

Distr.
GENERAL

CES/SEM.48/3/Rev.1
23 May 2002

ENGLISH ONLY

**STATISTICAL COMMISSION and
ECONOMIC COMMISSION FOR EUROPE**

**STATISTICAL OFFICE OF THE
EUROPEAN COMMUNITIES (EUROSTAT)**

CONFERENCE OF EUROPEAN STATISTICIANS

**INTERNATIONAL LABOUR
ORGANIZATION**

Joint UNECE-Eurostat-ILO Seminar
on Measurement of the Quality of Employment
(Geneva, 27-29 May 2002)

**Developing a conceptual framework for a typology of atypical forms of employment:
Outline of a strategy**

Invited paper submitted by the International Labour Office¹

I. Background

1. The May 2000 *Joint UNECE-Eurostat-ILO Seminar on Measurement of the Quality of Employment* recognized that “there was a need to develop a conceptual framework and typology of atypical or alternative forms of employment. This should include not only temporary or fixed-term employment, but also forms of employment such as self-employment (real or notional), home work, on-call work, etc. The International Classification of Status in Employment (ICSE-93) would provide a basis for developing such a conceptual framework or typology, although further refinements were considered necessary.” This note will try to outline a strategy for developing the requested conceptual framework and typology, based on ICSE-93 for work situations that reflect different forms of economic risks and authority, as well as on other variables that can describe work situations that can be regarded as ‘atypical’ in other respects. It will use ‘ideal’ models for the ‘typical’ paid employment and self-employment situations as starting points for identifying the relevant variables and discussing value sets for these that can be used to identify different forms of atypical situations. To illustrate possible ways of using the resulting framework and typologies it will in a concluding section make use of relevant values for some of these variables to define different sets of employment situations that can be considered as “atypical forms of employment”.

¹ Note prepared by Adriana Mata Greenwood and Eivind Hoffmann, International Labour Office, Bureau of Statistics. The views expressed are those of the authors and do not necessarily reflect those of the UNECE, Eurostat, the ILO or its Bureau of Statistics, even though comments from ILO colleagues have improved an earlier draft. The authors apologize for all errors and omissions, and would welcome comments and suggestions for improvements and correction. Address: CH-1211 GENEVE 22, Switzerland; e-mail: mata@ilo.org, and hoffmann@ilo.org

II. Identifying ‘atypical’ forms of employment

2. Linguistically “atypical” means a departure from what is considered to be “typical” or “normal”. Applied to employment situations these terms cannot be interpreted numerically, but must be related to a set of norms. To identify the relevant norms it seems reasonable to start with those situations which fall under labour laws, collective bargaining agreements and social security systems, see e.g. Córdoba (1986) and ILO (2002). Employment situations that are “typical” in this sense are those where workers:

- a) **sell labour** to an employer for a remuneration which depends on the hours worked or the work done;
- b) work full time, according to a known schedule;
- c) work continuously for one employer, i.e. with one rather than a sequence of contracts of employment;
- d) are **protected** by labour legislation, collective agreements and/or laws which guarantees social security;
- e) work in a place of work and with a schedule determined by the employer within the terms of the contract of employment.

Conversely, “atypical” forms of employment include all work situations that deviate from this norm in one or more respects, i.e. all self-employment situations as these do not satisfy (a) above, as well as those paid employment situations that do not satisfy one of (b) to (e) above.

3. Most analysts of labour markets will, however, consider that also for self-employment there will be certain situations that can be considered ‘typical’ and others that may be seen as ‘atypical’. Drawing on ILO (1991) ‘typical’ self-employment situations may be those where the workers:

- f) **sell goods and/or services** to customers/clients and are remunerated from the resulting profits (or expectation of profits);
- g) work full time to market/advertise, produce and sell their goods/services;
- h) work continuously, unless they themselves decide otherwise;
- i) are **not protected** by labour legislation, collective agreements and/or laws which guarantees social security;
- j) work in a place of work and with a schedule determined by themselves or by contracts freely negotiated with customer/client.

4. The criteria (a) to (j) above are in fact included among the criteria that have been used by the *International Classification of Status in Employment (ICSE-93)* to delineate its main categories as well as those categories which countries may need and be able to distinguish according to national circumstances and requirements. These criteria identify two dimensions which are used to define the variable ‘status in employment’ and to distinguish between its different categories, namely

- the *type of economic risk* that the person has or will have in the job being classified; and
- the *type of authority* that he or she has or will have over the establishment(s)² and other workers.

