Impact of the 20th ICLS Resolution concerning statistics on work relationships on the Framework for Measuring Quality of Employment

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• Key elements of the 20th International Conference of Labour Statisticians (ICLS) Resolution I
  – Available at: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/meetingdocument/wcms_648693.pdf

• Impact of some elements of the Resolution on MQE indicators
  – ICSE 18
  – Cross cutting variables

• Proposed way forward
20th ICLS Resolution Concerning statistics on work relationships: Key elements

- Reference concepts
  - Statistical units, key concepts, classification criteria and framework

- Revised International Classification of Status in Employment (ICSE-18) ➔ previously ICSE-93
  - Comprises ten detailed categories that can be organised according to the two dimensions, i.e. type of authority and type of economic risk

- International Classification of Status at Work (ICSaW-18)
  - Extends the classification of Status in Employment to cover all forms of work, both paid and unpaid

- A set of cross-cutting variables
  - Supports the derivation and analysis of the status at work categories

- Data sources and guidelines for data collection

- Indicators
Classification of Status in Employment based on Type of Authority (ICSE-18-A)

**Independent workers**

Employers
- Employers in corporations
- Employers in household market enterprises

Independent workers without employees
- Owner-operators of corporations without employees
- Own-account workers in household market enterprises without employees

**Dependent workers**

Employees
- Permanent employees
- Fixed-term employees
- Short-term and casual employees
- Paid apprentices, trainees and interns

Dependent contractors
- Dependent contractors

Contributing family workers
- Contributing family workers
Classification of Status in Employment based on the Type of Economic Risk (ICSE-18-R)

Workers in employment for profit

Independent workers in household market enterprises
- Employers in household market enterprises
- Own-account workers in household market enterprises without employees

Dependent contractors
- Dependent contractors

Contributing family workers
- Contributing family workers

Workers in employment for pay

Owner-operators of corporations
- Employers in corporations
- Owner-operators of corporations without employees

Employees
- Permanent employees
- Fixed-term employees
- Short-term and casual employees
- Paid apprentices, trainees and interns
Own-account workers, Dependent contractors

• **Own-account workers** – name and definitional change
  - In ICSE-93, OAWs could have employees but not *on a continuous basis*.
  - In ICSE-18, the new category *Independent workers without employees* (that includes the subcategory *Own-account workers in household market enterprises without employees*) by definition may not have employees *on a regular basis* during the reference period
    - A test for regularity is included in the new standards for more harmonized measurement

• **Dependent contractors** – new category
  - Under ICSE-93 would have been counted either as employees or own-account workers
    - Their inclusion in ICSE-18 involves a conceptual change in boundaries of employees and independent workers

• **These and other changes affect conceptual scope of different categories and potentially estimates of the MQE indicators**
20th ICLS Resolution I:
Three types of cross-cutting variables

• Required
  ▪ Duration of work agreement
  ▪ Type of employment agreement
  ▪ Contractual hours of work
  ▪ Forms of remuneration

• Essential
  ▪ Duration of employment in the current economic unit
  ▪ Hours usually worked
  ▪ Full-time/part-time status
  ▪ Reasons for non-permanent of job
  ▪ Preference or not for a non-permanent job
  ▪ Seasonal workers
  ▪ Type of workplace
  ▪ Domestic workers
  ▪ Home-based workers
  ▪ Multi-party work relationships
  ▪ Job-dependent social protection coverage
  ▪ Paid annual leave
  ▪ Paid sick leave
  ▪ Institutional sector

• Recommended
  ▪ Number of employees in the economic unit in which the worker is employed
  ▪ Main form of remuneration
  ▪ Reasons for preferring a non-permanent job
  ▪ Entrepreneurs

Required for deriving the Status in Employment

Essential for the compilation of coherent statistics on work relationships

Recommended: may be relevant depending on context and need
MQE indicator sheets include section on recommended disaggregations

- Some explicitly recommend using ICSE-93

- Employment status disaggregations recommended for different indicators:
  - Employees / self-employed breakdowns (for total employment) → In ICSE-18 there is no equivalent of self-employed since there was no agreement of how the term should be statistically defined.
    - Note: Need to consider which dichotomy is most suitable for indicator disaggregation: (1) independent workers / dependent workers or (2) workers in employment for profit / workers in employment for pay, depending on the indicator and intended use
  - All six detailed ICSE-93 categories (including workers not classifiable by status which no longer exists) → This is most similar to the five second level categories in ICSE-18-A
  - Full-time /part-time employees (for employees) → no issues on this due to ICSE-18

