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## **Review of the International Classification of Status in Employment<sup>1</sup>**

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## Abbreviations

EU	European Union
ICLS	International Conference of Labour Statisticians
ICSE	International Classification of Status in Employment
ILO	International Labour Organization
ISCO	International Standard Classification of Occupations
LFS	Labour Force Survey
SNA	System of National Accounts
UN	United Nations

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# Review of the International Classification of Status in Employment

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## Introduction and background

1. This paper outlines progress with the revision of the International Classification of Status in Employment (ICSE-93). It was prepared for consideration at the Meeting of the Expert Group on International Statistical Classifications in New York from 19-22 May 2015. The aim of the revision work is to replace ICSE-93 with a suite of statistical standards and classifications on the work relationship, for adoption as a resolution of the 20<sup>th</sup> International Conference of Labour Statisticians (ICLS) in October 2018. The revision was mandated in 2013 by the 19<sup>th</sup> ICLS.
2. ICSE-93 was adopted through a resolution of the 15th International Conference of Labour Statisticians (ICLS) in January 1993. It is the current international standard for statistics on the employment relationship. It classifies jobs with respect to the type of explicit or implicit contract of employment between the job holder and the economic unit in which he or she is employed. It aims to provide the basis for the production of internationally comparable statistics on the employment relationship, including the distinction between salaried employment and self-employment.
3. The following five substantive categories are specified:
  - Employees
  - Employers
  - Own-account workers
  - Members of producers' cooperatives
  - Contributing family workers

The last four of these categories can be aggregated to form the self-employed

4. These categories no longer provide sufficient information to adequately monitor changes in employment arrangements that are taking place in many countries and are not sufficiently detailed to monitor various types of precarious or non-standard forms of employment. A variety of new contractual arrangements that aim to increase flexibility in the labour market are leading to increasing uncertainty about the boundary between self-employment and paid employment, while at the same time generating a need for statistical information to monitor the impact of these arrangements.
5. Following a review of the range of national practices with respect to statistics on status in employment and on the employment relationship more generally, the International Labour Office presented a discussion paper on the need for revision of ICSE-93 to the 19th ICLS in October 2013. There was a strong consensus at the conference on the need to revise ICSE-93 to better account for the latest developments in labour markets and to reflect the adoption at the 19th ICLS

of the Resolution concerning statistics of work, employment and labour underutilization. This resolution had a profound impact on the relevance of ICSE-93 through extending the scope of international standards for labour statistics beyond employment to include all forms of work, as well as moving the boundary between employment and some other forms of work.

6. The ILO's work to revise ICSE-93 will be supported by a working group that includes labour statisticians, economic statisticians, and representatives of workers' and employers' organizations. The first meeting of this working group took place from 6 – 8 May 2015 and discussed the scope and conceptual framework of the new standards, the issues to be addressed and the strategy to take each issue forward.
7. In this paper we briefly discuss the uses and requirements for statistics classified by status in employment, and provide an overview of ICSE-93 and of the main elements of the 19<sup>th</sup> ICLS Resolution on statistics of work, employment and labour-underutilization, including its impact on the scope of the proposed standards on the work relationship. We then describe the issues being addressed in the revisions and summarize the main outcomes of the first meeting of the Working group