Thus ICSE-93 provides a framework that can be used to identify the types of jobs that can be regarded as representing both ‘typical’ and ‘atypical’ employment situations, defined with respect to their types of economic risks and authority. Annex 1 provides an overview of the role of these criteria in

2 Note that this includes authority to take operational decisions.

defining the different groups that are identified in ICSE-93. Note that it reflects the fact that certain of these groups cannot be considered to belong clearly to jobs that are either 'self-employment' jobs or 'paid employment' jobs, namely

(a) those jobs where workers sell labour services to an "employer" for a remuneration which depends on the hours worked or the work done but who also satisfy at least one of (A) to (E) below:

- A. they do not have a written contract;
- B. they do not work continuously for one employer;
- C. their labour and/or social protection is not the responsibility of the employer;
- D. they have the authority to determine their own place of work and work schedule, to engage employees and/or to take operational decisions;
- E. they provide most of their own work inputs; and

(b) those jobs where workers sell goods and/or services to one or more "client/customer" but who also satisfy at least one of (F) to (H) below:

- F. they do not decide themselves whether or not to work continuously;
- G. they do not have the authority to freely take operational decisions;
- H. they are not the owners of their most important work inputs.

5. Not all 'atypical' employment situations will straddle the dividing line between 'paid' and 'self-' employment, nor will these be the only or major forms of 'atypical' employment situations. In addition to the ICSE-93 straddlers, e.g. "workers in precarious employment", "outworkers", "contractors" and "franchisees", it will be necessary to identify those employment situations which are clearly either 'paid' or 'self-' employment situations, but which nevertheless are 'atypical' because they depart in some manner from the respective 'norms' for these situations. Among those presented in ICSE-93 and Annex 1 we find that "owner managers of incorporated enterprises", "work gang members", "temporary work agency employees"³ and "apprentices and trainees" as 'atypical paid employment' situations; and "contributing family workers", "subsistence workers", "share croppers" and communal resource exploiters" as 'atypical self-employment' situations.

6. Note that we have not been saying that ICSE-93 will be a sufficient tool for identifying all 'atypical' employment situations. It will be necessary to establish whether there also are other elements of an employment situation than those used for ICSE-93 that may be considered to that relevant, or situations that clearly are considered to be 'atypical' which have not been included in the ICSE-93. One example of the latter seems to be the "on-call" workers mentioned above who have agreed to turn up at short notice if called upon to do so by their employer. They may be paid a small retainer for being available, have little or no control over their work schedule and will normally⁴ work fewer hours than what is considered to represent 'full-time' work. That this group has not been separately identified in ICSE-93 does not mean, however, that it cannot be defined within the ICSE-93 framework. Looking at the criteria listed as a)-e) in paragraph 2 above we can see that although the contract of 'on-call' jobs may satisfy a), c), d) and e) it will not satisfy b), and such jobs should thus be included among those categories of paid-employees that are 'atypical' also according to the ICSE-93 criteria, and which it might be useful and possible to identify separately among ICSE-93 groups. Similarly it will be possible to develop a definition of 'temporary' work situations from the ICSE-93 criteria, see e.g. the discussion in Annex 3.A in OECD (2002) and in Hoffmann (2002).

3 At least those who are on call (see below) and/or without continuous social protection.

4 But not necessarily, depending on the schedule and the reference period.

7. Another employment situation which frequently is mentioned as 'atypical' is when the worker is working 'part-time', see e.g. Garibaldi & Mauro (2002), p.72 and ILO (2002), p. 2. No standard definition of this term exists, but it is clear that 'part-time' represents a value (or a set of values) of a variable "amount of work during the reference period", where 'full-time' will represent another value (or set of values) for the same variable.⁵ This variable is clearly not among those which have been used to define ICSE-93 categories. Thus if it as such does represent an important aspect, it should be added to an ICSE-93 framework to be used for identifying 'atypical' employment situation, and the relevant groups should be identified. (In this case it would be "part-time work".) Care should be taken, however, to examine whether 'part-time' work is being considered "atypical" because a large proportion of part-time workers tends to be outside of the scope of labour legislation and social protection. Given that they are considered easier (i.e., less costly) to identify, they are in fact being used as a reasonable proxy for the target group. Indeed, in countries where part-time workers have gained equal status in labour laws as full-time workers, these workers may not be considered to be "atypical" by policy makers and researchers. If this is the case, then the "amount of work during the reference period" should not be used as a defining variable for "atypical" employment forms. Another group that is also being considered "atypical" for similar reasons relates to "informal" workers. As defined in ILO (2002) they are workers in small unregistered enterprises as well as other workers who lack labour protection and social security coverage. Similarly, then, it could be argued that it is not the "informality" of the employment that defines 'atypical' employment, but rather the lack of labour protection, i.e.the forms and degree of economic risk associated with the work situation..

