

Global Conference on Measuring New Forms of Employment

Brussels, 4 - 5 July 2024



#MeasuringEmployment

New international classification of status in employment ICSE-18

Session 2

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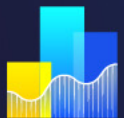


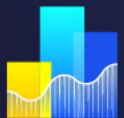
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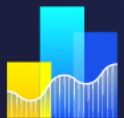
Why was a revision of ICSE-93 necessary?

- Provide a more detailed and meaningful classification that better reflects the changes in employment arrangements that are taking place in many countries:
 - Increasing prevalence of non-standard forms of employment
 - Increasing variety of contractual arrangements, sometimes with ambiguous work relationship
 - Increasing uncertainty about the boundary between different categories of workers, particularly between the self-employment and paid employment
- **Globalization and digitalization** drive and facilitate new ways of organising production and employment, and new and more flexible types of work relationships are likely to grow in importance
- **Major concerns for policy makers**
 - Need to make non-traditional employment more visible
 - Need to produce statistical information to adequately monitor these changes



International classification of status in employment ICSE-18

- Introduced by **Resolution I concerning statistics on work relationships** adopted at the 20th ICLS in 2018
 - replaced the **ICSE-93**
 - aligned with **19th ICLS** resolution *“statistics on work, employment and labour underutilization”*
 - Resolution I of the 20th ICLS provides:
 - **Reference concepts**
 - **International Classification of Status in Employment (ICSE-18)**
 - **International Classification of Status at Work (ICSaW-18)**
 - Extension of the classification of Status in Employment to cover all forms of work paid and unpaid.
 - **A set of cross-cutting variables**
 - That further support the analysis of the status at work categories.
 - **Guidelines on data measurement**
 - **Indicators**



Classification

- ICSE-18 provides **10 detailed mutually exclusive categories** of status in employment.

ICSE-18 detailed categories	Differences compared to ICSE-93
11. Employers in corporations	Two detailed categories of employers
12. Employers in household market units	
21. Owner-operators of corporations without employees	Two detailed categories of own-account workers
22. Own-account workers in household market units without employees	
30. Dependent contractors	The new category of dependent contractors
41. Permanent employees	Four detailed categories of employees
42. Fixed-term employees	
43. Short-term and casual employees	
44. Paid apprentices, trainees and interns	
51. Contributing family workers	CFW

Members of producers' cooperatives do no longer constitute its own status in employment

- The 10 detailed categories can be organised according to **two different hierarchies**



ICSE-18-A

- Based on the **type of authority** that the worker is able to exercise in relation to the work performed
 - Creates a dichotomy between **independent workers** and **dependent workers**.
 - Suitable for various types of **labour market analysis**.

ICSE-18-A *(by type of authority)*

Independent workers

A. Employers

11. Employers in corporations
12. Employers in household market units

B. Independent workers without employees

21. Owner-operators of corporations without employees
22. Own-account workers in household market units without employees

Dependent workers

C. Dependent contractors

30. Dependent contractors

D. Employees

41. Permanent employees
42. Fixed-term employees
43. Short-term and casual employees
44. Paid apprentices, trainees and interns

E. Contributing family workers

51. Contributing family workers

ICSE-18-R

- Based on the **type of economic risk** to which the worker is exposed
 - Creates a dichotomy between **workers in employment for profit** and **workers in employment for pay**.
 - Suitable for the provision of **data for national accounts**, for the **identification of wage employment**.

ICSE-18-R (*by type of risk*)

Workers in employment for profit

F. Independent workers in household market units

- 12. Employers in household market units
- 22. Own-account workers in household market units without employees

C. Dependent contractors

- 30. Dependent contractors

E. Contributing family workers

- 51. Contributing family workers

Workers in employment for pay

G. Owner-operators of corporations

- 11. Employers in corporations
- 21. Owner-operators of corporations without employees

D. Employees

- 41. Permanent employees
- 42. Fixed-term employees
- 43. Short-term and casual employees
- 44. Paid apprentices, trainees and interns

Dependent contractors

- One of the **most important changes** and also one of the **most challenging**
- **In-between situation** (on the boundary **between own-account workers** in household market enterprises and **employees**)
 - **The have a high degree of economic risk (typical of own-account workers)**
 - **Reduced authority over their activities (typical of employees)**
- A challenge for many statistical agencies in both the developed and developing world.
 - Dependent contractors have existed historically even if they have not been statistically identified
 - Different terms have been used to describe this group such as “Dependent self-employed, disguised employment, false or dependent self-employment etc.”
 - Frequently classified either as own-account workers or as employees but no clear treatment