### **Uses and requirements for statistics classified by status in employment**

8. Statistics classified by status in employment are used for a wide variety of purposes in both economic and social analysis. They provide important information on the nature of the economic risk and authority that the employed population experiences at work, and on the strength and nature of the attachment of the employed population to the employer. As such they provide a potential indicator of precarious employment situations. They show changes over time in the nature of the relationship between workers and the economic units in which they are employed.
9. Changes in status in employment distributions may also reflect the relationship between economic cycles and employment in higher risk, lower income, less secure, or precarious working situations (for example, the extent to which persons who lose jobs in paid employment engage in various forms of self-employment). Increases in the number of persons employed as own-account workers, or as contributing family workers may, for example, reflect a deterioration in labour market conditions.
10. Economic and labour market policy analysts use statistics on status in employment to evaluate the consequences for government policies related to economic development and job creation. For example, it is used to identify entrepreneurs and assess the impact of self-employment and entrepreneurialism on employment and economic growth. The strong policy interest in the identification of entrepreneurs is not well satisfied by ICSE categories that do not deal well with jobs at the boundary between the self-employed and those in paid employment.
11. Statistics classified by status in employment are also used for the identification of wage employment and its distribution and for the production and analysis of statistics on wages, earnings and labour costs. In particular, classifying statistics by status in employment facilitates more meaningful comparisons of data from different sources (e.g. household surveys with employer surveys or administrative sources where coverage is limited to employees).
12. In social statistics, status in employment is an important explanatory variable in its own right. It is frequently also used as an input variable in the production of statistics on the socio-economic

status of persons and households. Classification schemes that rank socio-economic status typically use data on status in employment in combination with data on occupation to determine the socio-economic status of persons. A self-employed person might, for example, be accorded a higher socio-economic status than an employee with the same occupation.

13. In some countries the level of social contributions paid by workers and employers may vary according to status in employment. For example a fixed amount may be payable for contributing family workers, whereas for paid employees the amount payable may be determined on the basis of earnings. Statistics on status in employment are therefore needed to estimate revenue from such contributions and assist in determining the level of contributions to be paid.
14. Last but not least, data classified by status in employment provide an important input to national accounts. The distinction between employees and the self-employed is of particular significance for national accounting purposes. The income derived from employment of employees is treated in the System of National Accounts (SNA) as compensation of employees, whereas the income of the self-employed is treated as mixed income.
15. Reflecting these diverse uses, statistics on status in employment are widely collected in household-based collections such as labour force surveys, social surveys and population censuses as well as in employer surveys.

## Overview of ICSE-93

16. According to the 15<sup>th</sup> ICLS resolution:

*ICSE-93 classifies jobs held by persons at a particular point in time. A job is classified with respect to the type of explicit or implicit contract of employment of the person with other persons or organizations<sup>2</sup>*

17. The basic criteria used to define the groups of the classification are:

- a) The type of economic risk (to which the job holder is exposed), an element of which is the strength of attachment between the person and the job, and
- b) The type of authority over establishments and other workers which the job incumbents have or will have.

18. Whilst the self-employed are not defined as a substantive group in ICSE-93, the groups are defined with reference to the distinction between 'paid employment jobs' and 'self-employment jobs'.
19. Paid employment jobs are 'those jobs where the incumbents hold explicit (written or oral) or implicit employment contracts which give them a basic remuneration which is not directly dependent upon the revenue of the unit for which they work. Persons in paid employment jobs are typically remunerated by wages and salaries, but may be paid by commission from sales, by piece-rates, bonuses or in-kind payments such as food, housing or training.'<sup>3</sup> An important aspect

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<sup>2</sup> ILO 1993

<sup>3</sup> The treatment of training as income in kind is not consistent with the Resolution concerning employment-related income adopted by the 16<sup>th</sup> ICLS (1998) or with Resolution 1 of the 19<sup>th</sup> ICLS.

of the definition is that some or all of the tools, equipment, premises and so forth may be owned by others and that the work may be performed under the direction of, or according to strict guidelines set by the owner, or persons in the owner's employment.

20. Self-employment jobs are defined as 'those jobs where the remuneration is directly dependent upon the profits (or the potential for profits) derived from the goods and services produced. The incumbents make the operational decisions affecting the enterprise, or delegate such decisions while retaining responsibility for the welfare of the enterprise.'
21. *Employees* are defined as 'all those workers who hold the type of job defined as paid employment jobs.' Whilst more detailed categories of employees are not provided as a formal part of the classification, the definition of this group provides guidance on the definition of employees on stable contracts and of 'regular employees'.
22. The structure of ICSE-93 can thus be represented as follows:

Paid employment jobs  
Employees

Self-employment jobs  
Employers  
Own-account workers  
Contributing family workers  
Members of producers' cooperatives