8. With reasonable value sets for the definitional variables discussed above it will be possible to specify a multitude of different forms of employment, including the limited number of forms that frequently are mentioned as representing 'atypical' forms and which therefore are candidates for being defined as "standard" categories, provided that the understanding of these situations are sufficiently harmonized within the country, for a national standard classification, and across countries, for an international standard classification, to be possible. From an international perspective it would seem that the bulk of these have been identified in ICSE-93, but as the detailed categories specified there are neither exhaustive of all possible employment forms nor mutually exclusive, this part of the ICLS resolution concerning ICSE-93 must be regarded as providing a framework for identifying relevant and important groups rather than a complete statistical classification system. Obviously this also applies to any use that may be made of ICSE-93 when determining the meaning of 'atypical' forms of employment for the purpose of producing statistics on the number persons that are employed in such situations and their conditions of pay and work.⁶

9. On the basis of the discussion above, 'atypical' forms of employment could be defined as relating to jobs whose incumbents hold explicit or implicit contracts of employment, which according to ICSE-93

- represent borderline situations between 'paid employment' and 'self-employment';
- can be classified as in 'paid employment' but are not given full protection and rights through labour legislations and/or collective agreements;
- can be classified as in 'self-employment' but do not have the full range of authority over work situations and other workers that are considered to be the 'standard' ones according to such legislation and agreements.

⁵ The most common practice is to measure 'amount' by "number of hours (usually) worked" during a specified period, e.g. a week, and to specify a upper/lower limit for what is to be considered part/full time.

⁶ Categories in a statistical classification should be exhaustive and mutually exclusive. This is why section 4 of the ICLS resolution concerning ICSE-93 is called "Statistical treatment of particular groups" and says that "this section outlines a possible statistical treatment of particular groups of workers. Some of the groups represent subcategories or dis-aggregations of one of the specific ICSE-93 categories. Others may cut across two or more of these categories. Countries may need and be able to distinguish one or more of the groups, in particular group (a), and may also create other groups according to national requirements". Thus the Resolution does not claim to provide a complete classification system for these groups, just a framework and starting point for their identification.

While ICSE-93 categories will not be mutually exclusive nor exhaustive of “atypical” forms of employment, the categories presented there can be regarded as representing the following types of ‘atypical’ employment situations:

Borderline situations between paid and self employment:

- workers in precarious employment
- outworkers
- contractors
- franchisees

‘Atypical’ paid employment situations:

- owner-managers of incorporated enterprises
- work gang members
- temporary work agency employees
- apprentices and trainees

‘Atypical’ self employment situations:

- contributing family workers
- subsistence workers
- share croppers
- communal resource exploiters

III. Measuring ‘atypical’ forms of employment

10. The descriptive definitions provided for the different groups listed in the ICSE-93 Resolution do not provide unambiguous guidance on their measurement in national surveys. The main reason for this is that not only their relevance but also the best operational definitions will differ between countries and perhaps also between establishments, because they should reflect national labour, tax and social legislation as well as provisions of relevant collective agreements. To the extent that the forms of employment also are determined by the preferences of employers and their needs regarding the organization of work, and/or the preferences of groups of workers, they may also be specific to (groups of) establishments. That the terminology commonly used to denote different employment situations may not be standardized in addition means that a particular term may refer to different work arrangements in different contexts or when used by different persons, or that two different terms may be used for essentially the same employment situation. The term “contractual workers” is an example of the first problem, and the terms “home worker” and “outworker” is an example of the second.

11. These issues are important when measuring atypical forms of employment because such measurements can either be through questions that use a set of **labels** or **titles** to identify for the respondents possible relevant status in employment or forms of employment; or through questions and response categories that are designed to determine the presence or not of the **defining criteria** for the different forms of employment that are considered to be relevant.⁷ With the first approach the number of workers in the various atypical employment forms can be determined in e.g. a Labour Force Survey asking the workers directly whether their job is ‘temporary’, ‘home work’ etc. In an establishment survey it would correspondingly mean to ask the establishments to provide information about the number of workers e.g., with temporary contracts, on homework contracts, etc. during a specified reference period. With the

⁷ The recommended strategy for determining whether or not a respondent should be regarded as ‘employed’, ‘unemployed’ or ‘outside the labour force’ is a well known example of the second approach, see e.g. Hussmann et al (1990).

