

# Informal employment as a fundamental determinant of mental health in Latin America and the Caribbean



Informal employment is a persistent structural feature of labour markets in Latin America and the Caribbean. This type of employment is a complex phenomenon that refers to all jobs outside of state employment regulation and social protection systems and can be found in the informal and formal sectors.<sup>1</sup> According to the International Labour Organization, in 2022, 53.7% of workers in Latin America and the Caribbean region engaged in informal employment, while in North America and Europe (excluding eastern Europe) the figures are 9.6% and 13%, respectively.<sup>2</sup> From a global perspective, informal employment is a major challenge for sustained inclusive economic and social development,<sup>1</sup> but also for public health. Due to the unregulated and unprotected nature of the informal economy, it is difficult to enforce public health actions and to provide access to quality social protection services.<sup>3</sup> This is especially relevant for historically disadvantaged groups, who are more likely to participate in the informal economy than those who have a higher level of education and greater wealth. Those who are less educated, have less wealth, people aged 65 years or more, younger people aged 15–24 years, those living in rural areas, and women are disproportionately employed in the informal economy.<sup>1,4</sup> Considering the complexity and heterogeneity of informal employment, single-cause explanations for informal employment should be avoided.<sup>5,6</sup>

Informal employment was associated with subsistence self-employment in the early 1970s, but today, it is used to characterise a wide range of jobs in formal and informal economies.<sup>5</sup> Informality is an organic part of modern capitalist economies,<sup>7</sup> which seek to reduce spending on social security contributions, wages, and employ workers through workforce outsourcing and subcontracting networks.<sup>5</sup> In the wake of neoliberal policies unleashed since the 1990s, which swept through Latin America and the Caribbean region, employment informality strategies have produced large-scale deleterious effects on labour relations.<sup>6</sup>

*The Lancet Series on Work and Health* provides abundant evidence on the role of work as a social determinant of health in high-income countries.<sup>8–10</sup>

The Series highlights that improving health and health equity requires adjusting working conditions (eg, physical and psychosocial work environment) and employment conditions (eg, employment contracts). This need is particularly important for emerging working conditions, such as those related to precarious employment and risks linked to the intensification of migration both within countries (eg, from rural to urban areas) and between countries (eg, due to seasonal migration, in search of better job opportunities, or to escape conflicts), driven by the changing nature of work and labour markets. As the Series acknowledges, global efforts to generate socially contextual relevant evidence from low-income and middle-income countries are urgently needed for effective policy making to improve population health and advance health equity worldwide. In Latin America and the Caribbean region, special consideration should be given to the health implications of informal employment.<sup>11</sup>

Informality often deprives people of decent work and dignified living. Informal employment is a continuum from the opposite of decent work arrangement and represents the maximum deterioration of working and employment conditions.<sup>12</sup> Informal workers are frequently exposed to adverse psychosocial and physical working conditions, such as manual handling of heavy loads and

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low social support.<sup>13</sup> Informal workers might also face highly precarious jobs, with low job stability, inadequate and insecure earnings, no employment benefits (eg, sick leave), and weak or no social protection (eg, health-care access), which in turn perpetuates a cycle of intra-generational and inter-generational poverty,<sup>1,4,14</sup> affecting people's living conditions and health.<sup>11</sup> The psychological burden of the working and living conditions associated with informal employment might contribute to deteriorating mental health and growing mental health inequity.

The scarce evidence suggests that informal employment is an essential social determinant of mental health in Latin America and the Caribbean region, with informal workers having poorer mental health than formal workers.<sup>11,15-17</sup> The literature on gender inequalities is even more scarce and suggests that the effect of employment informality on mental health varies by gender. A study in Brazil found a positive association between informal employment and mental health problems in women but not men,<sup>17</sup> while another study in Chile found the opposite.<sup>16</sup> Another study in Central America found that caregiving responsibilities, being married, long working hours, and part-time work were associated with poor mental health only among women in informal employment.<sup>18</sup> The gender differences in the mental health effects of informal employment might be related to an increased burden for women regarding unpaid domestic and care work. Additionally, a study in Central America found that informal employment was associated with poor mental health only where poor social protection from the state was provided,<sup>19</sup> suggesting the type of welfare state might matter in the relationship between informal employment and mental health.

Given that much is still unknown about the effect of informal employment on mental health, we propose a five-point research agenda for Latin America and the Caribbean region. First is developing qualitative and quantitative aetiological research on informal employment and mental health that takes into account the heterogeneity of informal employment, its different mental health effects, and the intersection of different axes of inequity (ie, age, race, ethnicity, social class, urban or rural areas, or migration status). Unpaid domestic and care work seem particularly interesting when examining gender-related health

inequalities associated with informal employment. Second is prioritising life-course research using cohort studies and, when possible, inception cohorts, linking to existing administrative databases. The scarcity of resources, access restrictions, and countries' internal and external migration might make these studies challenging. However, coordinated cross-national and regional efforts might help reduce the barriers to such studies. Third is examining the mechanisms by which the dynamics of the economy, market conditions, and status of the welfare state influence workers to move between formal and informal employment and economic activities and how those changes affect mental health and the mental health inequity gap. Fourth is assessing the effectiveness of extending social security policies and solidarity networks linked to informal employment on improving mental health and reducing mental health inequalities. Fifth is fostering international collaborations linking research to policy and practice, such as the ECoTES Network, which aims to enhance the quantity and quality of work and health information in Latin America and the Caribbean region for decision making.

Implementing comprehensive policy responses and transformative strategies that effectively address informal employment is urgently needed to progress towards inclusive and sustainable development, decent working and living conditions, and workers' and their families' wellbeing.<sup>1</sup> Transition to employment formality might be reached by economic growth and the combination of strategies and policies, including extending social protection to all workers, increasing income of the informally employed, promoting social dialogue, training, and education, and strengthening institutions, such as labour inspections.<sup>1,4</sup> Women's access to formal employment should also be prioritised.<sup>4</sup> However, ensuring that all these policies are sustainable and independent of political and economic cycles is challenging. In the current social and economic context of Latin America and the Caribbean, informal employment will possibly continue to grow. The multi-causality of informal employment requires a collaborative and intersectoral approach to coordinate and strengthen policies and procedures related to social security, the labour market, health care, welfare, and labour inspection systems. We believe that any decision-making process to formalise employment and protect

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all workers should include all the relevant stakeholders (eg, workers, employers, local and regional government, and the broader civil society).

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