How Has Vulnerable Employment Changed in Azerbaijan in Recent Years?

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In countries with closed political systems, such as Azerbaijan, governments often seek to keep accurate statistical data out of public reach while making officially published figures as difficult to trust as possible. Under these conditions, relying on conventional economic indicators, such as GDP growth, overall employment, government finances, or foreign trade, offers limited insight into the economy. Although these figures are publicly available, their reliability is difficult to verify. They also reveal little about the economy's underlying conditions or the risks it may face.

In such an environment, more specialized socioeconomic indicators used by international organizations and research institutions can provide valuable insights into economic realities that conventional statistics may fail to capture. This article uses the International Labour Organization's (ILO) **"vulnerable employment"** indicator to examine employment patterns in Azerbaijan. It focuses on workers' employment status and the structure of the country's labor market.

What Is Vulnerable Employment?

According to the International Labour Organization's (ILO) methodology[1], vulnerable employment is defined by employment status and covers two categories of workers: (1) contributing family workers who work without pay in family businesses; and (2) own-account workers, or individuals who work independently for themselves.

In its methodology, the ILO provides several reasons for

classifying these forms of employment as “vulnerable.” The term generally refers to workers whose employment is relatively unstable and whose working conditions offer limited security. Both categories of workers tend to have less access to formal employment arrangements, employment-related benefits, and social protection programs. They are also more exposed to economic fluctuations and downturns. Vulnerable employment also has a significant gender dimension, as women have historically accounted for a large share of unpaid workers in family businesses. The ILO further identifies a relationship between vulnerable employment and poverty, which suggests that a high share of vulnerable workers in total employment can increase the risk of widespread poverty.

One reason for this relationship is that vulnerable workers often lack the social protection and financial safeguards needed to withstand economic crises. They are also less likely to have sufficient savings to protect themselves and their families from the financial consequences of economic downturns.

Another observation made by ILO experts is that, with some exceptions, such as creative and knowledge-based activities (including freelance ICT services), most jobs classified as vulnerable employment tend to be low-productivity activities that generate relatively little value added.

Finally, a high rate of vulnerable employment may also indicate a large informal economy.

Another ILO methodological document[2] defines contributing family workers as individuals who work without a formal employment contract or wages in income-generating businesses established and operated by their families.

Examples include family members who help run a family-owned restaurant, shop, or workshop, as well as those who work on a family farm without receiving wages. However, an important distinction applies to this category. To qualify as a

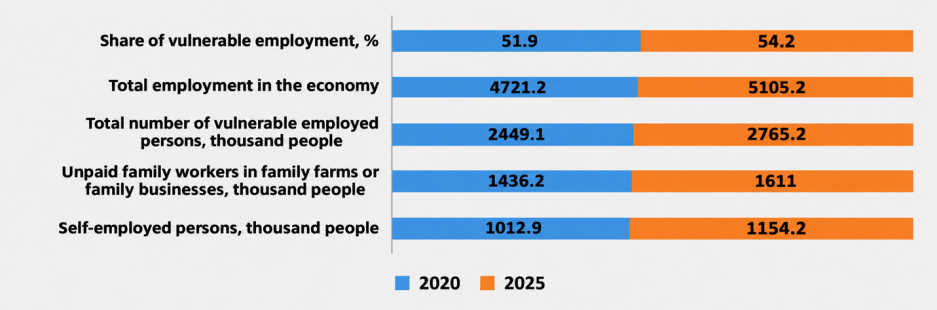
contributing family worker, a person must not participate in major business decisions or hold formal management responsibilities. Instead, they benefit indirectly from the business's profits or from income shared within the household. If a person takes on such decision-making responsibilities, their employment may fall under a different category, such as own-account employment.

As for **own-account workers**, the International Labour Organization's (ILO) methodology[3] defines them as individuals who work independently without employing paid workers. In other words, they earn a living through their own economic activities rather than working for an employer or hiring employees themselves. Examples include a tailor who operates their own workshop, a self-employed taxi driver who uses their own vehicle, and independent professionals who provide services such as accounting, legal advice, or auditing.

What Is the Level of Vulnerable Employment in Azerbaijan?

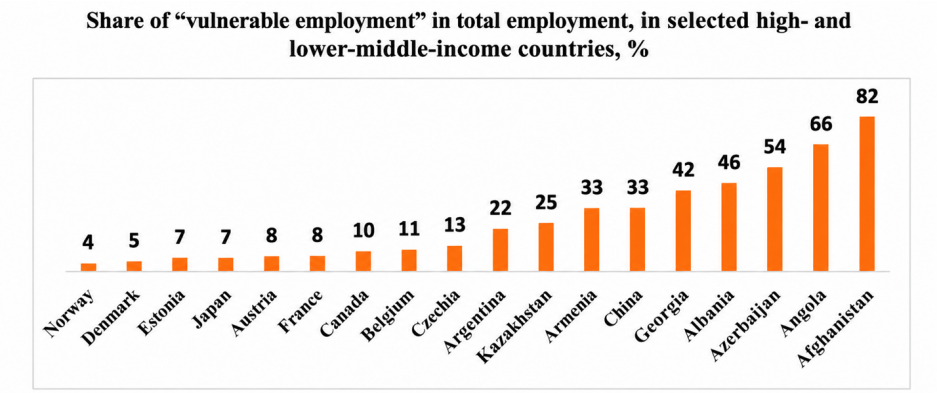
According to World Bank statistics for 2025[4], vulnerable workers accounted for **54% of total employment in Azerbaijan**. This figure is also supported by official employment data published by Azerbaijan's State Statistical Committee[5]. According to these figures, the total number of employed in Azerbaijan reached 5,105 million in 2025. Of these, 1,154 million were own-account workers, while another 1,611 million worked without pay on family farms or in family businesses. Together, these two groups, which fall under the ILO's definition of vulnerable employment, accounted for **2,765 million workers**. Official statistics also indicate that the share of vulnerable employment in Azerbaijan continued to rise between 2020 and 2025, as illustrated in the chart below.