'defining criteria' strategy for data collection the relevant status in employment categories will be determined by asking workers for the agreed (or expected) duration of their work contracts, and define as 'temporary' the workers that indicate that their contracts satisfy the criteria used to define such contracts. Similarly employers can be asked about the number of workers that have contracts with a limited duration. It may also be possible to use both approaches in the same survey.

12. Testing through pilot surveys as well as with the help of "peer groups" will be the best way of deciding which is the best strategy. However, in the absence of (resources for) such testing there is good reason to expect that the "labels" approach will provide valid estimates of the relevant atypical employment forms in those countries where (a) terminology and establishments=practices are reasonably well regulated and/or standardized; and (b) the number of employees with working contracts to whom such arrangements apply is significant. Note, however, that with this approach estimates will not necessarily be comparable between countries because of differences in institutional conventions and arrangements. The "criteria" approach can be independent of terminology and workers=perceptions regarding their employment situation. Therefore, with sufficient questions properly formulated (a) it will be possible to provide reliable information on the various types of employment contracts even when terminology and establishments=practices are not harmonized within a country; (b) it will be possible to apply a typology for 'atypical' employment forms to workers without written work contracts; (c) it will be possible to identify unusual arrangements; and (d) international comparability can be facilitated. However, normally this approach will involve more questions and therefore higher data collection and processing costs than the first one.^{8 9}

13. The outside review of national practices with ICSE-93 and related classifications presented to the 16th ICLS (1998) concluded: "The conceptual basis of the ICSE-93 withstands close inspection, yet only a few national statistical offices supplied evidence to indicate that they were aware of the statistical issues underlying their classification of status in employment. The development of the ICSE-93 has progressed ideas in this area, and probably represents the best available model from which to work, yet there is little concerted effort in the national statistical offices undertaken, underway or planned to address practical classification issues in this area. There are probably a number of reasons for this: First, some national statistical offices may feel that the problems are relatively insignificant, that status in employment categories are well established and understood by respondents. Second, it may be the case that the problems are recognised but deemed intractable, in particular for the relatively weak statistical offices and research communities in developing countries where the methodological problems are likely to be most important. ... by delving into the complexity of contractual status, data collection methodologies would become cumbersome to operate and may adversely affect response rates. Third, it may simply reflect a lack of knowledge about the scale and extent of recent changes which are taking place in the labour market, and this will to a large extent be because the appropriate instruments for exploring these developments have not been constructed." (See ILO (1998) and Elias (2000).) These observations are likely to be as valid in 2002 and the near future as they were in 1998. This is rather unfortunate, given (a) the prominence and importance which the ICSE-type classifications has in much social research and in official labour and social statistics; and (b) that ICSE-93 does provide a basis for experiments and methodological development.

8 This was recognized in the background documentation for the development of ICSE-93: "... in order to be able to make the distinctions which will be needed to provide a statistical reflection of the different contractual situations thought to be taking on increasing importance in modern, developed market economies, as well as to reflect the much more varied and unregulated contractual situations in developing countries, it would probably be necessary to introduce a quite complicated sequence of questions in e.g. household surveys". The expectation was expressed that statistics collecting agencies, whether national statistical offices or independent survey organizations, probably would be quite reluctant to do so, despite the frequently expressed concern with these issues by policy makers, social partners and researchers. See ILO (1991).

9 See chapter 3 of UN & ILO (2002) for practical advice and some examples of national practices for 'status in employment'.

IV. Concluding remarks

14. We have in this note argued (1) that when developing a conceptual framework for identifying 'atypical' forms of employment the term 'atypical' has to be given a normative rather than a numerical meaning; and (2) that ICSE-93 would seem to be a good point of departure for developing this conceptual framework. We have further argued that with reference to ICSE-93 'atypical' forms of employment represent (3) forms of 'paid employment' that do not correspond to those which are given full protection and rights through labour legislations and/or collective agreements; (4) forms of 'self-employment' that do not have the full range of authority over work situations and other workers that are considered to be the 'standard' ones according to such legislation and agreements; or (5) represent borderline situations between 'paid employment' and 'self-employment'. We have also recognized that to identify all employment situations that may be considered 'atypical' in certain contexts and/or for certain descriptive and analytical objectives, it may be necessary to add to those aspects of an employment situation which are intended to be covered by ICSE-93, namely those which will reflect the type of economic risks and authority that workers have in their jobs.