- Note: Self-employment category is no longer recognized in ICSE-18. Members of producers' cooperatives is also no longer included in ICSE-18.
Alignment of specific MQE indicators with new categories in ICSE-18

- Indicator “Fixed-term contracts” (4a1) seems to align with “Fixed-term employees”.
- Indicator “Self-employed with one client” (4a4) shares some characteristics with the new Dependent Contractor (DC) category
  - Could perhaps be replaced with an indicator of DC

Many MQE indicators target specific status in employment categories, directly or indirectly

- Example indicators targeting employees:
  - Percentage of employees entitled to paid annual leave; actual days of paid leave; days of sick leave entitlement; pay gap; earnings by deciles

- Example indicators targeting self-employed:
  - Own-account worker rate, self-employed with one client; employment-related income of self-employed
  - Some of these categories are no longer aligned with the concepts/definitions of ICSE-18, especially self-employed (no longer exists) and own-account worker (new category of Independent workers without employees and revised definition)
• **Temporary employment agency workers (4a6):** Variable «Multiparty work relationships» may help support harmonized measurement, especially helping to distinguish between:
  
  (a) Agency workers (target group in 4a6)
  
  (b) Employees providing outsourced services.
  
  (c) Workers in employment promotion schemes.

• **Lack of formal contract (4a7):**
  
  – Although «formal» is not defined in the indicator sheet, the new variable «Type of employment agreement” may help support measurement of the indicator
  
  – According to the Resolution, at a minimum, categories for “written contract” and “oral agreement” should be used in statistical outputs.
• Precarious employment rate (4ax1):
  – Should consider treatment of casual workers, short-term workers and seasonal workers in the 20th ICLS Resolution I (i.e. ICSE-18 employee categories and cross-cutting variables) to help better support construction of the indicator.
  – Seasonal workers, duration of work agreement and duration of employment in the current economic unit are new cross cutting variables that may support measurement.

• Informal employment rate (4ax2) and 2b non-wage pecuniary benefits indicators (paid leave and sick leave):
  – Three cross-cutting variables help understand the degree of social protection available to employed persons and the extent of economic risk in the event of work absence: (a) job-dependent social protection, (b) access to paid annual leave and (c) access to paid sick leave.
  – Need more clarity regarding treatment of dependent contractors in informality.
  – As ILO WG on measuring informality for 21st ICLS has initiated, should follow closely the outcomes.
Considerations in revising the MQE Handbook to reflect new ICLS standards

• Updating MQE framework to align with 19th ICLS Resolution I on work statistics will affect the scope for revising further according to the 20th ICLS Resolution I on work relationships
  
  – Updating MQE handbook to reflect both 19th and 20th ICLS standards can be done in parallel but should be closely coordinated

• Implementation of 20th ICLS Resolution I standards in LFS and other data collection instruments will take time
  
  – Nonetheless, work is advancing and some countries have started the implementation
  
  – Expert Group on MQE should prepare for the changes by reviewing/updating the MQE manual, selected indicator sheets
Should review MQE manual to reflect ICSE-18 which replaces ICSE-93. Recommend:

– Replacing ICSE-93 citations throughout the manual with ICSE-18.

– Deleting manual references to self-employment.

– Reflecting on new names and target scope for MQE indicators that use self-employment in the title, e.g. self-employed with one client; employment-related income of self-employed

– Replacing recommendations of disaggregations by employees / self-employed with disaggregations using the ICSE-18A dichotomy, Independent Workers/Dependent workers or the ICSE-18-R dichotomy, Workers in employment for pay / Workers in employment for profit, depending on the indicator and intended use

– Replacing recommendations to use the six detailed ICSE-93 categories with the five second level categories in ICSE-18-A:
  - (1) Employers, (2) Independent workers without employees, (3) Employees, (4) Dependent contractors, and (5) Contributing family workers
Should consider reviewing and updating as necessary specific indicator sheets to reflect new detailed ICSE-18 categories
  - Example 1: the “Fixed-term contracts” (4a1) indicator sheet could be reviewed and updated as necessary to make reference to the new ICSE-18 detailed category “fixed-term employees”
  - Example 2: the “Self-employed with one client” (4a4) indicator shares some characteristics with the new Dependent Contractor category and should be reviewed and updated as necessary

Recommend a more thorough review of the potential uses of the cross-cutting variables to the MQE indicators and their integration into the indicator sheets.

Should consider preparing a text for MQE manual users regarding the impact of the changes, how to integrate them and the need for communicating changes with data users.
Thank you for your attention

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