for formalizing the informal economy. We show how these arguments appear in key policy reports and identify their assumptions and blind spots. We argue that all three are based on the fallacious assumption that with the right mix of policies, the informal economy will be subsumed in the formal economy; they fail to theorize how power and politics shape the "rules of the game"; and they treat workers as objects of development policy as opposed to political subjects.

We argue that a rights-based approach to formalization – grounded in a political economy understanding of the law – highlights how states' failure to reconstruct their labour laws to extend collective bargaining rights to all workers mediates political and economic relationships in such a way that contributes to the persistence of informality and their political and economic exclusion. To advance thinking on the needed legislative innovation, we demonstrate how labour law might be reformed, distilling lessons from initiatives by organizations of informal own-account workers that have engaged in collective negotiations to improve their working conditions.

The paper is structured as follows. Part 2 outlines the decent-work deficits that workers in the informal economy experience because of where and how they work. It foregrounds the workplace of a significant percentage of workers in the informal economy – public space – and focuses on the challenges they face in realizing their right to collective bargaining. Part 3 introduces our typology of approaches to formalization. Part 4 articulates our political-economy rights-based approach to formalization. Part 5 offers two pathways for collective labour laws to realize own-account workers' right to collective bargaining.

2 We borrow this phrase from Jeremy Sarking and Mark Koenig (2011:24-25) who, writing on the right to work, note that efforts to reach consensus have not strengthened the development of that right, but, rather, have obfuscated the lack of agreement about it.

2. Own-Account Workers and Public Space as a Workplace

It is well known that around 60 per cent of the global workforce works informally (ILO 2023). These workers work in many different sectors, including manufacturing, retail, waste management, construction, care and transport. Our focus is on own-account workers. They represent the largest share of workers in the informal economy (47%), followed by wage workers or employees (in both formal and informal enterprises) (35%) and contributing family workers (16%). Employers are fewer than 3 per cent (ILO 2023).

The vast majority of own-account workers engage in economic activities to meet their household's basic needs – a coping strategy in job-poor economies or in response to economic shocks. Their day-to-day earnings depend entirely on their ability to work. Illness, care responsibilities, loss of access to their workplace or the confiscation, theft or destruction of their productive assets (e.g. merchandise and equipment) are constant risks – all of which translate into lost earnings. Formalization efforts for these workers need to account for this reality.

Many own-account workers earn their livelihoods in public space – streets, pavements, informal markets and transport nodes – because that is where their customers are. We focus on street vendors (itinerant hawkers and those trading from stalls or tables outside markets) for three reasons: First, they are the most visible and ubiquitous occupational group in both developed and developing economies. Globally, about 18 per cent of urban workers in the informal economy are street vendors (Roever 2014). In Sub-Saharan Africa, it increases to roughly 43 per cent (Roever and Skinner 2016). Women constitute a significant share: just over half – 51 per cent – of women working informally in Sub-Saharan Africa are vendors (Roever and Skinner 2016). Second, they particularly challenge labour law, which assumes an employment relationship between the worker and the entity that exercises the most power over the worker's terms and conditions of work (Von Broembsen 2025). Although many workers, such as homeworkers, casual and temporary workers, and workers employed through a brokerage, are classified as independent contractors (because their contracts do not meet the criteria of an employment contract), the legal relationship with the entity that controls their working conditions is contractual. Consequently, labour laws in many countries have expanded the definition of employee to include these commercial contracts. But for vendors, the entity that exercises the most power over their working conditions is the municipal arm of the state, and the relationship between vendors and the state is not contractual. In an earlier paper, one of us (Von Broembsen 2025) has argued that the relationship between vendors (and other own-account workers) and the state is a human-rights relationship and has shown that labour law can be expanded to cover such a rights-based relationship. We build on her arguments in Part 5. Third, vendors illustrate the argument that while own-account workers are also enterprises, they should not be typecast as entrepreneurs: vendors selling fruit on the roadside are unlikely to become greengrocers.

Vendors make significant socioeconomic contributions to their cities. They provide affordable goods and essential food supplies for low-income households. This role was underscored during the COVID-19 pandemic, when governments in 18 African countries, 12 Latin American countries and two Asian countries classified informal food vendors as essential services (Bamu and Marchiori 2020; Marchiori and Prandini Assis 2021; Bamu and Dinesh 2021). Informal markets also support municipal revenues: in cities such as Bangkok, Mumbai and Accra, they attract tourist spending, and vendors contribute directly to city coffers through daily and monthly levies – revenues that form an important share of the urban fiscus in many low-income countries (Rogan 2023).

Public space is regulated by the local government, which decides who may use it and for what purpose. Even in cities with high unemployment, authorities frequently fail to designate sufficient space for trading. As a result, many vendors work without permits and are exposed to informal, often exploitative, systems of control – paying unofficial "fees" to avoid eviction, fines or arrest (Brown 2015; Marchiori and Bamu 2025). Public space is further governed by a dense matrix of nuisance, health, traffic and other regulations – often a colonial legacy – the policy goals of which are often contradictory. Vendors' economic activities are subject to these regulations, as well as those governing the sale of foodstuffs. Similarly, waste pickers' economic activities are regulated by waste management and other laws and regulations; home-based workers by zoning laws and sector-based laws. Patterns of enforcement and corruption by public officials have significant consequences for informal workers (Carré et al. 2020).

Taken together, these factors make secure access to public space difficult. Vendors remain at the mercy of authorities who can evict them for the next urban "modernization" project. Their precarity forces daily adaptation of workplaces using makeshift set-ups in crowded locations, with little or no infrastructure – no running water, sanitation, storage or shelter –exposed to traffic, pollution and increasingly unpredictable weather, especially heat, fires and flooding brought on by climate change (Valdivia et al. 2025).

Individually, workers are unable to influence how local authorities exercise their authority to determine who can access public space, for which purposes and under what conditions. The use of public space is contested by different interest groups, and workers need to be able to voice and negotiate for their interests as a collective. In sum, like workers in an employment relationship, they need to be able to bargain collectively with parties that determine their working conditions.

3. A Typology of Approaches to Formalization

The most cited definition of the informal economy "across disciplinary and ideological divides" is "income-generating activities outside the regulatory framework of the state" (Meagher and Lindell 2013:16). Thus, regulation – state laws – determine whether a worker or economic activity is classified as formal or informal. The ILO also defines the informal economy with reference to law, as "all productive activities (excluding illegal activities) of persons or economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements".

Part 2 showed that vendors and other workers are not operating outside the regulatory framework of the state; public space is highly regulated. These laws, however, are punitive. They protect the interests of those with greater economic and political leverage. When workers lack secure tenure, authorities can arbitrarily evict them or confiscate their goods. The chronic uncertainty that this creates makes even modest investments – such as shade structures, lighting or storage – risky. As a result, workers' productive potential is systematically suppressed.

The question is: what kind of legislation is needed to change this? We argue that what is needed is legislation that enables own-account workers to exercise collective representative voice, both within their workplaces and at the national level. These collective rights are extended to other workers through labour laws. Admittedly, extending collective labour rights to own-account workers is conceptually challenging because collective labour law presupposes an employment relationship, yet these workers do not have an employer. Legal innovation is called for, but it has been stifled in part because different policy positions, with different ideological assumptions, are conflated in the formalization discourse.

To address this challenge, we have identified three approaches to formalization in the policy literature, which we call market-centric, institutionally focused and developmentally oriented. Each is grounded in a theory of development, with different values and ideological assumptions underlying their respective visions of what constitutes an enabling environment for own-account workers. These assumptions shape the discourse on informality, in particular key actors' explanations of the drivers of informality for own-account workers; how they view risk in the labour market and assign responsibility for managing it; and the formalization interventions they champion. The suffixes "centric, focused, and oriented" signal that this typology is intended as a heuristic tool: its purpose is to foreground the competing rationales that animate the formalization discourse and to facilitate a constructive debate among stakeholders with competing visions of formalization.

3.1. Market-centric

According to this approach, perfectly competitive markets allocate resources and distribute risk (among individuals and firms) more efficiently than direct state intervention; the state's role is enabling: to enforce property rights and contracts, maintain macroeconomic stability, and streamline regulation (Kennedy 2015).

Until the 1980s, it was assumed that industrialization in developing countries would lead to economic growth and job creation and own-account workers would be absorbed by the formal economy as wage labour. This is known as the modernization theory of development (Lewis 1954).[3] By the 1990s, it was evident that

[3] Modernization theory dominated development economics from the 1940s until the 1970s. The term "modernization" reflects its premise, namely that 'underdeveloped' countries needed to "modernize" and emulate the scientific advancement and industrial progress of North America, the United Kingdom and Europe.

few developing countries had industrialized, and in the absence of that structural change, the expected absorption of own-account workers into formal wage employment would not occur.

