

Integrating ICSE-18 in the Quality of Employment framework

-Quality of Employment subgroup: *Impact of ICSE-18*

Authors: *Françoise Carre, Michael Frosch, Riccardo Gatto, Sophie Kremer, Federica Pintaldi, Geneviève Villette*

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Introduction

The classification of status in employment as defined in ICSE-93, is deeply integrated within the Quality of Employment framework. In some instances, the employment status category directly contributes to the definition of specific indicators, while in others, it is used for disseminating these indicators. However, with the introduction of the new Classification of Status in Employment (ICSE-18) as defined in the [Resolution concerning statistics on work relationships](#) adopted at the 20th ICLS in 2018, there will be notable implications at various levels of the framework.

This paper aims to outline the impact of the changes brought about by ICSE-18 on the Quality of Employment framework. It begins by providing a concise overview of the key features of ICSE-18. The subsequent section assesses the direct impact on the existing indicators across each of the seven dimensions of the quality of employment framework. The focus lies on aligning and addressing any inconsistencies regarding indicator definitions, along with proposing potential new indicators associated with ICSE-18 that can enhance the understanding of each dimension. Following this, the paper discusses the influence on the current recommendations for dissemination within the framework and proposes strategies for aligning them with ICSE-18.

Considering that there will be a transition period during which some countries have implemented ICSE-18 while others are in the process of implementation, updating the quality of employment framework is expected to occur once a significant number of countries have integrated ICSE-18 into their statistical sources. Consequently, the final section provides recommendations on how countries can utilize the current framework during this transition period. Moreover, it suggests potential next steps for updating the existing indicator framework, aiming to align it with ICSE-18 and leverage the new possibilities offered by the 20th ICLS resolution concerning statistics on work relationships, thereby further enhancing the framework.

ICSE-18

ICSE-18, like ICSE-93, is founded on the two dimensions of type of authority and type of economic risk. The ten specific categories of employment status in ICSE-18 are derived from these underlying dimensions. However, a significant change introduced by ICSE-18 is the ability to organize the same ten categories along these dimensions, resulting in two distinct hierarchies and dichotomies, as can be seen in Table 1. When the status in employment categories are organized based on type of authority, this creates a dichotomy between independent workers, who possess a relatively high degree of authority over their economic unit and work organization, and dependent workers, who have a relatively low degree of authority. On the other hand, when the same ten detailed categories are organized according to type of economic risk, a dichotomy arises between workers in employment for profit, who face a higher degree of economic risk, and workers in employment for pay, who experience a relatively lower degree of economic risk.

Table 1. ICSE-18 organized according to type of authority and economic risk

| | | |
|---------------------------------------|--|---|
| <i>According to type of authority</i> | | <i>According to type of economic risk</i> |
| <u>Independent workers</u> | | <u>Workers in employment for profit</u> |

| | |
|---|---|
| Employers <ul style="list-style-type: none"> • Employers in corporations • Employers in household market enterprises | Independent workers in household market enterprises <ul style="list-style-type: none"> • Employers in household market enterprises • Own-account workers in household market enterprises without employees |
| Independent workers without employees <ul style="list-style-type: none"> • Owner-operators of corporations without employees • Own-account workers in household market enterprises without employees | Dependent contractors <ul style="list-style-type: none"> • Dependent contractors |
| Dependent workers | Contributing family workers <ul style="list-style-type: none"> • Contributing family workers |
| Employees <ul style="list-style-type: none"> • Permanent employees • Fixed-term employees • Short-term and casual employees • Paid apprentices, trainees and interns | Workers in employment for pay |
| Dependent contractors <ul style="list-style-type: none"> • Dependent contractors | Owner-operators of corporations <ul style="list-style-type: none"> • Employers in corporations • Owner-operators of corporations without employees |
| Contributing family workers <ul style="list-style-type: none"> • Contributing family workers | Employees <ul style="list-style-type: none"> • Permanent employees • Fixed-term employees • Short-term and casual employees • Paid apprentices, trainees and interns |

ICSE-18 introduces several significant changes beyond the creation of the two different hierarchies for the ten detailed categories. One notable change is the introduction of two detailed categories of respectively employers and own-account workers (referred to as independent workers without employees in ICSE-18) depending on whether they own and operate a corporation (incorporated enterprise) or a household market enterprise (unincorporated enterprise). Additionally, ICSE-18 incorporates four detailed categories for employees, providing a more comprehensive classification. Moreover, a new category called dependent contractors is introduced, recognizing a distinct status in employment. Conversely, ICSE-18 no longer recognizes members of producers' cooperatives as a category of status in employment.