Workers not classifiable by status

23. Employers are workers who, working on their own account or with one or a few partners, in a self-employment job have engaged one or more persons to work for them in their business as employee(s). Mirroring the definition of employers, own-account workers are those workers who, working on their own account or with one or more partners in a self-employment job have not engaged on a continuous basis any employees to work for them during the reference period.
24. Members of producers' cooperatives are 'workers who hold a self-employment job in a cooperative producing goods and services, in which each member takes part on an equal footing with other members in determining the organization of production, sales and/or other work of the establishment, the investments and the distribution of the proceeds of the establishment amongst their members'.
25. Contributing family workers hold a self-employment job in a market-oriented establishment operated by a related person living in the same household. They are distinguished from other self-employed workers because their degree of commitment to the operation of the establishment, in terms of working time or other factors to be determined by national circumstances, is not at a level comparable to that of the head of the establishment.
26. The final group, Workers not classifiable by status, includes 'those for whom insufficient relevant information is available and/or who cannot be included in any of the preceding categories. Since this group does not relate to any observable phenomenon, it is proposed to delete this category from the new standards, and replace it with guidelines on the treatment of missing or insufficient data.

27. ICSE-93 does provide advice on ‘the possible statistical treatment of particular groups’ that are relevant for analysis of the changes that are taking place in the labour market and could potentially satisfy some of the unmet needs for statistics. Some of the groups represent subcategories or disaggregations of one of the specific ICSE-93 categories. Others may cut across two or more of these categories. It suggests that according to national requirements, countries may need and be able to distinguish one or more of the groups and may also create other groups. The advice provided covers the following groups:

- a) Owner-managers of incorporated enterprises
- b) Regular employees with fixed-term contracts
- c) Regular employees with contracts without limits of time
- d) Workers in precarious employment
- e) Casual workers
- f) Workers in short-term employment
- g) Workers in seasonal employment
- h) Outworkers
- i) Contractors
- j) Workers who hold explicit or implicit contracts of 'paid employment' from one organization, but who work at the site of and/or under instructions from a second organization which pays the first organization a fee for their services
- k) Work gang (crew) members
- l) Employment promotion employees
- m) Apprentices or trainees
- n) Employers of regular employees
- o) Core own-account workers
- p) Franchisees
- q) Sharecroppers
- r) Communal resource exploiters
- s) Subsistence workers

28. These groups are not organized into a coherent classificatory framework, however, and the advice provided in the ICSE-93 resolution is not definitive about the treatment of some groups. For example, Owner-managers of incorporated enterprises and Contractors may be classified as employees or as self-employed according to national circumstances. As a result, international comparison and analysis of trends related to the mix between paid employment and various



categories self-employment are compromised, since national practices are not consistent. Based on the discussions at the 19<sup>th</sup> ICLS, the definitions and statistical treatment of several of these groups were identified as issues to be addressed in the review of ICSE-93.

## **Resolution concerning statistics of work, employment and labour underutilization**

29. The 19th ICLS Resolution concerning statistics of work, employment and labour underutilization updates the previous international standards relating to statistics of the economically active population, employment, unemployment and underemployment (13th ICLS, 1982) and related guidelines. Until 2013 these standards were used by most countries as the basis to produce their official national statistics on the labour force.
30. Important revisions introduced in the standards include a conceptual framework for work statistics consistent with the SNA; guidelines for separately measuring different forms of work, including a more targeted definition of employment, and for expanding the range of measures of labour underutilization beyond the traditional unemployment rate. New terminology has also been introduced as relevant, and terms considered to be out-of-date, particularly “economically active/inactive” have been replaced with “labour force/outside the labour force.”
31. The Resolution introduces the first international statistical definition of work. Among the main new features in the resolution are:
  - a) A more refined concept and definition of employment that focuses on work for pay or profit to serve as the basis for the production of labour force statistics;
  - b) A comprehensive, yet flexible, general framework for work statistics that distinguishes between employment and other forms of work, including own-use production work, volunteer work, and unpaid trainee work.
  - c) General definitions and operational guidelines to enable comprehensive measurement of participation and time spent in forms of work other than employment, particularly production of goods for own final use, provision of services for own final use, and volunteer work;
  - d) More detailed operational guidelines for the measurement of employment and unemployment that build on the experience accumulated by countries over the previous 30 years and promote the international comparability of the statistics;
  - e) General guidance for developing classifications of persons outside the labour force for different purposes, including the assessment of their labour market attachment;
  - f) Measures of labour underutilization that focus on problems related to insufficient absorption of available labour, to be disseminated together with the unemployment rate; and
  - g) General guidance for developing a rational programme of work and labour force statistics to provide for short- and long-term needs, taking account of national context and resources.