Development orthodoxy now recast own-account workers as dynamic micro-entrepreneurs. Spurred on by Peruvian economist Hernando de Soto's influential work, the World Bank's position was that these micro-entrepreneurs choose to remain informal because of the high "costs of formality". The Bank – the most influential international development agency – argued (and still does) that permits, taxes, labour laws and compliance procedures are barriers to formalization and incentivize these micro-firms to operate informally, outside the law.

This "diagnosis" of the drivers of informality translated into a two-fold policy response: first, to make markets work more competitively, states should simplify registration, title property, improve access to credit and deregulate. Second, governments should adopt an enabling role, supporting micro-enterprises to enhance their productivity through Business Development Services, including business and skills training, advisory support, market linkages and access to microfinance. The expectation was that with this support, informal firms would become more productive, increase their turnover and create jobs. In short, they would "graduate" into the formal economy.

The persistent argument among contemporary market-centric proponents is still that individuals and enterprises choose informality, either because they seek to avoid paying taxes, or because of the transaction costs of regulatory compliance (Islam 2020; ILO 2025a). This is the position of the Employer Group in the ILO. It is also reflected in the World Bank's 2022 report, *The Long Shadow of Informality: Challenges and Policy*, which argues that "participants" in the informal economy choose to be informal because they want to "avoid paying tax and social security contributions" or avoid the bureaucracy of complying with regulations.[4] The ILO, in its report that formed the basis for negotiations at the ILC's 113th Session, argues that "for most people, working in the informal economy is not a choice" (2025a:5). But the idea that informality can be attributed to market distortions remains present. For the ILO, informal economic units "operate in a low productivity trap", lacking the resources "to be economically viable, bear the costs of formalization, compete in formal markets and create formal, productive employment" (2025a:17). Specifically, they lack access to essential resources such as land, credit, technology and market opportunities, which inhibits their capacity to invest, scale up operations and move out of informality.

Flowing from this "diagnosis", market-centric policy prescriptions focus on making it easier to enter the formal economy and making economic units in the informal economy more productive and competitive. According to the Employer Group, a transition from the informal to the formal economy requires member states to simplify regulations; to provide supply-side support for enterprises to grow (reminiscent of Business Development Services); and to provide legal incentives for enterprises to register for inclusion into the economy as enterprises that will pay tax. The logic behind this position is that inclusion will improve the productivity of informal enterprises and reduce competition between formal and informal enterprises, which will create jobs and contribute to economic growth (Islam 2020). Recommendations in the Resolution of the 113th ILC also reflect this logic, such as scaling up business development services; streamlining registration and compliance mechanisms; and offering fiscal and other incentives.

South Africa's *National Strategy for the Development and Promotion of Small Business* is illustrative of this approach. When published by the newly elected democratic government, it was widely regarded as reflecting global best practice at the time. Its premise was that formal and informal businesses form part of the same continuum, which was visualized as a ladder. According to the strategy, the government's role was facilitator rather than implementor. At a programmatic level, this approach to informal micro-enterprises (own-account workers) was premised on the belief that providing micro-enterprises with business services (such as micro-credit, skills and business training, and access to markets) would improve their productivity and result in their climbing the entrepreneurial ladder. In other words, they would formalize (Von Broembsen 2010).

Critics of this approach argued that there was no evidence to support the claim that livelihood activities would grow into job-creating businesses simply by providing the "right inputs" or correcting market failures (Von Broembsen

[4] The United Nations Economist Network (2024) likewise highlights that "many turn to informality due to limited formal jobs" and that "the challenges of formalization, including high taxes and strict regulations, act as deterrents".

2010). They contended that this market-centric perspective places emphasis on the individual while overlooking the structural barriers – such as limited access to education – that constrain decent work in the informal economy. As Philip (2010) notes, it shifts the burden onto the poor to "self-employ themselves out of poverty", rather than addressing the underlying structural causes of their marginalization.

3.2. Institutionally focused

The theoretical foundation of institutionally focused development is New Institutional Economics (NIE), which gained prominence in the late 1990s in response to "cracks in the edifice of the neoliberal development consensus" (Payne and Phillips 2010:146). Economist and Nobel laureate Douglas North, a central figure in NIE, defines institutions as "the rules of the game in a society," encompassing both formal rules (such as laws and constitutions) and informal constraints (such as norms and conventions). These institutions shape the incentives and behaviours of individuals and organizations; when the rules are inefficient, they can impede economic development (North 1990).

These insights led to "a new era of development" in which institutions, including law, took centre stage. Legal scholar Chantal Thomas explains it like this:

> *North's neoclassical theory of the state, in which appropriate laws and institutions supported the market ideal of efficient transactions among private actors, provided the conceptual basis for a new era of development programming in which principles of "good governance"—in particular, the establishment of the "rule of law" and the implementation of property rights—became key focal points of policy reform efforts (2010:968).*

Development policy remained "market-centric" but rather than attributing underdevelopment solely to the scarcity of capital or to lagging in technological development, NIE emphasizes how institutional inefficiencies – such as weak property rights, bureaucratic inertia and corruption in government institutions, and overburdensome laws and regulations – create risk and impede economic growth.

The explicit incorporation of legal institutions into the development paradigm naturally influenced the discourse on the informal sector. At this key moment, De Soto published *The Other Path: The Invisible Revolution in the Third World*, which depicted workers in the informal economy as entrepreneurs who had failed to formalize their businesses because the time and effort required to comply with legislation made it more cost effective to remain informal, while their lack of property rights meant they could not raise the necessary capital to invest in their businesses.

This perspective features strongly in the ILO's edited collection from 2020 on *Transition to formality and structural transformation: challenges and policy options*. In their contribution, Frédéric Lapeyre and Colin Williams argue that the "rules of the game" of the economy are determined by formal institutions like laws and regulations, as well as informal institutions, which they define as "unwritten, socially shared rules about what is acceptable so far as citizens, workers and entrepreneurs are concerned" (2020:33). They argue that formal economic activity adheres to the formal institutional prescriptions set out in the laws and regulations, while informal economic activity "occurs outside of formal institutional prescriptions but adheres to the norms, values and beliefs of informal institutions" (2020:33). The authors explain the prevalence of informal employment as a result of:

- formal institutional inefficiencies or resource misallocations by formal institutions
- formal institutional voids and weaknesses
- formal institutional powerlessness (inability by the state to enforce the law)
- formal institutional instability and uncertainty (laws change continually)

The social contract approach of the Organisation for Economic Co-operation and Development (OECD) to informality is also illustrative. It identifies weaknesses in the procedural and substantive dimensions of the social contract, or misalignment between them, as a key driver of informality. Lack of trust in public institutions, corruption of public authorities, and social acceptance of informality are all highlighted as examples of this (2023). The World Bank, too, brings in an institutionalist perspective when it argues that "wide-spread informality" is responsible for "poorer governance and greater lags in achieving every dimension of the SDGs" (2022:8). The Bank's logic is that because the informal economy is not paying taxes, governments have less revenue to spend on public services, infrastructure, health and education (which can be seen as the substantive dimension of the OECD's social contract framework). This perspective is also present in the ILO's (2025a) report for the 113th session of the

ILC. The report argues that the informal economy is a "structural barrier" to social justice and decent work because it does not pay taxes and therefore the state does not have the revenue necessary to meet the SDGs.

Because this approach views informal economic activity as a rational response to institutional gaps, the solution, as Lapeyre and Williams articulate it, is to address the underlying institutional weaknesses that make informality the most viable option for workers. They propose a combination of direct tools, which increase the costs of informality (e.g. by making penalties for non-compliance more severe) and the benefits of formality, and indirect tools that change both formal and informal institutions to reduce the asymmetry between them. Likewise, one of the prerequisites for formalization that the ILO puts forward in its report is "good governance", supported by an "adequate" regulatory framework, along with political will. This includes adopting "institutional reforms, to enhance coherence" and establishing mechanisms for working together (2025a:25).

The key shift in institutionally focused approaches is that informality is no longer defined purely in economic terms; it is seen as a rational response to gaps and inefficiencies in formal rules, including legal frameworks. Formalization, therefore, means reforming these rules to bring economic activity within their scope. The question the institutionally focused approach leaves unanswered is which body of law needs to change? Emphasizing the importance of "better institutions" or "stronger governance" doesn't tell us what concrete legislative or other reforms are required, their sequencing or the political processes through which they can realistically be achieved. This lack of specificity can make institutionally focused solutions difficult to operationalize.

3.3. Developmentally oriented

This approach has its roots in a body of thought considered to be "the great rival paradigm" to modernization known, at various times, as structuralism, dependency theory, world systems theory (Payne and Phillips 2010:71) and, more recently, neo-statism. These theories centre the "developmental capacity of states and their strategic interventions in the economy" (Payne and Phillips 2010:108). Crucially, though, national development patterns are connected to how countries are inserted into the global economy.

