

Determinants of Informal Labor Market Participation: An Empirical Analysis from Urban Brazil

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Abstract. This study investigates the factors influencing informal labor market participation in urban Brazil, utilizing a mixed-methods approach that combines quantitative data analysis from national surveys with qualitative interviews. Informal employment poses significant challenges to economic development and labor rights, affecting millions of workers. The findings highlight the interplay between individual characteristics, economic conditions, and regulatory frameworks as key determinants of informal labor engagement. Our results suggest that targeted policy interventions are necessary to enhance formalization processes and improve labor conditions. By identifying the underlying causes of informal labor, this research provides a foundation for effective economic policies aimed at bolstering formal employment.

Keywords: Informal labor, Economic development, Brazil, Labor market, Policy interventions, Employment structure, Quantitative analysis, Qualitative research

Introduction

The rise of informal labor markets has become a pressing concern for policymakers and economists alike, particularly in developing nations where structural inequalities dominate the socio-economic landscape. Informal labor encompasses a vast array of occupations and sectors where workers often lack legal protections, benefits, and stable job security, thus exacerbating poverty and economic instability. According to recent studies, nearly 40% of the workforce in urban Brazil operates within this informal sector, indicating a pressing need for comprehensive analysis and targeted interventions. The relevance of this phenomenon is underscored by the ongoing economic challenges posed by the COVID-19 pandemic, which has further marginalized informal workers and jeopardized their

livelihoods. Understanding the determinants of informal labor market participation is crucial for devising policies that not only aim to formalize this segment but also foster inclusive economic growth. This paper, structured as follows, first reviews the existing literature on informal labor economics, focusing on the Brazilian context. Next, we delineate our methodological approach, employing both quantitative and qualitative analyses to elucidate the factors driving informal employment. Finally, we present our empirical findings, followed by a discussion on the implications for policy and future research.

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References

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