

# SECURITY OF EMPLOYMENT

Output indicator

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## Indicator Phrasing

**English:** % of workers with formal contracts

**French:** % de travailleurs avec un contrat formel

**Spanish:** % de trabajadores con contratos formales

**Portuguese:** % de trabalhadores com contratos formais

**Czech:** % pracovníků s formálními pracovními smlouvami

## What is its purpose?

The indicator measures the proportion of workers with a formal contract that specifies the conditions of their work, their rights and their responsibilities. While having a contract does not automatically mean that a worker's rights are protected, in many contexts it does offer a higher level of security than work based on a verbal agreement only.

## How to Collect and Analyse the Required Data

Determine the indicator's value by using the following methodology:

1) **Define the criteria a contract needs to meet** to be considered as a work-related, formal contract. For example, the type of contract needs to be in line with the local labour law (specify what exactly this means), it needs to be signed by both the employer and the worker, it needs to be valid, specify the worker's rights, etc. When doing so, **avoid having unrealistically high standards** that only few contracts can meet. If possible, consult the criteria with a human resources specialist or owners of more established businesses that already use formal contracts.

2) Depending on the context you operate in, request either the employers or the workers to show you the signed contract they have. **Review the contracts against the criteria.** If you target a large number of workers, review a [representative sample](#) only. Per each worker, conclude whether s/he has a formal contract or not.

In many contexts, it is quite likely that the **worker will not be able (or willing) to show you the contract** (e.g. due to not having it with them at the time of the interview). In such a case, you should ask the worker whether s/he has signed a contract and if so, ask her/him several questions about the contract that will enable you to conclude whether it can be considered as a "formal contract" or not. In such a case, you will have to **relax the criteria** defined in the previous point, as it is likely that people will not remember in detail the content of their contract.

3) **Count the number of workers** with a formal contract meeting the criteria defined in point 1 above.

4) To **calculate the indicator's value**, divide the number of workers with a formal contract by the total number of surveyed workers (exclude those where it was not possible to conclude whether they have a formal contract or not). Multiply the result by 100 to convert it to a percentage.

## Disaggregate by

[Disaggregate](#) the data by gender, age groups and the types of business the employers are engaged in.