The empirical work of Raul Prebisch and Hans Singer revealed that international trade benefits developed "centre" countries dominating manufacturing, at the expense of underdeveloped "periphery" countries primarily exporting raw materials. According to the Prebisch-Singer hypothesis, trade relations are structurally unequal and deepen global inequality over time because the economic, institutional and labour market structures are fundamentally different (Cypher 2014). In centre countries, manufacturing is controlled by oligopolistic corporations that enjoy significant control over setting prices when they export their manufactured goods. The social contract in these countries stipulates that capital and labour share the profits generated by more efficient production; wages increase with more efficient production (Moser 1978). The economic, institutional and labour market structures in peripheral countries, however, are dramatically different: firms in peripheral countries face significant competition in setting export prices, both domestically and internationally. Even if they improve their productivity, in the absence of a social contract and strong trade unions, there is no institutional pressure to increase wages (Cypher 2014). As this trend is exacerbated over time, the trade relations between centre and peripheral countries become increasingly unequal.

Though less prominent, a developmentally oriented approach is also visible in policy debates about formalization. This approach, as Islam notes, argues that it is unrealistic to expect economic growth alone to absorb workers in informal employment into formal employment. It rejects the notion that informality can be eliminated through deregulation, tax incentives or business registration reforms. This perspective posits that informality results from "structural dualism", in which a low-productivity informal economy coexists with a more productive formal economy, as an "enduring feature of development" (Islam 2020:21).

Since informality will not disappear through market forces alone, policy must actively support the transition of workers and businesses into the formal economy, including the redistribution of risk through universal social protection. In its report for the 113th session of the ILC, for example, the ILO emphasizes the need for "structural transformation to promote inclusive growth". The ILO (2025a) outlines several policy recommendations for inclusive structural transformation:

- Manufacturing-led structural transformation: Industrialization remains a key pathway for absorbing workers in the informal economy into higher-productivity jobs.
- Agricultural diversification: Enhancing productivity in rural sectors can facilitate the transition from informal subsistence farming to formal employment.
- Service-sector growth: Expanding high-productivity service industries can provide alternative pathways to formality.

However, any discussion of industrialization must be contextualized within the political economy of global supply chains, which reflect the exploitative trade dynamics outlined above. A common characteristic in all sectors is the immense power of "lead" firms (brands, retailers etc.) – headquartered in Europe, North America and East Asia – to structure relations throughout the chain, shape the terms and conditions for supply-chain workers and capture profit. This dynamic makes it difficult for developing countries to diversify and move up the industrial ladder.

3.4. Critiques of prevailing approaches to formalization

Each approach offers useful insights on how to address the complex and deeply embedded nature of informality in the economy. But when it comes to understanding the social, political and structural dimensions of informality – especially in the Global South – they fall short. Below, we highlight some of their assumptions and blind spots and reflect on the implications for collective bargaining.

First, all three approaches see informality as a residual problem, in other words, informality reflects a side-effect or distortion: for market-centric approaches, informality is a result of market failure; for the institutionally focused, it is a result of inappropriate regulations; and for the developmentally oriented, a lack of state intervention (industrial policy, etc.). The assumption is that getting that right means that informality will be subsumed into the formal economy (which, to varying degrees, remains as is) and will, in effect, disappear.[5] However, the adverse incorporation of workers into the economy through informal arrangements that reproduce exploitation is an enduring feature of capitalism and will persist:

- In developing countries, own-account workers and informal businesses are fundamental to the competitiveness of the formal economy: by providing cheap goods and services to poor communities, they lower the cost of living for low-income communities, thereby depressing wage demands in the formal economy (Moser 1978; Harriss-White 2005).
- The scale of informality – almost 80 per cent of the workforce in Sub-Saharan Africa – is such that neither Business Development Services, nor simplifying regulatory compliance or industrial development, will result in the informal economy being subsumed into the formal economy. Kanyenze (2020:103), representative of the development-orientated approach, admits that "structural transformation alone is not enough to result in widespread improvements in working conditions" because it is impossible for any strategy to absorb both the existing informal economy, as well as the 3 per cent growth in the workforce that is anticipated in Sub-Saharan Africa (see also Fourie 2013).
- Global trends – including the rise of artificial intelligence and the shift from industrial to financial capitalism – threaten jobs in the formal economy in both developed and developing countries. These trends reinforce the reality that the informal economy will persist as a structural feature of the economy, continue to absorb people who lose their jobs in the formal economy, and provide goods and services to low-income communities.

Second, these approaches underplay questions of power and politics and how they form individuals and institutions. As Benjamin Selwyn argues, "capital-centred development theory and practice, ranging across a wide political spectrum, sustains the reproduction of social relations that maintain the disempowered working conditions of the world's poor" (2017:99). Market-centric and institutionally focused approaches individualize a structural problem. They focus on shaping the behaviour of rational, self-interested individuals seeking to maximize efficiency. Developmentally

[5] In this respect, there are parallels between Chen's voluntarist, legalist and dualist schools of thought on the informal economy (Chen 2012). By contrast, the structuralist school of thought sees the formal and informal economies intrinsically linked. See also Dell'Anno 2022.

oriented approaches, while attentive to global power asymmetries – especially between core and peripheral economies – focus primarily on structural constraints, such as the terms of trade, industrial capacity, and dependency. But this does not fully capture subnational politics and local social relations. Patronage, selective law enforcement, community norms, and relations among political elites, the state, and local and international capital all play a key role in producing and sustaining informal work. Overlooking these dynamics means ignoring how the state can intervene in urban informal economies, leading to gaps and misalignment between local economic development and national industrial policy.

Third, and related to the above, these approaches treat workers in the informal economy as objects of development policy, rather than as political subjects organizing for change through the transformation of social relations (Vainio 2012). Market-centric and institutionalist approaches share a technocratic bias towards top-down expert-led reforms. Ha-Joon Chang is critical of the myth of economic neutrality this creates. Carving out "some sacrosanct domain that we call the economy, in which market logic should reign supreme" is "the easiest way to defend the status quo", he notes (Curtis 2016a:6). The theory of change offered by developmentally oriented approaches operates at a very broad, structural level. Prioritizing how macro forces interact to produce large-scale economic transformations often means viewing informal labour primarily through the lens of structural constraints; this can downplay questions of voice, power, and collective struggle.

This means that while the importance of worker voice has been rhetorically incorporated into formalization debates – with various nuances across different approaches – collective bargaining is not prioritized as a critical pathway towards formalization. This can be seen in various ways. First, there is a tendency to collapse collective bargaining under the umbrella of social dialogue, which, in turn, is equated with consultation. Second, how own-account workers should be represented in social dialogue remains ambiguous: whether through organizations of employers or organizations of workers is not specified.

4. Conceptualizing a Rights-based Approach to Formalization

The economic approaches that dominate debates about formalization do not pay sufficient attention to how unequal distributions of economic and political power – locally and globally – are both a cause and a consequence of informality. We argue that this is because the "cognitive infrastructure" they rely on is "poorly equipped theoretically to deal with issues of exploitation and domination" (Seymour and Pincus 2008:391). As Ha-Joon Chang reminds us, "the economy is political" and its boundaries are "defined by the economic, social and political values of any specific time and place" (Curtis 2016b:6).

Recognizing that societies need normative values to guide political choices about how the economy should be organized, some development practitioners have begun emphasizing the importance of a rights-based approach to formalization – which is also reflected in R204 – particularly as a means of achieving the SDGs, part of the 2030 Agenda pledge to "leave no one behind" (Vainio 2012; UNEN 2024; HRC 2024; ILO 2025b; HNI et al. 2025). A rights-based lens highlights the issue of power in critical ways. But, for the most part, these calls have remained top line, with little elaboration of what, concretely, such an approach would entail.

To advance thinking on this question, this section introduces the basic principles of a rights-based approach to development and applies these principles to the question of formalization. Noting the differences in how this approach is conceptualized, we articulate our own. Drawing on ways in which human-rights lawyers and heterodox economists have sought to bring the two disciplines together, we ground our approach in a political economy understanding of rights. We then use it to analyze how informality is structurally reproduced by states' failure to reconstruct labour law to realize collective labour rights for all workers.

4.1. Defining a rights-based approach to formalization

As Seymour and Pincus (2008) note, human rights as a discipline has long concerned itself with the outcomes of development. The 1948 Universal Declaration of Human Rights sets out a range of rights, which reflect the agreed desirable outcomes of the development process. Over the past 70 years, conceptualizations of the relationship between development and human rights have evolved.[6] Today, the idea that human rights are neither an input nor an output of economic growth, but an alternative to the growth-based model of development, is gaining currency (Seymour and Pincus 2008).

In essence, a human-rights-based approach to development defines the *ends* and the *means* of development in human-rights terms (Anderson 2002). This provides a normative base for judging how an economy should work, which has "largely been lost" in mainstream economics (Corkery, Isaacs and Osborne 2022:4). Within this vision, human well-being is not achieved without realizing human rights (Branco 2019:5). In other words, societies that do not create the conditions for their populations to realize their rights cannot be said to be "developed" (Seymour and Pincus 2008:387). The fact that a rights-based approach is anchored in international human-rights standards – which are also enshrined in the constitutions of most countries around the world – is a particular strength. As Seymour and Pincus note, other ways of conceptualizing social justice do not enjoy the same degree of consensus or force of law (2008).