32. The new standards aim: (a) to better meet the demand for labour force statistics to monitor labour markets, including labour absorption, as well as to inform employment promotion, income and other related social policies; (b) to give due recognition as work to all activities performed by persons that contribute to the production of goods and services; (c) to shed light, through separate measurement, on patterns of participation in forms of work other than employment, particularly, production of goods and of services for own final use, volunteer work and unpaid trainee work; (d) to enable the comprehensive measurement of labour input into all productive activities and the contribution of different forms of work to economic development, to household livelihoods and to well-being; (e) to improve the integration of labour force statistics with other work statistics, and with statistics in other domains, particularly production statistics; and (f) to promote the development of dynamic measures of labour markets in the future.
33. The 19th ICLS resolution notes that the new standards should serve to facilitate the production of different subsets of work statistics for different purposes as part of an integrated national system that is based on common concepts and definitions. This objective is equally relevant for the new standards that will replace ICSE-93.
34. The specific elements of the 19<sup>th</sup> ICLS standards that are most relevant to the revision of ICSE-93 are the reference concepts for work statistics, including the definition of work itself, and the definitions of each form of work.

### ***The concept of work***

35. According to the 19<sup>th</sup> ICLS *work* comprises any activity performed by persons of any sex and age to produce goods or to provide services for use by others or for own use. It excludes activities that do not involve producing goods or services (e.g. begging and stealing), self-care (e.g. personal grooming and hygiene) and activities that cannot be performed by another person on one's own behalf (e.g. sleeping, learning and activities for own recreation).

### ***Forms of work***

36. Five mutually exclusive forms of work are identified for separate measurement. These forms of work are distinguished on the basis of the intended destination of the production (for own final use; or for use by others, i.e. other economic units) and the nature of the transaction (i.e. monetary or non-monetary transactions, and transfers), as follows:
- a) *own-use production work* comprising production of goods and services for own final use;
  - b) *employment work* comprising work performed for others in exchange for pay or profit;
  - c) *unpaid trainee work* comprising work performed for others without pay to acquire workplace experience or skills;
  - d) *volunteer work* comprising non-compulsory work performed for others without pay;
  - e) other work activities.<sup>4</sup>

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<sup>4</sup> "Other work activities" include such activities as unpaid community service and unpaid work by prisoners, when ordered by a court or similar authority, and unpaid military or alternative civilian service, which may be treated as a distinct form of work for measurement (such as compulsory work performed without pay others).

### **The concept of job**

37. The 19<sup>th</sup> ICLS resolution also refines the definition of ‘job’, the statistical unit classified by both ICSE-93 and the International Standard Classification of Occupations (ISCO-08). According to the 19<sup>th</sup> ICLS a job or work activity is defined as a set of tasks and duties performed, or meant to be performed, by one person for a single economic unit.
38. The term job is used in reference to employment. As persons may have one or several jobs, the resolution notes that those in self-employment will have as many jobs as the economic units they own or co-own, irrespective of the number of clients served. In cases of multiple job-holding, the concept of **main job** is clarified, by defining it as that with the longest hours usually worked. This statistical unit, when relating to own-use production work, unpaid trainee work, and volunteer work is referred to as *work activity*.

