



# Not so boring: setting statistical standards for measuring Status in Employment

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'Status in Employment' reflects contractual arrangements in the labour market – whether a worker is an employee, self-employed, or has some other contract of employment. The type of contract that a worker has is often one of the key elements for accessing basic rights and social protections, such as the right to unionise and employment insurance.

In recent decades, there has been a proliferation of new contractual arrangements under which workers are employed. Unions and workers know the reality of sham contracting, multi-party employment relationships, home-workers, disguised employment relationships, short-term and fixed-term employment, informal employment, casual employment, and other non-standard employment relationships.

Measuring and understanding these developments helps policy makers to better capture emerging labour market trends and adapt policies to reflect this new reality and rectify its shortcomings. But the current official international framework for measuring status of employment is seriously out of date, having remained essentially unchanged since 1957, and arguably since 1938.

### An obsolete framework

The International Classification of Status in Employment<sup>1</sup> (ICSE-93) identifies two basic criteria to classify jobs – the type of economic risk, and the type of authority – but gives no clear guidance on how these are to be deployed (ILO, 1993). The idea is that economic risk differentiates payment by wages from payment by profits, while authority differentiates dependent workers from independent workers. There are currently six classifications in ICSE-93, arranged in 3 broad groups:

- Paid Employment Jobs are those where the basic remuneration is a wage or salary. It comprises a single classification: employees
- Self-employment Jobs are those where remuneration is directly dependent on profits. It comprises four classifications: employers, own-account workers, members of producer cooperatives and contributing family workers
- There is also a 'Too-hard Basket' which contains those jobs that can't be put in the preceding groups, and comprises a single classification: workers not classifiable by status

In ICSE-93, economic risk and authority are not separated in any classification, but merged with no guidance as to which takes priority where uncertainty exists, giving rise to ambiguity, ad-hocery and confusion. This scheme may have made some sense in the middle of

<sup>1</sup>The authors were workers' delegates on the Working Group to review the International Classification of Status in Employment (ICSE) and at the tripartite Meeting of Experts in 2018, and attended the 19<sup>th</sup> International Conference of Labour Statisticians (ICLS).

last century, but seventy years later, profound changes in labour market arrangements - largely driven by neo-liberal policies, the digital age and the rise of the gig economy - have rendered the definition obsolete. For example, low-paid dependent contractors engaged at the end of global supply chains, working to prescriptive direction and paid by the piece, are forced into the self-employed category as own-account workers, while CEOs of major corporations are classified as employees even though they operate with great autonomy, independence and authority and receive much or most of their pay as bonuses and stock options.

These developments often give rise to insecure work and low pay. They undermine rights at work and the role of unions in collective bargaining and social dialogue. They also undermine the fairness and effectiveness of social policy and taxation policy and labour law.

While labour activists and governments alike want a clear light on these phenomena, ICSE-93 does not have a Status in Employment home for these new contractual forms.

### A more relevant classification

The International Conference of Labour Statisticians (ICLS) sets the international standards for statistical measurement of the labour market. The latest ICLS, held in 2013, was a big deal. It adopted the *Resolution concerning statistics of work, employment and labour underutilisation* (ILO, 2013) which provides the first statistical definition of work<sup>2</sup>. This resolution defines employment as work that is done for pay or profit, limiting the range of work activities counted as employment to those with a clear connection to the labour market or product market<sup>3</sup>.

The next ICLS, which will take place in Geneva in October this year, is likely to be important too because it proposes to set statistical standards for measuring forced labour and labour migration, to provide guidelines to measure skills mismatches, and to endorse statistical indicators to measure world-of-work dimensions of the UN's Sustainable Development Agenda for 2030. But the biggest agenda item for the 20<sup>th</sup> ICLS is the review of ICSE-93.

For the past four years, a tripartite working group convened by the ILO has been grappling with the complexity arising from the proliferation of new contractual forms, seeking to craft a new Classification of Status in Employment fit for the contemporary world. (Conceptually, the Classification of Status in Employment is a subset of the broader

<sup>2</sup> Before this, 'household services' (predominantly done by women) were not officially recognised as a productive activity, implying that women's work was unproductive.

<sup>3</sup> Workers engaged in production for own use – in subsistence agriculture, for example, who perform arduous work but have only a remote and occasional engagement with the labour market and the markets for goods and services – are no longer counted as employed, and thus no longer enter into calculation of the unemployment rate.

Classification of Status at Work, which will be considered by the ICLS.) A tripartite Meeting of Experts in Geneva in February 2018 reviewed the working group's work and provided further guidance.

From this process, a draft resolution (ILO, 2018) has emerged to be considered by the 20<sup>th</sup> ICLS. The proposed new classification comprises ten status groups, with a suite of cross-cutting variables. It provides much greater granularity than ICSE-93. The category 'employees' now has four sub-groups, separately identified: permanent employees, fixed-term employees, short-term and casual employees, and paid apprentices, trainees and interns. A separate classification for dependent contractors is also proposed. Cross-cutting variables include type of employment agreement, whether it is full time or part time, contractual hours, place of work, whether it is seasonal work, form of remuneration, access to paid leave, whether there is a multi-party employment relationship, whether they are home-based workers, and many more.

The draft resolution also provides for the major status groups to be compiled in two distinct hierarchies, marking a fundamental change – one according to type of authority, the other according to economic risk, both of equal weight and importance each suited to different purposes.

The classification according to *authority* has a high-level dichotomy between independent and dependent workers. Independent workers include employers, and independent workers without employees. Dependent workers include all employee sub-groups, plus dependent contractors and contributing family workers. This hierarchy is suitable for various types of labour market analysis, including analysis of the effect of economic cycles on the labour market, and of government policies related to employment creation and regulation.

The classification according to *economic risk* provides a high-level dichotomy between employment for pay and employment for profit. Workers employed for profit include dependent contractors and contributing family workers plus independent workers in household market enterprises. Workers employed for pay include all employee sub-groups, plus owner-operators of corporations. This hierarchy is suitable for providing data for national accounts, for identifying wage employment and its distribution, and for producing and analysing statistics on wages, earnings and labour costs.

In this scheme, 'dependent contractors' are workers employed for profit when classified according to economic risk, but dependent workers, along with employees, when classified according to authority. Conversely, CEOs of corporations are wage earners when classified according to economic risk, but independent workers when classified according to authority.

The 'standard' employment relationship is typically understood as work that is full time, of indefinite duration, and involves a subordinate relationship between an employer and an employee (see ILO, 2016: 7). The new resolution promises to clarify the prevalence and characteristics of non-standard forms of employment that have developed in recent decades. A clearer fix on how these forms diverge from 'standard' employment promises to help policy makers grasp

emerging labour market trends and adapt policies to reflect this new reality and rectify its shortcomings.

This process might look dry and sterile, but it really matters for workers and their unions. If decent work and sustainable development are to be more than slogans, we must be able to measure them, accurately and consistently, in order to document differences between countries and trace changes over time. Clear and robust measurement standards are essential. If the 20<sup>th</sup> ICLS adopts the proposed *Resolution on the International Classification of Status in Employment*, it will sweep away decades of inaction and inertia and provide activists and policy makers with relevant and useful statistics on job status in today's real world of work.

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