Impact on current indicators

ICSE-93 plays a crucial role in the Quality of Employment framework, as it determines the target group for specific indicators and is vital for dissemination purposes. However, the replacement of ICSE-93 with ICSE-18 will yield varying impacts depending on the extent to which the indicators in each dimension relies on ICSE. Integrating ICSE-18 into the framework in relation to a given dimension or indicator will rely on the objectives at hand, as different possibilities may exist for achieving this integration. It is essential, therefore, to engage in a discussion regarding the integration of ICSE-18 into the indicator framework. This discussion is necessary to assess how best to leverage the new capabilities provided by ICSE-18. The following assessment serves as an initial step towards initiating this discussion, aiming to explore the potential ways in which ICSE-18 can be integrated into the indicator framework, thereby harnessing its strengths, and enhancing the understanding of the quality of employment.

1. Safety and ethics of employment

The dimension under consideration is closely intertwined with the ILO Declaration on Fundamental Principles and Rights at Work, specifically focusing on the objectives of eradicating forced or compulsory labour, effectively eliminating child labour, eliminating employment and occupation discrimination, and ensuring a safe and healthy work environment. Hence, it can be regarded as reflecting the most fundamental aspects associated with employment quality. The dimension includes the sub-dimensions *Safety at Work*, *Child Labour and Forced Labour*, and *Fair Treatment in Employment*. It encompasses various indicators such as *occupational injuries*, *child labour rate*, *forced labour rate*, and *pay gaps between different population groups*.

The indicators within this dimension are not directly associated with ICSE and, therefore, remain unaffected by the introduction of ICSE-18. The only exception is the *Pay Gap indicator (1c1)*, which solely pertains to employees. This indicator can be retained without modifications, but with an updated reference to the definition of employees as defined by ICSE-18.

However, it is worth noting that ICSE is recommended for the dissemination of many of the indicators, often making a distinction between self-employed and employees. The aspect of adapting the dissemination is further explored into chapter *Disaggregation*.

Possible new indicators to the dimension

No new indicators are required in this dimension due to ICSE-18.

2. Income and benefits from employment

Income is a key factor for assessing the quality of employment. Most people rely on employment-related income to guarantee the living cost. However, workers may also consider other advantages such as the type and the extent of paid leave to measure the value given to a job. Both aspects are addressed in the two sub-dimensions namely, income from employment and non-wage pecuniary benefits. The former provides information on the earnings paid to employees as well as income from self-employment while the sub-dimension on non-wage pecuniary benefits refers to benefits provided by the employer that are non-monetary benefits. This sub-dimension covers more precisely the entitlement and actual use of paid sick leave and paid annual leave.

The new ICSE-18 classification affects significantly the current set of indicators in the dimension on income and benefits from employment:

- (1) the direct reference to the status in employment in the indicators i.e., employees and self-employed,
- (2) the definitions used to delineate the income coverage considered for each category i.e., earnings and employment-related income for self-employed,
- (3) the selected reference period of the income given the higher number of categories in ICSE-18.

Furthermore, the choices made for each indicator should be consistent with the decisions taken for the other indicators within the same income dimension. For example, changing the reference group of workers in 2a1 (average earnings) would also affect the decision taken for 2a2 (employees with low pay) or 2a3 (earnings by decile) if coherence between the indicators in the dimension is ensured.

2a1 Average earnings

Earning as applied in wages statistics, relates to remuneration in cash and in kind paid to **employees**, as a rule at regular intervals, for time worked or work done together with remuneration for time not worked, such as for annual vacation, other paid leave or holidays.

This definition is limited to the population of employees, which corresponds to dependent workers employed for pay according to ICSE-18.

Two solutions can be considered:

- 1) To maintain the concept of earnings and therefore, only pointing employees as reference population.
- 2) To extend the definition of earnings to cover the income of additional workers, in that case all person in employment for pay, as defined by ICSE-18. This category would therefore encompass the income of employees and of owner-operators of corporations (i.e., employers in corporations and owner-operators of corporations without employees). This option would also allow consistency with the System of National Accounts.

2a2 Employees with low pay

This indicator also refers to employees and provides the percentage of employees earning less than two thirds of the median gross hourly earnings.

In the same way as for 2a1, the target of this indicator is questionable given the additional categories of people working for pay. The two same options as for 2a1 can be envisaged. The first one is extending the indicator to dependent and independent workers employed with a lower economic risk to cover all workers for pay further disaggregation would still provide information on employees. The second one is keeping employees as the reference category without providing information on independent workers employed for pay.

2a3 Earnings by deciles

See issue for 2a1

2a4 Employment-related income of self-employed

Self-employed are no longer part of the ICSE classification. The new selected category might potentially cover all jobs of dependent and independent workers working for profit. This would also allow a complete coverage of workers in case 2a1, 2a2 and 2a3 cover all those working for pay. However, for comparison purpose, disaggregation by ICSE-18 categories is highly recommended. Furthermore, the use of quintiles might also be more relevant than the use of deciles for disaggregated results.

