

CHAPTER 5. LABOR–METHODOLOGY NOTE

I. MOTIVATION

Labor is arguably the most important factor of production in most businesses. It is also the most important source of income for most people.¹ Regulations and public services related to labor are fundamental drivers of private sector development from the perspective of both enterprises and workers. These regulations and public services affect firms' decisions whether to expand by hiring labor, and whether to do so formally or informally.² In addition, these regulations and public services affect the well-being of potential workers by providing them with good jobs and opportunities for growth.

For formally employed workers, labor regulations matter—they protect their rights, reduce the risk of job loss, and support equity and welfare. For workers employed in the informal sector, labor regulations can affect their ability to enter the formal workforce.³ If labor regulations make hiring costs too high and rules too cumbersome, firms may choose to use more capital than labor or to hire informally. Some workers lose when firms make such choices. Sound and balanced labor regulations are needed for firms and workers to benefit from a dynamic and innovative labor market that does not come at the expense of income security or basic workers' rights.⁴

Public services can help enforce and facilitate quality labor regulations.⁵ They can provide the institutional infrastructure for labor inspections and audits to incentivize compliance. Institutions can also render services that make labor more expensive if firms are required to pay for them. For example, public services can provide health, pension, and other forms of social insurance. They address market imperfections and have important implications for the functioning of the labor market and firm choices. A lack of social security coverage for workers reduces opportunities for firms, especially small and medium enterprises (SMEs), to transition to higher productivity and profitability.⁶ Informal workers not only lack health and social protection benefits; they are also less likely to move out of poverty.⁷ For example, if an economy offers universal (or close to universal) basic health care, it can have a direct positive impact on job quality and wages by allowing firms to redirect resources into business development and employee wages. Employment services, including job search assistance, and training programs serve as a bridge between the needs of firms and the skills of workers.

II. INDICATORS

The Labor topic measures good practices in employment regulations and public services from the perspective of both enterprises and employees across three different dimensions, here referred to as pillars. The first pillar assesses the quality of labor regulations pertaining to workers' conditions and employment restrictions and costs, covering *de jure* features of the regulatory framework that are necessary for the functioning of the labor market and to provide employers and employees with their obligations and relevant safeguards. The second pillar measures the adequacy of public services for labor, assessing the *de facto* provision of social protection and the employment services on which the labor market and the enforcement of labor regulations depend. The third pillar measures the operational efficiency of labor regulations and public services in practice, assessing employment restrictions and cost, as well as public services. Each pillar is divided into categories—defined by common features that inform the grouping into a particular category—and each category is further divided into subcategories. Each subcategory has several indicators, each of which may, in turn, have several components. Relevant points are assigned to each indicator and subsequently aggregated to obtain the number of points for each subcategory, category, and pillar. Table 1 summarizes all three pillars and their respective categories.

Table 1. Summary Table of all Three Pillars for the Labor Topic

Pillar I–Quality of Labor Regulations (33 indicators)	
1.1	Workers’ Conditions (19 indicators)
1.1.1	Labor Rights (12 indicators)
1.1.2	Minimum Wage Attributes (4 indicators)
1.1.3	Termination of Employment (3 indicators)
1.2	Employment Restrictions and Costs (14 indicators)
1.2.1	Terms of Employment (9 indicators)
1.2.2	Minimum Wage Rate (1 indicator)
1.2.3	Termination of Employment (4 indicators)
Pillar II–Adequacy of Public Services for Labor (21 indicators)	
2.1	Social Protection (9 indicators)
2.1.1	Unemployment Insurance (3 indicators)
2.1.2	Health Care Coverage (3 indicators)
2.1.3	Retirement Pension (3 indicators)
2.2	Employment Services (12 indicators)
2.2.1	Employment Centers and Training (4 indicators)
2.2.2	Labor Dispute Resolution Mechanisms (2 indicators)
2.2.3	Labor Inspectorates (5 indicators)
2.2.4	Sex-Disaggregated Data (1 indicator)
Pillar III–Operational Efficiency of Labor Regulations and Public Services in Practice (10 indicators)	
3.1	Employment Restrictions and Costs (5 indicators)
3.1.1	Social Contribution (1 indicator)
3.1.2	Obstacles to Hiring and Dismissing Workers (2 indicators)
3.1.3	Dismissal Time and Cost (2 indicators)
3.2	Employment Services (5 indicators)
3.2.1	On-the-Job Training (1 indicator)
3.2.2	Prevalence and Operational Efficiency of Labor Disputes (2 indicators)
3.2.3	Safety and Health Inspection (2 indicators)

1. PILLAR I. QUALITY OF LABOR REGULATIONS

Table 2 shows the structure for Pillar I, Quality of Labor Regulations. Each of this pillar’s categories and subcategories will be discussed in more detail in the order shown in the table.

Table 2. Pillar I–Quality of Labor Regulations

1.1	Workers’ Conditions
1.1.1	Labor Rights
1.1.2	Minimum Wage Attributes
1.1.3	Termination of Employment
1.2	Employment Restrictions and Costs
1.2.1	Terms of Employment
1.2.2	Minimum Wage Rate
1.2.3	Termination of Employment

1.1 Workers’ Conditions

Category 1.1 is divided into three subcategories consisting of several indicators, some of which may, in turn, have several components.

1.1.1 Labor Rights

Labor rights encompass the basic rights and protections that workers should be granted in the workplace. These rights are aimed at ensuring fair and safe working conditions, promoting equality and non-discrimination, and safeguarding the dignity and well-being of workers. They are rooted in the core labor standards embedded in the Fundamental Principles and Rights at Work and include freedom of association, the right to collective bargaining, the abolition of forced labor, the elimination of child labor, the elimination of discrimination in respect of employment and occupation and the right to a safe and healthy working environment.⁸

Policies and programs that address discrimination, bias, and inequality at work can lead to positive outcomes for individuals, organizations, and society as a whole.⁹ Furthermore, the regulatory framework plays a role in public health and safety by protecting children from hazardous work more likely to harm their health, safety, or morals.¹⁰ They can also safeguard against forced labor. According to 2021 Global Estimates, 17.3 million people are in forced labor exploitation on any given day, of which children make up 1.3 million. Among adults, those trapped in this category of forced labor remained there for an extended period of time—up to 5.4 months, on average.¹¹

Safety and Health regulations are an important component to ensuring the well-being and protection of workers.¹² When enforced and implemented, they help prevent accidents and injuries, promote worker health, and reduce worker absenteeism and turnover.¹³ Similarly, violence and harassment in the workplace is a widespread phenomenon that needs increased attention. Reports have found that more than one in five persons in employment has experienced at least one form of violence and harassment at work during their working life.¹⁴ Therefore, Subcategory 1.1.1–Labor Rights comprises twelve indicators (table 3).

Table 3. Subcategory 1.1.1–Labor Rights

	Indicators	Components
1	Equal Remuneration for Work of Equal Value	Legal requirement to ensure fairness and non-discrimination in remuneration practices by providing equal compensation for work of equal value
2	Prohibition of Discrimination in Employment	Law expressly prohibits discrimination in employment in regard to: i) Race and ethnicity ii) Gender iii) Religion or belief iv) Political opinion v) Sexual orientation vi) Disability vii) National extraction (place of birth, ancestry, or foreign origin) or social origin viii) Trade union membership
3	Freedom of Association and Assembly	Law mandates freedom of association and assembly
4	Right to Collective Bargaining	Law mandates the right to collective bargaining
5	Prohibition of Forced Labor	Legal regulations that explicitly forbid the practice of forcing people to work against their will
6	Minimum Legal Age for Employment	The minimum age for admission to employment is equal or higher to the ILO provisions on minimum age for the following types of employment: i) General employment ii) Light work iii) Hazardous work
7	Prohibition of Child Labor	Prohibition for children to perform work likely to harm health, safety, or morals.
8	Existence of Occupational Safety and Health Legislation	Legal requirement to establish national or federal Occupational Safety and Health legislation on the following industries: i) General

		ii) Agriculture iii) Construction
9	Periodic Review of Occupational Safety and Health Legislation	Law that establishes the periodic revision and update of occupational safety and health legislation
10	Protection Against Workplace Discrimination, Violence and Harassment, Through Grievance Mechanisms, Information, and Training	Law that requires firms to provide information and formal training on how to identify hazards and risks, as well as establishing internal complaints or grievance mechanisms for: i) Workplace discrimination ii) Workplace violence iii) Workplace harassment
11	Legally Mandated Paid Annual Leave	Legally mandated paid annual leave for at least three working weeks after one year of service for workers in the private sector
12	Legally Mandated Paid Sick Leave	Legally mandated paid sick leave by law for workers in the private sector

1.1.2 Minimum Wage Attributes

A minimum wage is a legally mandated floor for wages that employers must pay to their employees. The purpose of a minimum wage is to ensure that workers receive a fair and decent wage that can cover their basic needs and contribute to their well-being.¹⁵ Key elements of a minimum wage system include scope of coverage, setting and adjustment of the minimum wage, criteria to determine the minimum wage, enforcement and compliance and monitoring and evaluation.¹⁶ Therefore, Subcategory 1.1.2–Minimum Wage Attributes comprises four indicators (table 4).

Table 4. Subcategory 1.1.2–Minimum Wage Attributes

	Indicators	Components
1	Existence of Minimum Wage in the Private Sector	Legally mandated minimum wage in the manufacturing and services sectors, set by the law or through a collective bargaining agreement
2	Criteria for Determining Minimum Wage Level	Formally established and legally binding criteria within the relevant legislation that are used for setting the minimum wage
3	Minimum Wage Update Process	Mandatory mechanism for periodically evaluating and potentially adjusting the minimum wage to ensure/maintain its fairness and equity over time
4	Social Consultation for Minimum Wage Setting and Updates	Legally mandated social consultation during the process of setting and updating the minimum wage

1.1.3 Termination of Employment

To mitigate the detrimental consequences of immediate termination of employment, it is recommended that workers receive a reasonable period of notice.¹⁷ The purpose of such notice is to prepare the worker for unemployment, giving them the necessary time to adapt and/or seek alternative employment. Concurrently, the provision of severance pay helps to cushion the financial impact experienced by workers in the event of job loss due to redundancy. While various jurisdictions may have regulations aimed at safeguarding the rights of employees during collective redundancies, these regulations often necessitate the participation of labor representatives and/or authoritative bodies to guarantee that the process is fair, transparent, and in accordance with applicable legal standards. Therefore, Subcategory 1.1.3–Termination of Employment comprises three indicators (table 5).

Table 5. Subcategory 1.1.3–Termination of Employment

	Indicators	Components
1	Legally Mandated Notice Period	Availability of notice period by law or collective bargaining agreement (CBA)
2	Legally Mandated Severance Pay	Severance pay by law or collective bargaining agreement (CBA)

3	Notification Requirement for Collective Dismissal	Requirement for third-party notification (public administration and/or workers' representatives) in the case of a collective dismissal mandated by law or collective bargaining agreement (CBA)
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Note: CBA = Collective Bargaining Agreement.

1.2 Employment Restrictions and Costs

Category 1.2 is divided into three subcategories consisting of several indicators, some of which may, in turn, have several components.

1.2.1 Terms of Employment

Flexible work hours and contracts enable firms to adapt to market demand and can help workers balance their work with personal obligations. More specifically, the use of fixed-term contracts gives firms the flexibility to bring in workers for a specific project or period without committing to long-term employment.¹⁸ They can also help the core workforce be less exposed to employment adjustment.¹⁹ Firms should be able to choose among the types of contracts to meet their specific production demands and to control staffing costs.²⁰

Furthermore, when the law allows for flexible work hours, such as the possibility of overtime work, night work, and to work on any given day of the week, firms are more able to adapt to production needs. Workers can also benefit by having more freedom to choose when they want to work as long as the law also safeguards their well-being and productivity by setting maximum thresholds of working hours and ensuring a 24-hour weekly rest period.²¹

Unemployment protection, health care, and retirement pensions are important forms of social insurance. They address market imperfections and have important implications for the functioning of the labor market. When the firms are directly mandated to cover these expenses, it can burden them. In some cases, firms must make extra payments for workers' social security, in addition to mandatory general taxes. A lack of government-provided social security coverage for workers reduces opportunities for firms, especially SMEs, to transition to higher productivity and profitability. Informal workers not only lack health and social protection benefits; they are also less likely to move out of poverty.

Digital labor platforms are becoming an inherent component of labor markets and are impacting the world of work. Businesses may benefit from these platforms by accessing both global and local workforces, improving efficiency and productivity, and reaching wider markets.²² The trend is on the rise; there has been a fivefold increase in the number of digital labor platforms over the past decade.²³ From the perspective of workers, platform-based work offers advantages, by providing workers with flexibility and autonomy, an important source of income, and access to more productive or formal jobs.²⁴ This is especially beneficial for vulnerable groups such as women, youth, and migrants.²⁵ Despite the opportunities it has provided to many workers, the digital economy also poses many challenges including low and unreliable wages, long and unpredictable working hours, job insecurity, and discriminatory practices.²⁶ Regulating platform workers poses many challenges, primarily due to unclear nature of the relationship between workers and platforms, often (mis)classification of their employment status.²⁷ In response to recent developments, countries have adopted different approaches to regulating platform-based work, ranging from presumption of employment to treating workers as purely self-employed/independent contractors or creating a new hybrid/intermediate category that falls between employee and self-employed.²⁸ Therefore, Subcategory 1.2.1–Terms of Employment comprises nine indicators (table 6).

Table 6. Subcategory 1.2.1–Terms of Employment

	Indicators	Components
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1	No Restrictions on the Use of Fixed-Term Contracts for Any Task	No limitations on the types of tasks for which employers can use fixed-term contracts
2	No Restrictions on the Use of Fixed-Term Contracts for Permanent Tasks	No limitations on using fixed-term contracts for tasks that are considered permanent/ongoing within the organization
3	No Legal Mandate for Firms to Pay Wage Premium for Night Work	No legal requirement for companies to provide a wage premium for employees working night shifts
4	No Restrictions on Overtime Work within a Limit of 56 Hours Weekly Maximum	No legal prohibition on overtime mandated by law within a limit of maximum 56 total working hours per week
5	No Legal Mandate for Firms to Pay for Unemployment Protection Directly	No legal requirement for firms to directly pay/fund unemployment protection schemes through mandatory taxes (including mandatory labor taxes or social security contributions)
6	No Legal Mandate for Firms to Pay for Health Care Directly	No legal requirement for firms to directly pay/fund workers' health care through mandatory taxes (including mandatory labor taxes or social security contributions)
7	No Legal Mandate for Firms to Pay for Pensions Directly	No legal requirement for firms to directly pay/fund workers' retirement pension through mandatory taxes (including mandatory labor taxes or social security contributions)
8	Lawful Grounds, Including Business Needs, for Individual Dismissal	Dismissal based on business needs or redundancy is allowed by law or collective bargaining agreement (CBA)
9	Regulation of Platform Workers' Labor Rights and Benefits	Legal classification of platform worker; existence of laws covering labor rights (protection and benefits) for platform workers

1.2.2 Minimum Wage Rate

The minimum wage is a form of protection meant to ensure a minimum living wage for all employed. Well-designed and effective minimum wages can contribute to reduced inequality within and among economies.²⁹ Conversely, when the minimum wage is set too high it can have the opposite effect, encourage informality, and put workers' well-being at risk. Minimum wages play a role in promoting full and productive employment and decent work for all. Therefore, Subcategory 1.2.2–Minimum Wage Rate comprises one indicator related to the Minimum Wage Rate (table 7).