### **Alignment with the System of National Accounts**

39. The concept of work and the forms of work were aligned with the SNA so as to ensure that all activities within the SNA production boundary could be identified and captured in statistics compiled according the new standards. The 19<sup>th</sup> ICLS resolution notes that:

*Own-use production of goods, employment, unpaid trainee work, a part of volunteer work and “other work activities” form the basis for the preparation of national production accounts within the 2008 SNA production boundary. Own-use provision of services and the remaining part of volunteer work complete the national production accounts i.e. beyond the 2008 SNA production boundary but inside the General production boundary.*<sup>5</sup>

40. The relationship between the forms of work and the production boundaries defined in the SNA is shown in Figure 1. All the activities within the SNA production boundary were counted as employment according to the old standards for labour statistics, and were therefore within the scope of ICSE-93.

Figure 1. Forms of work and the System of National Accounts 2008

<i>Intended destination of production</i>	<i>for own final use</i>		<i>for use by others</i>			
	<i>Forms of work</i>	<b>Own-use production work</b>	<b>Employment (work for pay or profit)</b>	<b>Unpaid trainee work</b>	<b>Other work activities</b>	<b>Volunteer work</b>
	of services	of goods			in market and non-market units	in households producing goods services
<i>Relation to 2008 SNA</i>	Activities within the SNA production boundary					
	Activities inside the SNA General production boundary					

<sup>5</sup> ILO 2013c

## Scope of the standards and of the new classification by status

41. A fundamental issue in the revision of ICSE-93, is how the new standards should relate not only to employment as defined according to the 19th ICLS Resolution 1, but also to the other forms of work defined in that resolution. These forms of work include own-use production work, unpaid trainee work and volunteer work.
42. ICSE -93, classifies jobs in employment as defined at the 13<sup>th</sup> ICLS (1982) in terms of the SNA production boundary. This concept of employment includes activities now excluded from employment. The main forms of work now excluded from employment but that are included within the SNA production boundary and are therefore covered by ICSE-93 are:
  - own-use production of goods,
  - volunteer work for organizations, and
  - unpaid trainee work.
43. With respect to own-use production work, ICSE-93 provides an optional sub-category for ‘subsistence workers’ which it defines as *workers who hold a “self-employment” job and in this capacity produce goods or services which are predominantly consumed by their own household and constitute an important basis for its livelihood*. In cases where the separate category for subsistence workers is not used, as well as for the purposes of international reporting, producers of goods for own-use were counted in ICSE-93 as Own-account workers.
44. As it treats training as a form of remuneration, ICSE-93 can also be applied to unpaid trainee work. This is now in conflict, however, with the current standards for statistics on both employment and income which specify that training cannot be considered as a form of payment. <sup>6</sup>
45. It may be argued that, since the new standards will replace a classification of status in employment, they should apply only to employment as defined by the 19th ICLS. This would be inconsistent, however, with the adoption at the 19th ICLS resolution which implies the need for a comprehensive set of international statistical standards that embrace all forms of work. Moreover, the boundary between employment and other forms of work, especially own-use production work, is not always clear cut. Such cases include small household farms that produce some goods for own consumption and some for the market. It would make sense in these cases to have a similar typology for family workers in households engaged in own-use production of goods and in market-oriented production. These categories would be analogous to the own-account workers and contributing family workers defined in the current ICSE-93. In similar vein, the definition and any typology of apprentices, trainees and interns would be similar, whether the work is paid or unpaid.
46. The standards, including the classification by status, will need to be applied in both household surveys and establishment surveys. The human resource records of some establishments are likely to cover both paid employees and unpaid workers such as volunteers and unpaid trainees

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<sup>6</sup> ILO 1998 and 2013c

and apprentices. It would make sense, therefore, to provide categories that are relevant for various forms of unpaid work.