Moreover, considering monthly income may be more appropriate than the annual income. The recorded income would correspond more likely to the actual category of the worker producing results that are more accurate.

Finally, the concept of income from **self-employment** relates to gross annual / monthly income from main self-employment job before taxes and other deductions. Given the deletion of self-employed category, the new definition should encompass new categories such as dependent and independent workers employed for profit.

All indicators in sub-dimension 2b

All indicators in this sub-dimension cover employees 2b i.e., 2b1 Paid leave entitlement; 2b2 Days of paid leave entitlement; 2b3 Actual days of paid leave; 2b4 Sick leave entitlement; 2b5 Days of sick leave entitlement; 2b6 Actual days of sick leave.

The two possibilities are to maintain the coverage for employees or to extend to people working for pay (ICSE-18-R with a lower economic risk)

Regarding further disaggregation of 2a1, 2a2 and 2a3 and all indicators in 2b, addressing working modalities would be very relevant and of interest as regards the forms of remuneration and payment, the electronic allocation and supervision of work tasks, the working-time and the work location. This would complement the current disaggregation and the expected disaggregation by detailed ICSE 18 category.

Possible new indicators to the dimension

New indicators depend on the decisions taken for indicators 2a1, 2a2 and 2a3 and all indicators in 2b dealing with the inclusion or the exclusion of independent workers employed for pay to calculate these indicators (i.e., employers in corporations and owner-operators of corporations without employees). In case these workers are excluded, and the current indicators are maintained only for employees and earnings, the production of corresponding indicators covering independent workers for pay might be considered.

3. Working time and work -life balance

Working time refers to the time associated with productive activities and the arrangement of this time during a specified reference period. Work-life balance in this framework encompasses not only measures that would be expected to be closely related to decisions to work for pay or profit given family or care responsibilities, but also attempts to measure time allocation between time spent in a job(s) and time spent in private life. The indicators in this dimension refer to the concept of hours usually worked (Handbook, 2015, p. 32).

For many indicators in this dimension, the recommended disaggregation would be amended to follow ICSE-18 categories. They include: 3a1 (Mean weekly working hours); 3a2 (Long working hours), 3a3 (involuntary part-time work), 3a4 (Distribution of weekly working hours), 3a5 (Multiple job holders), 3b1 (Night Work), 3b2 (Evening Work) , 3b3 (Weekend Work), & 3c2 (Work at home), 3c3 (Commuting time), 3c4 (Care leave entitlement), 3c5 (Parental leave), 3c6 (Care for incapacitated relative), 3c7 (Work intrusion into leisure time), 3c8 (Self-perceived work-life balance).

For a number of indicators, additional adjustments may be needed. The following indicators may not be relevant or feasible to construct for Dependent Contractors in particular. In the Working hours sub-dimension, the condition "... for the main reason that they did not find a full-time job" in indicator 3a3-Involuntary Part-time might not be relevant for Dependent Contractors without adjusting the definition. There might be cases of Dependent Contractors who think of their current job activity as a part-time job that is constrained by the lack of accessible commercial contracts that entail full-time work. Also, the description of indicator 3a5-"Multiple-job holder (percentage) – proportion of employed workers who have more than one job or business" may need to be adjusted for dependent contractors. To the extent that surveys can assess what is the "main job" and the "second job" of a dependent contractor—particularly those with fluctuating hours with the same "client/order giver/platform" – the indicator could be disaggregated.

Indicator 3b4- Flexible Work Schedules

“Percentage of Employees with Flexible Work Schedule”

In the Working time arrangements sub-dimension, indicator 3b4- Flexible Work Schedules- “Percentage of Employees with Flexible Work Schedule”, adjustments may be needed. If the intent for this indicator, currently covering only Employees, is to reflect the extent of the impact of employer-based policies on worktime, then the inclusion of DCs may not be a priority. If, on the other hand, the intent is to reflect patterns of flexible work schedules across workers in all types of employment relationships, then including DCs in the coverage of the indicator might be useful for comparison with Employees in particular.

Indicator 3c3-Commuting time

“Mean duration of commuting time between work and home (one way)”

In the Work-life balance sub-dimension, the indicator 3c3-Commuting time” currently covers “all employed”. For DCs, even those with variable work locations, the indicator could be relevant. They can be considered like other workers who have variable work locations.

Indicator 3c4-Care Leave Entitlement

“Employed persons entitled to get additional paid leave in order to meet their care responsibilities for children or dependent adults”

Indicator 3c4-Care Leave Entitlement as defined is not applicable to the situation of Dependent Contractors in all the countries where they are treated the same way as independent workers and are not entitled to care leave. Over time, if specific care leave entitlements are established for dependent contractors through public policies —or through their customers or intermediary unit (as with platform companies)—the relevance of this indicator might be re-examined.