Table 7. Subcategory 1.2.2-Minimum Wage Rate

	Indicators	Components
1	Minimum Wage Rate*	The amount of minimum wage as set by law or collective bargaining agreement in manufacturing and services sectors

* The score for the minimum wage rate is calculated in the following way: The higher of the two minimum wages (manufacturing and services) in local currency units (LCU) is selected for each economy. This maximum minimum wage is then divided by the monthly GDP per capita (GDP per capita / 12) in LCU to obtain a standardized ratio. A Normal Cumulative Distribution Function (CDF) transformation method on a scale of 0 to 100, where 0 and 100 represent the lowest and highest possible scores, respectively, is then applied. The best and worst performers are identified based on the 5th and 95th percentiles of the collected data. This approach provides a standardized and normalized method to evaluate and compare minimum wage levels in relation to economic output per capita across different economies.

1.2.3 Termination of Employment

To lessen the adverse effects of sudden job termination, it is advisable for workers to be given a reasonable notice period.³⁰ The aim of providing such notice is to prepare the worker for unemployment, affording them the necessary time to adjust and seek alternative employment. Likewise, the presence of severance payment helps mitigate the income loss experienced by workers in cases of redundancy. When the duration

of the notice period is too long and the amount of severance mandate by law is excessive, they no longer serve the purpose they were intended for—to protect regular workers—and instead protect a selected few. Large dismissal costs appear to be a contributing factor to the development of dual labor markets, reduce employment among youths and prime-age women and may have adverse effects on the poor in developing countries.³¹ Faced with costly dismissal procedures, firms may choose not to make new hiring decisions, which may, in turn, affect their productivity and growth, but also youth employment and the economy's human capital.

Firms need flexibility to manage their workforce and respond to changes in the business environment. An economy that requires clear and valid grounds for individual dismissal, including business needs, provides companies with the ability to quickly adjust workforce in response to changes in demand, market conditions, or other factors.³² Therefore, Subcategory 1.2.3–Termination of Employment comprises four indicators (table 8).

Table 8. Subcategory 1.2.3–Termination of Employment

	Indicators	Components
1	Length of Notice Period (in weeks of salary)*	Length of notice period mandated by law for a worker with more than 1 year of employment but less than 5 years (in number of weeks)
2	Amount of Severance Pay (in weeks of salary)*	Amount of severance pay mandated by law for a worker with more than 1 year of employment but less than five years (in number of weeks)
3	No Third-Party Approval Requirement for Individual Dismissal	No legal requirement for third party approval in the case of individual dismissal by law or collective bargaining agreement (CBA)
4	No Third-Party Approval Requirement for Collective Dismissal	No legal requirement for third party approval in the case of collective dismissal by law or collective bargaining agreement (CBA)

*The scores for length of notice period and amount of severance pay indicators are calculated using the Normal Cumulative Density Function (CDF) transformation method on a scale of 0 to 100, where 0 and 100 represent the lowest and highest possible scores, respectively. The best and worst performers are identified based on the 5th and 95th percentiles of the collected data.

2. PILLAR II. ADEQUACY OF PUBLIC SERVICES FOR LABOR

Table 9 shows the structure for Pillar II, Adequacy of Public Services for Labor. Each of this pillar's categories and subcategories will be discussed in more detail in the order shown in the table.

Table 9. Pillar II–Adequacy of Public Services for Labor

2.1	Social Protection
2.1.1	Unemployment Insurance
2.1.2	Health Care Coverage
2.1.3	Retirement Pension
2.2	Employment Services
2.2.1	Employment Centers and Training
2.2.2	Labor Dispute Resolution Mechanisms
2.2.3	Labor Inspectorates
2.2.4	Sex-disaggregated Data

2.1 Social Protection

Category 2.1 is divided into three subcategories consisting of several indicators, each of which may, in turn, have several components.

2.1.1 Unemployment Insurance

Government-provided unemployment insurance can positively affect society as a whole because it can enhance human capital and productivity, as well as reduce inequalities.³³ If funded by some contribution from general revenues, rather than solely labor taxes, unemployment protection makes labor less costly, more flexible, and more attractive to firms. Therefore, Subcategory 2.1.1–Unemployment Insurance comprises three indicators (table 10).

Table 10. Subcategory 2.1.1–Unemployment Insurance

	Indicators	Components
1	Availability of Government-Provided Unemployment Insurance	Existence of unemployment insurance scheme provided by the government for workers in the private sector
2	Coverage of Unemployment Protection	Scope of coverage of government-provided unemployment insurance, including: i) Type of worker ii) Industries
3	Funding for Unemployment Insurance	Unemployment insurance scheme funded through contributions of (only or mixed): i) Employee ii) Employer iii) Government (through general tax revenue)

2.1.2 Health Care Coverage

If an economy offers universal basic health care, funded by some contribution from general revenues, it can have a direct positive impact on productivity, job quality, and wages by allowing firms to redirect resources into business development and employee wages.³⁴ Therefore, Subcategory 2.1.2–Health Care Coverage comprises three indicators (table 11).

Table 11. Subcategory 2.1.2–Health Care Coverage

	Indicators	Components
1	Availability of Universal Health Care	Existence of universal health care provided by the government for all workers, regardless of their employment contract, if any, including the poorest, i.e., those that cannot afford it on their own
2	Coverage of Health Care	Scope of coverage of government-provided health care; availability of health care coverage through employment, voluntary option, and last-resort health care assistance
3	Funding for Health Care	Universal health care scheme funded through contributions of (only or mixed): i) Employee ii) Employer iii) Government (through general tax revenue)

2.1.3 Retirement Pension

Public pension systems are a foundation on which income security for older persons is built.³⁵ Income security in old age contributes significantly to reducing inequality within and among economies and supports gender equality.³⁶ If funded by some contribution from general revenue, non-contributory retirement pension can also alleviate some of the cost burden on firms, allowing them to use this capital for employee wages and the growth of the company.³⁷ Therefore, Subcategory 2.1.3–Retirement Pension comprises three indicators (table 12).

Table 12. Subcategory 2.1.3–Retirement Pension

	Indicators	Components
1	Availability of Government Provided Retirement Pension Scheme	Existence of a retirement pension scheme provided by the government for workers in the private sector

2	Coverage of Retirement Pension Scheme	Scope of coverage of government-provided retirement pension, including: i) Type of worker ii) Industries
3	Funding for Retirement Pension Scheme	Retirement pension scheme funded through contributions of (only or mixed): i) Employee ii) Employer iii) Government (through general tax revenue)

2.2 Employment Services

Category 2.2 is divided into four subcategories consisting of several indicators, each of which may, in turn have several components.

2.2.1 Employment Centers and Training

Employment centers and training provide resources and assistance that help job seekers overcome barriers and find employment by connecting them with employers and providing career guidance and training. Labor market training is one of the main policies to reduce unemployment (especially among low-skilled populations), which is ultimately a driver of formalization.³⁸ Public employment services contribute to these programs as a part of the active labor market policies (ALMP) that can be implemented by governments. Therefore, Subcategory 2.2.1–Centers and Training comprises four indicators (table 13).

Table 13. Subcategory 2.2.1–Employment Centers and Training

	Indicators	Components
1	Existence of a National Employment Service Center	Existence of national employment service center in the largest B-READY city
2	No Legal Mandate for Firms to Pay for Employment Service Center Services	No legal requirement for firms to pay for the services provided by an employment service center (e.g., job placement assistance, career counseling, or training programs)
3	Legal Mandate for Vocational Guidance and Training for Unemployed and Job Seekers	Existence of a law or regulation establishing vocational guidance and training for the unemployed and job seekers
4	Existence of Public Training Programs for Unemployed and Job Seekers	Availability of the government/publicly funded training programs (including, but not limited to skills development, vocational training, or educational opportunities aimed to enhance the employability) to people who are unemployed and/or actively seeking employment

2.2.2 Labor Dispute Resolution Mechanisms

Inadequate mechanisms for resolving labor disputes can create significant uncertainty for both employers and employees, and economic insecurity for households. Prolonged litigation impedes job reallocation dynamics and productivity. Conversely, a specialized mechanism to resolve a labor dispute, as well as conciliation and mediation offer a more efficient, cost-effective, and collaborative approach to dispute resolution that can help preserve business continuity and promote better labor relations, by addressing conflict in the early stages.³⁹ Therefore, Subcategory 2.2.2–Labor Dispute Resolution Mechanisms comprises two indicators (table 14).

Table 14. Subcategory 2.2.2–Labor Dispute Resolution Mechanisms

	Indicators	Components
1	Existence of a Functioning, Specialized, and Independent Mechanism for Resolution of a Labor Dispute	Availability of a functioning, specialized, and independent mechanism for resolution of a labor dispute

2	Existence of Alternative Dispute Resolution Process for a Labor Dispute	Availability of a conciliation/mediation or arbitration process to resolve a labor dispute for both workers and firms in a judicial or non-judicial setting
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2.2.3 Labor Inspectorates

The primary mission of labor inspectorates is to ensure the application of national labor laws in the workplace, by convincing the social partners of the need to respect the law in the workplace and their mutual interest in this regard, through preventive, educational, and, when necessary, enforcement measures. Labor inspection is the most important instrument of state presence and intervention to design, stimulate, and contribute to the development of a culture of prevention covering all aspects potentially under its purview: industrial relations, wages, general conditions of work, and issues related to employment and social security.⁴⁰ Special attention should be given to provisions of enforcement of child, forced labor, and occupational safety and health at work with the aim to help curtail violations.

Most labor inspection systems include provisions for protecting women in relation to pregnancy and maternity. Additionally, there is growing evidence of labor inspectors taking on a role in monitoring workplace equality and diversity. However, the primary focus of most reports remains on issues of hygiene, welfare, and occupational safety and health.⁴¹ Therefore, Subcategory 2.2.3–Labor Inspectorates comprises five indicators (table 15).

Table 15. Subcategory 2.2.3–Labor Inspectorates

	Indicators	Components
1	Existence of a Central Labor Inspectorate	Availability of a designated governmental authority or agency responsible for overseeing and enforcing labor laws and regulations
2	Best Practice Initiation of Labor Inspections	Labor inspectors may enter workplaces freely and without prior notice (unannounced) to the employer to ensure compliance with labor laws and regulations
3	Legislation Enforcement on Forced Labor, Child Labor, and Occupational Safety and Health	Legal requirement for labor inspectorates to enforce the current legislation on forced labor, child labor, and Occupational Safety and Health
4	Existence of Data on Reported Number of Cases/Complaints for Labor Violations	Existence of data on reported number of cases/complaints for different types of violations
5	Protection and Oversight of Women’s Rights in the Workplace	Legal requirement on safeguarding and monitoring of women’s workplace rights through: i) availability of public data on workplace violations against women ii) periodic inspections focused on the abuse women’s rights in the workplace

2.2.4 Sex-Disaggregated Data

Informed and effective policy decisions require comprehensive data. Sex-disaggregated data is especially crucial for designing policies that promote gender equality and address the specific needs and challenges faced by different genders. Reducing gender gaps in labor force participation could significantly boost global GDP by fully harnessing potential of the female workforce.⁴² Moreover, addressing unemployment, which tends to be higher among women is essential not only for enhancing economic stability but also for mitigating social issues and supporting sustainable economic growth.⁴³

To prevent the perpetuation of employment inequality, it is important to recognize and accommodate the different patterns of workplace dispute resolution between women and men, as women are often discouraged by gatekeepers within unions and firms from accessing dispute resolution forums.⁴⁴ Additionally, gender inequality in infant caregiving reinforces disparities in paid work. Equal access to

paid leave for infant care is vital, as it shapes caregiving patterns with long-lasting economic consequences.⁴⁵

Labor inspectors play a critical role in ensuring the integrity and effectiveness of labor inspectorates. The ILO advocates for the full inclusion of women in labor inspectorates.⁴⁶ To effectively enforce gender equality, labor administrations should be gender-balanced and adequately equipped to address these issues.⁴⁷ Therefore, Subcategory 2.2.4–Sex-Disaggregated Data comprises one indicator (table 16).

Table 16. Subcategory 2.2.4–Sex-Disaggregated Data

	Indicators	Components
1	Sex-Disaggregated Data on Labor Inspectors, Labor Disputes, Workforce, Unemployment, and Beneficiaries of Maternity and Paternity Leave	Existence of publicly available sex-disaggregated data on: i) Labor Inspectors ii) Labor Disputes iii) Workforce iv) Unemployment v) Beneficiaries of Maternity and Paternity Leave

3. PILLAR III. OPERATIONAL EFFICIENCY OF LABOR REGULATIONS AND PUBLIC SERVICES IN PRACTICE

Table 16 shows the structure for Pillar III, Operational Efficiency of Labor Regulations and Public Services in Practice. Each of this pillar's categories and subcategories will be discussed in more detail in the order shown in the table.

Table 17. Pillar III–Operational Efficiency of Labor Regulations and Public Services in Practice

3.1	Employment Restrictions and Cost
3.1.1	Social Contribution
3.1.2	Obstacles to Hiring and Dismissing Workers
3.1.3	Dismissal Time and Cost
3.2	Employment Services
3.2.1	On-the-Job Training
3.2.2	Prevalence and Operational Efficiency of Labor Disputes
3.2.3	Safety and Health Inspection

3.1 Employment Restrictions and Costs

Category 3.1 is divided into three subcategories consisting of several indicators, each of which may, in turn, have several components.

3.1.1 Social Contribution

Social contribution payments should not pose an excessive financial burden for firms. High social contribution costs could deter firms from hiring formally or "force" them to seek informal labor.⁴⁸ Therefore, Subcategory 3.1.1–Social Contribution comprises one indicator (table 18).

Table 18. Subcategory 3.1.1–Social Contribution

	Indicators	Components
1	Ratio of Social Contribution	Total annual costs of social security payments and employment-based taxes (excluding employee taxes that were withheld), divided by the total annual cost of labor including wages, salaries, bonuses, social security payments, during the last fiscal year

3.1.2 Obstacles to Hiring and Dismissing Workers

Regulations on hiring can have a considerable effect on firms and their employees, as well as on workers in the informal sector or those currently unemployed. If labor regulations make the cost of hiring too high

and rules are too cumbersome, firms may choose to use more capital than labor or to hire informally.⁴⁹ Therefore, Subcategory 3.1.2–Obstacles to Hiring and Dismissing Workers comprises two indicators (table 19).