### **Issues to be addressed in the revision of ICSE-93**

47. The issues that need to be addressed in revising ICSE-93 include the following:

- a) The need for the new statistical standards to be extended beyond employment, as discussed above, to cover all forms of work specified in the 19<sup>th</sup> ICLS resolution concerning statistics of work, employment and labour underutilization;
- b) The need for an overarching conceptual framework that will ensure coherence between the various classifications and variables that might be specified in the new resolution and between the various domains of social, labour and economic statistics, in order to facilitate the provision of coherent statistics from different sources and domains;
- c) Which concepts and groups to include in a central classification of status, and which to identify as separate variables within the overarching conceptual framework;
- d) The relevance and usefulness of maintaining a distinction between paid employment and self-employment as a dichotomous pair of high level categories, given the wide range of analytical uses of these categories and the increasing number of types of employment arrangement that do not fit comfortably into either category;
- e) The boundary between self-employment and paid employment, particularly with respect to owner-managers of incorporated enterprises and dependent contractors;
- f) Applicability of the standards to informal employment situations;
- g) The need for guidelines on data collection, questionnaire design, derivation and adapting the standards for national use;
- h) The identification of workers in various non-standard forms of employment such as casual, short-term, temporary and seasonal employees, and workers on zero hours contracts;
- i) The identification and statistical treatment of various specific types of worker including:
  - apprentices, trainees and interns,
  - entrepreneurs,
  - wage and salary earners,
  - family workers,
  - domestic workers,
  - homeworkers and outworkers,
  - members of producers' cooperatives, and
  - workers engaged by labour hire agencies.

48. It would be difficult, within a single and coherent classificatory framework, to provide a set of mutually exclusive categories that would allow the identification of all of these groups and satisfy the numerous and very different purposes for which statistics on the employment relationship are required. It is for this reason that we propose to replace ICSE-93 with a suite of standards for

statistics on the relationship between worker and employer, rather than incorporating a number of overlapping concepts and characteristics in a single complex classification. The intention is that an updated classification according to status will be complemented by a series of supporting variables dealing with various aspects of the relationship between the worker and the economic unit within which she or he works. These standards are to be presented to the 20<sup>th</sup> ICLS in 2018 in the form of a draft resolution for discussion, amendment, and ultimate adoption.

## **Main outcomes of the first meeting of the Working Group for the Revision of ICSE-93**

49. At its first meeting the Working Group members agreed that the resolution to be considered at the 20<sup>th</sup> ICLS should embrace all forms work but that there was still a pressing need for a classification of status in employment. Once developed, this classification could point the way for the development of a broader conceptual framework for statistics on relationships and status at work for all forms of work. Some categories defined in the classification of status in employment would also be relevant for other forms of work and some would not. The work should proceed therefore, taking the relevance for statistics on all forms of work into consideration.

### ***Owner-managers of incorporated enterprises***

50. With respect to *Owner-managers of incorporated enterprises* the working group agreed that there was a need to (a) provide a separate category for them in the classification, (b) provide guidance on methods for data collection and identification of the group in surveys, and (c) provide clarity on their treatment in aggregate statistics. These workers who hold a job in an incorporated enterprise, in which they hold controlling ownership of the enterprise and have the authority to act on its behalf as regards contracts with other organizations and the hiring and dismissal of persons in paid employment. They are a significant group in many developed countries, and their importance is increasing in many of the rapidly industrialising economies. ICSE-93 recommends that they be separately identified in data classified by status in employment, but many countries do not identify them separately.
51. In view of their authority over the enterprise they own and operate, it was agreed that they are most appropriately classified among the self-employed for most purposes of labour market and social analysis. Since their degree of economic risk is to some extent reduced by incorporating the enterprise, and they may be remunerated by a wage or salary as well as through profit or loss of the enterprise, they need to be identified separately from other self-employed workers, and included separately among wage and salary earners in order to provide data for national accounts and for wage statistics.