In defining the ends of formalization, we adopt an expansive view of the civil, political, economic, social and cultural rights that workers in the informal economy should be able to exercise, to consider formalization a "success". This is distinct from mainstream human-rights approaches that privilege civil and political rights, which have been rightly criticized as "a stunted ethical commitment to a small set of formalized individual freedoms that leave the larger injustices of market society and a weak or recalcitrant state unchallenged" (Curtis 2016b:4).

In particular, we are concerned with the economic rights that are most at risk in informal work. Uma Narayan (2007) offers a helpful categorization of these:

- subsistence rights, which guarantee the material resources needed for survival (e.g. through the public provisioning of infrastructure, goods and services) to everyone, *regardless of their status as workers*
- rights that provide economic security when someone *cannot work*
- rights that explicitly shape the *nature and conditions of work* — including collective labour rights

We emphasize that what really matters is whether workers can actually exercise these rights in their everyday lives.[7] As Narayan notes, all of these rights are universal, in principle. However, rights at work "conceptually assume the prototype of a wage worker who has an identifiable employer in the formal sector". The heterogeneity of informal work makes it difficult, though not impossible, to reconfigure these rights to protect workers in the informal economy (Narayan 2007:104).

Ensuring dignity and equity in all forms of work demands more than marginal reforms to create an "enabling environment". To achieve this goal, state leadership is essential for shaping an economy that is "distributive by design" (Raworth 2017:163). Structural reforms that align taxation, regulation and public investment are essential for ensuring fair access to wealth, resources and opportunities. This includes using fiscal policy to prevent extreme concentrations of wealth and guarantee access to public infrastructure, goods and services for all; labour policy to create economically secure work; and industrial policy to reshape who owns, controls and benefits from production. To enable states to make these shifts, changes in the global economic order are also necessary, such as transforming trade and investment regimes, restructuring global tax rules, and democratizing global economic governance.

A human-rights-based approach does not only focus on outcomes, but also the conditions and processes leading to outcomes (Branco 2019). It insists that development is not something done *to* people, but *with* them. Human rights

[6] That said, there are many ways of understanding the relationship between human rights and development. While exploring these debates is beyond the scope of this paper, it is worth noting that the very nature and scope of human rights still prompts "deep doctrinal discussion" (Branco 2019:6).

[7] This contrasts to the legal positivism found in mainstream human-rights thinking. The assumption that once rights are written into law justice has been achieved can unintentionally support existing inequalities of wealth, power and status (Kennedy 2002:109).

values procedural utility, to use the language of economics. Political interests, social hierarchies and entrenched power dynamics influence who benefits and who is excluded from economic policy decisions. Satisfaction with these decisions depends on whether they result from a democratic process. Specifically, development processes must be inclusive, empowering individuals – particularly from marginalized groups – to participate meaningfully in decisions affecting their lives.

Applying this principle to formalization challenges the assumption that it can be achieved through technocratic solutions that reinforce a market logic. In particular, rights come with corresponding obligations – especially for the state. States must ensure that they do not themselves interfere with human rights; that they prevent infringements on rights by non-state actors, including businesses; and that they invest in the infrastructure, goods and services that people need to be able to exercise their rights.

This prompts a concern with the role of the state in shaping the "size and character" of the informal economy (Meagher 2020:234). As argued above, state action is critical in determining the working conditions of workers in the informal economy, particularly own-account workers who do not have an employer. For example, does it step in to shape markets in their favour, provide economic security and strengthen democratic participation? As Radhika Balakrishnan (Curtis 2016c:12) notes, human rights "provides an important corrective to a conceptual and theoretical laziness with respect to the nature of the state that is implicit in much economic policy analysis".

Critically, a focus on process highlights the importance of guaranteeing collective labour rights: freedom of association, the right to organize and collective bargaining. Part of Narayan's third category, these are *enabling* rights. They facilitate the realization of the rights in the other two categories. Specifically, collective bargaining entitles workers to bargain as a group; conclude an enforceable agreement; and rely on pressure tactics (typically the right to strike) to compel compromise and reach agreement. As we argue further below, failure to reconfigure labour law to extend this right to all workers in the informal economy, including own-account workers, falls foul of states' human-rights obligations and contributes to the persistence of informality.

Table 1: A comparison of approaches to formalization

	Market-centric	Institutionally focused	Developmentally oriented	Rights-based political economy
Goal of formalization	Economic growth	Inclusive economic growth	Structural transformation of the economy	Sustainable livelihoods through progressive realization of economic rights
Drivers of informality	Individuals are rational economic actors who choose to operate informally to avoid compliance with regulation and taxation	Choice to remain informal is constrained or disincentivized by institutions and the costs of regulatory compliance	Formal economy cannot produce enough jobs, while systemic barriers exclude particular groups from entry	Failure on the part of the state to guarantee rights to work and rights at work for *all workers*
Theoretical underpinnings	Neoclassical economics	New Institutional Economics	Structuralism; Neostatism	Law and Political Economy
School of thought on informality	Voluntarist	Legalist	Structural dualism	Structuralist
Policy approaches	Incentivize registration; business development services; skills and training; microfinance	Strengthen good governance and rule of law; make markets work for the poor	Industrial policy to create jobs; move small enterprises into more productive sectors; and create linkages between formal and informal enterprises	Take provisioning of social goods necessary for sustainable livelihoods outside the market and redistribute through democratic processes
Position on the market	Markets are perfectly competitive	Market failure can be corrected through institutions	Markets function best under state guidance and oversight	Transform the market

4.2. Diagnosing informality through a rights-based lens

The rights-based approach we have outlined above sees law playing a "larger causal role" in the distribution of economic and political power, to borrow from Kennedy (1991:332), than is attributed to it by the development theories underpinning the dominant approaches to formalization. Like New Institutional Economics, our focus is on the "rules of the game". But we see the game more politically, as "economic struggle" (Kennedy 1991:332). These rules set out conditions in which different groups compete for power in the economy and affect the relative strength of different groups (Wilkinson and Lokdam 2018).

It is our argument that the persistence of informality is caused by states' failure to guarantee workers in the informal economy the economic rights that other workers have. In contexts of structural unemployment, these workers have created their own jobs. Out of necessity, they have turned their homes and streets into workplaces, finding low-cost, flexible ways to earn a living by meeting their community's needs for goods and services. However, as explained below, their activities do not fall within the scope of labour law, the principle legal framework through which workers' economic rights are guaranteed nationally. This undermines their ability to exercise collective agency. As a result, their interests are not reflected in policy decisions that affect them and they remain economically and politically marginalized.

4.2.1 The exclusion of workers from labour law

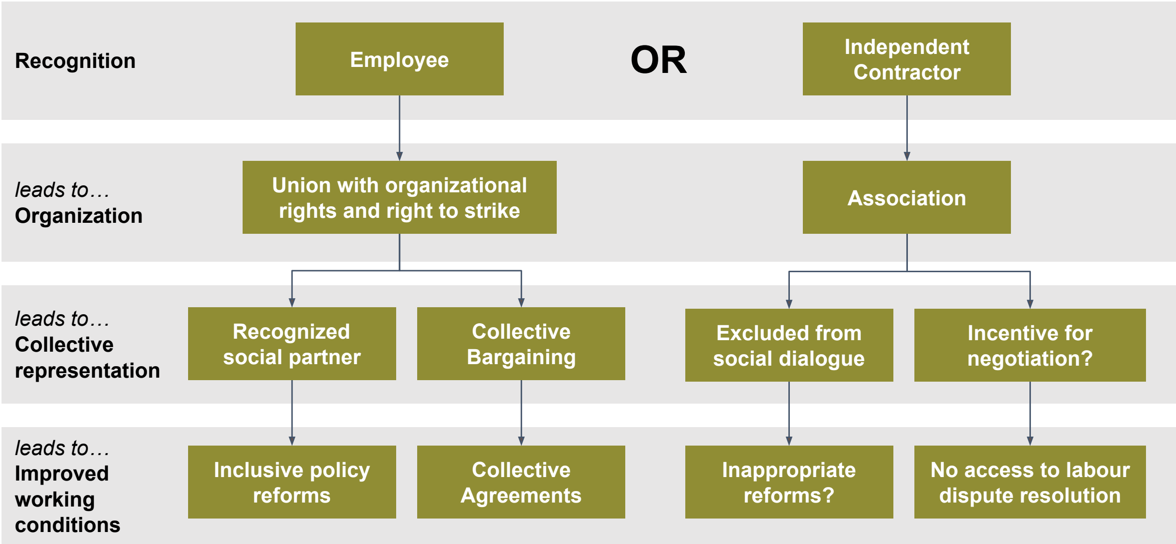
Labour law did not emerge in a vacuum: it is the legal embodiment of a compromise between labour and capital, struck over the long arc from the Industrial Revolution to the era of the welfare state in Europe and the United Kingdom after World War I. In this settlement – often called a social contract – states recognized unions, required employers to bargain, and granted labour and business a seat in tripartite policymaking. Unions, in turn, accepted the basic terms of capitalist employment and channelled industrial conflict through institutional procedures. In this sense, labour law operationalized a social contract: it stabilized industrial relations, democratized aspects of the economy by institutionalizing worker voice, and redistributed gains through collective bargaining and representation inside firms and in national fora.