Dependent contractors: statistical definition

- Workers who have **contractual arrangements of a commercial nature** (not a contract of employment) to provide goods or services for or through another economic unit
 - **Not employees** of that unit, but workers **in employment for profit**
 - **Do not employ** one or more persons as an **employee**
 - **Do not have an incorporated enterprise**
 - **Are paid by commercial transactions**

These are characteristics they share with other independent workers

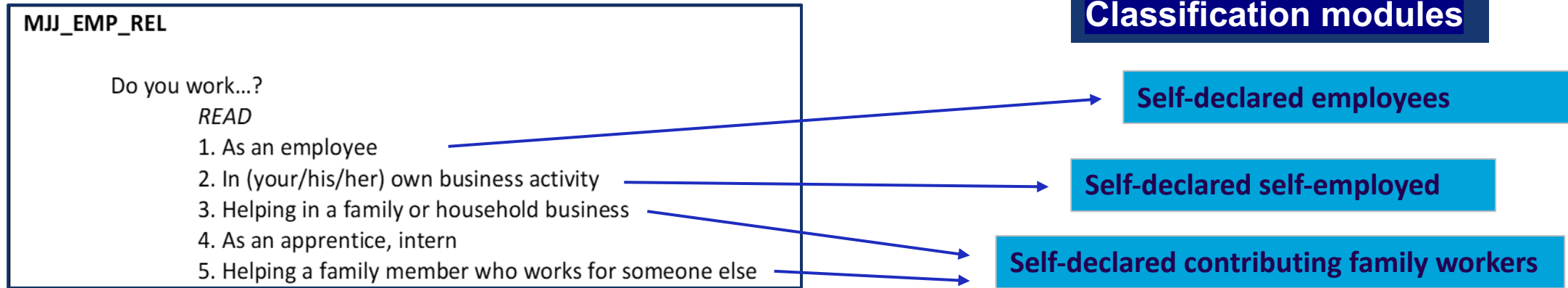
- Operationally and/or economically **dependent on another entity that exercises control over their activities** and directly benefits from the work performed by them.

These are characteristics they share with other dependent workers



General approach for measurement

- Starting from self-declared status in employment



- Use **additional questions to confirm or correct ICSE-18 categories**
 - to **reflect the complexity of the reality** the standards are trying to capture
- Dependent contractors** are identified through **two different tracks**:
 - One for **self-declared employees**, another for **self-declared self-employed**

Employees

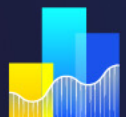
- **Identification**

- Verify the existence of an **agreement of employment** (employer-employee relationship)

- **Questions required**

- Self-declared status (employee)
- Payment type
- Employer contributes to social insurance, gives access to paid annual leave and paid sick leave
- Type and details of contract (duration etc) to distinguish the 4 detailed categories

Self-declared employees lacking the conditions normally available to an employee,
i.e. not receiving a wage or salary and not covered by social protection, are reclassified as
dependent contractors



Employers and independent workers without employees

- **Identification**

- Verify that **business operators** are truly **independent**

- **Questions required**

- Self-declared status
- Hiring of **employees**
- **Incorporation** (whether the enterprise is a separate legal entity from the owner),
- **Dependency** on another company or person (e.g. a main client, intermediary, single supplier)
- **Control** exercised by the other entity over price, working time, how to carry out the work

Self-declared business operators that do not hire employees and do not have an incorporated enterprise are reclassified as **dependent contractors** if they are dependent on another entity that also exercise control over their activities



Contributing family workers

- **Identification**

- They do not receive regular payments, such as a wage or salary, in return for the work performed.