Table 19. Subcategory 3.1.2–Obstacles to Hiring and Dismissing Workers

	Indicators	Components
1	Perceptions Index of Cost of Hiring New Workers as a Constraint	Perceptions index of cost of hiring new workers as a constraint
2	Perceptions Index of Dismissing Workers as a Constraint	Perceptions index of dismissing workers as a constraint

3.1.3 Dismissal Time and Cost

Firms tend to be less efficient, productive, and innovative if they must comply with cumbersome dismissal procedures. Moreover, complex dismissal processes might skew the firm’s labor composition toward older and less productive workers. Research shows that in economies with highly bureaucratic dismissal procedures, firms hire fewer young workers, thus constraining youth employment.⁵⁰ In addition, costly dismissal procedures pose challenges to firms. Namely, rigid, and costly regulations can lead to misallocation of company resources, providing older workers with job stability while leaving younger, less experienced workers vulnerable.⁵¹ Therefore, Subcategory 3.1.3–Dismissal Time and Cost comprises two indicators (table 20).

Table 20. Subcategory 3.1.3–Dismissal Time and Cost

	Indicators	Components
1	Weeks to Dismiss Full-Time Permanent Worker	Number of weeks that took in practice to dismiss an employee—from the time the notice of dismissal was provided to the worker until the worker was removed from the establishment’s payroll in the past three years
2	Weeks Paid in Severance	Amount paid for severance, in weeks of paid salary, to dismiss permanent, full-time worker in practice in the past three years

3.2 Employment Services

Category 3.2 is divided into three subcategories consisting of several indicators, each of which may, in turn have several components.

3.2.1 On-the-Job Training

On-the-job training can contribute to both organizational success and employee professional development. It can help employees improve their knowledge, skills, behaviors, and ultimately performance.⁵² Studies showed that training may empower workers and have a positive impact on job satisfaction.⁵³ On-the-job training tailored to suit the conditions of developing countries presents a cost-effective approach to substantially enhance workers' performance. This low-cost, high-yield strategy provides developing nations with an effective tool to compete in the global marketplace.⁵⁴

Workers who have better skills foster more innovation, reduce risks and errors, and ultimately drive firm growth and competitiveness. Expansion of firms, the adoption of new technologies and adequate employee training can be an effective strategy to increase formality among firms.⁵⁵ Therefore, Subcategory 3.2.1–On-the-Job Training comprises one indicator (table 21).

Table 21. Subcategory 3.2.1–On-the-Job Training

	Indicators	Components
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1	Percent of Firms with Formal Training Programs for its Permanent, Full-Time Workers	Share of firms offering formal training programs to their permanent, full-time employees
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3.2.2 Prevalence and Operational Efficiency of Labor Disputes

Cumbersome processes to resolve labor disputes deter firms from focusing on more productive activities. More and more economies have implemented specialized courts or agencies to address labor disputes, as well as alternative dispute resolution mechanisms, which can contribute to more timely resolution and lower costs.⁵⁶ Therefore, Subcategory 3.2.2–Prevalence and Operational Efficiency of Labor Disputes comprises two indicators (table 22).

Table 22. Subcategory 3.2.2–Prevalence and Operational Efficiency of Labor Disputes

	Indicators	Components
1	Percent of Firms Involved in Labor Dispute Over Last 3 Years	Share of firms engaged in labor disputes over the past three years
2	Months to Resolve Labor Dispute	Time it took for a dispute to be resolved from the moment it was filed until it was resolved, over the past three years

3.2.3 Safety and Health Inspection

When inspections are too frequent and/or are used as a rent-seeking mechanism, this reduces firm productivity, creating a faulty business climate.⁵⁷ The sharing of reports with employers after an inspection helps increase transparency and accountability by providing documentation of factual information.⁵⁸ Therefore, Subcategory 3.2.3–Safety and Health Inspection comprises two indicators (table 23).

Table 23. Subcategory 3.2.3–Safety and Health Inspection

	Indicators	Components
1	Percent of Firms Visited or Inspected for Workplace Safety and Health	Percentage of companies that have been visited or inspected for workplace safety and health
2	Percent of Firms with a Report Issued by Inspectorate for Workplace Safety and Health	Percentage of companies with a workplace safety and health report issued by the inspectorate after a visit

III. DATA SOURCES

4.1 Data Collection Sources

The data for Pillar I and Pillar II are collected through consultations with private sector experts. Private sector experts are lawyers with expertise in labor law and social security law practice and litigation. These experts have deep knowledge of the laws and regulations on labor-related issues as well as the different regulatory processes that firms need to follow as they hire, employ, or dismiss workers.

The data for Pillar III are collected through Enterprise Surveys. These surveys provide representative data on non-wage labor costs, employment restrictions and costs, and operational efficiency of public services as experienced by businesses in practice. A representative sample of companies captures the variation of experience within each economy. Businesses with different characteristics, such as size, region, and sector, participate in the surveys. For more details on the collection of data by the Enterprise Surveys, please refer to the Overview chapter of this Methodology Handbook.

4.2 Screening and Selection of Experts

The Labor topic has one questionnaire. A screener questionnaire is used to assist the selection of experts receiving the Labor topic questionnaire based on a set of criteria (table 24).

Table 24. Screener Questionnaire and Respondent Criteria

Relevant Experts' Professions
Lawyers
Relevant Areas of Specialization
Labor law. Dismissal procedures, discrimination in the workplace, labor dispute resolution (litigation/conciliation/mediation/arbitration and enforcement) labor inspections
Social security law. Specific areas (among others): health insurance and health care coverage, pensions
Assessment of the Experts' Knowledge and Experience Related to Labor and Social Security Law, and Practice
Labor law. Specific areas (among others); dismissal procedures, discrimination in the workplace, labor dispute resolution (litigation/conciliation/mediation/arbitration and enforcement) labor inspections
Social security law. Specific areas (among others): health insurance and health care coverage, pensions

Thus, the information provided in the screener questionnaire allows the team to better understand the experts' professions, areas of specialization, and experts' knowledge or experience related to labor regulations and public services for labor.

IV. PARAMETERS

To ensure comparability of the data from expert consultations across economies, the Labor topic uses specific parameters. A parameter refers to an assumption that is made about the business location, type of worker, and firm characteristics. Questionnaire respondents are presented with these parameters and assumptions and asked to evaluate a standardized scenario that permits comparability across jurisdictions, and economies.

5.1 General Parameters

The Labor topic does not have general parameters that are applicable to all pillars.

5.2 Specific Parameters

Labor employs three specific parameters. Many economies have subnational jurisdictions, which require a business location to be specified in order for experts to identify the relevant regulatory framework to be assessed. Similarly, defining the type of worker and the firm's characteristics allows respondents to determine which labor law is applicable for a certain contractual agreement or business sector respectively.

5.2.1 Business Location

Justification:

The business location determines the applicable law pertaining to firms and workers, in addition to the availability and effectiveness of public services. For instance, labor laws sometimes differ within an economy or a region and are not necessarily integrated into a single national law. Similarly, public services may vary depending on the location, and accessibility can be subject to geographical elements. These factors may affect the way in which businesses and workers interact. Thus, business location is an essential parameter for measuring the adequacy of labor law. The largest city is chosen based on the population size, as detailed in the Overview chapter of this Methodology Handbook.

Application:

For Pillar I, the parameter is used in cases where regulations are not applicable at a national level, varying across states or regions. For the economies where regulations differ across states, regulations for the largest

city are measured. For Pillar II, the parameter is used to determine the regulation that applies to these services and is important for identifying a geographical area for the provision of public services.

5.2.2 Type of Worker

Justification:

Given the large variety of possible contractual arrangements between firms and workers, and the different sectors to which local labor law is applicable, the type of worker is defined as a permanent employee of working age (over 25 years old), engaged in a formal employment relationship in a private sector firm. The worker is a national of the economy and works in the services sector, unless otherwise indicated in the questionnaire for certain specific indicators, such as minimum wage. The worker may be male, female, or non-binary and is hence, referred to by the pronouns he/she/they. This worker is chosen based on the standard application of the labor code.

Application:

The type of worker is relevant to all measures of Pillar I and II because the quality of labor regulations and the provision of public services varies depending on the type of worker. The parameter does not apply to the subcategory of Minimum Working Age, where law provisions targeting child labor are measured.

5.2.3 Firm Characteristics

Justification:

Firms can be classified by size or sector in which they operate. The classification of a firm determines its interaction with applicable laws, as many economies have different regulations depending on the firm's characteristics. The incumbent firm is defined as a registered private sector firm with fewer than 250 employees in the services industry, unless otherwise indicated in the questionnaire for certain specific indicators, such as the minimum wage. This size is chosen because small and medium enterprises (SMEs) account for a great portion of businesses worldwide, as well as a significant portion of employment and GDP in emerging economies.

Application:

The parameter of firm characteristics is relevant to all measures of Pillars I and II, because the quality of labor regulations and the provision of public services varies depending on the size and sector of the firm.

V. TOPIC SCORING

The Labor topic has three pillars: Pillar I–Quality of Labor Regulations; Pillar II–Adequacy of Public Services for Labor; and Pillar III–Operational Efficiency of Labor Regulations and Public Services in Practice. The total points for each Pillar are further rescaled to values from 0 to 100, and subsequently aggregated into the total topic score. Each pillar contributes one-third to the total topic score. Table 25 shows the scoring for the Labor topic. The scores distinguish between benefits to the firm (captured as Firm Flexibility Points) and benefits to society's broader interests (captured as Social Benefits Points). For further scoring details please see Annex A, which complements this section.

Table 25. Aggregate Scoring Overview

Pillar Number	Pillars	Number of Indicators	Score			Rescaled Points (0–100)	Weight
			Firm Flexibility Points	Social Benefits Points	Total Points		
I	Quality of Labor Regulations	33	13	22	35	100	0.33
II	Adequacy of Public Services for Labor	21	11	17	28	100	0.33

III	Operational Efficiency of Labor Regulations and Public Services in Practice	10	100	n/a	100	100	0.33
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Note: n/a = not applicable (refers to the cases when the impact on firms or society is either ambiguous or nonexistent).

6.1 Pillar I—Quality of Labor Regulations

Pillar I covers 33 indicators with a total score of 35 points (13 points on firm flexibility and 22 points on social benefits) (table 26). The scores are equally assigned to both categories *Workers' Conditions* and *Employment Restrictions and Cost*. The scoring for each category under this pillar is as follows:

6.1.1 *Worker's Conditions* has 19 indicators with a total maximum score of 19 points (0 points on firm flexibility and 19 on social benefits). Specifically, the *Labor Rights* Subcategory has 12 indicators; the *Minimum Wage Attributes* Subcategory has 4 indicators; and the *Termination of Employment* Subcategory has another 3 indicators. A regulatory framework that follows good practices around worker's conditions benefits workers and society (social benefits). Firm flexibility points are not applicable in this category.

6.1.2 *Employment Restrictions and Costs* has 14 indicators with a total maximum score of 16 points (13 points on firm flexibility and 3 on social benefits). Specifically, the *Terms of Employment* Subcategory has 9 indicators; the *Minimum Wage Rate* Subcategory has 1 indicator; and the *Termination of Employment* Subcategory has 4 indicators. A regulatory framework that follows good practices for employment restrictions and costs benefits firms (firm flexibility) and marginally society (social benefits). Hence, points are not equally assigned to both categories.

Table 26. Aggregate Scoring Pillar I

Pillar I—Quality of Labor Regulations		No. of Indicators	FFP	SBP	Total Points	Rescaled Points
1.1	Workers' Conditions	19	n/a	19	19	50.00
1.1.1	Labor Rights	12	n/a	12	12	16.67
1.1.2	Minimum Wage Attributes	4	n/a	4	4	16.67
1.1.3	Termination of Employment	3	n/a	3	3	16.67
1.2	Employment Restrictions and Cost	14	13	3	16	50.00
1.2.1	Terms of Employment	9	8	3	11	16.67
1.2.2	Minimum Wage Rate	1	1	n/a	1	16.67
1.2.3	Termination of Employment	4	4	n/a	4	16.67
	Total	33	13	22	35	100.00

Note: n/a = not applicable (refers to the cases when the impact on firms or society is either ambiguous or nonexistent). FFP = Firm Flexibility Point; SBP = Social Benefits Point.

6.2 Pillar II—Adequacy of Public Services for Labor

Pillar II includes 21 indicators with a total score of 28 points (11 points on Firm Flexibility and 17 points on Social Benefits) (table 27). The scoring for each category under this pillar is as follows:

6.2.1 *Social Protection* has 9 indicators with a total maximum score of 9 points (3 points for Firm Flexibility and 6 points on Social Benefits). Specifically, the *Unemployment Insurance* Subcategory has 3 indicators, the *Health Care Coverage* Subcategory has 3 indicators, and the *Retirement Pension* Subcategory has 3 indicators. Because these measures directly affect firms and society, points are equally assigned for firm flexibility and social benefits.

- 6.2.2** *Employment Services* has 12 indicators with a total maximum score of 19 points (8 points on firm flexibility and 11 points on social benefits). Specifically, the *Employment Centers and Training* Subcategory has 4 indicators; the *Labor Dispute Resolution Mechanisms* Subcategory has 2 indicators; the *Labor Inspectorate* Subcategory has 5 indicators and *Sex-Disaggregated Data* has 1 indicator. Under this category, only *Labor Dispute Resolution Mechanisms* and *Sex-Disaggregated Data* indicators have points equally assigned for firm flexibility and social benefits (4 and 2 respectively). This is because effective labor dispute resolution and data for an inform and effective decision-making process benefit both workers and firms. Employment centers and training programs benefit firms and society almost equally, so the scores are assigned accordingly. Labor inspectorates, however, benefit workers more significantly, so under this subcategory, more points are assigned to social benefits.

Table 27. Aggregate Scoring Pillar II

Pillar II—Adequacy of Public Services for Labor		No. of Indicators	FFP	SBP	Total Points	Rescaled Points
2.1	Social Protection	9	3	6	9	50.00
2.1.1	Unemployment Insurance	3	1	2	3	16.67
2.1.2	Health Care Coverage	3	1	2	3	16.67
2.1.3	Retirement Pension	3	1	2	3	16.67
2.2	Employment Services	12	8	11	19	50.00
2.2.1	Employment Centers and Training	4	4	3	7	12.50
2.2.2	Labor Dispute Resolution Mechanisms	2	2	2	4	12.50
2.2.3	Labor Inspectorates	5	1	5	6	12.50
2.2.4	Sex-Disaggregated Data	1	1	1	2	12.50
Total		21	11	17	28	100.00

Note: FFP = Firm Flexibility Point; SBP = Social Benefits Point.