Trends in Vulnerable Employment in Azerbaijan, 2020–2025



According to official statistics, the share of vulnerable employment in Azerbaijan increased from **51,9% to 54,2% between 2020 and 2025**. These jobs typically offer limited social protection, less employment security, and relatively low value added. In other words, **54 out of every 100 employed people in Azerbaijan fall into the vulnerable employment category**.

To put this figure into perspective, it is useful to compare Azerbaijan with other countries using data published by the World Bank:



Cross-country comparisons suggest a strong relationship between the share of vulnerable employment and a country's level of economic development and economic transparency. In highly developed economies with relatively small shadow economies, such as Norway, Denmark, and France, vulnerable employment accounts for just 4–10% of total employment. By contrast, in less developed countries with large informal economies, such as Afghanistan and Angola, the figure is considerably higher, ranging from 60% to 85%. At 54%, Azerbaijan's vulnerable employment rate is much closer to the levels seen in less economically developed countries.

Between 2020 and 2025, the number of people in vulnerable employment in Azerbaijan increased by **316.000, or 13%, reaching 2,765 million**. The number of own-account workers rose by 141.000 to 1,154 million, while the number of unpaid family workers increased by 175.000 to 1,611 million.

In another analysis,[6] the International Labour Organization (ILO) emphasizes that employment status can serve as an important indicator of job quality in any country. According to the ILO, labor markets where wage and salaried employment accounts for a larger share of total employment generally offer greater job security and better working conditions. Such labor markets are also considered more transparent and tend to provide higher-quality employment opportunities.

The ILO's argument is further supported by employment patterns in advanced economies. In countries with well-developed market economies and strong private sectors, wage and salaried workers consistently account for a large majority of total employment, while the share of workers in vulnerable forms of employment remains relatively small.

The next section uses ILO data to compare the share of workers in paid employment in Azerbaijan and several other countries.

The Share of Secure Employment in Azerbaijan and Worldwide

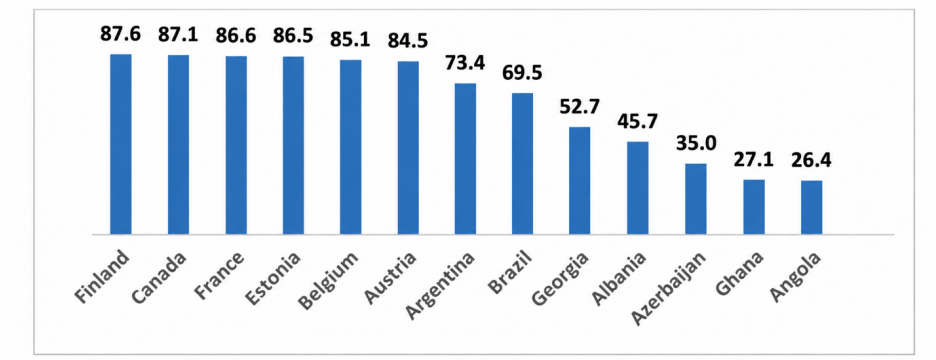
The figures discussed so far show that secure employment accounts for a much smaller share of Azerbaijan's labor market than vulnerable forms of work. According to official statistics for 2025,[7] only **35% of the country's 5,105 million employed people (1,812 million)** were wage and salaried workers. These are workers employed under formal contracts, with access to social protections such as pensions, health and unemployment insurance, compensation for health-related disability, and maternity and childcare benefits.

What stands out is that, over the past five years, the combined number of wage and salaried workers and those in

vulnerable employment in Azerbaijan increased by 429.000. Of this increase, only 113.000, or 26,3%, came from wage and salaried employment. In other words, **nearly 74 out of every 100 additional workers in these two categories were in vulnerable employment**, which typically offers less job security, limited social protection, and relatively low productivity. Over the same period, the number of workers in vulnerable employment rose by 316.000.

A comparison of wage and salaried employment as a share of total employment across several countries, based on ILO data,[8] provides a clearer picture of the differences in labor market quality.

Share of Wage and Salaried Workers in Total Employment Across Selected Countries (%)



As the figures show, countries with a higher share of wage and salaried employment tend to be more economically developed. The lowest shares are generally found in countries with weaker economies or large informal sectors. Azerbaijan falls into this latter group. Despite the government's official claims about economic progress, the country's labor market figures paint a different picture, pointing to relatively low levels of economic development and a substantial shadow economy.

Notes and References:

[1] "Guide to the new Millennium Development Goals Employment

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[2] "Conceptual Framework for Statistics on the Informal Economy". International Labour Organization

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[3] "International Classification of Status in Employment (ICSE-18) Manual". International Labor Organization. https://webapps.ilo.org/ilostat-files/Documents/ICSE-18_manual.pdf

[4] "Vulnerable employment, total (% of total employment) (modeled ILO estimate)". https://data.worldbank.org/indicator/SL.EMP.VULN.ZS

[5] https://www.stat.gov.az/source/labour/

[6] "Paid employment vs vulnerable employment". International Labor Organization. https://www.ilo.org/media/416321/download

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[8] https://ilostat.ilo.org/data/?utm_source=chatgpt.com&cat_mode=subject