Indicator 3c5-Parental Leave

“Percentage of parents with a job (aged 20-49), who are currently on parental leave”

Interpretation guidelines for indicator 3c5-Parental Leave may need to be clarified so that they are relevant to Dependent Contractors and the independent workers in employment for profit. This is needed in order to indicate how the following statement (underlined) should be interpreted for these two categories of workers: “Parental leave is the possibility available to either parent of obtaining leave of absence, without relinquishing employment and with rights resulting from employment being safeguarded, within a period immediately following maternity leave.”

The applicability of this indicator to Dependent Contractors may be quite limited in the current environment. Over time and in countries where policy tools are developed for supporting parental leave for DCs, particularly in cases where parental leave entails financial compensation, the indicator likely would need to be adjusted to address their distinct employment relationship.

The “Recommended metadata” section could be amended with the added recommendation to indicate whether national legislation applies to workers who are not employees, and how it is applied to DCs and other non-employee workers. The recommended disaggregation item: “Right to return to the same job or type of job vs. right to return to the same employer” would not be relevant as written for DCs.

Possible new indicators to the dimension

As noted above, ICSE-18 may call for modifications to the above indicators, possibly introducing flexibility in the definition of the indicator (as with Care leave and Parental leave) to accommodate the distinct employment relationship of DCs.

4. Security of employment and social protection

The dimension of Security of employment and social protection assesses the threats to employment security as well as the measures and safety nets that can offset possible risks that come with short or long spells of unemployment or being outside the labour force, health problems and retirement. The dimension includes two sub-dimensions: 4a) Security of employment (seven indicators and two experimental indicators); 4b) Social protection (three indicators).

The indicators of this dimension are directly linked to ICSE-93 and is therefore to ICSE-18, in particular for the dimension linked to the type of economic risk for self-employed workers. An important element, in fact, is related to status in employment and, in particular, to the distinction between pay and profit. Therefore, it is recommended disaggregation for ICSE-18 categories. Furthermore, with the use of the ICSE-18 some indicators should be reviewed for the sub-dimension Security of employment. Below are some suggestions on indicators that could be updated.

Self-employed with one client (4a4)

“Percentage of self-employed workers with only one client”

The indicator could be replaced with an indicator highlighting dependent contractors. Considering that the ICSE-18 associates the categories of status in employment according to the dimensions of type of authority and type of economic risk, the indicator should be calculated on the total employed.

New definition: *“percentage of employed persons who are dependent contractors”*

Lack of formal contract (4a7)

“Percentage of employed persons without formal contracts or without pay slip / pay stub”

For this indicator it would be important to consider also dependent contractors, relevant for both dimensions of ICSE-18 (authority or risk).

New definition: *“percentage of employed persons without formal agreement (employee contract or commercial contract for services) or without pay slip / pay stub”*

The indicator would, however, require that the type of contract is established also in relation between the dependent contractor and the entity on which they depend.

Precarious employment (experimental) (4ax1)

“Percentage of employed persons who are in precarious employment (as defined in ICSE-93)”.

The common element among the precarious employment categories is the short-term nature of the employment contracts (category a) or their instability, both in case of employees and self-employed. However, precarious work is not defined in ICSE-18. It is important to assess which icse-18 categories to consider and whether other aspects of the job need to be taken into account as well.

To this indicator another one could be added which considers casual workers, considering the category short-term and casual employees of ICSE-18.

New indicator definition: *“percentage of employed persons who are short-term and casual employees (as defined in ICSE-18)”*.

Social protection sub-dimension

The three indicators (the percentage of employed persons who are active contributors to pension schemes, unemployment insurance and health insurance) could be retained without change, but it would be important to consider a disaggregation based on the ten categories of the ICSE-18.

5. Social dialogue

“The degree to which workers are able to join organizations of their own choosing and on a collective basis enter into social dialogue with employers (and their organizations) and the government is an important aspect of quality of employment that facilitates the improvement of employment conditions covered in the other dimensions of the statistical framework.” (Par. 93 of Handbook, 2015).

As currently defined, Social Dialogue indicators apply only to workers in the Employer-Employee relationship. Two indicators might apply to Dependent Contractors in the future. (They are not relevant to independent workers in employment for profit.)

5.1. Collective bargaining coverage rate

The definition of the indicator covers only Employees: Percentage of employees covered by collective bargaining agreements. Its measurement objective is the “proportion of workers in paid employment whose pay and/or conditions of employment are determined by a collective agreement. It provides a measure of the reach of collective bargaining agreements and, as such, can help in assessing and monitoring the development of industrial relations.”

The following terms are defined in ILO conventions and a resolution: “Collective bargaining and collective bargaining agreement as defined by ILO conventions C098 and C154 and the Resolution concerning statistics of collective agreements, adopted by the Third International Conference of Labour Statisticians, 1926.”

Regarding employees, the recommended disaggregation category for Employees “Employees with fixed-term / open ended contracts” would need to be updated to the ICSE-18 sub-categories of employees.