6.3 Pillar III—Operational Efficiency of Labor Regulations and Public Services in Practice

Pillar III covers 10 indicators with scores ranging from 0 to 100 (table 28). The scores on indicators under this pillar are assigned on firm flexibility only, as the indicators measure the time and cost for firms to comply with labor regulations, elements of social security and outcomes of the employment services provided to firms. For example, burdensome social security costs, lengthy and costly processes to dismiss employees and to resolve labor disputes have adverse impacts on firms, thus hampering firm flexibility. The scoring for each category under this pillar is as follows:

- 6.3.1** *Employment Restrictions and Costs* has 5 indicators with a total maximum score of 50 points. Specifically, the *Social Contributions* subcategory has 1 indicator, the *Obstacles to Hiring and Dismissing Workers* subcategory has 2 indicators, and the *Dismissal Time and Cost* subcategory has 2 indicators.
- 6.3.2** *Employment Services* has 5 indicators with a total maximum score of 50 points. Specifically, the *On-the-job Training* subcategory has 1 indicator, the *Prevalence and Operational Efficiency of Labor Dispute* subcategory has 2 indicators, and the *Safety and Health Inspection* subcategory has 2 indicators.

Table 28. Aggregate Scoring Pillar III

Pillar III—Operational Efficiency of Labor Regulations and Public Services in Practice		No. of Indicators	Rescaled Points
3.1	Employment Restrictions and Costs	5	50.00
3.1.1	Social Contribution	1	16.67

3.1.2	Obstacles to Hiring and Dismissing Workers	2	16.67
3.1.3	Dismissal Time and Cost	2	16.67
3.2	Employment Services	5	50.00
3.2.1	On-the-job Training	1	16.67
3.2.2	Prevalence and Operational Efficiency of Labor Disputes	2	16.67
3.2.3	Safety and Health Inspections	2	16.67
	Total	10	100.00

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ANNEX A. LABOR–SCORING SHEET

This document outlines the scoring approach for the Labor topic. For every indicator, a Firm Flexibility Point (FFP) and/or a Social Benefits Point (SBP) are assigned, along with a clarification on the detailed scoring for each such indicator and a note on the relevant background literature.

PILLAR I–QUALITY OF LABOR REGULATIONS					
1.1 WORKERS’ CONDITIONS					
1.1.1 Labor Rights					
Indicators	FFP	SBP	Total Points	Rescaled Points	Background Literature
Equal Remuneration for Work of Equal Value	n/a	1	1	1.39	Buckman et al. (2021); ILO C100; Klasen and Lamanna (2009); UN (1965, 1969, 1979)
Prohibition of Discrimination in Employment	n/a	1	1	1.39	Asali and Gurashvili (2019); ILO C111; ILO C122; ILO C158; Klasen and Lamanna (2009); UN (1963, 1966, 1979)
Freedom of Association and Assembly	n/a	1	1	1.39	ILO C87
Right to Collective Bargaining	n/a	1	1	1.39	ILO C98
Prohibition of Forced Labor	n/a	1	1	1.39	ILO C29; ILO C125; ILO R35
Minimum Legal Age for Employment	n/a	1	1	1.39	Beegle, Dehejia, and Gatti (2009); Ibrahim et al. (2019); ILO C138; ILO R146; ILO C182; ILO R190; ILO, ICLS (2008); ILO/IPEC-SIMPOC5 (2007); UN (1989)
Prohibition of Child Labor	n/a	1	1	1.39	ILO C182; ILO R190; ILO C138; UN 1989
Existence of Occupational Safety and Health Legislation	n/a	1	1	1.39	ILO C155; ILO C161; ILO C187
Periodic Review of Occupational Safety and Health Legislation	n/a	1	1	1.39	ILO C155; ILO C161; ILO C187
Protection Against Workplace Discrimination, Violence and Harassment, Through Grievance Mechanisms, Information, and Training	n/a	1	1	1.39	Amin and Islam (2015); ILO C190; ILO R206; McLaughlin, Uggen, and Blamackstone (2017); UN (1948, 1965, 1966); World Bank (2019)
Legally Mandated Paid Annual Leave	n/a	1	1	1.39	ILO C132; ILO C102; ILO R202; ILO R204; Panasci (2019); Wooden and Warren (2008)
Legally Mandated Paid Sick Leave	n/a	1	1	1.39	ILO C130; Scheil-Adlung and Sandner (2010)
Total Points for Subcategory 1.1.1	n/a	12	12	16.67	
1.1.2 Minimum Wage Attributes					
Existence of Minimum Wage in the Private Sector	n/a	1	1	4.17	Ahlfeldt, Roth, and Seidel (2022); Clemens (2021); Dustman et al. (2021); ILO C131; ILO R135; Manning, 2021; Neumark (2017); Neumark and Shirley (2021); Riley and Rosazza Bondibene (2017)

Criteria for Determining Minimum Wage Level	n/a	1	1	4.17	Ahlfeldt, Roth and Seidel (2022); Ku (2022); Neumark and Shirley (2021)
Minimum Wage Update Process	n/a	1	1	4.17	ILO C131; ILO R135
Social Consultation for Minimum Wage Setting and Updates	n/a	1	1	4.17	ILO C131; ILO R135
Total Points for Subcategory 1.1.2	n/a	4	4	16.67	
1.1.3 Termination of Employment					
Legally Mandated Notice Period	n/a	1	1	5.56	Collins (1992); ILO C158; ILO R166; ILO C98; ILO C111; Stern (2012)
Legally Mandated Severance Pay	n/a	1	1	5.56	Collins (1992); ILO C158; ILO R166; ILO C98; ILO C111; Stern (2012)
Notification Requirement for Collective Dismissal	n/a	1	1	5.56	Collins (1992); ILO C158; ILO R166; ILO C98; ILO C111; Stern, (2012)
Total Points for Subcategory 1.1.3	n/a	3	3	16.67	
Total Points for Category 1.1	n/a	19	19	50.00	
1.2 EMPLOYMENT RESTRICTIONS AND COSTS					
1.2.1 Terms of Employment					
No Restrictions on the Use of Fixed-Term Contracts for any Task	1	n/a	1	1.52	Aimo (2016); ILO C158; ILO R166; Kuddo, Robalino, and Weber (2015); Pfeifer (2009)
No Restrictions on the Use of Fixed-Term Contracts for Permanent Tasks	1	n/a	1	1.52	Aleksynska and Muller (2015); ILO C158; ILO R166; Kuddo, Robalino, and Weber (2015); Pfeifer (2009)
No Legal Mandate for Firms to Pay Wage Premium for Night Work	1	n/a	1	1.52	Blundell, Bozio, and Laroque (2013); Collewet and Sauermann (2017); ILO C1; ILO C30; ILO C171; ILO R178; Messenger (2004); Wagstaff, Lie, and Sigstad (2011); Weeden, Cha and Bucca, (2016); Yi, McCann, and Messenger (2007)
No Restrictions on Overtime Work Within a Limit of 56 Hours Weekly Maximum	1	1	2	3.03	Blundell, Bozio, and Laroque (2013); Collewet and Sauermann (2017); ILO C1; ILO C30; ILO C171; ILO R178; Messenger (2004); Wagstaff, Lie, and Sigstad (2011); Weeden, Cha and Bucca, (2016); Yi, McCann, and Messenger (2007)
No Legal Mandate for Firms to Pay for Unemployment Protection Directly	1	n/a	1	1.52	Bierbaum and Schmitt (2022); Bodor, Robalino, and Rutkowski (2007); Gentilini et al. (2020); ILO C102; Kuddo, Robalino, and Weber (2015); Packard et al. (2019); Ribe, Robalino, and Walker (2010); Ulku and Georgieva (2022)
No Legal Mandate for Firms to Pay for Health Care Directly	1	n/a	1	1.52	Bierbaum and Schmitt (2022); ILO C102; Sommers and Oellerich (2013)
No Legal Mandate for Firms to Pay for Pensions Directly	1	n/a	1	1.52	Bierbaum and Schmitt (2022); ILO C102; ILO C128
Lawful Grounds, including Business Needs, for Individual Dismissal	1	1	2	3.03	Collins (1992); ILO C158; ILO R166; ILO C98; ILO C111; Stern, (2012)

Regulation of Platform Workers' Labor Rights and Benefits	n/a	1	1	1.52	Cherry and Aloisi (2018); Cusolito et al. (2022); Datta and Chen (2023); De Stefano et al. (2021); Hall and Krueger (2015); Hatayama and Maj-Swistak (2024); ILO (2021b); ILO (2021c); Yassin and Rani (2022)
Total Points for Subcategory 1.2.1	8	3	11	16.67	
1.2.2 Minimum Wage Rate					
Minimum Wage Rate (ratio of minimum wage to GDP per capita)	1	n/a	1	16.67	Ahlfeldt, Roth, and Seidel (2018); Clemens (2021); Dustman et al. (2021); ILO C131; ILO R135; Manning (2021); Neumark (2017); Neumark and Shirley (2021); Riley and Rosazza Bondibene (2017)
Total Points for Subcategory 1.2.2	1	n/a	1	16.67	
1.2.3 Termination of Employment					
Length of Notice Period (in weeks of salary)	1	n/a	1	4.17	ILO C158; ILO R166; Collins (1992); Stern (2012)
Amount of Severance Pay (in weeks of salary)	1	n/a	1	4.17	Collins (1992); ILO C158; ILO R166; ILO C98; ILO C111; Stern (2012)
No Third-Party Approval Requirement for Individual Dismissal	1	n/a	1	4.17	ILO C158; ILO R166; ILO C98
No Third-Party Approval Requirement for Collective Dismissal	1	n/a	1	4.17	ILO C158; ILO R166; ILO C98
Total Points for Subcategory 1.2.3	4	n/a	4	16.67	
Total Points for Category 1.2	13	3	16	50.00	
Total Points for Pillar I	13	22	35	100.00	

Note: n/a = not applicable (refers to the cases when the impact on firms or society is either ambiguous or nonexistent). FFP = Firm Flexibility Point; SBP = Social Benefits Point.

PILLAR II—ADEQUACY OF PUBLIC SERVICES FOR LABOR					
2.1 SOCIAL PROTECTION					
2.1.1 Unemployment Insurance					
Indicators	FFP	SBP	Total Points	Rescaled Points	Background Literature
Availability of Government-Provided Unemployment Insurance	n/a	1	1	5.56	Bierbaum and Schmitt (2022); Bodor, Robalino, and Rutkowski (2007); Gentilini et al. (2020); ILO C102; Kuddo, Robalino, and Weber (2015); Levy (2008); Packard et al. (2019); Ribe, Robalino, and Walker (2010); Ulku and Georgieva (2022)
Coverage of Unemployment Protection	n/a	1	1	5.56	Bierbaum and Schmitt (2022); Bodor, Robalino, and Rutkowski (2007); Gentilini et al. (2020); ILO C102; Kuddo, Robalino, and Weber (2015); Levy (2008); Packard et al. (2019); Ribe, Robalino, and Walker (2010); Ulku and Georgieva (2022)
Funding for Unemployment Insurance	1	n/a	1	5.56	Bierbaum and Schmitt (2022); Bodor, Robalino, and Rutkowski (2007); Gentilini et al. (2020); ILO C102; Kuddo, Robalino, and Weber (2015); Levy (2008); Packard et al. (2019); Ribe, Robalino, and Walker (2010); Ulku and Georgieva (2022)
Total Points for Subcategory 2.1.1	1	2	3	16.67	
2.1.2 Health Care Coverage					
Availability of Universal Health Care	n/a	1	1	5.56	Bierbaum and Schmitt (2022); Bobba, Flabbi, and Levy (2018); ILO C102; Sommers and Oellerich (2013)
Coverage of Health Care	n/a	1	1	5.56	Bierbaum and Schmitt (2022); Bobba, Flabbi, and Levy (2018); ILO C102; Sommers and Oellerich (2013)
Funding for Health Care	1	n/a	1	5.56	Antón-Sarabia, Hernandez, and Levy (2012); Bierbaum and Schmitt (2022); Bobba, Flabbi, and Levy (2018); ILO C102; Sommers and Oellerich (2013)
Total Points for Subcategory 2.1.2	1	2	3	16.67	
2.1.3 Retirement Pension					
Availability of Government-Provided Retirement Pension Scheme	n/a	1	1	5.56	Bierbaum and Schmitt (2022); ILO C102; ILO C128; ILO (2018)
Coverage of Retirement Pension Scheme	n/a	1	1	5.56	Bierbaum and Schmitt (2022); ILO C102; ILO C128; ILO (2018)
Funding for Retirement Pension Scheme	1	n/a	1	5.56	Antón-Sarabia, Hernandez, and Levy (2012); Bierbaum and Schmitt (2022); ILO C102; ILO C128
Total Points for Subcategory 2.1.3	1	2	3	16.67	
Total Points for Category 2.1	3	6	9	50.00	

2.2 EMPLOYMENT SERVICES					
2.2.1 Employment Centers and Training					
Existence of a National Employment Service Center	1	1	2	3.57	Avila (2021); Boone and van Ours (2004); ILO C122; ILO, 2021; Kuddo (2012); (2020); Ulku and Georgieva (2022)
No Legal Mandate for Firms to Pay for Employment Service Center Services	1	n/a	1	1.79	Donna C. Koeltz and Carmela I. Torres (2016); IDB, WAPES, OECD (2015)
Legal Mandate for Vocational Guidance and Training for Unemployed and Job Seekers	1	1	2	3.57	Avila (2021); Chiplunkar and Goldberg (2021); ILO C156; ILO R165; ILO R191; World Bank (2019)
Existence of Public Training Programs for Unemployed and Job Seekers	1	1	2	3.57	Osikominu (2021); Spinnewijn, (2013); Card, D., Kluve, J. and Weber, A. (2015)
Total Points for Subcategory 2.2.1	4	3	7	12.50	
2.2.2 Labor Dispute Resolution Mechanisms					
Existence of a Functioning, Specialized, and Independent Mechanism for Resolution of a Labor Dispute	1	1	2	6.25	ILO (2013); Maffie (2019)
Existence of Alternative Dispute Resolution Process for a Labor Dispute	1	1	2	6.25	ILO (2013)
Total Points for Subcategory 2.2.2	2	2	4	12.50	
2.2.3 Labor Inspectorates					
Existence of a Central Labor Inspectorate	n/a	1	1	1.79	Almeida and Ronconi (2016); ILO C81; ILO R20; Viollaz (2018); World Bank (2019)
Best Practice Initiation of Labor Inspections	n/a	1	1	1.79	ILO C81; ILO R20
Legislation Enforcement on Forced Labor, Child Labor, and Occupational Safety and Health	n/a	1	1	1.79	ILO C29; ILO C125; ILO R35; ILO C182; ILO R190; ILO C138; UN 1989; ILO C155; ILO C161; ILO C187
Existence of Data on Reported Number of Cases/Complaints for Labor Violations	1	1	2	3.57	ILO R20
Protection and Oversight of Women's Rights in the Workplace	1	1	2	3.57	ITC-ILO (2011)
Total Points for Subcategory 2.2.3	1	5	7	12.50	
2.2.4 Sex-Disaggregated Data					
Sex-Disaggregated Data on Labor Inspectors, Labor Disputes, Workforce, Unemployment and Beneficiaries of Maternity and Paternity Leave	1	1	2	12.50	Earl et al. (2023); Gwartney-Gibbs and Lach (1992); ILO C81; ILO (2017); ITC-ILO (2011); WEF (2023)
Total Points for Subcategory 2.2.4	1	1	2	12.50	
Total Points for Category 2.2	8	11	20	50.00	
Total Points for Pillar II	11	17	29	100.00	

Note: n/a = not applicable (refers to the cases when the impact on firms or society is either ambiguous or nonexistent). FFP = Firm Flexibility Point; SBP = Social Benefits Point.