Labour law was crafted during the era of Keynesian economics, which assumed full employment, that is, that all workers who wanted to be employed would find employment, and that those who were independent contractors remained so by choice. This assumption is built into the very architecture of labour law; its fundamental structure divides the working population into "employees" – typically full-time, permanent workers with a contract of employment – and "independent contractors". Only those classified as employees enjoy rights to organize, to bargain collectively, and to be represented in social dialogue institutions as "social partners". Under competition law, independent contractors are typically prohibited from engaging in collective bargaining with their suppliers or clients, and joint coordination is generally defined as collusion and viewed as anti-competitive behaviour. It is assumed they chose to be independent and have the market power to negotiate agreements that reflect their interests. This version of labour law – crafted for the political economy of the Global North – was exported by colonial powers to their colonies and later retained through legal transplants, with little adaptation to local labour market realities. This was not an accident. Informal labour served the interests of colonial states. Differing pre-colonial histories, economic objectives and institutional structures during colonialism, post-independence governments, and engagements with the global economy have all shaped countries' informal economies in different ways (Meagher 2020).

4.2.2 The exclusion of workers from economic policymaking

A labour law modelled on Global North labour markets – one that excludes own-account workers, who make up the majority of the workforce in many developing countries – is not fit for purpose in the Global South. Excluding own-account workers from the social contract has adverse economic effects for workers and for national development: they cannot improve their conditions through collective bargaining and they are excluded from tripartite institutions that set the rules. Figure 1 illustrates these exclusions in practice: the implications for informal own-account workers, whether participating or not in decisions about their working conditions, and the knock-on effects for democratizing decision-making about the economy.

Figure 1: The implications for workers excluded from labour laws



Legal exclusion both reflects and reinforces own-account workers' lack of bargaining power, which in turn structurally reproduces their economic exclusion by weakening their ability to make redistributive demands. This happens in several ways. First, labour law provides a framework for workers to organize, to negotiate and to be represented in workplaces as well as in tripartite structures that negotiate labour and economic policy. Without legal recognition as workers, the legitimacy of claims on the state made by workers in informal employment is weakened. This has two effects. The lack of legal recognition exacerbates the devaluing of work in the informal economy, where women, migrants and minority groups are disproportionately represented. This adds to the intersecting forms of discrimination faced by these workers.[8] It also segments the labour force, dividing the labour movement and weakening class solidarity (Agarwala 2020). The incentive to defend their gains creates divergent interests between unions in the formal economy and organizations of workers in the informal economy (Meagher 2013). Rather than broad, systemic claims by a strong labour movement that unifies workers across the formal and informal economy, demands for change in the informal economy tend to be more localized, issue-based and sector-focused.

Second, the institutional channels that workers in the informal economy can use to make demands are more limited, less accessible and, in general, less effective for workers in strengthening their collective voice to contest unjust distributions of resources than representation on tripartite structures, which debate economic and labour policy and which holds redistributive possibility. For example, there has been a rise in multi-stakeholder arrangements, which bring together state actors, the private sector, civil society organizations and associations of workers in informal employment to address service delivery and other urban governance issues (Meagher 2013). Despite the "win-win" rhetoric of such arrangements, they tend to mask power asymmetries between participants, including the ways marginalization inhibits workers' genuine participation and allows for co-option by those with greater political and economic power. Studies on solid waste management in India and the Philippines and privatization of markets in Uganda, for example, show how inclusion in multi-stakeholder networks "deepens, rather than mitigates, processes of exclusion" of workers in the informal economy (Meagher 2013:23). Beyond such arrangements, workers in the informal economy rely on electoral power and judicial activism to get the attention of the state (Agarwala 2020). But, in many contexts, the prospects of success through these channels are not high.

[8] The focus on discrimination, which is a key element of a human-rights based approach, contests the idea that workers in the informal economy are rational economic actors seeking to maximize their "utility" given the constraints they face. It emphasizes that how individuals think and act is shaped by how they are treated in society. As Ha-Joon Chang notes, this opens up the possibility of aligning with economic schools that recognize "that individuals are socially formed, and in that formation institutions indirectly, and politics more directly, play a large role" (Curtis 2016b:9).

The result of this fragmentation is formalization efforts that prioritize making informal economies "legible to capital", as Kate Meagher puts it, so that they can be restructured "in line with the needs of global markets" (2020:235). In doing so, however, "spheres of accumulation" that workers have forged and rely on to improve their livelihoods and move out of poverty are erased (Samson 2020:198). Offering minimalist social protection alongside this makes informal livelihoods more sustainable but fails to transform them into decent work (Meagher 2020).

5. Putting Theory into Practice: Towards a Framework for Collective Bargaining for Own-Account Workers

Read together, the provisions of paragraph 11 in R204 envisage a statutory framework that realizes rights to freedom of association (and associated organizational rights) and to collective bargaining for all informal-economy workers, including own-account workers. This is reiterated in chapter V on rights and social protection, which states explicitly that decent work "for those in the informal economy" requires member states to adopt measures that realize "freedom of association and the right to effective bargaining" (paragraph 16 (a)).[9] Governments can reform collective labour law to realize R204 and to meet their human-rights obligations by: (1) amending existing labour statutes, or (2) enacting sector-specific collective bargaining frameworks tailored to particular occupational groups.

Collective bargaining systems across civil and common law jurisdictions tend to diverge along two principal dimensions. First, countries differ in whether bargaining occurs primarily at the sectoral or workplace level, or whether the legal framework permits bargaining at multiple levels simultaneously. Second, collective bargaining arrangements generally reflect one of three systemic models. The first is an "institutional or dynamic" system, in which a bilateral body – such as an industrial council, conciliation board, or statutory council with an independent chair – is established to govern bargaining (Kahn-Freund et al. 1983). These institutions typically adopt a constitution and a code of procedure, and issue resolutions on matters affecting labour relations within the sector. They often operate as multi-employer bodies and make decisions on an as-needed basis. The second is a "contractual or static model", in which the parties conclude a collective bargaining agreement that remains in effect for a defined period, with its terms relatively fixed. The third, a hybrid model, incorporates features of both institutional and contractual arrangements (Kahn-Freund et al. 1983).

South Africa provides a prominent example of the hybrid approach within a sectoral bargaining framework. Where employer organizations and trade unions meet statutory representativity thresholds, they may apply to establish a bargaining council, which is empowered to conclude collective bargaining agreements, create sector-specific social protection schemes and oversee the enforcement of agreed terms. Once an agreement is reached, the parties may apply to the Minister of Employment and Labour to extend it to the entire sector, thereby covering all employers and employees – including those not directly represented in the bargaining process. At the same time, unions may bargain at the workplace level or with individual employers regarding specific bargaining units (e.g., workers within a particular salary band). Depending on the sector, workplace-level bargaining may be limited with respect to wages, and sectoral agreements may restrict wage bargaining or set the sectoral wage as a minimum floor.

In general, workplace agreements focus on issues specific to the enterprise. The following sections outline broad principles applicable across all three models and relevant to both civil and common law systems of labour regulation. We begin by examining how collective labour law might incorporate informal own-account workers within its scope and the amendments necessary to extend existing collective labour laws to include them. We then examine a second option: introducing sector-specific legislation that realizes the right to collective bargaining for different sectors.

9 Chapter III of R204 (on legal and policy frameworks) states that "an integrated policy framework" should encompass "all levels of government" (paragraph 9), which includes local government. Second, it states that this policy framework must include "respect for and promotion of the fundamental principles and rights at work" (paragraph 11(d)). The annex includes a list of Fundamental Conventions, which all member states of the ILO are required to translate into national law, irrespective of whether or not member states have ratified these conventions. Among these are Freedom of Association and the Right to Organise Convention, 1948 (No. 87), Right to Organise and Collective Bargaining Convention, 1949 (No. 98), and Collective Bargaining Convention, 1981 (No. 154). Third, it states that member states should introduce "an appropriate legislative and regulatory framework" (paragraph 11 (b)). This is followed by paragraph 11 (e) that directs members states to "address the organization and representation of employers and workers to promote social dialogue".

5.1. Amending existing collective labour laws

Labour law scholars are theorizing a labour law that transcends its binary architecture. They envision a labour law that is more appropriate for the structure of the economy and the workforce in the 21st century.