As of now, collective bargaining (CB) is deemed to only involve employees. However, as some EU member states, for example, consider the possibility of collective bargaining by Dependent Contractors, this indicator may need an updated definition, and a broader scope of application. The base of the rate calculation would need to be adapted as well.

Under the Concepts and Definitions sub-section, there is an acknowledgement that flexibility in the definition may be needed due to cross-national variation in types of social dialogue: “According to national circumstances, it might be useful to include all employed persons for the calculation of the indicator as defined by the Resolution on work, employment and labour underutilisation, adopted by the 19th ICLS in 2013. In this case, the indicator should be disaggregated by status in employment. The denominator used should be documented in the metadata.”

Possibilities to consider include: a) Modifying the existing definition to add Dependent Contractors to Employees in the scope of the indicator and recommend disaggregation by these two statuses in employment. This would still allow for the replication of the existing CB rate for Employees, and a separate rate for Dependent Contractors (likely very low in the short term). B) Alternatively, create a free-standing indicator for collective bargaining rate for Dependent Contractors.

Were one of these approaches to be implemented, the existing text under “Concepts and Definitions would need to be amended.

Also, information on relevant texts that recognize and govern new processes for collective bargaining by representative organizations of Dependent Contractors would need to be provided if and where this is relevant.

5.2 Trade Union Density Rate:

“Percentage of Employees who are members of one or more trade union.”

Trade Unions are defined as an independent workers’ organization constituted for the purpose of “furthering and defending the interests of workers” according to the ILO Convention on Freedom of Association and Protection of the Right to Organize, 1948 (C087).

The Concept and Definitions subsection also notes the possibility for flexibility in the scope of the indicator: “According to national circumstances, it might be useful to include all employed persons for the calculation of the indicator as defined by the Resolution on work, employment and labour underutilisation, adopted by 19th ICLS in 2013. In this case, the indicator should be disaggregated by status in employment. The denominator used should be documented in the metadata.”

Similar concerns and options affect any adaptation of this indicator as for 5.1.

5.3 Days not worked due to strikes and lockout: “Days not worked due to strikes and lockouts per 1000 employees (or employed persons)”

Similar issues occur with considering the possible adjustment of this indicator as with 5.1 and 5.2. Although it is hard to define what a strike would be like for a collective movement of dependent contractors, there are some reports of occasional such strikes by groups of DCs accessing work from a single platform company.

The Concepts and Definitions sub-section notes that the denominator may vary (“Depending on the analytical interest, the denominator may either include all employees (or employed persons) or be restricted to employees who actually have the right to strike. The denominator used should be documented in the metadata.”). As noted with 5.1 and 5.2, were DCs included, disaggregation (Employee, DCs) would be required.

Administrative data or establishment surveys are recommended data sources for Employees. In question is whether any systematic data would be available, were the right to strike have a meaning and be accessible for some types of Dependent Contractors (e.g., specific occupations and markets).

The experimental indicator 5.X Employer organization density rate (Percentage of employees working in enterprises belonging to an employer organization) as currently defined is not relevant to dependent contractors.

Possible new indicators to the dimension

If the definition of trade union in 5.2 (ILO Convention on Freedom of Association and Protection of the Right to Organize, 1948 (C087) does not encompass “associations”, “quasi unions” and similar worker organizations that may be the form of organization that DCs use for purpose of collective negotiation (e.g., associations of rideshare drivers, of industrial outworkers), then countries might design a separate indicator, if they track membership in such organizations.

6. Skills development and training

The dimension ‘Skills development and training’ deals with personal development opportunities of employees and with how well employees’ skills match the demands of their work. The focus is on non-

formal education and informal learning activities that occur after the entry into the labour market. The indicators under this dimension provide information on training participation in non-formal job-related trainings as well as the quantity and quality of the training received. This is supplemented by indicators on learning at work, employability, and skills match. Learning at work reflects on whether the actual job involves the possibility to improve the worker's skills. The indicator on employability measures the self-perceived usefulness of the worker's skills and experiences for finding another job. Finally, the indicator regarding skills match indicates whether employed persons can use their skills in their current job.

ICSE-18 does not have a direct impact on the dimension 'Skills development and training' or on its indicators. However, with ICSE-18 further disaggregation regarding the status in employment and particularly dependent contractors can be considered.

Possible new indicators to the dimension

No new indicators are required in this dimension as a result of the implementation of ICSE-18.

7. Employment-related relationships and work motivation

The dimension under consideration comprises two sub-dimensions: employment-related relationships, which pertains to the social aspects of work such as support from colleagues and supervisors, as well as exposure to adverse social behaviour; and work motivation, which is linked to individual motivational characteristics within the work context.