PILLAR III—OPERATIONAL EFFICIENCY OF LABOR REGULATIONS AND PUBLIC SERVICES IN PRACTICE					
3.1 EMPLOYMENT RESTRICTIONS AND COSTS					
3.1.1 Social Contribution					
Indicators	FFP	SBP	Total Points	Rescaled Points	Background Literature
Ratio of Social Contribution	100	n/a	100	16.67	Bierbaum and Schmitt (2022); Bodor, Robalino, and Rutkowski (2007); Gentilini et al. (2020); Levy (2008); Packard et al. (2019); Ribe, Robalino, and Walker (2010); Ulku and Georgieva (2022)
Total Points for Subcategory 3.1.1	100	n/a	100	16.67	
3.1.2 Obstacles to Hiring and Dismissing Workers					
Perceptions Index of Cost of Hiring New Workers as a Constraint	50	n/a	50	8.33	Ahlfeldt, Roth, and Seidel (2022); Clemens (2021); Dustman et al. (2021); Manning (2021); Neumark (2017); Neumark and Shirley (2021); Riley and Rosazza Bondibene (2017)
Perceptions Index of Dismissing Workers as a Constraint	50	n/a	50	8.33	Ahlfeldt, Roth, and Seidel (2022); Clemens (2021); Dustman et al. (2021); Manning (2021); Neumark (2017); Neumark and Shirley (2021); Riley and Rosazza Bondibene (2017)
Total Points for Subcategory 3.1.2	100	n/a	100	16.67	
3.1.3 Dismissal Time and Cost					
Weeks to Dismiss Full-Time Permanent Worker	50	n/a	50	8.33	Barlow et al. (2019); Hansen (2009); Sudiarawan, Tanaya and Hapsari (2021); Ulku and Georgieva (2022); Van der Wiel (2010)
Weeks Paid in Severance	50	n/a	50	8.33	Barlow et al. (2019); Hansen (2009); Sudiarawan, Tanaya, and Hapsari (2021); Ulku and Georgieva (2022); Van der Wiel (2010)
Total Points for Subcategory 3.1.3	100	n/a	100	16.67	
Total Points for Category 3.1	100	n/a	100	50.00	
3.2 EMPLOYMENT SERVICES					
3.2.1 On-the-Job Training					
Percent of Firms with Formal Training Programs for its Permanent, Full-Time Workers	100	n/a	100	16.67	Sultana A., Irum S., Ahmed K. and Mehmood M. (2012); Stolovitch and Ngoa-Nguele (2001); Raza H., Mahmood J., Owais M. and Raza A. (2015); Hanaysha and Tahir (2016)
Total Points for Subcategory 3.2.1	100	n/a	100	16.67	
3.2.2 Prevalence and Operational Efficiency of Labor Disputes					
Percent of Firms Involved in Labor Dispute over Last 3 Years	50	n/a	50	8.33	Ebisui, Cooney, and Fenwick (2016); ILO (2013); Maffie (2019)

Months to Resolve Labor Dispute	50	n/a	50	8.33	Ebisui, Cooney, and Fenwick (2016); ILO (2013); Maffie (2019)
Total Points for Subcategory 3.2.2	100	n/a	100	16.67	
3.2.3 Safety and Health Inspections					
Percent of Firms Visited or Inspected for Workplace Safety and Health	50	n/a	50	8.33	Almeida and Ronconi (2016); ILO C81; ILO (2022); Viollaz (2018)
Percent of Firms with a Report Issued by Inspectorate for Workplace Safety and Health	50	n/a	50	8.33	Almeida and Ronconi (2016); ILO C81; ILO (2022); Viollaz (2018)
Total Points for Subcategory 3.2.3	100	n/a	100	16.67	
Total Points for Category 3.2	100	n/a	100	50.00	
Total Points for Pillar III	100	n/a	100	100.00	

Note: n/a = not applicable (refers to the cases when the impact on firms or society is either ambiguous or nonexistent). FFP = Firm Flexibility Point; SBP = Social Benefits Point.

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ANNEX B. LABOR–ANNOTATED QUESTIONNAIRE

Annex B consists of a Glossary and Annotated Questionnaire for Labor. The Annotated Questionnaire provides the mapping between each indicator and the corresponding question(s).

Glossary

Alternative voluntary retirement pension scheme: A retirement savings scheme established and managed by the government that individuals can choose to participate in through voluntary contributions. Typically designed to complement the main mandatory retirement scheme, particularly in cases where not all types of workers are covered by the mandatory system.

Alternative voluntary unemployment insurance schemes: A program established and managed by the government that individuals can choose to participate in through voluntary contributions. Typically designed to complement the main mandatory unemployment insurance scheme, particularly in cases where not all types of workers are covered by the mandatory system.

Alternative Dispute Resolution (ADR) mechanisms: Procedures or methods used to resolve conflicts or disputes outside of traditional litigation in courts with the help of an impartial third party. These mechanisms are usually less formal, faster, more adaptable, and less costly. ADR procedures empower parties to actively participate in developing solutions, promoting a sense of autonomy and control. The most popular ADR mechanisms include mediation, arbitration, negotiation, and conciliation.

Annual leave: A period during which a worker takes time off from work while continuing to receive income and social protection. Annual leave is designed to allow workers to rest, recuperate, and attend to personal matters.

Arbitration: An alternative dispute resolution process where the parties submit their legal dispute to one or more independent third parties (arbitrators) who issue a binding decision (award).

Central (national) labor inspectorate: A governmental agency/body that directly oversees the entire labor inspection system within a country. It is responsible for enforcing labor laws and regulations within a country.

Child (or children): A person below the age of 18 years unless under the national law applicable to the child, majority is attained earlier.

Collective Bargaining Agreement (CBA): Legally binding agreement negotiated between an employer, a group of employers or one or more employers' organizations on the one hand, and one or more workers' organizations that govern terms and conditions of workers' employment.

Consultation (in the context of minimum wage setting): Consultation implies more than merely sharing information but does not imply a joint decision-making process. The objective of the consultation is not to reach an agreement, but it is intended to assist the competent authority in taking a decision.

Conciliation: Form of alternative dispute resolution (ADR) that involves a neutral third party. The conciliator's role is to help facilitate communication between parties, without making any specific proposals for resolving disputes. Unlike arbitration or litigation, conciliation is a voluntary and non-binding process, and parties are not obligated to reach a resolution or follow the conciliator's recommendations unless they choose to.

Discrimination: Any distinction, exclusion, or preference made on the basis of race, color, sex, religion, political opinion, national extraction, or social origin that affects equality of opportunity or treatment of

workers. Discrimination can occur at each or any stage of the employment process, including hiring, employment, and termination.

Domestic worker: An individual employed in or for a private household or households to perform a variety of tasks, including but not limited to cooking, cleaning, caring for children, the elderly, or people with disabilities, gardening, guarding, and driving.

Equal remuneration for work of equal value: The principle of equal remuneration for work of equal value is set out in the Preamble of the International Labour Organization (ILO) Constitution. It is not the same as “equal pay for equal work.” “Equal pay for equal work” limits the application of the equal pay principle to work undertaken by two individuals in the same area of activity and in the same enterprise. The concept of “equal remuneration for work of equal value” is broader and encompasses cases where men and women do different work.

Fixed-term contract: An employment contract that has a specified end date.

Forced labor: All work or service that is exacted from any person under the menace of any penalty and for which the person has not offered himself/herself/themselves voluntarily, with the exception of compulsory military service.

Formal training (at the workplace): An organized and structured method of educating an employee to acquire or expand certain knowledge and skills.

Freedom of association and assembly: Fundamental labor rights aim to ensure that workers and employers have the right to establish and join organizations of their choice at all levels and to enables them to express themselves collectively.

General tax revenue: Revenues collected by the government from various sources, including income tax, sales tax, property tax, corporate tax, and others. This revenue is used to fund public services and government operations. General tax revenue is not earmarked and can be used at the government's discretion to meet a wide range of needs.

Hazardous work: Work that poses a significant risk to the physical, mental health, or personal safety of the worker, examples include construction work, mining, oil and gas extraction, among others.

Health care: The maintenance and restoration of an individual's health by the prevention, diagnosis, treatment of disease especially by trained and licensed professionals.

Health care scheme: A program designed to provide medical and health services to individuals. Health care schemes can be funded through various sources, including government budgets, employer contributions, private insurance premiums, or a combination of these.

Judicial conciliation/mediation (court-annexed): Form of mediation conducted under the court's supervision before a trial, providing parties with a chance to settle the dispute amicably before litigation begins.

Labor dispute resolution mechanism: Structured process (for example, judicial or non-judicial) to address and resolve conflict concerning labor matters between different parties, usually an employer and one or more employees.

Labor inspectorate: A public body (collective network of labor inspectors, often organized at different administrative levels) whose role is to ensure that both employers and employees comply with the rights and

obligations imposed by labor law and social security regulations (e.g., social security, remuneration, safety and health standards, etc.).

Labor taxes: Taxes imposed on employment income and payrolls.

Last-resort health care assistance: Refers to medical services that are available to individuals who have no other options for obtaining health care. This may include, but is not limited to, government-funded programs, charity care provided by health care providers, clinics and hospitals offering free or reduced-cost services to patients who meet specific financial criteria and cannot afford to pay.

Legal presumption: A rule of law that allows assuming a fact is true until it is proven otherwise. In the case of platform workers, they are presumed to be employees unless evidence is presented to the contrary.

Light work: Work that is not likely to be harmful to the health or development of a child and that shall not prejudice their education or ability to benefit from education.

Mediation: An alternative dispute resolution process, irrespective of the expression used or the basis upon which the process is carried out, whereby parties request an independent third person or persons (such as the mediator) to assist them in their attempt to reach an amicable settlement of a legal dispute. In contrast to court litigation or arbitration, the mediator does not have the authority to impose a solution on the parties to the dispute.

Minimum legal age for admission to employment: Lowest age at which a person is legally permitted to work, as defined by labor laws in a given country or jurisdiction. This age limit is set to protect children and adolescents from exploitation and to ensure that their employment does not interfere with their education, health, or development.

Minimum wage: Lowest legally mandated amount that an employer can pay their employees for work performed during a given period. It is a form of wage regulation intended to ensure that workers receive a basic standard of living from their employment.

National employment public service center: Government run facility or organization with the primary goal of assisting job seekers in enhancing their employability and securing job opportunities through facilitating job matches, offering career counseling, providing training programs, and disseminating labor market information.

National extraction: An individual's past history or previous circumstances as well as citizenship. National extraction considers both the nation and the nationality from which a person is derived, either by birth or by self and community identification. It is wider than "nationality," which is generally restricted to citizenship of a country.

Non-judicial conciliation/mediation (private person to mediate): A process where parties involved in a dispute voluntarily seek the assistance of a neutral third party, who is not a judge or court-appointed mediator. This neutral third party, often referred to as a private mediator who assists in communication and negotiation toward achieving a mutually agreeable resolution.

Notice period: An advance notification an employer must give an employee before terminating their employment contract. It is intended to allow the employee time to prepare for the end of their employment and seek new job opportunities.

Night work: Work performed during a period of not less than seven consecutive hours, including the interval from midnight to 5 a.m.

Occupational Safety and Health (OSH): Measures aimed to ensure the safety, health, and welfare of people engaged in work or employment. The primary objective of OSH is to prevent work-related injuries, illnesses, and deaths by implementing safe and healthy working conditions.

Overtime work (overtime): Overtime work refers to the legal number of additional hours of work that can be performed in addition to the normal weekly working hours.

On-the-job training: Practical training provided to employees while they are performing their regular job duties. It is designed to teach the skills, knowledge, and competencies required to effectively perform specific tasks or roles within an organization.

Permanent contract (or open-ended contract): An employment contract without a specified end date.

Permanent (open-ended) full-time worker on firm's payroll: A worker that works for a term of one or more years and/or has a guaranteed renewal of their employment and that works a full shift.

Platform worker: An individual engaged on a temporary basis by a company that uses an online platform, through a mobile device or computer, to connect users with worker's service. Hence, platform workers work on an on-demand basis and their compensation for the most part depends on the number of clients served and/or tasks/jobs completed.

Public administration: The authority or administrative body responsible for and/or engaged in labor administration, whether it is at the ministerial departments level or decentralized regional or local agencies - e.g., ministry of labor or other relevant ministry; works council; labor inspectorate.

Redundancy (also expressed as "making an employee redundant"): Dismissal allowed by law that is justified by economic, operational, or structural reasons (not by other causes, such as personal grounds or faulty worker's behavior).

Retirement pension: A monetary benefit (regular payment) given to a person who has retired from regular employment.

Retirement pension scheme: A system designed to provide individuals with a steady income after they retire from active employment. Retirement pension schemes are generally funded through regular contributions from employees, employers, or both. In certain cases, they may also receive funding from government subsidies or tax incentives.

Severance pay: Form of compensation provided to employees when they are involuntarily terminated from their employment. It is intended to offer financial support during the transition period as they search for new employment.

Self-employed: An individual whose income is obtained by conducting his/her/their own business activity rather than working for a fixed salary paid by a specific employer.

Sick leave: A period of time during which an employee takes time off due to illness or injury. Paid sick leave is intended to protect the worker's status and income during the period of illness or injury through health and financial protection.

Social consultation (in the context of minimum wage setting): Process that refers to engaging with various stakeholders, such as representatives from labor unions, employer associations, and other relevant social groups, to discuss, negotiate, and reach a consensus on minimum wage levels. This process aims to ensure that the interests and perspectives of all parties affected by minimum wage policies are considered, resulting in fair, balanced, and sustainable wage standards. This consultation implies more than merely sharing information but does not imply a joint decision-making process. The objective of the consultation is not to reach an agreement, but it is intended to assist the competent authority in taking a decision.