### ***Dependent contractors***

52. Dependent contractors, who are frequently also referred to as the ‘dependent self-employed’, have contracts to provide a good or a service similar to those who are self-employed, but do not have complete authority over the work performed or how it is performed. As there is strong policy interest in this group there have been a number of initiatives to identify them in employment statistics. In ICSE-93 they are referred to as ‘contractors’ and defined as an optional group.
53. The working group agreed there was a need to include specific category for dependent contractors in the classification of status in employment, to clarify the scope, definition and classification of

the group as well as to investigate methods to measure it operationally. Potential operational criteria for measurement included:

- No employees
- Single main client
- Unable to hire employees
- Limited control over their own work
- Limited control over business decisions
- Contract for services

54. Testing for the 2017 Ad Hoc Module on Self-employment to be included in the European Labour Force Survey had suggested dependent contractors could potentially distinguished from other self-employed workers with a relatively simple set of questions based on the following three criteria:

- No employees
- Single main client
- Organisational dependence in terms of working hours

55. Whilst this approach would be likely to ensure that, of all those initially identified as self-employed, most of the target population would be identified and few not in the target population would be included. It relies heavily, however, on ensuring that dependent contractors were initially identified as self-employed and not as employees.

56. An alternative approach to measurement used in some Latin American countries is to first measure the authority that workers exercise over the establishment and the work performed and then to correct this using questions on economic risk.

#### ***Dichotomy between paid employment and self-employment***

57. The use of two criteria, type of economic risk and type of authority, to classify all jobs as paid employment job, means that some types of job have characteristics of both paid employment and self-employment, and situations where the employment arrangements are said to be ambiguous. This is the case for owner-managers of incorporated enterprises, dependent contractors and contributing family workers. In reality these categories need to be aggregated with others, either according to economic risk or according to authority, depending on the analytical purpose.

58. It is proposed, therefore, to define a relatively detailed set of categories for the classification of status in employment based on the two criteria of type of economic risk and authority and to use these categories as building blocks for alternative classification hierarchies. One hierarchy would be based on authority, with a dichotomy between dependent and independent workers at its

highest level. The other, based on economic risk operationalized in terms of the type of remuneration, would have a dichotomy between employment for pay and employment for profit at its highest level.

59. The following two hierarchies reflect the current status of discussion of the Working Group on the detailed categories needed:

### **Classification of status based on type of authority/dependency**

#### Independent workers

- Employers
  - Owner-managers of incorporated enterprises with employees
  - Employers in unincorporated enterprises
- Own-account operators of enterprises
  - Operators of incorporated enterprises without employees
  - Own-account workers in unincorporated enterprises

#### Dependent workers

- Employees
  - Regular employees
  - Temporary employees
  - Workers with casual, on-call and zero-hours contracts
  - Employees without formal contracts
  - Paid apprentices, trainees and interns
- Dependent contractors
- Family helpers

### **Classification of status based on the type of economic risk**

#### Workers in employment for profit

- Employers in unincorporated enterprises



- Own-account workers in unincorporated enterprises
- Dependent contractors
- Family helpers

#### Workers in paid employment

- Owner-managers of incorporated enterprises
  - Owner-managers of incorporated enterprises with employees
  - Operators of incorporated enterprises without employees
- Employees
  - Regular employees
  - Fixed-term, short-term and seasonal employees
  - Workers with casual, on-call and zero-hours contracts
  - Employees without formal contracts
  - Paid apprentices, trainees and interns

60. Both hierarchies have the same categories at the detailed level. The first hierarchy would be used mainly for labour market and social analysis, and for the identification of entrepreneurs as it excludes helpers in family businesses and dependent contractors, while including owner-managers of incorporated enterprises. The second hierarchy would be used for the provision of data for national accounts and purposes such as analysis of wages.

61. The category 'Family helpers' replaces 'Contributing family workers' as defined in ICSE-93. It is proposed to refine the definition of this group so as to ensure that workers who exercise authority and control in a family business are excluded, and also to allow the inclusion of those who assist family members in paid employment jobs, including home-based workers. Whilst they are clearly dependent workers, they are included as workers in employment for profit as they do not receive a wage or salary.