The indicators within this dimension are not directly affected by the changes associated with ICSE-18. However, there are certain indicators, namely Relationship with supervisor (7a2), Feedback from supervisor (7b2), and Organizational participation (7b5), that are specifically applicable to employees. These indicators can be maintained without modifications, but with an updated reference to the definition of employees as outlined by ICSE-18.

It is important to note that ICSE is a recommended approach for disseminating most of the variables, including distinguishing between self-employed individuals and employees, as well as differentiating between employees with fixed-term contracts and those with open-ended agreements. The topic of adapting the dissemination process is further discussed in Chapter Disaggregation.

Possible new indicators to the dimension

No new indicators are required in this dimension as a result of the implementation of ICSE-18.

Disaggregation

As indicated in the assessment of the different dimensions ICSE-93 is frequently recommended as a basis for disaggregation. One common approach for disaggregation is to distinguish between employees and self-employed individuals either directly; when noted by *Employment status (employees/self-employed)*; or more indirectly when noted *Status in employment according ICSE-93 (particularly self-employed workers vs employees)*.

Under the previous ICSE-93 standards, the self-employed category encompassed all non-employees that is *employers, own-account workers, members of producers' cooperatives, and contributing family workers*. Translating this distinction to the categories provided by ICSE-18, it corresponds to a differentiation between *employees* and *non-employees*. However, ICSE-18 enables the creation of various aggregated dichotomies, offering additional opportunities to categorize persons in

employment in a more meaningful way that can contribute to gain further insights into different groups of employed persons.

Therefore, depending on the type of information represented by the indicators and the specific group of employed persons under focus, different categorizations based on ICSE-18 can be envisaged.

The aggregated categories in ICSE-18 A: In ICSE-18, the aggregated categories are organized based on the type of authority, resulting in the following dichotomies: *employers, independent workers without employees, dependent contractors, employees, and contributing family workers*. These aggregated categories are relevant for disseminating various indicators that aim to describe job characteristics. However, it should be noted that some of these aggregated categories, such as contributing family workers in high-income countries, may consist of a small number of individuals. This could pose challenges in producing reliable estimates particular if there is a need to further disaggregate the indicators by the use of additional information for example by demographic or socio-economic characteristics.

Independent workers and dependent workers: The top-level aggregated categories in ICSE-18 when organized according to type of authority. The dichotomy distinguishes between independent workers, namely employers and independent workers without employees, who possess a relatively high level of authority, and dependent workers, including dependent contractors, employees, and contributing family workers, who have a relatively lower level of authority. This dichotomy enables the creation of two distinct categories of employed persons based on their authority to make decisions regarding the economic unit they work for and how they organize their work. While this dichotomy is relevant for certain indicators, if the goal is to create broad and large groups that can generate robust estimates, its use would represent a shift compared to the current focus on differentiating between employees and non-employees. By employing the dichotomy between independent workers and dependent workers, employees would be categorized alongside contributing family workers and dependent contractors without differentiation.

Employees and non-employees: A dichotomy between employees and non-employees aligns closely with the commonly recommended approach of distinguishing between employees and self-employed persons when disseminating indicators within the quality of employment framework. Categorizing employed persons according to ICSE-18 into employees and non-employees can be seen as an attempt to replicate the current categorization as closely as possible. The non-employee category would encompass a broad range of individuals, including employers, independent workers without employees, dependent contractors, and contributing family workers. However, this broad categorization would not utilize the possibilities offered by ICSE-18 and would result in a strong emphasis on employees, as the various categories of non-employees would be consolidated into a single category despite their significant differences.

Employees, dependent non-employees, independent workers: Although not officially recognized as a categorization of employed persons in ICSE-18, the distinction between employees, dependent non-employees (dependent contractors and contributing family workers), and independent workers (employers and independent workers without employees) could be relevant to consider. This distinction is narrower than the broader dichotomy between employees and non-employees as it specifically separates out dependent contractors and contributing family workers. However, like the currently recommended dissemination approach, it maintains a clear focus on employees. By grouping employers and independent workers without employees together as one category, and grouping contributing family workers and dependent contractors as another category, this approach also addresses the fact that some status in employment categories may have relatively small numbers in

certain countries. This alternative categorization offers a middle ground, acknowledging the distinctions within the employed population while still emphasizing the importance of employees.

Workers in employment for pay and workers in employment for profit: The top-level aggregated categories in ICSE-18, organized according to the type of economic risk, revolve around the dichotomy between workers in employment for pay and workers in employment for profit. This distinction aligns with the System of National Accounts (SNA) categorization, which separates employees (workers in employment for pay) from self-employed individuals (workers in employment for profit). Consequently, the dichotomy between workers in employment for pay and workers in employment for profit is particularly relevant for generating data on wage employment and for producing and analyzing statistics related to wages, earnings, and labour costs. Regarding the indicators within the quality of employment framework, this dichotomy holds significance for disseminating information tied to income and earnings. If there is a need to expand these indicators to encompass all individuals in employment, employing this dichotomy would be relevant as it allows for a clear distinction between those who work for pay and those who work for profit, therefore shedding light on different aspects of employment and income within the broader context of quality of employment.