Social protection: Set of policies and public actions that mitigate negative social effects caused by unemployment, labor market shocks, and poorly protected labor. Well-designed social protection programs help vulnerable individuals find new or better jobs, boost human capital, and reduce inequality.

Social security contributions: Mandatory payments made by employees and employers to fund social security programs. These programs provide various forms of social insurance, such as unemployment insurance, healthcare, and retirement pensions.

Temporary agency worker: An employment contract where a worker is employed by a temporary work agency to deliver services at or for a user company.

Unemployment insurance scheme: A program that provides income support - e.g., cash benefits - during a spell of unemployment, contingent upon meeting job-search requirements or participating in active labor market policies. This policy aims to promptly address the risk of out-of-work poverty while simultaneously encouraging individuals to seek employment and improve their employability.

Wage premium: A form of extra payment for employees who work outside their usual shifts/working hours or under unusual conditions.

Workers' representative: Persons who are recognized by national law or practice, whether they are: trade union representatives - representatives designated or elected by trade unions or by members of such unions - or elected representatives - representatives who are freely elected by the workers of the firm in accordance with provisions of national laws or regulations or of collective agreements. They aim to ensure that employees' rights are protected during the termination process, acting as intermediaries between the employer and the employees.

Workplace discrimination: Any distinction, exclusion, or preference made in the workplace based on race, color, sex, religion, political opinion, national extraction, or social origin that affects equality of opportunity or treatment of workers. Discrimination can occur at each or any stage of the employment process, including hiring, employment, and termination.

Workplace harassment: A range of unacceptable behaviors and practices of different natures (e.g., physical, verbal, or visual) that may affect a person's psychological, physical, and sexual health, dignity, as well as their family and social environment (ILO). It usually refers to behaviors that include, but are not limited to, actions that demean, humiliate, embarrass, annoy, or verbally abuse the recipient, inducing stress and anxiety. These behaviors are unwelcome, unacceptable, inappropriate, and offensive, creating an intimidating, hostile, unstable, or offensive work environment. Sexual harassment is one of the exemplifications of harassment.

Workplace violence: Act or threat of physical violence, harassment, intimidation, or other threatening disruptive behavior that occurs at the workplace.

Vocational guidance: A career counseling provided through information, advice, and support aimed at assisting workers in making informed decisions about their education, training, and career choices.

Vocational training: Practical training, hands-on instruction, and education in technical or specialized fields aimed at providing practical skills and knowledge necessary for performing specific jobs, tasks or roles.

ANNEX B. LABOR QUESTIONNAIRE

The tables that follow present all indicators (including their components, if applicable) under each pillar, with a reference to the corresponding question number in parenthesis. The questions are listed before each table for ease of reference.

For Y/N questions, the Y response accounts for the score and is considered as good practice, unless otherwise indicated with the sign “Y/N; N – good practice”.

In the tables that follow, “AND” means all referenced questions must have a good practice response to obtain a score on the indicator.

In the tables that follow, “OR” means one or more referenced questions must have a good practice response to obtain a score on the indicator.

Certain questions are marked as “not scored,” which indicates that they do not affect the score in any way. The purpose of these questions is to further inform and refine the question design for subsequent years of the rollout phases, as needed, as well as to substantiate and provide further information for the scored questions.

PILLAR I–QUALITY OF LABOR REGULATIONS	
Parameters	
Business Location	The largest (most populous) city in the economy. The parameter applies to all questions under Pillar I.
Type of Workers	The relevant employee is a working-age (over 25 years old) permanent employee, unless otherwise specified in the questions. The worker is a citizen of the economy and works in the services sector, unless otherwise indicated in the questionnaire for certain specific indicators. The worker may be male, female or identify as non-binary and is hence, referred to by the pronouns he/she/they. This parameter applies to all questions under Pillar I.
Firm Characteristics	The most common type of employer in the private sector working in a firm with less than 250 employees operating in the services industry, unless otherwise indicated in the questionnaire for certain specific indicators. This parameter applies to all questions under Pillar I.

1.1 WORKERS’ CONDITIONS

1.1.1 Labor Rights

- 1. Does the law mandate equal remuneration for work of equal value? (Y/N)**
- 2. Does the law explicitly prohibit workplace discrimination on the basis of race and ethnicity? (Y/N)**
- 3. Does the law explicitly prohibit workplace discrimination on the basis of gender? (Y/N)**
- 4. Does the law explicitly prohibit workplace discrimination on the basis of religion or belief? (Y/N)**
- 5. Does the law explicitly prohibit workplace discrimination on the basis of political opinion? (Y/N)**
- 6. Does the law explicitly prohibit workplace discrimination on the basis of sexual orientation? (Y/N)**

7. Does the law explicitly prohibit workplace discrimination on the basis of disability? (Y/N)
8. Does the law explicitly prohibit workplace discrimination on the basis of national extraction or social origin? (Y/N)
9. Does the law explicitly prohibit workplace discrimination on the basis of trade union membership? (Y/N)
10. Does the law require employers to establish internal complaint or grievance mechanisms for reporting workplace discrimination? (Y/N)
11. Does the law require employers to provide workers with information on how to identify workplace discrimination? (Y/N)
12. Does the law require employers to provide workers with formal training on how to identify workplace discrimination, including prevention and protection measures? (Y/N)
13. Does the law grant all workers the right of freedom of association and assembly? (Y/N)
14. Does the law grant all workers the right to collective bargaining? (Y/N)
15. Does the law explicitly prohibit forced labor? (Y/N)
16. What is the minimum legal age for admission to employment? (Age)
17. What is the minimum legal age for admission to light work as specified in the law? (Age)
18. What is the minimum legal age for admission to hazardous work as specified by the law? (Age)
19. Does the law prohibit children from performing work that is likely to harm their health, safety, or morals? (Y/N)
20. Is there national or federal Occupational Safety and Health (OSH) legislation? (Y/N)
21. Does the law mandate a periodic review of the Occupational Safety and Health (OSH) regulations? (Y/N)
22. Is the agriculture sector covered by Occupational Safety and Health (OSH) regulations? (Y/N)
23. Is the construction sector covered by Occupational Safety and Health (OSH) regulations? (Y/N)
24. Does the law require employers to establish internal complaints or grievance mechanisms for reporting workplace violence? (Y/N)
25. Does the law require employers to provide workers with information on how to identify workplace violence? (Y/N)
26. Does the law require employers to provide workers with formal training on how to identify workplace violence, including prevention and protection measures? (Y/N)

27. Does the law require employers to establish internal complaints or grievance mechanisms for reporting workplace harassment? (Y/N)
28. Does the law require employers to provide workers with information on how to identify workplace harassment? (Y/N)
29. Does the law require employers to provide workers with formal training on how to identify workplace harassment, including prevention and protection measures? (Y/N)
30. Per calendar year, how many fully paid working days of annual leave is a worker on a permanent contract with 1 year of service entitled to? (number)
31. Per calendar year, how many fully paid working days of annual leave is a worker on a permanent contract with 5 years of service entitled to? (number) *(not scored)*
32. Per calendar year, how many fully paid working days of annual leave is a worker on a permanent contract with 10 years of service entitled to? (number) *(not scored)*
33. Per calendar year, how many fully paid working days of annual leave is a worker on a permanent contract with 20 years of service entitled to? (number) *(not scored)*
34. Per calendar year, how many paid working days of sick leave is a worker on a permanent contract with 1 year of service entitled to by law? (number)
35. Per calendar year, how many paid working days of sick leave is a worker on a permanent contract with 5 years of service entitled to by law? (number) *(not scored)*
36. Per calendar year, how many paid working days of sick leave is a worker on a permanent contract with 10 years of service entitled to by law? (number) *(not scored)*
37. Per calendar year, how many paid working days of sick leave is a worker on a permanent contract with 20 years of service entitled to by law? (number) *(not scored)*

1.1.2 Minimum Wage Attributes

38. Please provide the minimum wage or floor in local currency for a permanent worker over 25 years old performing least complex task, in the largest business city in the economy, for the following two sectors, based on the law or applicable law or collective bargaining agreement:
38a. Manufacturing (car parts industry): [numerical value of wage in local currency]
38b. Services (food retail): [numerical value of wage in local currency]
39. Does the law or applicable CBA(s) mandate criteria for setting the minimum wage (i.e., economic growth, cost of living, etc.)? (Y/N)
40. Does the law or applicable CBA(s) mandate a periodic process of minimum wage update? (Y/N)
41. Does the law mandate social consultation before setting the minimum wage for the first time, or updating if it is already established? (Y/N)

1.1.3 Termination of Employment

42. Does the law require employers to notify the public administration (i.e., Ministry of Labor, work council, relevant labor inspectorate) before terminating the employment of a group of employees, which would be considered a collective redundancy, in the private sector? (Y/N)

43. Does the law require employers to notify workers' representatives before terminating a group of employees' equivalent to a collective redundancy in the private sector? (Y/N)

1.1 WORKERS' CONDITIONS			
1.1.1 Labor Rights			
Indicators	FFP	SBP	Total Points
Equal Remuneration for Work of Equal Value (1)	n/a	1	1
Prohibition of Discrimination in Employment <i>To score a full point on SB, an economy must have law or regulation which explicitly prohibit discrimination in employment based on all the criteria:</i> - Race and ethnicity (2) - Gender (3) - Religion or belief (4) - Political opinion (5) - Sexual orientation (6) - Disability (7) - National extraction (place of birth, ancestry, or foreign origin) or social origin (8) - Trade-union membership (9)	n/a	1	1
	n/a	0.125	0.125
	n/a	0.125	0.125
	n/a	0.125	0.125
	n/a	0.125	0.125
	n/a	0.125	0.125
	n/a	0.125	0.125
	n/a	0.125	0.125
	n/a	0.125	0.125
Freedom of Association and Assembly (13)	n/a	1	1
Right to Collective Bargaining (14)	n/a	1	1
Prohibition of Forced Labor (15) <i>To score a full point on SB, an economy must have law or regulation which explicitly prohibit force labor</i>	n/a	1	1
Minimum Legal Age for Employment <i>To score a full point on SB, the economy must mandate a minimum age of admission based on the following:</i> - General employment (16) <i>To score 0.5 points on SB, the minimum age for general employment should be equal or higher to 15. If the minimum age is equal to 14, the economy obtains 0.25 points on SB</i> - Light work (17) <i>To score 0.25 points on SB, the economy must make a legal distinction for light work in the law. The minimum age for light work must be set between 13-15 years old for countries where the minimum age to work is 15 years old, or 12 to 14 years old, for countries claiming an exception to the minimum age for work at 14 years old. The law must ensure that the light work does not (1) interfere with the young person's health or development and (2) prejudice their attendance at school as per the ILO's requirement</i> - Hazardous work (18) <i>To score 0.25 points on SB, the economy must make a legal distinction for hazardous work in the law and prohibit children from participating in such work under the age of 18</i>	n/a	1	1
	n/a	0.50	0.50
	n/a	0.25	0.25
	n/a	0.25	0.25
Prohibition of Child Labor (19) <i>To score a full point on SB, an economy must have law or regulation which explicitly prohibit children to perform work likely to harm health, safety or morals</i>	n/a	1	1

Existence of Occupational Safety and Health Legislation <i>To score a full point on SB, the economy must establish a national or federal Occupational Safety and Health legislation for the following industries:</i> - General (20) <i>To score 0.5 points on SB, the economy must have a general national or federal Occupational Safety and Health legislation in place covering all industries</i> - Agriculture (22) <i>To score 0.25 points on SB, the economy must have a national or federal Occupational Safety and Health legislation in place aimed specifically at the agriculture sector, in addition to, or apart from a general legislation</i> - Construction (23) <i>To score 0.25 points on SB, the economy must have a national or federal Occupational Safety and Health legislation in place aimed specifically at the construction sector, in addition to, or apart from a general legislation</i>	n/a	1	1
	n/a	0.50	0.50
	n/a	0.25	0.25
	n/a	0.25	0.25
Periodic Review of Occupational Safety and Health Legislation (21) <i>To score a full point on SB, the economy must mandate a periodic review of the Occupational Safety and Health legislation</i>	n/a	1	1
Protection Against Workplace Discrimination, Violence and Harassment, Through Grievance Mechanisms, Information, and Training <i>To score a full point on SB, an economy must have a law or regulation that requires companies to establish internal complaints or grievance mechanisms AND to provide workplace information on how to identify hazards and risks AND provide training on the following issues:</i> - Discrimination (10, 11, 12) - Workplace violence (24, 25, 26) - Harassment (27, 28, 29) <i>If an economy does not cover all 3 criteria, but it covers at least 1 it will obtain half a score of the respective category: 0.167 (0.33/2 = 0.167)</i>	n/a	1	1
	n/a	0.33	0.33
	n/a	0.33	0.33
	n/a	0.33	0.33
Legally Mandated Paid Annual Leave (30) <i>To score a full point on SB, an economy must legally mandate paid annual leave of 15 or more working days</i>	n/a	1	1
Legally Mandated Paid Sick Leave (34) <i>To score a full point on SB, an economy must legally mandate paid sick leave of at least 1 day</i>	n/a	1	1
Total Points	n/a	12	12
1.1.2 Minimum Wage Attributes			
Indicators	FFP	SBP	Total Points
Existence of Minimum Wage in the Private Sector (38) <i>To score a full point on SB, an economy must have minimum wage for the private sector (set by law or collective bargaining agreement(s)) in the manufacturing AND/OR service sectors</i>	n/a	1	1
Criteria for Determining Minimum Wage Level (39) <i>To score a full point on SB, an economy must mandate some criteria for setting the Minimum Wage. These criteria can include, but is not limited to: needs of workers and their families; the general level of wages in the country; the cost of living, etc.</i>	n/a	1	1
Minimum Wage Update Process (40) <i>To score a full point on SB, an economy must mandate a periodic process of Minimum Wage update. This may require the government (or another relevant body) to periodically review the minimum wage (yearly, biannually, every 5 years, as needed). This review can be based on various factors (e.g., level of inflation, purchasing power) and may or may not result in a change to the minimum wage</i>	n/a	1	1
Social Consultation for Minimum Wage Setting and Updates (41) <i>To score a full point on SB, an economy must mandate a social consultation process for setting and updating the minimum wage. This social consultation process can</i>	n/a	1	1

<i>involve stakeholders other than a governmental body. Consultation implies more than merely sharing information but does not imply a joint decision-making process. The objective of the consultation is not to reach an agreement, but to assist the competent authority in making a decision</i>			
Total Points	n/a	4	4
1.1.3 Termination of Employment			
Indicators	FFP	SBP	Total Points
Legally Mandated Notice Period (60)	n/a	1	1
Legally Mandated Severance Pay (64)	n/a	1	1
Notification Requirement for Collective Dismissal (42 AND 43) <i>To score a full point on SB, an economy must have a legally mandated requirement to notify a third-party public administration (42) AND/OR workers' representatives (43) in case of a collective dismissal</i>	n/a	1	1
Total Points	n/a	3	3

Note: n/a = not applicable (refers to the cases when the impact on firms or society is either ambiguous or nonexistent).
FFP = Firm Flexibility Point; SBP = Social Benefits Point.

