**Formal or informal?**

Labour within an urban economy may be classified as formal or informal. Both types exist together. Can you classify these characteristics into formal and informal activities? Copy and paste the cards on page 2 into the appropriate place on the table below.

|  |  |  |
| --- | --- | --- |
| **Formal Economy** | **Both Formal and Informal** | **Informal Economy** |
|  |  |  |

No qualifications or training is required.

Can involve some illegal business (“the black market”).

Small work premises, sometimes at home.

Workers learn skills on the job.

Little job security and no legal protection in the workplace.

The employer-employee relationship is often unwritten (no contract).

Usually employs fewer than ten workers, often family members.

State-regulated in terms of tax, planning permission, etc.

Capital-intensive (= requiring investment in machinery)

Business transactions are registered and documented.

Unregulated hours and pay, largely dependent on the customers.

Mostly labour intensive, requiring low-level skills.

Technology is adapted to use local raw materials and expertise.

Imported technology using non-local raw materials.

No pensions as part of the job, and no compensation if made redundant.

Set hours of work and pay, usually in a pay cheque at the end of the month.

Qualifications and training are usually required.

The job usually includes contributions towards pensions.