Employees with fixed term or permanent contracts: Regarding indicators specifically targeting employees, the recommended approach often involves differentiating between *employees with fixed-term contracts* and *employees with permanent contracts*. This distinction can be created relatively straight forward based on the detailed categories of employees: *permanent employees, fixed-term employees, short-term and casual employees, and paid apprentices, trainees, and interns*, provided in ICSE-18. However, these detailed categories also provide an opportunity to enhance the current proposed dissemination. Instead of solely distinguishing between *permanent employees* and *other employees*, it could be relevant, if feasible, to recommend a dissemination that utilizes the detailed categories of employees as defined in ICSE-18 (i.e., *permanent employees, fixed-term employees, short-term and casual employees and paid apprentices, trainees and interns*). This approach would contribute to providing more comprehensive and detailed statistics that describes the situations of the different categories of employees.

ICSE-18 provides the flexibility to use various aggregated categories for dissemination, depending on the feasibility of producing robust estimates, the specific objectives of an indicator, and the statistical sources used to provide the data. Ideally, for most indicators, the aggregated categories defined in ICSE-18-A could be used, offering valuable insights into the differences between different employment status categories. These aggregated categories align with the commonly used classifications in labour statistics. However, if achieving such a level of disaggregation is not feasible for example due to low numbers or not relevant, a secondary option could be to distinguish between employees, dependent non-employees, and independent workers. This broader categorization would still capture the important distinction between dependent and independent workers while separating out employees, like the current recommended framework. Alternatively, if this differentiation is not relevant or feasible, the most aggregated level could be the distinction between employees and non-employees.

In terms of indicators related to income and earnings, the categorization of workers in employment for profit versus workers in employment for pay could be used with the possibility to further break it down in the more detailed categories as defined in ICSE-18-R if relevant and feasible. For indicators targeting employees only, the more detailed categorization of employees would be relevant to use with the possibility to create the broader categories of permanent employees and other employees.

It is important to consider the statistical source used as well. For instance, indicators derived from administrative sources may not allow for dissemination based on ICSE-18 when organized according

to the type of authority, as administrative records may not distinguish dependent contractors separately. In such cases, the distinction between workers in employment for profit versus workers in employment for pay, or employees versus non-employees, could be used, as these categories can typically be identified using registers.

Such an approach for integrating ICSE-18 in the disaggregation would be more dynamic and take advantage of the improvements introduced by ICSE-18 and potentially providing enhanced insights into the different indicators.

Reconciliation of QoE framework and ICSE-18

It is anticipated that the adoption of ICSE-18 will occur gradually across different countries, leading to an increasing number of countries capable of generating data using ICSE-18. However, this implies a transitional phase where some countries will continue to use ICSE-93 while others have transitioned to ICSE-18. Once a critical mass of countries is capable of producing indicators based on ICSE-18, there will be a pressing need to comprehensively update the quality of employment framework, as indicated below. Until then, countries that have implemented ICSE-18 should strive to use the current framework to the best of their abilities.

ICSE-18 can be collected concurrently with ICSE-93 in most countries, allowing for the generation of reconciliation tables to illustrate the effects of implementing ICSE-18. These tables provide an assessment of the overlaps and shifts in employment categories resulting from the implementation of ICSE-18, as demonstrated in the example presented in Table 2.

Based on pilot test results in Peru using a non-representative sample, it was found that out of 618 respondents who self-declared as employees, 108 were classified as dependent contractors under ICSE-18, while 510 were confirmed as employees. This indicates that 82.5% of individuals who would have been classified as employees under ICSE-93 were also identified as employees under ICSE-18, while 17.5% were classified as dependent contractors according to ICSE-18. Although these figures are not representative, they serve as an example to highlight the changes brought about by the implementation of ICSE-18. Similar tables can be constructed to describe changes in specific key indicators resulting from the implementation of ICSE-18, offering a clearer understanding of its impact.