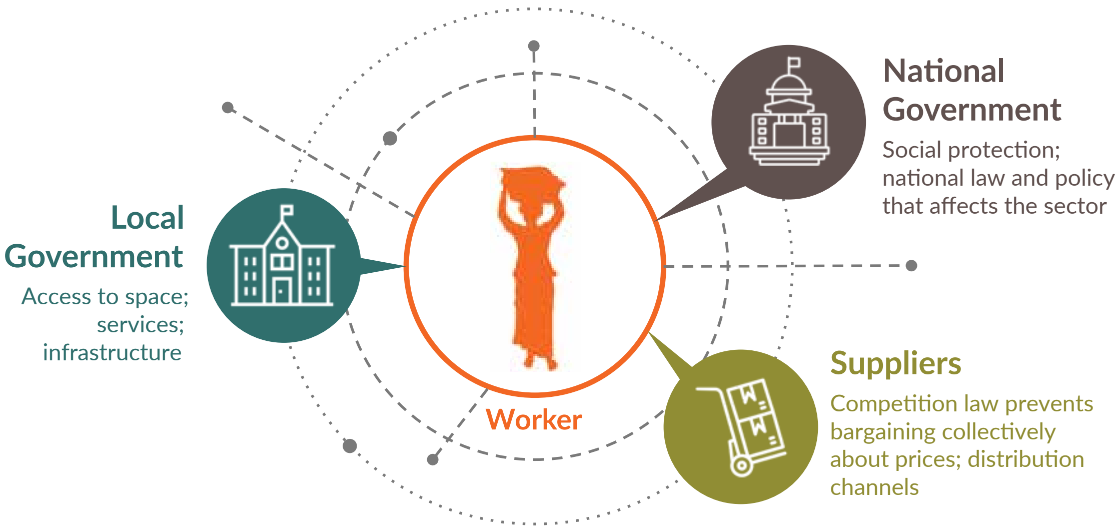
In a groundbreaking book, *The Legal Construction of Personal Work Relations*, Freedland and Kountouris (2011) address the problem that labour law classifies the workforce into employees (who are entitled to labour rights) and independent contractors (who are not). Their theory of labour law shifts the focus from the employment relationship to workers themselves. They argue that each worker (who personally does the work) has a network of relationships with different entities that affect their terms and conditions of work. This network of relationships is referred to as the worker's "personal work relations" (PWR).

Not all relationships count as part of a worker's personal work relationship; only those with a legal basis do. They argue that the legal relationship need not be contractual and that, indeed, the contractual relationship might not be the most significant relationship for the worker. Von Broembsen (2025) has argued that this conceptual framework opens the door to extending labour law to informal own-account workers. Instead of determining whether an employment relationship exists, a PWR theory of labour law asks:

- Does this person deliver the work personally? (This would exclude informal enterprises that employ others.)
- Which entities impact their work, and what is the legal basis of each relationship?

Figure 2 illustrates how the personal work relations concept would apply to own-account workers.

Figure 2: Transitioning from an employment relationship to personal work relations



Imagine the worker at the centre of the diagram is Tozama Maka, a street vendor in Johannesburg, South Africa. Other vendors might affect her earnings (as competitors or by cooperating and sharing costs or resources), but these are social rather than legal relationships and, therefore, not part of her "personal work relations". Three legal relationships that affect Tozama's earnings and productivity are: (a) with the local authority, which determines whether she can access public space to work and on what terms; the local authority may also be responsible for "subsistence rights" related to the provision of infrastructure: water, sanitation, refuse collection, and storage; (b) with the (national, federal, provincial) state, which is responsible for guaranteeing her economic security (social security rights linked to work), which also affects her working conditions; and (c) with suppliers (whose purchase terms affect her earnings) who sell her the products that she sells to customers. Tozama's relationship with her suppliers is contractual. As a "worker-citizen", Tozama's relationship with the state is a human-rights relationship (Von Broembsen 2025).

For waste pickers who sell recyclables into waste value chains, the primary entities that affect their working conditions may be buyers and other corporations in the value chain.

Rochelle le Roux (2012) has argued that labour rights – including wages, occupational health and safety, social protection and so on – should be understood as a bundle of rights. A PRW approach enables workers to identify different bargaining counterparties for different rights (Von Broembsen 2025). These counterparties would differ depending on the occupational group, employment status, and the social and economic relations of the workers in question.

Reforming collective labour laws to reflect a PWR approach would, in law, entitle own-account workers in informal employment to freedom of association in the workplace, collective bargaining and the right to strike. Experience has shown that including previously excluded workers (such as domestic workers) in collective labour laws through definition sections is not enough. Other aspects also need to be amended, because labour laws are designed for industrial workplaces.

5.1.1 Reforming different elements of collective bargaining

This section discusses five aspects of collective bargaining, reflecting on how these aspects are traditionally defined in labour law and why and how they may be reformed for own-account workers:

- registration as a trade union and trade union/organizing rights
- recognition as a representative for purposes of collective bargaining and trade union/organizing rights
- bargaining counterparts: identifying who to bargain with
- bargaining subjects: what is the topic that is being bargained about
- dispute resolution mechanisms and the right to strike

Some aspects – such as more workers using state dispute resolution institutions – have resourcing implications, but international human-rights law obligates states to dedicate the resources required to realize human rights. Despite conceptual and practical challenges in holding economic policymakers accountable for this duty, there has been significant progress in clarifying its scope and content (Corkery and Saiz 2020). This jurisprudence makes it an important tool for interrogating how governments distribute resources to realize own-account workers' right to collective bargaining.

Registering as a trade union and trade union/organizing rights

In democratic countries, own-account workers can form and join an association because the Constitution enshrines the right to freedom of association, which grants citizens the right to establish and join organizations. However, to bargain collectively with an employer, labour laws usually require organizations to be registered trade unions. Traditional labour law assumes that a union's members work in an industrial setting with multiple workers employed by the same employer. The employer can deduct union dues from members' salaries, and unions rely on these dues to employ officials to represent members in negotiations and grievance procedures, and to establish a strike fund to support workers during strikes. The criteria for registering a trade union often reflect these assumptions. For example, they may require a minimum number of members, evidence that the organization's bank account maintains a certain level of income, a union constitution that sets out a specific governance structure, and a process for hiring paid officials (ILO 2018). Such criteria are often unsuitable for workers in informal employment.

Articles 2 and 3 of Convention 87 on Freedom of Association establish the right to freedom of association as a fundamental right. Workers and employers have the right to establish and join organizations of their own choosing, "without distinction whatsoever" and subject only to the rules of the organization concerned, and without previous authorization. The jurisprudence of the ILO Committee of Experts on the Application of Conventions and Recommendations has consistently held that if labour laws stipulate too many criteria for how a union must be structured, this interferes with workers' right to determine their own constitutions and amounts to "previous authorisation", thereby contravening their fundamental human right to freedom of association in the workplace. Indeed, the ILO's Freedom of Association Committee (ILO 2018) has identified only four essential characteristics of a trade union:

- Its primary function is to represent and promote the economic and social interests of its members, especially in collective bargaining.
- It is not-for-profit.

- It is independent of employers and the state.
- It is democratic.

Once registered, a trade union may need to meet certain representation thresholds to qualify for rights that strengthen the union. Trade union rights, otherwise known as organizational rights, include the right to:

- enter a workplace to organize existing and new members
- represent workers in the workplace (e.g., shop stewards can support members in grievance proceedings)
- a meeting space in the workplace for union members
- demand that the employer deducts union dues from members' wages
- access information to strengthen the union's bargaining power

The purpose of these rights is to strengthen the union's membership and organizational strength. Organizational rights need to be adapted to the realities of informal work and be gender sensitive. Workers with caring responsibilities, especially women, often face obstacles to participation. Similarly, those working in the home – their own home (in the case of home-based workers) or an employer's home (in the case of domestic workers) – are particularly difficult to organize.

The right to information (to strengthen trade unions' bargaining position) is especially important for workers in the informal economy, and different sectors need different kinds of information to strengthen their bargaining power vis-à-vis their bargaining counterpart.

The Collective Bargaining Recommendation, 1981 (No. 163) and the Workers' Representatives Recommendation, 1971 (No. 143) state that the state and employers "should make available to workers' representatives such material facilities and information as may be necessary for the exercise of their functions" to support members and for purposes of bargaining. Exactly what these material facilities are, and the kind of information that is needed, would vary depending on the occupational sector of the workers. For example, fisherfolk would need information on permit allocations and on shares allocated to corporate enterprises; street vendors would need information on urban planning processes, on budgeting processes that affect them, and on the total value of fees that the local authority collects from vendors.

Recognition as the representative for purposes of bargaining

After registration, a trade union must be formally recognized by the employer as a bargaining agent. Collective bargaining laws typically set out the recognition procedures and the percentage of workers a union must represent in a workplace (or an identified "bargaining unit") before it can seek recognition from an employer. A single workplace may contain multiple bargaining units, for example, where workers perform different functions or occupy different wage levels.

Collective bargaining laws must balance two competing considerations. On the one hand, workers' fundamental right to freedom of association entitles them to join and form a trade union of their choice. On the other hand, it would be too time-consuming and inefficient for an employer to bargain with multiple unions simultaneously if workers cannot be compelled to join a single union. For this reason, the law balances the need to protect freedom of association (including the formation of new unions) with the need for an efficient economy. It does so by requiring unions to meet a membership threshold for recognition – typically by showing that they represent 30-50 per cent of workers in a workplace or within a bargaining unit – while at the same time providing recognition processes that allow minority unions to enter the workplace to organize.

