

# Chapter 9

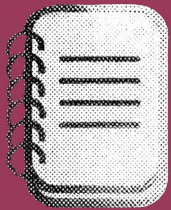
## Irregular migration and informal work

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# Irregular migration and informal work



## Key points

- Public debate often conflates irregular migration with informal work. Varying definitions of both make it difficult to compare research or draw clear policy conclusions.
- Both irregular migration and informal work are hard to measure. This makes it especially difficult to accurately assess how they intersect.
- This chapter presents a straightforward, flexible and scalable framework for estimating this overlap. Using data sources commonly available in many countries, it can generate plausible ranges for the number of irregular migrants working in the informal economy.

## Introduction: Politically important, conceptually confused, and empirically challenging

The media has placed a lot of attention on the role irregular migrants in the informal economy. Headlines suggest that “Migrants scrape by in underground economy”, “Migrants will keep coming as long as we offer illegal jobs” and “We don’t need French lessons on the black economy and illegal workers”. Yet, there is a lack of general understanding of how concepts such as the “underground”, “black” or “shadow” economy relate to migration.

The systematic study of irregular migrants in the informal economy is beset by conceptual ambiguities and methodological challenges. Definitions of economic informality and migrant irregularity remain indefinite as scholars and

policy professionals continue to reformulate them iteratively. Any synthesis and cohesive knowledge accumulation are hampered by the competing definitions used in this large body of research. Furthermore, data unavailability and unreliability hinder efforts to estimate the size of the informal economy and irregular migrant stocks across different contexts and time periods in a consistent fashion. Since both phenomena are hard to capture statistically, the accurate assessment of their intersection is doubly challenging. Overall, confusion regarding the concepts themselves and obstacles to measurement impede research and policymaking regarding the participation of irregular migrants in the informal economy.

## Who are the irregular migrant workers in the informal economy?

Our framework includes two types of firms, registered and unregistered, where foreign nationals (with and without right of residence), denizens and nationals of the country can take up employment. The informal economy is composed of those a) working in unregistered firms, and b) working in registered firms, but not abiding by all regulations (e.g., getting paid “off the books”).

For nationals and denizens, the formal versus informal economy placement depends on individuals’ workplace registration and conditions of employment. For others, their residence status plays a role in placing them in the formal or informal economy. Foreign nationals without a right

of residence are categorized as irregular migrants regardless of their employment status apart from asylum seekers who have obtained a work permit. Foreign nationals with terminable right of residence are categorized as regular non-denizen migrants if they are active in the formal economy or not working. Conversely, their participation in the informal economy is an indicator of migrant irregularity.

See Figure 9.1 for the main framework of analysis and for a more detailed breakdown of the concepts under discussion, please refer to Salihoğlu and Vargas-Silva (2024).

	Registered firms		Unregistered firms
	Conditions met	Conditions not met	
Nationals and denizens	National and denizen workers in the formal economy	National and denizen workers in the informal economy	
Foreign nationals with terminable right of residence	Regular migrant workers in the formal economy	Foreign nationals with terminable right of residence working in registered firms, but violating their conditions of stay otherwise	Foreign nationals with terminable right of residence working in unregistered firms
Foreign nationals without right of residence	Not applicable	Foreign nationals without right of residence working in registered firms	Foreign nationals without right of residence working in unregistered firms

 Irregular migrant workers in the informal economy

Figure 9.1: Framework for analysis

## How to estimate the number of irregular migrant workers in the informal economy?

To measure the participation of irregular migrants in the informal economy, the intersection of two estimates, namely that of irregular migrants and the informal economy, should be calculated.

We present an approach to estimate this intersection. The method yields estimate ranges, each fitted with a minimum and a maximum figure generated through a procedure subject to context-specific conditionalities. It involves the following 4 steps:

1. Start with a full dataset from a survey representative of a labour market. Drop those who are not in employment.
2. Drop all employed nationals and denizens. Use different definitions of denizenship to set several thresholds of estimation that decrease in their degree of conservativeness and gradually constrain the number of

observations categorized as non-denizen migrants in the dataset.

3. Generate a maximum and a minimum estimate of the number of irregular migrant workers. This relies on using survey variables that proxy economic in/formality in standalone or combinatory fashion. A separate minimum-maximum estimate range is generated per denizenship threshold as defined in Step (2).
4. Lastly, the observations that remain under the maximum and minimum specifications per denizenship threshold are multiplied with their corresponding survey weights to generate estimate ranges for irregular migrant worker populations.

For further details of the estimation see Salihoğlu and Vargas-Silva (2025).

## What are the limitations of this approach?

Our approach is straightforward, flexible and scalable by design. It can be applied to most surveys with supply-side information on the labour force, including labour force surveys, censuses and living conditions surveys, all of which are traditional and relatively standardized data sources available in many countries.

Yet, the performance of our method is constrained by the underlying microdata that it draws on. Survey samples may suffer from self-selection bias.

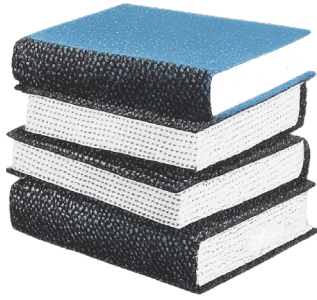
Irregular migrants tend to have lower participation rates in surveys than regular migrants due to concerns over visibility to state authorities. They may also have accommodation arrangements that leave them out of the sampling frame altogether, such as newly arrived working tourists who stay in hotels. These factors hamper our method's ability to provide a full accounting of the scope and distribution of irregular migrant worker profiles identifiable in survey data.

## Implications

Unsettled academic and policy debates regarding the definition of the informal economy have hindered clearheaded analysis and policymaking vis-à-vis the participation of irregular migrants therein. Our approach has pinned down a working definition for the informal economy in order to identify, characterize, and quantitatively measure this phenomenon.

This method is intended as a starting point for researchers to adapt our approach to their national setting. The method offers a framework

for quantifying the participation of migrants in host labour markets in a holistic manner. Even in countries where labour and/or firm informality levels are low, migrants are likely to be overrepresented in the informal labour force and their economic contributions consequently not acknowledged in national statistics.



## References

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