62. The sub-categories of employees are intended to provide a basis for the provision of statistics that will monitor and inform debate on:

- a) the extent to which short-term flexible or 'non-standard' employment arrangements provide employment opportunities and promote economic growth, through making it easier for employers to take on new workers;

- b) the extent to which workers experience less stable and more precarious employment situations, as a result of the promotion of non-standard employment arrangements, or of other changes in economic conditions;
  - c) Monitoring the transition of young people from education to work.
63. The names of these groups as well as their detailed definitions and methods for measurement need to be further refined and tested. Terms such as ‘Regular employees’ are problematical. The concept of ‘Regular employees’ is intended to embrace jobs in paid employment that reflect the social and legal protection standards that prevail in the country, are without limit of time and all-year round. The two categories for temporary and casual employees are intended to differentiate between those without permanent or standard employment that have a relatively stable employment situation and those with employment arrangements that can either be terminated at very short notice and/or do not guarantee specific working hours or schedules.
64. The category for employees on informal contracts is intended to include informal sector employees and informal employees in the formal sector who do not generally have formal (explicit or implicit) contracts of employment. They may have little or no social protection and make no declarations to taxation authorities. As there is frequently no identified limit of duration they cannot be identified as either regular or temporary employees and therefore need to be identified as a separate category. They represent a high proportion of employment in countries where informal employment arrangements are common. The identification of this group in the status in employment classification is not intended to change the existing guidelines for the measurement of informal employment, but there is a need to ensure coherence with statistics on informal employment and the informal sector.
65. The conceptual approach used for the classification of status in employment was also used as the starting point to conceptualise a broader framework and classification for statistics on status at work. This extends the concepts of dependent and independent worker to the other forms of work based on a matrix of authority/dependency and type of economic risk and remuneration (including without payment). Concepts such as family helpers and apprentices, trainees and interns are clearly relevant for several forms of work and the definitions can be reused to promote coherence between statistics on the different forms of work.

### ***Complementary variables***

66. It is intended that the statistics classified by status in employment or status of worker will be used in conjunction with a series of complementary variables. Some of these variables will provide more detailed information on characteristics associated with the degree of stability and permanence of a particular employment arrangement. Others will provide definitions and categories for types of employment or work that may be represented in several status categories and in some cases other forms of work. The following complementary variables are currently proposed:
- a) Duration of contract (primarily for employees but may apply to dependent contractors, unpaid trainees and volunteers). This should be based on expected total duration but will need to include a category for contracts without limit of time.
  - b) Duration of current job (elapsed time since the current job started).

- c) Contract type (e.g. standard, casual, other temporary, no formal contract, fixed term, no time limit)
- d) Form of remuneration (e.g. piece rate, wage, salary, profits, mixed income, without remuneration etc)
- e) Seasonality (e.g. seasonal or not)
- f) Usual workplace (e.g. whether the work is mainly undertaken at the employer's or client's premises, the workers' own residence, or some other place of work)
- g) Classification of domestic workers based on a statistical definition of domestic work and domestic workers.
- h) Homeworkers and outworkers.
- i) Workers in triangular employment arrangements including those engaged by labour hire agencies.
- j) Trainee status.

67. Whilst many of these variables are frequently collected in national statistical collections there are currently no international standards and there is wide variation in national practices.

## **Next steps**

68. The ILO is assigning various groups of issues to willing working group members (some volunteers have already been identified) and to ILO staff and consultants in order to further investigate the issues, identify good practice and develop proposals based on advice from the working group. The outcome will be discussed at a second working group meeting in late 2015.
69. During 2016 it is intended that testing of the new proposals and a series of regional consultations will take place. The ILO testing program for implementation of the implementation of the 19<sup>th</sup> ICLS resolution will provide a useful opportunity for some testing. It is hoped that various members of the working group will also be able to test some of the proposals. The ILO will then prepare a preliminary draft resolution for discussion by the working group in late 2016.
70. A first draft resolution will be considered in English, French and Spanish by a formally convened tripartite Meeting of Experts in 2017. If necessary a further draft could be presented to a second tripartite Meeting of Experts in early 2018. On-going testing, investigation and development work is likely to continue during this period. A final draft would then be prepared for the 20<sup>th</sup> ICLS, which is likely to take place in October 2018.
71. The Expert Group may wish to discuss the issues identified above and provide guidance on the review process.

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