Once these conditions have been met, the union and the employer either negotiate a recognition agreement outlining the collective bargaining process, or a state authority issues a bargaining certificate. The union then gains the organizational rights described above (in some systems, there are different tiers of bargaining rights, and some rights follow registration). The criteria for recognition are influenced by:

- the bargaining system: whether bargaining takes place only at the level of the workplace or as a sector (in which case a majority union bargains with a majority employer body for all workers and employers in the sector)
- how a "bargaining unit" is defined: different unions may represent different occupations, different statuses of employment (permanent or casual) or different pay grades in the same workplace

In Quebec, Canada, the *Home Childcare Provider Act* replaces the traditional bargaining unit with geographic "territories". To gain recognition, a union must show that its members constitute a majority of childcare workers in a given geographical area (McCrystal 2021). This approach – combining occupational group and geographic territory – would suit own-account workers operating in public spaces. The Zimbabwe Chamber of Informal Economy Associations (ZCIEA), an organization representing 205,000 informal-economy workers in Zimbabwe, has applied this territory-and-occupational-group approach. Relying on R204 as the normative basis for seeking recognition, ZCIEA sought recognition as a bargaining agent for street vendors from several municipalities across the country (Mudarikwa and Von Broembsen 2024).

In the absence of a statutory recognition process, the local authority in Chivu, where ZCIEA first began negotiations, innovated. First, ZCIEA had to obtain a letter of authorization from the Provincial Administrator. Second, the Department of Social Services conducted a "security vetting" to confirm that ZCIEA was independent of political parties and was a democratic association established to represent its members and improve their working conditions. Third, a district meeting of ward councillors approved the principle of an agreement between ZCIEA and the Council (Mudarikwa and Von Broembsen 2024). In Gwanda and Beitbridge, recognition was delayed by council obstruction and leadership changes, requiring the process to restart (Mudarikwa and Von Broembsen 2024). These challenges highlight the need for a statutory recognition process.

Identifying a bargaining counterpart for own-account workers

From a legal perspective, a right is only realized if there is a duty-bearer. From a contractual perspective, a collective bargaining contract requires a counterpart with whom to negotiate – usually an individual employer or, in sectoral bargaining, an employers' association representing multiple employers. Where no identifiable employer exists – as is the case for own-account workers – a counterpart must be identified or constituted. This section focuses on street vendors to illustrate how a counterpart might be constituted.

We established that Tozama Maka had legal relations with suppliers, the local authority and the national government, and that bargaining collectively with each could improve her working conditions and productivity. For her and other street vendors, however, the primary counterpart is the entity that controls access to the land or space where they trade – typically the municipality, though sometimes a private actor.

As in traditionally recognized workplaces, the law would need to balance two imperatives in public-space trading: protecting vendors' freedom of association – including the right to form their own organizations – while acknowledging the limited capacity of local authorities to bargain separately with every group (and the inefficiencies and conflicting demands that this can produce). A workable framework could combine (a) clear, non-discriminatory recognition procedures with representativity thresholds for primary bargaining rights at the market, precinct, or city level; (b) guaranteed access and consultation rights for minority organizations to organize and present issues to the local authority; and (c) structured, periodic joint forums (or umbrella councils) that aggregate demands and prevent duplicative or contradictory bargaining. This preserves vendors' organizational autonomy without overburdening municipal administration.

This two-tier structure – at local and city level – is already being experimented with in the form of social dialogue spaces. In Cape Town, South Africa, the municipality has divided the city into four geographical areas, each with an Area Manager. Street-vendor organizations meet monthly with the relevant Area Manager to address area-specific issues. Once a quarter, the Director of Enterprise and Investment convenes vendor organizations citywide to address cross-cutting matters. Organizations consult members before meetings and report back afterwards (often via WhatsApp) and city officials circulate agendas and minutes (Muller forthcoming). Yet, as vendors themselves note, social dialogue is not the same as collective bargaining: the City is not obliged to accept proposals and there is no process to reach an enforceable agreement.

Similarly, in São Paulo, Brazil, a progressive local government established Street Vending Permanent Commissions – multi-stakeholder forums of street vendors, officials and others –in each of the City's regional administrations. These social dialogue spaces were co-opted by subsequent administrations. In response, organizations of street vendors formed the Forum of Street Vendors of the City of São Paulo (Fórum dos(as) Trabalhadores(as) Ambulantes da Cidade de São Paulo), which brings together traders from across the city and their allies. The Forum has proposed a law to establish a two-tier governance system at both regional-administrative and city-wide levels (Prandini Assis 2023; Global Deal 2024).

Bargaining with the state presents distinct challenges that need to be factored into the design of any bargaining framework. As Devlin (forthcoming) highlights, "in any analysis of the politics of space, 'the state' is rarely a monolithic actor with a cohesive agenda". Siloing of responsibilities, multiple layers of decision-making and competing political interests can slow down, fragment and politicize the bargaining process. This was the experience of the street vendors at Corona Plaza in New York, for example, for whom the "administrative landscape of negotiation was upended literally overnight" (Devlin forthcoming).

Bargaining topics

Traditionally, collective bargaining concerns wages, working conditions and the relationship between employers and employees. In practice, the scope of collective agreements has expanded beyond these subjects to include topics such as gender discrimination and sexual harassment, managing climate-change risks, performance-related pay, and balancing work and care responsibilities. Collective agreements can also craft specific regulatory solutions tailored to an industry, a geographical area, a work situation or an enterprise (ILO 2022). For own-account workers in the informal economy, the concept of "personal work relations" helps identify issues that materially affect their ability to work and that fall within their counterparts' control. Given their multiple legal relationships, different issues may require different negotiating counterparts (Fredman and Fudge 2013). In the absence of enabling regulations that take set minimum standards, bargaining topics for street vendors can be grouped into three overlapping categories:

- policy issues: social protection; fair zoning and licensing systems; affordable and predictable fee structures; designation of sites for trading; and due-process protections (notice, reasons, appeal) for relocations, evictions or confiscations
- relationship with the local authority: recognition and access rights for organizations to organize; coordination with law enforcement and other municipal departments; and mechanisms for dispute resolution
- workplace issues: trading hours; safety and security; maintenance and cleanliness; provision of basic infrastructure (e.g., trading bays, shelter, water, sanitation, storage, lighting); arrangements during events or construction

In Zimbabwe, vendors identified three priority concerns: (a) insecure tenure of trading space; (b) ongoing harassment by local government officials; and (c) fees – both the level of charges and the lack of transparency in their collection and disbursement – along with corrupt practices by some officials responsible for collection. ZCIEA's memorandum of understanding with the Beitbridge and Gwanda councils included commitments from the local authorities to provide infrastructure: stalls, toilets, bins and user-friendly payment systems, while ZCIEA agreed to form council-approved structures, offer training to its members and promote compliance with regulations (Mudarikwa and Von Broembsen 2024). In Liberia, the Federation of Petty Traders and Informal Workers Union of Liberia concluded an agreement with the Monrovia City Corporation in 2018. The agreement set out clear operating rules – specifying where trading may occur, permitted hours, and responsibilities for maintenance and day-to-day management. It also established mechanisms for implementation and oversight, including a joint task force and agreed procedures for relocations. The agreement also formalized regular dialogue, provided a framework for resolving disputes and included a disciplinary process for council officials who breached its terms (Von Broembsen 2025).

Mechanisms for addressing bad-faith bargaining and negotiation deadlocks

Labour laws generally provide dispute-resolution mechanisms – conciliation, mediation and arbitration – to resolve bargaining deadlocks or bad-faith conduct. Governments establish the institutions and rules that determine when each mechanism should be used. Strikes (for unions) and lock-outs (for employers) are lawful tactics to pressure the other party into compromise, and laws set out procedures to protect strikers from employer retaliation.

If own-account workers are legally recognized as workers, they could also use these mechanisms; however, the right to strike must be rethought for workers without an employer. Bamu and Von Broembsen (2025) identify potential sources of countervailing power: for example, laws could allow street vendors to withhold fee payments under specific conditions, with protections against retaliation by local authorities. In India and Mexico, waste pickers who collect and sort recyclables could “strike” by suspending collection, and laws would prevent authorities from denying access to waste while permitting narrowly defined, proportionate lock-outs.

5.2. Sector-specific collective bargaining legislation

Several countries have introduced sector-specific collective-bargaining laws for self-employed artists (musicians, actors, etc.), truck drivers and home carers. Often, this has involved creating exemptions from competition law that prohibits self-employed workers from bargaining collectively (McCrystal 2021; Eslund and Liebman 2021).