15. To produce statistics on 'atypical' forms of employment that are reasonably comparable between different countries it will be necessary in each country to translate the conceptual framework into operational procedures, e.g. questions and response alternatives, that will yield comparable results from institutional settings and economic and social structures that differ significantly. The methodological challenges are likely to be important, and it therefore seems likely that a national statistical office will prefer to concentrate on developing good measurements for those forms of 'atypical' employment which are most important in its country. Hopefully such national work can be carried out (a) within an internationally agreed framework; (b) by sharing experiences; and (c) with sufficient commonality in what forms are considered to be important that reasonably comparable statistics will emerge for some important forms of 'atypical' employment.

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Annex 1: Framework for the identification of status in employment categories

Status in employment categories		<u>Determining economic risk</u>				<u>Area of authority</u>						
		<i>Object of transaction</i>	<i>Basis for remuneration</i>	<i>Works on a continuous basis ⁽¹⁾</i>	<i>Responsibility for labour and social protection</i>	<i>Client</i>	<i>Place of work and working schedule determined by</i>	<i>Instructions/supervision</i>	<i>Important work inputs owned by ⁽³⁾</i>	<i>Labour contract with</i>	<i>Engages employees on a continuous basis ⁽¹⁾</i>	<i>Takes operational decisions</i>
<u>In paid employment</u>	<i>Core (regular) employee</i>	labour	for time worked or work done	yes	employer	employer				No	at employer's discretion	
	<i>Employee with stable contract</i>			-								
	<i>Owner manager of incorporated enterprises</i>				employer	-	employer	-	Yes			
	<i>Work gang members</i>				employer				No			
	<i>Temporary work agency employee</i>				-	employer A	employer B		employer A	No		
	<i>Apprentices and trainees</i>		for time worked or work done partly in training			Employer				No		

Status in employment categories		<u>Determining economic risk</u>				<u>Area of authority</u>							
		<i>Object of transaction</i>	<i>Basis for remuneration</i>	<i>Works on a continuous basis ⁽¹⁾</i>	<i>Responsibility for labour and social protection</i>	<i>Client</i>	<i>Place of work and working schedule determined by</i>	<i>Instructions/supervision</i>	<i>Important work inputs owned by ⁽³⁾</i>	<i>Labour contract with</i>	<i>Engages employees on a continuous basis ⁽¹⁾</i>	<i>Takes operational decisions</i>	
<u>In borderline situations</u>	<i>Workers in precarious employment ⁽²⁾</i>	-		no									
	<i>Workers in employment promotion schemes</i>	labour	for participating in the scheme	-	self								
	<i>Outworkers</i>	-	for work done	-	self	one or more employers	self	employers		-	restricted		
	<i>Contractors</i>		for time worked or work done			employer			-	restricted			
	<i>Franchisees</i>	goods or services	for profit form goods and services sold	-	self	one or more buyers	self (or client)	owners of work inputs	others	owners of work inputs	-	Restricted	
	<i>Contributing family workers</i>	labour				-	family member managing the establishment					no	no
	<i>Subsistence workers</i>	goods	Own consumption			self	self					no	yes

Status in employment categories		<u>Determining economic risk</u>				<u>Area of authority</u>						
		<i>Object of transaction</i>	<i>Basis for remuneration</i>	<i>Works on a continuous basis ⁽¹⁾</i>	<i>Responsibility for labour and social protection</i>	<i>Client</i>	<i>Place of work and working schedule determined by</i>	<i>Instructions/supervision</i>	<i>Important work inputs owned by ⁽³⁾</i>	<i>Labour contract with</i>	<i>Engages employees on a continuous basis ⁽¹⁾</i>	<i>Takes operational decisions</i>
In self-employment	<i>Members of producers cooperatives</i>	goods or services	for profit from goods and services sold		one or more buyers	all members of cooperative on equal footing			-	as member		
	<i>Sharecroppers</i>					self	others	-	restricted			
	<i>Communal resource exploiters</i>					-	-	community	self	-	yes	
	<i>Core employer</i>					self (or client)			self	self (or client)	yes	
	<i>Core own account worker</i>					self (or client)	self	self (or client)	no	yes		

Notes:

- not relevant for defining the group
- (1) A period of employment which is longer than a specified minimum determined according to national circumstances.
- (2) Include (a) casual workers: with contracts of short duration; (b) workers in short-term employment: with longer contracts than casual workers but shorter than regular workers; (c) workers in seasonal employment: whose (short) period of employment is influenced by seasonal factors.
- (3) Refers to owners of most means of production, operational licenses or suppliers of credit.