1.2 Employment Restrictions and Costs

1.2.1 Terms of Employment

44. Does the law allow the use of fixed-term contracts for any type of task/job? (Y/N)
45. Does the law allow the use of fixed-term contracts for permanent tasks specifically, i.e., tasks or jobs of permanent nature to the firm, not dissolved once the task is accomplished? (Y/N)
46. Does the law allow night work, defined as work performed for not less than seven consecutive hours, including interval from midnight to 5 am? (Y/N)
47. Does the law mandate that Night Work be remunerated at a higher rate than normal working hours? (Y/N)
48. Please, provide night work wage premium: [numerical value] (*not scored*)
49. What is the maximum number of working days allowed per week? (number)
50. What is the standard number of working hours mandated by law (excluding overtime)? (number)
51. Does the law mandate that Overtime work be remunerated at a higher rate than normal working hours? (Y/N)
52. Does the law mandate that Overtime Work be remunerated at a rate not less than one and one-quarter (1.25) times the regular rate? (Y/N)
53. Please provide the overtime wage premium: [numerical value] (*not scored*)
54. What is the maximum number of overtime working hours per week mandated by law? (number)
55. What is the maximum number of working hours per week, including overtime, mandated by law? [number]

56. Does the law require firms to pay for unemployment protection for a permanent (open-ended) full-time worker on firm's payroll? (i.e., the payment requirement could be part of labor taxes, social security contribution, or separate non-tax-related payment incurred by the firm if a worker is terminated earlier on a basis of redundancy) (Y/N, N – good practice)
57. Does the law require firms to pay for health care for a permanent (open-ended) full-time worker on firm's payroll? (i.e., the payment requirement could be part of labor taxes, social security contribution, or separate non-tax-related mandatory payment incurred by the firm) (Y/N, N – good practice)
58. Does the law require firms to pay retirement pension for a permanent (open-ended) full-time worker on firm's payroll? (i.e., the payment requirement could be part of labor taxes, social security contribution, or separate non-tax-related mandatory payment incurred by the firm) (Y/N, N – good practice)
59. Does the law allow individual dismissal based on business needs or due to redundancy reasons? (Y/N)

1.2.2 Minimum Wage Rate

Please see question 38.

1.2.3 Termination of Employment

60. What is the legally mandated notice period for a worker on a permanent contract with 1 year of employment? [numerical value]
61. What is the legally mandated notice period for a worker on a permanent contract with 5 years of employment? [numerical value] (*not scored*)
62. What is the legally mandated notice period for a worker on a permanent contract with 10 years of employment? [numerical value] (*not scored*)
63. What is the legally mandated notice period for a worker on a permanent contract with 20 years of employment? [numerical value] (*not scored*)
64. What is the legally mandated severance payment for a worker on a permanent contract with 1 year of employment? [numerical value]
65. What is the legally mandated severance pay for a worker on a permanent contract with 5 years of employment? [numerical value] (*not scored*)
66. What is the legally mandated severance pay for a worker on a permanent contract with 10 years of employment? [numerical value] (*not scored*)
67. What is the legally mandated severance pay for a worker on a permanent contract with 20 years of employment? [numerical value] (*not scored*)

68. Does the law require an employer to obtain approval from a third party (such as public administration or workers' representative) before terminating the contract of one employee in case of redundancy in the private sector? (Y/N)
69. Does the law require an employer to obtain approval from a third party (such as public administration or workers' representative) before terminating the contracts a group of employees' equivalent to a collective redundancy in the private sector? (Y/N)
70. Does the law regulate labor rights and benefits of platform workers? (single-select)
- 70a. Yes, the existing labor law covers labor rights/protection for platform workers, as they are considered employees (through Legal Presumption)
- 70b. Yes, there is stand-alone legislation or provision(s) specific to platform workers (as they constitute intermediate category – between employee and self-employed), and they have certain rights and/or benefits
- 70c. No, as they are self-employed/independent contractors/own account workers, and their arrangements are based on contractual agreements with the platform
- 70d. No, they operate informally

1.2 EMPLOYMENT RESTRICTIONS AND COSTS			
1.2.1 Terms of Employment			
Indicators	FFP	SBP	Total Points
No Restrictions on the Use of Fixed-Term Contracts for any Task (44)	1	n/a	1
No Restrictions on the Use of Fixed-Term Contracts for Permanent Tasks (45)	1	n/a	1
No Legal Mandate for Firms to Pay Wage Premium for Night Work (47)	1	n/a	1
No Restrictions on Overtime Work Within a Limit of 56 Hours Weekly Maximum (50, 54) <i>To score full points on FF and SB, the maximum working hours (the sum of standard working hours (50) and overtime hours (54)) for an economy must be greater than 48 hours/week (the maximum standard working hours) but less than 56 hours/ week (ILO limit)</i>	1	1	2
No Legal Mandate for Firms to Pay for Unemployment Protection Directly (56)	1	n/a	1
No Legal Mandate for Firms to Pay for Health Care Directly (57)	1	n/a	1
No Legal Mandate for Firms to Pay for Pensions Directly (58)	1	n/a	1
Lawful Grounds, Including Business Needs, for Individual Dismissal (59)	1	1	2
Regulation of Platform Workers' Labor Rights and Benefits (70) <i>To score a full point on SB, the existing law should cover labor rights (protection and/or benefits) for platform workers, whereby they are considered employees, OR there is a stand-alone legislation or provision(s) specific to platform workers (who are considered an intermediate category between employee and self-employed) granting them certain rights (protection and/or benefits)</i>	n/a	1	1
Total Points	8	3	11
1.2.2 Minimum Wage Rate			
Indicators	FFP	SBP	Total Points
Minimum Wage Rate (38)*	1	n/a	1
Total Points	1	n/a	1
1.2.3 Termination of Employment			

Indicators	FFP	SBP	Total Points
Length of Notice Period (in weeks of salary) (60)*	1	n/a	1
Amount of Severance Pay (in weeks of salary) (64)*	1	n/a	1
No Third-Party Approval Requirement for Individual Dismissal (68)	1	n/a	1
No Third-Party Approval Requirement for Collective Dismissal (69)	1	n/a	1
Total Points	4	n/a	4

Note: n/a = not applicable (refers to the cases when the impact on firms or society is either ambiguous or nonexistent). FFP = Firm Flexibility Point; SBP = Social Benefits Point.

* The score of minimum wage rate is calculated the following way: The higher of the two minimum wages (manufacturing and services) in local currency units (LCU) is selected for each economy. This maximum minimum wage is then divided by the monthly GDP per capita (GDP per capita / 12) in LCU to obtain a standardized ratio. A Normal Cumulative Distribution Function (CDF) transformation method on a scale of 0 to 100, where 0 and 100 represent the lowest and highest possible scores, respectively, is then applied. The best and worst performers are identified based on the 5th and 95th percentiles of the collected data. This approach provides a standardized and normalized method to evaluate and compare minimum wage levels in relation to economic output per capita across different economies.

For length of notice period and amount of severance pay the score is calculated using the Normal Cumulative Density Function (CDF) transformation method on a scale of 0 to 100, where 0 and 100 represent the lowest and highest possible scores, respectively. The best and worst performers are identified based on the 5th and 95th percentiles of the collected data.

PILLAR II—ADEQUACY OF PUBLIC SERVICES FOR LABOR	
Parameters	
Business Location	The largest (most populous) city in the economy. The parameter applies to all questions under Pillar II.
Type of Worker	The relevant employee is a working-age (over 25 years old) permanent employee, unless otherwise specified in the questions. The worker is a citizen of the economy and works in the services sector, unless otherwise indicated in the questionnaire for certain specific indicators. This parameter applies to all questions under Pillar II.
Firm Characteristics	The most common type of employer in the private sector in a firm with less than 250 employees operating in the services industry, unless otherwise indicated in the questionnaire for certain specific indicators. This parameter applies to all questions under Pillar II.

2.1 SOCIAL PROTECTION

2.1.1 Unemployment Insurance

71. Is there government-provided unemployment insurance scheme for workers in the private sector in the economy? (Y/N)

Type of coverage: workers

72. What categories of workers are covered? (single-select)

72a. All categories, including nontraditional workers such as self-employed, domestic workers, temporary agency workers, or platform workers

72b. Only some categories, but there is an alternative voluntary unemployment insurance scheme in place for some of those who are not initially covered

- 72c. Only some categories, and there is NO alternative voluntary unemployment insurance Scheme for those who are not initially covered

Type of coverage: industries

73. What industries are covered? (single-select)

- 73a. All industries
73b. Only some, but there is an alternative voluntary unemployment insurance schemes in place for some remaining industries
73c. Only some industries, and there is NO alternative voluntary unemployment insurance schemes for remaining industries

74. Does the employee contribute to the funding of the unemployment insurance scheme? (single-select)

- 74a. Yes – entirely (the total cost is born by the employee)
74b. Yes – partially (the employee only partially contributes to the Scheme)
74c. No

75. Does the employer contribute to the funding of the unemployment insurance scheme? (single-select)

- 75a. Yes – entirely (the total cost is born by the employer)
75b. Yes – partially (the employer only partially contributes to the Scheme)
75c. No

76. Does the government contribute (through general taxes) to the funding of the unemployment insurance scheme? (single-select)

- 76a. Yes – entirely (the total cost is born by the government)
76b. Yes – partially (the government only partially contributes to the Scheme)
76c. No

2.1.2 Health Care Coverage

77. Is there a government-funded basic health care available universally (i.e., to all citizens whether or not employed)? (Y/N)

78. Is there a contributory health care available through employment (i.e., the worker's health care benefits are lost as he/she/they leave one employer and are reinstated as the worker start a new employment relationship)? (Y/N)

79. Is there a contributory health care available through employment or self on a voluntary basis (i.e., a worker, including self-employed, can voluntarily contribute to the existing health care scheme)? (Y/N)

80. Is there a last-resort health care assistance or an alternative non-contributory healthcare coverage available for those who are unable to access universal health coverage (if it exists) due to gaps or for the poorest individuals? (Y/N)

81. Does the employee contribute to the funding of the health care scheme?

- 81a. Yes – entirely (the total cost is born by the employee)
81b. Yes – partially (the employee only partially contributes to the Scheme)
81c. No

82. Does the employer contribute to the funding of the health care scheme?

- 82a. Yes – entirely (the total cost is born by the employer)
 82b. Yes – partially (the employer only partially contributes to the Scheme)
 82c. No

83. Does the government contribute to the funding of the health care scheme?

- 83a. Yes – entirely (the total cost is born by the government)
 83b. Yes – partially (the government only partially contributes to the Scheme)
 83c. No

2.1.3 Retirement Pension

84. Is there a government-provided retirement pension scheme for workers in the private sector? (Y/N)

Type of coverage: workers

85. What categories of workers are covered?

- 85a. All categories, including nontraditional ones such as self-employed, domestic workers, temporary agency workers, or platform workers)
 85b. Only some categories, but there is an alternative voluntary retirement pension scheme in place for some of those who are not initially covered
 85c. Only some categories, and there is NO alternative voluntary retirement pension scheme for those who are not initially covered

Type of coverage: industries

86. What industries are covered?

- 86a. All industries are covered
 86b. Only some, but there is an alternative voluntary retirement pension scheme in place for some of the remaining industries
 86c. Only some, and there is no alternative voluntary retirement pension scheme for the remaining industries

87. Does the employee contribute to the funding of the retirement pension scheme?

- 87a. Yes – entirely (the total cost is born by the employee)
 87b. Yes – partially (the employee only partially contributes to the Scheme)
 87c. No

88. Does the employer contribute to the funding of the retirement pension scheme?

- 88a. Yes – entirely (the total cost is born by the employer)
 88b. Yes – partially (the employer only partially contributes to the Scheme)
 88c. No

89. Does the government contribute to the funding of the retirement pension scheme?

- 89a. Yes – entirely (the total cost is born by the government)
 89b. Yes – partially (the government only partially contributes to the Scheme)
 89c. No

2.1 SOCIAL PROTECTION			
2.1.1 Unemployment Insurance			
Indicators	FFP	SBP	Total Points

Availability of Government-Provided Unemployment Insurance (71) <i>To score a full point on SB, the economy must have a government-provided unemployment insurance scheme for workers in the private sector. This scheme can be organized and administered by a government agency or body; it does not necessarily imply that the scheme is government-funded</i>	n/a	1	1
Coverage of Unemployment Protection <i>To score a full point on SB, the economy must have coverage for all categories of:</i> Types of workers (72) <i>Including nontraditional workers such as Self-Employed, Domestic Workers, Temporary Agency Workers, or Platform Workers</i> Industries (73) <i>All industries</i>	n/a	1	1
	n/a	0.5	0.5
	n/a	0.5	0.5
Funding for Unemployment Insurance (75) <i>To score a full point on FF, the employer must not participate in the funding of the scheme (75c)</i> <i>To score half a point on FF, the employer may partially participate in the funding of the scheme (75b)</i> <i>To score 0 points on FF, employer must fully participate in the funding of the scheme(75a)</i>	1	n/a	1
Total Points	1	2	3
2.1.2 Health Care Coverage			
Indicators	FFP	SBP	Total Points
Availability of Universal Health Care (77) <i>To score a full point on SB, the economy must have a government-funded basic universal health care system. The financial resources for providing this type of health care coverage should come from public funds, typically from taxes (e.g., income tax, property tax, sales tax, or other) or other government revenue sources (natural resource revenues, non-tax revenues, grants, borrowing, etc.)</i>	n/a	1	1
Coverage of Health Care <i>To score a full point on SB, the economy must have the following complementary options available for health care:</i> Contributory Health Care available through employment (78) <i>Contributory Health Care available through employment where the worker's health care benefits are lost as he/she leave one employer and are reinstated as the worker start a new employment relationship</i> Contributory Health Care available for self-employed (79) <i>Contributory Health Care available through self-employment on a voluntary basis (i.e., a worker, including Self-Employed, can voluntarily contribute to the existing health care scheme</i> Last-Resort Health Care Assistance (80) <i>Last-Resort Health Care Assistance or an alternative non-contributory healthcare coverage available for those who are unable to access Universal Health Coverage (if it exists) due to gaps or for the poorest individuals</i>	n/a	1	1
	n/a	0.33	0.33
	n/a	0.33	0.33
	n/a	0.33	0.33
Funding for Health Care (82) <i>To score a full point on FF, the employer must not participate in the funding of the scheme (82c)</i> <i>To score half a point on FF, the employer may partially participate in the funding of the scheme (82b)</i> <i>To score 0 points on FF, employer must fully participate in the funding of the scheme(82a)</i>	1	n/a	1
Total Points	1	2	3
2.1.3 Retirement Pension			

Indicators	FFP	SBP	Total Points
Availability of Government-Provided Retirement Pension Schemes (84) <i>To score a full point on SB, the economy must have a government-provided retirement pension scheme for workers in the private sector. This scheme can be organized and administered by a government agency or body; it does not necessarily imply that the scheme is government-funded</i>	n/a	1	1
Coverage of Retirement Pension Scheme <i>To score 1 point on SB, the economy must have coverage for all categories of:</i>	n/a	1	1
- Types of workers (85) <i>Including nontraditional workers such as Self-Employed, Domestic Workers, Temporary Agency Workers, or Platform Workers</i>	n/a	0.5	0.5
- Types of industries (86) <i>All industries</i>	n/a	0.5	0.5
Funding for Retirement Pension Scheme (88) <i>To score a full point on FF, the employer must not participate in the funding of the scheme (88c)</i> <i>To score half a point on FF, the employer may partially participate in the funding of the scheme (88b)</i> <i>To score 0 points on FF, employer must fully participate in the funding of the scheme (88a)</i>	1	n/a	1
Total Points	1	2	3

Note: n/a = not applicable (refers to the cases when the impact on firms or society is either ambiguous or nonexistent).
FFP = Firm Flexibility Point; SBP = Social Benefits Point.