One risk of sector-specific laws for own-account workers is that, if drafted in isolation rather than as an extension of national labour law, worker voice and participation become separated from collective bargaining – and from the organizing rights that constitute it. This separation can reduce worker voice to mere consultation. Consultation is qualitatively different from negotiation. Consultation does not guarantee workers a place at the decision-making table, nor does it create a duty on other actors to take worker perspectives seriously. Mindful of these risks, Anner and Fischer-Daly (2025) identify six interrelated components for effective worker voice. We argue that these should guide the design of a statutory collective bargaining regime for own-account workers. We draw on examples from countries that have established consultative structures for different occupational groups in the informal economy, most notably the Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, 2014 (Street Vendors Act) in India, to illustrate the application of these principles. These principles are:

1. **Elect — Democratic selection of worker representatives:** Rules governing social dialogue or collective bargaining structures must ensure that representatives are elected (rather than appointed by the government) by organizations that are independent of the state, political parties and other influential economic actors, such as suppliers (in the case of street vendors and waste pickers).

   In India, the Street Vendors Act requires local authorities to establish a Town Vending Committee comprising representatives of residents’ associations, relevant municipal departments and elected street vendor representatives (who must constitute 40 per cent of the committee). However, state-level rules governing the election of vendor representatives have been problematic and, in many cases, poorly implemented, leaving thousands of vendors unable to participate in elections.

2. **Represent — Collective, accountable and participatory representation:** Worker representatives must be genuinely representative: their mandate should derive from their membership and procedural rules should ensure accountability to that membership. As Anner and Fischer-Daly note, democratic election procedures alone are insufficient.

   Vendor representatives on India’s Town Vending Committees serve in their personal capacity rather than as officials elected by a workers’ organization, which limits the organizational power they can wield to pressure the local authority to act differently.

3. **Include — Equitable participation of all worker groups:** Representation in a negotiation forum must reflect the full diversity of the membership, including differences in gender, race, class, and the range of employment relationships and working arrangements (Bamu and Von Broembsen 2026).

4. **Protect — Ensuring workers can speak and act without fearing retaliation:** Workers must be protected from retaliation for organizing activities. Collective bargaining laws for street vendors must therefore protect them from harassment, confiscation of their goods, and eviction from their trading place as a consequence of their union activities. Collective bargaining laws for other occupational groups would need to be crafted in consultation with their organizations to identify similar protections.

5. **Enable participation – practical conditions for voice:** The right to participate does not guarantee meaningful participation. Workers need time, resources and access to information to build strong organizations that participate effectively. Without basic conditions – such as paid time for meetings, space to gather, and training – collective voice can become a formality rather than a meaningful process. Organizing rights tailored to each sector must therefore be included in collective bargaining laws. Similarly, constitutions for negotiating forums must include provisions that ensure worker voice, including how the agenda is decided and how decisions are made.
6. **Empower – access to power and leverage:** Anner and Fischer-Daly (2025) note that, perhaps most critically, worker voice must be supported by the capacity to act. This includes access to forms of leverage such as collective bargaining, legal remedies, public campaigning, and the right to strike. These mechanisms provide the power needed to turn demands into negotiated outcomes. The right to strike, in particular, is central to balancing power between workers and employers and is widely recognized as inseparable from freedom of association. As noted above, Bamu and Von Broembsen (2025) have explored how a right to strike might be realized for street vendors.[10]

Even if governments enact separate collective bargaining legislation for various occupational groups of own-account workers, such laws should be developed as extensions of national labour law, rather than as standalone frameworks. This integration is crucial for two reasons. First, these workers should have access to the same dispute resolution mechanisms (such as conciliation, arbitration, labour tribunals and labour courts) as other workers. Ensuring access to these mechanisms is necessary to enforce statutory worker rights and collective bargaining agreements. Second, while separate legislation may create institutions for worker voice that are appropriately tailored to the specific conditions and workplaces of own-account workers in the informal economy, it is critical that these workers are recognized as part of the broader labour movement and have the right to representative participation in national tripartite structures and union federations.

In other words, new institutional arrangements should expand – not fragment – established social dialogue institutions. Experience in India and Brazil shows that when laws for workers are drafted in isolation from national labour law, the consequences are twofold: First, such fragmentation weakens the coherence and collective strength of the worker movement (Prandini Assis 2023). Second, it undermines the democratic functioning of national labour relations systems by excluding large segments of the workforce from tripartite discussions and policymaking processes, with implications for social stability. This is so because, without the participation of the labour movement in economic decision-making, arrangements are "unlikely to effectuate significant distributional change" (Andrias 2024:140) that, we argue, is necessary to achieve rights-based formalization.

6. Conclusion

Despite the importance of worker voice and social dialogue being rhetorically incorporated into the formalization agenda, realizing the right to collective bargaining for own-account workers in the informal economy has not been meaningfully prioritized as a critical pathway to formalization. These workers, who constitute 44 per cent of the global workforce, have no employer and do not employ anyone (ILO 2023; World Bank 2022). Further, they work in non-traditional workplaces – such as homes and public spaces. The absence of an employment relationship and their non-traditional workplaces do not fit the mould of traditional industrial relations, which form the bedrock of labour law. Extending collective bargaining rights to these workers therefore calls for legal innovation.

We have shown that it is both conceptually and practically possible to realize statutory collective bargaining rights for own-account workers in the informal economy (see Von Broembsen 2025). Moreover, in the absence of a legally supported collective bargaining framework, own-account workers are initiating collective negotiations with local authorities and other parties that affect their working conditions. Legal reform must therefore catch up with bottom-up formalization initiatives by workers in the informal economy who are organized and engaging in collective negotiations with the actors that control their working conditions.

[10] For other workers in informal employment see Yun et al. 2026.

This paper has made two proposals to operationalize statutory collective bargaining rights for own-account workers. First, existing collective labour laws could be amended, replacing the employment relationship with Freedland and Kountouris's concept of personal work relations to determine which workers fall within their scope. Provisions on registration, organizational/trade union rights, recognition criteria, and the right to strike would also have to be amended. Second, sector-specific collective-bargaining legislation could establish bargaining structures for own-account workers. Drawing on lessons from attempts in India and Brazil to institutionalize consultative bodies with street vendor representation, we have adapted Anner and Fisher-Daly's principles to offer guidance on how bargaining structures, or indeed any institution for social dialogue, should be designed.

At a more fundamental level, the challenge is political: the discourse within the ILO has shifted from improving own-account workers' conditions through the decent-work agenda to formalizing the informal economy. The rights-based approach of the decent-work agenda has been subsumed by, and largely lost in, economic development approaches. This tension between rights-based (advanced by the workers themselves) and economic development approaches (advanced by the Employer Group, international financial institutions and some parts of the ILO) is evident in R204 and Resolution IV concerning the general discussion on addressing informality and promoting the transition to formality for decent work. The resulting "compromise without consensus" means that policy proposals that are theoretically and practically incompatible lead to policy incoherence. More importantly, it has prevented clear standards being developed to hold states accountable for what they should actually do to formalize the informal economy.

To interrogate the compatibility of the economic approaches dominant in formalization debates, we have developed a typology of approaches to formalization: market-based, institutionally focused and developmentally oriented. Interrogating their assumptions and blind spots reveal that, with varying degrees, all three approaches see informality as a residual problem that can be subsumed into the formal economy; underplay questions of power and politics; and treat workers in the informal economy as objects of development policy, rather than as political subjects organizing for change. So, while they each articulate *what* needs to change, they offer less about *how* change happens on the ground.

The persistence of widespread informality worldwide indicates that it is a structural feature of every economy, particularly in developing countries. To be sure, formalization requires structural reform within and between nations. But achieving this requires transforming the social relations that disempower workers to create a more just and inclusive economy. We have argued that advancing a rights-based political economy approach to formalization – one that centres freedom of association and collective bargaining for all workers – is a first step towards achieving such a shift.

Like the ILO's decent-work agenda, a rights-based political economy approach to formalization provides normative values, anchored in international law standards, to guide political choices about how the economy should be organized. Specifically, it defines the ends and the means of formalization in human-rights terms. It adds to the ILO's decent-work agenda because it recognizes that both the informal *and* the formal economy must be transformed to enable everyone to participate fully in economic life. Such transitions would require state leadership to align fiscal, labour and industrial policies to share wealth, secure fair work, broaden ownership and ensure dignity for all workers.

Building institutions that support the collective voice of workers in the informal economy – in the workplace and in social dialogue structures – is a means of ensuring democratic decision-making about the political choices involved in organizing and regulating the economy. Greater representation of the interests of the working poor, through strong, independent unions and cooperatives that unify workers across the formal and informal economy to engage in meaningful collective action, helps build working-class power.[11] This is essential for centring human-rights goals in economic policymaking to transform the structural drivers of poverty and inequality that constitute informality.

[11] This is already happening. For example, in Uganda, the National Organization of Trade Unions (NOTU), the largest federation of trade unions, has amended its constitution for purposes of allocating four seats on its Board and two on General Council incorporate for representatives of the informal economy (Kagoye 2022).

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Women in Informal Employment: Globalizing and Organizing

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