If they receive a wage or salary, they are reclassified as employee

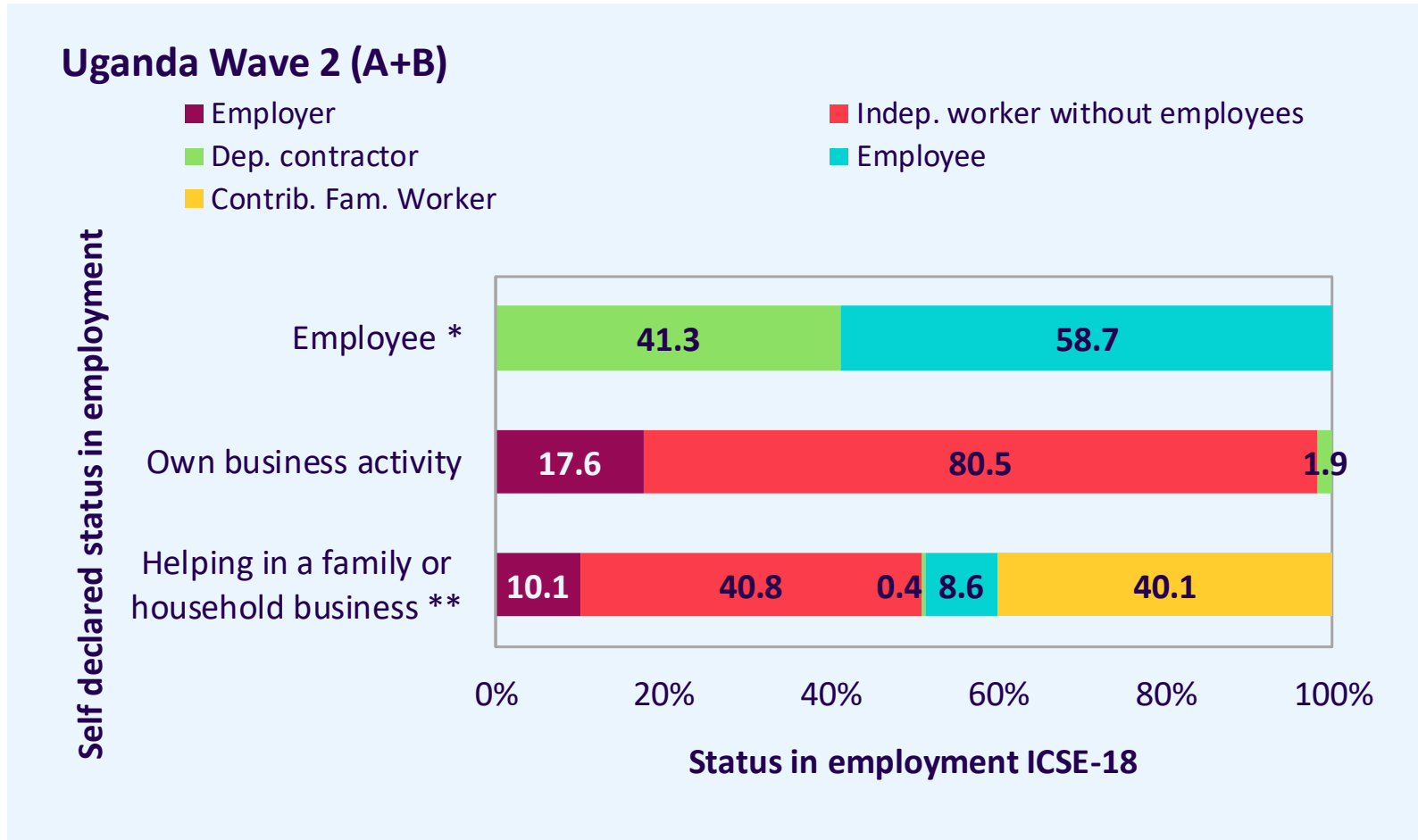
- They do not make the most important decisions affecting the enterprise or do not have responsibility for it. **If they take decisions on how to run the business, they are reclassified as independent workers, or even as dependent contractors**

- **Questions required**

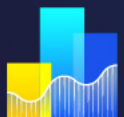
- Self-declared status,
- Type of payment
- Decision making in the business
 - Hiring of employees, incorporation, dependency and control



Results from the ILO pilot study



- Important shares of self-declared employees and owners of business activities reclassified as dependent contractors.
- Large share of self-declared CFW reclassified as independent workers, some also as employees



Summary – capturing ICSE-18 in LFS

- To collect ICSE-18 **respondent burden will slightly increase**,
- However, the shift in focus, from a self-declared status to the **use of more objective criteria** for identifying ICSE, will provide **better precision in the measurement and in the data**, and of the **indicators produced**
- In the ILO model questionnaires (2024 versions) you can see the questions and modules developed to operationalize all the criteria set in the Resolution.
 - **Most of the questions would already be included in a typical LFS**
 - **Filters are used to minimize the respondent burden**
- In many countries it would be possible to **derive ICSE-93 and ICSE-18 in parallel**,
 - **but it depends on the current approach for collecting ICSE-93.**
- This approach has been tested and implemented already in a number of countries, and many others are in the process to start the implementation.



Thank you



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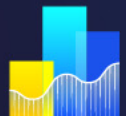


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