2.2 EMPLOYMENT SERVICES

2.2.1 Employment Centers and Training

90. Is there a national employment service center in the largest city in this economy? (Y/N)

91. Does the law require firms to pay for national employment public service center services? (Y/N, N – good practice)

92. Is there a law or regulation [name of the economy] on vocational guidance and vocational training for the unemployed and job seekers? (Y/N)

93. Are public training programs for the unemployed and job seekers available? (Y/N)

2.2.2 Labor Dispute Resolution Mechanisms

94. Does [Name of the largest business city] have a functioning, specialized, and independent mechanism for resolution of a labor dispute (of any kind)? (Y/N)

95. Does the law in [Name of the largest business city] allow a judicial conciliation/mediation (court-annexed) as an alternative dispute resolution (ADR) mechanism to resolve labor disputes? (Y/N)

96. Does the law in [Name of the largest business city] allow for a non-Judicial conciliation and/or mediation (private person to mediate) as an alternative dispute resolution (ADR) mechanism to resolve labor disputes? (Y/N)

97. Does the law in [Name of the largest business city] allow arbitration as an alternative dispute resolution (ADR) mechanism to resolve labor disputes? (Y/N)

2.2.3 Labor Inspectorates

- 98. Is there a central labor inspectorate in this economy? (Y/N)
- 99. Can labor inspectors enter a workplace freely and without notice? (Y/N)
- 100. Does the law mandate labor inspectorates to enforce the current legislation on forced labor? (Y/N)
- 101. Does the law require labor inspectorates to enforce the current legislation on child labor? (Y/N)
- 102. Does the law require labor inspectorates to enforce the current Occupational Safety and Health regulations? (Y/N)
- 103. Are there publicly available data on reported number of cases/complaints available for labor violations? (Y/N)
- 104. Are there publicly available data on reported number of violations committed in the workplace against women? (Y/N)
- 105. Does the law require labor inspectors to conduct periodic mandatory inspections specifically focused on the abuse of women's rights in the workplace? (Y/N)

2.2.4 Sex-Disaggregated Data

- 106. Are sex-disaggregated data on the number of labor inspectors publicly available online? (Y/N)
- 107. Are sex-disaggregated data on the number of labor inspectors publicly available online available for the most recent fiscal year? (Y/N)
- 108. Are sex-disaggregated data on labor disputes publicly available online? (Y/N)
- 109. Are sex-disaggregated data on labor disputes available online for the most recent fiscal year? (Y/N)
- 110. Are sex-disaggregated data on the number of employees in the workforce publicly available online? (Y/N)
- 111. Are sex-disaggregated data on the number of employees in the workforce available online for the most recent fiscal year? (Y/N)
- 112. Are sex-disaggregated data on the number of unemployed people publicly available online? (Y/N)
- 113. Are data on the number of unemployed people publicly available online available for the most recent fiscal year? (Y/N)
- 114. Are sex-disaggregated data on the number of beneficiaries of maternity and paternity leave made publicly available online by a public authority? (Y/N)
- 115. Are sex-disaggregated data on the number of beneficiaries of maternity and paternity leave publicly available for the most recent fiscal year? (Y/N)

2.2 EMPLOYMENT SERVICES			
2.2.1 Employment Centers and Training			
Indicators	FFP	SBP	Total Points
Existence of a National Employment Service Center (90)	1	1	2
No Legal Mandate for Firms to Pay for Employment Service Center Services (91)	1	n/a	1
Legal Mandate for Vocational Guidance and Vocational Training for Unemployed and Job Seekers (92)	1	1	2
Existence of Public Training Programs for Unemployed and Job Seekers (93)	1	1	2
Total Points	4	3	7
2.2.2 Labor Dispute Resolution Mechanisms			
Indicators	FFP	SBP	Total Points
Existence of a Functioning, Specialized, and Independent Mechanism for Resolution of a Labor Dispute (94)	1	1	2
Existence of Alternative Dispute Resolution Process for a Labor Dispute (95, 96, 97) <i>To score on this indicator, an economy must have one of the alternative dispute resolution mechanisms: conciliation/mediation (court-annexed) OR non-judicial conciliation and/or mediation (private person to mediate) OR arbitration</i>	1	1	2
Total Points	2	2	4
2.2.3 Labor Inspectorates			
Indicators	FFP	SBP	Total Points
Existence of a Central Labor Inspectorate (98)	n/a	1	1
Best Practice Initiation of Labor Inspections (99) <i>To score on this indicator, an economy must allow labor inspectors to enter a workplace freely without notice</i>	n/a	1	1
Legislation Enforcement on Forced Labor, Child Labor, Occupational Safety and Health <i>To score SB on this indicator, the law must have a requirement for labor inspectorates to enforce legislation on:</i>	n/a	1	1
- Forced labor (100)	n/a	0.33	0.33
- Child labor (101)	n/a	0.33	0.33
- Occupational Safety and Health (102)	n/a	0.33	0.33
Existence of Data on Reported Number of Cases/Complaints for Labor Violations (103)	1	1	2
Protection and Oversight of Women's Rights in the Workplace <i>To score full point on this indicator SB, the economy must have:</i>	1	1	2
- Availability of public data on workplace violations against women (104)	0.5	0.5	1
- Periodic inspections focused on women's rights in the workplace (105)	0.5	0.5	1
Total Points	2	5	7
2.2.4 Sex-Disaggregated Data			
Indicators	FFP	SBP	Total Points
Sex-Disaggregated Data on Labor Inspectors, Labor Disputes, Workforce, Unemployment and Beneficiaries of Maternity and Paternity Leave <i>Availability of sex-disaggregated data on:</i>	1	1	2

- Labor Inspectors (106, 107)	0.2	0.2	0.4
- Labor Disputes (108, 109)	0.2	0.2	0.4
- Workforce (110, 111)	0.2	0.2	0.4
- Unemployment (112, 113)	0.2	0.2	0.4
- Beneficiaries of Maternity and Paternity Leave (114, 115)	0.2	0.2	0.4
<i>To score full point on this indicator, the economy must have disaggregated data for the most recent year. If the economy does not collect yearly data but gathers it periodically, it will score 0.1 per particular component</i>			
Total Points	1	1	2

Note: n/a = not applicable (refers to the cases when the impact on firms or society is either ambiguous or nonexistent). FFP = Firm Flexibility Point; SBP = Social Benefits Point.

PILLAR III—OPERATIONAL EFFICIENCY OF LABOR REGULATIONS AND PUBLIC SERVICES IN PRACTICE

The data for Pillar III are collected through Enterprise Surveys. The scores for Pillar III indicators are calculated using the Normal Cumulative Density Function (CDF) transformation method on a scale of 0 to 100, where 0 and 100 represent the lowest and highest possible scores, respectively. The best and worst performers are identified based on the 5th and 95th percentiles of the collected data. In the case of the indicators pertaining to job training and the issuance of safety and health report, the best and worst performers are identified based on the 95th and 5th percentiles of the collected data.

3.1 EMPLOYMENT RESTRICTIONS AND COSTS

3.1.1 Social Contribution

116. Please provide the total annual costs of social security payments and employment-based taxes, excluding employee taxes that were withheld for the last fiscal year in local currency units. [numerical value]

117. Please provide the total annual cost of labor including wages, salaries, bonuses, social security payments. [numerical value]

3.1.2 Obstacles to Hiring and Dismissing Workers

118. To what degree is the cost of hiring new workers an obstacle to the current operations of this establishment?

- 118a. No obstacle
- 118b. Minor obstacle
- 118c. Moderate obstacle
- 118d. Major obstacle
- 118e. Very severe obstacle

119. To what degree is dismissing workers an obstacle to the current operations of this establishment?

- 119a. No obstacle
- 119b. Minor obstacle
- 119c. Moderate obstacle
- 119d. Major obstacle
- 119e. Very severe obstacle

3.1.3 Dismissal Time and Cost

120. In the last three years, has this establishment dismissed any permanent, full-time worker? (Y/N) (*not scored*)
121. How many weeks did it typically take—from the time the notice of dismissal was provided to the worker until the worker was removed from the establishment's payroll? (Please include all pre-notice requirements, notifications, and wait times) [numerical value in weeks]
122. How much was a typical severance payment, in weeks of paid salary, for a dismissed permanent, full-time worker? (Please include pay and benefits but exclude unpaid salaries) [numerical value]

3.1 EMPLOYMENT RESTRICTIONS AND COSTS			
3.1.1 Social Contribution			
Indicators	FFP	SBP	Total Points
Ratio of Social Contributions (116, 117) <i>The ratio of social contributions is equal to the total annual costs of social security payments and employment-based taxes divided by the total annual cost of labor including wages, salaries, bonuses, social security payments)</i>	100 (100%)	n/a	100 (100%)
Total Points for Subcategory 3.1.1	100	n/a	100
3.1.2 Obstacles to Hiring and Dismissing Workers			
Indicators	FFP	SBP	Total Points
Perceptions Index of Cost of Hiring New Workers as a Constraint (118) <i>The percentage of firms identifying the cost of hiring new workers as a constraint is equal to the number of firms that selected "major obstacle" or "very severe obstacle", divided by the total number of firms</i>	100 (50%)	n/a	100 (50%)
Perceptions Index of Dismissing Workers as a Constraint (119) <i>The percentage of firms identifying dismissing workers as a constraint is equal to the number of firms that selected "major obstacle" or "very severe obstacle", divided by the total number of firms</i>	100 (50%)	n/a	100 (50%)
Total Points for Subcategory 3.1.2	100	n/a	100
3.1.3 Dismissal Time and Cost			
Indicators	FFP	SBP	Total Points
Weeks to Dismiss Full-Time Permanent Worker (121) <i>The time in weeks typically required to dismiss a permanent, full-time worker, from the moment the notice of dismissal is given until the worker is removed from the payroll</i>	100 (50%)	n/a	100 (50%)
Weeks Paid in Severance (122) <i>The amount of a typical severance payment, expressed as weeks of paid salary, for a dismissed permanent, full-time worker</i>	100 (50%)	n/a	100 (50%)
Total Points for Subcategory 3.1.3	100	n/a	100
Total Points for Category 3.1	100	n/a	100

Note: n/a = not applicable (refers to the cases when the impact on firms or society is either ambiguous or nonexistent).
FFP = Firm Flexibility Point; SBP = Social Benefits Point.

3.2 EMPLOYMENT SERVICES

3.2.1 On-the-Job Training

123. Over the last fiscal year, did this establishment have formal training programs for its permanent, full-time workers? (Y/N)

3.2.2 Prevalence and Operational Efficiency of Labor Disputes

124. Over the last three years, has this establishment been involved in any labor disputes? (Y/N)

125. How many months did it typically take from the moment the dispute arose until it got resolved, whether through an agreement, court decision, or other means? [numerical value]

3.2.3 Safety and Health Inspection

126. Over the fiscal year in reference to workplace safety and health, was this establishment visited or inspected by a government labor inspector or has it been required to meet with one? (Y/N)

127. As a result of these inspections, was a report issued to the establishment by the inspectorate? If there has been more than one inspection, please consider the latest completed inspection. (Y/N)

3.2 EMPLOYMENT SERVICES			
3.2.1 On-the-job Training			
Indicators	FFP	SBP	Total Points
Percent of Firms with Formal Training Programs for its Permanent, Full-Time Workers (123) <i>The percentage of firms with formal training programs for its permanent full-time workers is equal to the number of firms that answered "yes", divided by the total number of firms</i>	100 (100%)	n/a	100 (100%)
Total Points for Subcategory 3.2.1	100	n/a	100
3.2.2 Prevalence and Operational Efficiency of Labor Disputes			
Indicators	FFP	SBP	Total Points
Percent of Firms Involved in Labor Dispute Over Last 3 Years (124) <i>The percentage of firms involved in a labor dispute over the last 3 years is equal to the number of firms that answered "yes", divided by the total number of firms</i>	100 (50%)	n/a	100 (50%)
Months to Resolve Labor Dispute (125) <i>The time in months needed to resolve a labor-related dispute (over issues such as compensation, working hours, dismissal, or working conditions etc.), starting from the moment a dispute arose until it was resolved. This may encompass formal court proceedings or alternative dispute resolution mechanisms (e.g., mediation)</i>	100 (50%)	n/a	100 (50%)
Total Points for Subcategory 3.2.2	100	n/a	100
3.2.3 Safety and Health Inspection			
Indicators	FFP	SBP	Total Points
Percent of Firms Visited or Inspected for Workplace Safety and Health (126)	100 (50%)	n/a	100 (50%)

<i>The percentage of firms visited or inspected for workplace safety and health is equal to the number of firms who answered “yes”, divided by the total number of firms</i>			
Percent of Firms with a Report Issued by Inspectorate for Workplace Safety and Health (127) <i>The percentage of firms with a report issued by inspectorate from workplace safety and health is equal to the number of firms that answered “yes”, divided by the total number of firms</i>	100 (50%)	n/a	100 (50%)
Total Points for Subcategory 3.2.3	100	n/a	100
Total Points for Category 3.2	100	n/a	100

Note: n/a = not applicable (refers to the cases when the impact on firms or society is either ambiguous or nonexistent).
FFP = Firm Flexibility Point; SBP = Social Benefits Point.