Table 2. Reconciliation table ICSE-93 to ICSE-18

| PERU – Pilot | ICSE-18 | | | | | |
|---|-----------------|---------------------------------|-----------------|------------|------------------------|------------|
| | Employer | Indep. worker without employees | Dep. contractor | Employee | Contrib. family worker | Total |
| Self-declared status in employment (ICSE-93) | weighted counts | | | | | |
| Employee | 0 | 0 | 108 | 510 | 0 | 618 |
| Self-employed | 68 | 487 | 31 | 0 | 0 | 586 |
| Contributing family worker | 6 | 33 | 1 | 1 | 74 | 115 |
| Apprentice or intern | 0 | 0 | 0 | 3 | 0 | 3 |
| Total | 48 | 269 | 84 | 313 | 27 | 741 |

| | Employer | Indep. worker without employees | Dep. contractor | Employee | Contrib. family worker | Total |
|---|----------------|---------------------------------|-----------------|-------------|------------------------|--------------|
| Self-declared status in employment (ICSE-93) | % Distribution | | | | | |
| Employee | 0.0 | 0.0 | 17.5 | 82.5 | 0.0 | 100.0 |
| Self-employed | 11.7 | 83.1 | 5.2 | 0.0 | 0.0 | 100.0 |
| Contributing family worker | 5.6 | 28.9 | 0.7 | 0.8 | 63.9 | 100.0 |
| Apprentice or intern | 0.0 | 0.0 | 0.0 | 100.0 | 0.0 | 100.0 |
| Total | 6.5 | 36.3 | 11.3 | 42.3 | 3.7 | 100.0 |

Source: ILO Pilot study Peru 2022, engendering informality project. Please note that these results are not representative of Peru as a whole but is included as an example to highlight how a reconciliation table can be constructed between ICSE-93 and ICSE-18.

In addition, it would be necessary for countries to make minor adjustments to align the Quality of Employment framework with ICSE-18 until a more comprehensive revision of the framework has been carried out. As a minimum approach, countries can apply the current boundaries for the different indicators based on ICSE-93 to ICSE-18 without further modifications. For instance, indicators that target employees, as defined by ICSE-93, can be maintained but adjusted to target employees as defined by ICSE-18.

Regarding disaggregation, countries are encouraged to explore the possibilities offered by ICSE-18 to create different aggregated categories, as described in the previous chapter. Depending on the feasibility of providing reliable estimates, various levels of aggregation can be used to enhance the understanding of the different indicators in relation to different categories of employment status. If the objective, however, is to maintain a high degree of consistency with the current framework, a distinction between *employees* and *non-employees* can be used, which broadly corresponds to the current recommended disaggregation of employees and self-employed as defined by ICSE-93.

Next steps

As discussed, there will be a need for an update of the Quality of Employment framework to integrate ICSE-18. Such an update would impact on different levels of the framework and could be done with different degrees of ambition depending on the objective.

A more restricted approach would be an update that has as an objective to minimize the changes. This could include updating the current references to ICSE-93 to instead refer to the definitions provided in ICSE-18. An indicator that is currently for example referring to employees as defined by ICSE-93 would then instead refer to employees as defined by ICSE-18. In addition, some minor updates could be done such as replacing a few indicators that have become redundant for example *self-employed with one client* and slightly adjust a few others that is currently incompatible with ICSE-18 for example *employment-related income of self-employed*. In relation to the use of ICSE for disaggregation the recommendation in the minimalistic approach would be to use the distinction between employees and non-employees instead of the current distinction between employees and self-employed.

However, the new ICSE-18 categories, and particularly dependent contractors, might also call for a more ambitious revision of the quality of employment. This would require a broader, more fundamental discussion about the framework and whether it should be adapted to consider the situation of not only dependent contractors but also other major employment categories.

The quality of employment framework was developed with the employee job category as the primary employment relationship. As relevant, contrasts between “employees” and self-employed are

recommended as useful disaggregation. Further, a handful of indicators address specific features of independent workers as indicative of distinct aspects of self-employment for example the number of clients.

Importantly, a significant number of indicators document key dimensions of the country policy framework for employment (e.g., social security, employment related benefits) which almost exclusively are relevant to the situation of workers with employee status.

Integrating Dependent Contractors in this framework presents a specific challenge. This employment relationship shares features of the employee relationship (dependence in accessing work and thus part of the “Dependent workers” group in ICSE-18-A) but also of independent work (in work “for profit” and thus part of the “For profit” group in ICSE-18-R). Because dependent contractors currently are, in most countries, treated in the policy framework like independent workers (previously named the “self-employed”), several existing indicators may not provide much information about their quality of employment—except indicating that they lack the coverage and employment rights that employees have. To the extent that the number of dependent contractors grows over time—if, for example, platform mediated work arrangements continue to grow and spread as a practice across several industries—and dedicated policy tools are deployed for this relationship, indicators may need to be either altered or additional ones designed.

More broadly, the challenge revealed by considering what is needed to adjust the framework to this new ICSE-18 aggregated category of dependent workers raises questions about the purview of the Quality of Employment framework, that is, whether the scope of indicators should be adapted and/or their numbers expanded to fully take into account other major categories of ICSE-18: independent workers, workers in employment for profit (expanding the indicators concerning them) and contributing family workers. This is an issue for a broader discussion and an important contribution to that discussion would be for the group to, based on countries’ increasing experience of measuring the new ICSE-18, explore the usefulness of the current indicators as well as for additional potential indicators in relation to ICSE-18.