



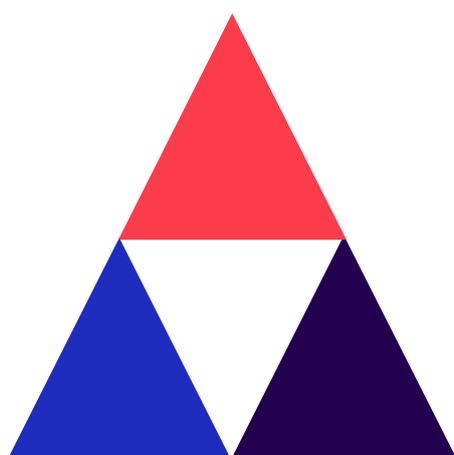
International
Labour
Organization



▶ Integrating ICSE-18 in a Household Survey

Discussion paper

Subgroup 1 Dependent contractors and informality
(First meeting, Geneva, 16 March 2020)



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Introduction

The following paper is intended to be a tool for countries to use as input on how the measurement of ICSE-18 can be integrated within an existing household survey typically a Labour Force Survey. The intention is to create an accessible and direct tool that would be relevant for as many countries as possible. The sequences and questions used are all examples and need to be adapted to the national context. It can be viewed as a starting point for countries in the discussion of a national implementation of ICSE-18. It is based on the latest findings from different tests and experiences made by countries and ILO and will be continuously updated to include the most recent knowledge on how to most efficiently implement ICSE-18.

The approach described will be complemented by an overview of how the different ICSE-18 categories can be derived based on the different modules and questions as well as with explanatory notes for how the questions should be understood and implemented.

Most countries are currently collecting ICSE-93 by using one or two questions asking the respondent directly about their status in employment. This practice will not be sufficient to classify the status in employment as defined by ICSE-18. It will not allow identification of the detailed categories of ICSE-18 and it will not enable the identification of dependent contractors. The proposed approach for collecting ICSE-18 seeks instead to use the existing practice as a starting point but to further build on it by identifying the necessary boundaries that are required for defining the detailed ICSE-18 category and thus creating a more objective categorization of status in employment.

The implementation of ICSE-18 will increase the complexity of the questionnaire as well as the number of questions in most LFS and hence raise respondent burden. However, it is important to keep in mind that many of the key characteristics are already often collected. A first step would therefore be to assess the current LFS and identify relevant questions for measuring ICSE-18 already included in the national LFS. In addition, it is important to keep in mind that filters are used and that in practice most respondents will only get around 2 additional questions while a few will get more.

The sequence of questions relating to *potential dependent contractors 2nd track* are a result of the work carried out so far by countries and the ILO to test the identification of the dependent contractors. This sequence can be viewed as a starting point for countries to further assess the identification of dependent contractors among self-declared self-employed with the objective to potentially reduce the sequence and strike a balance between an effective measurement and a low response burden.

The Sub-group 1 Dependent contractors and informality are asked to provide any input on the described approach, its structure, sequences and questions used that can improve the integration of ICSE-18 in a LFS. This includes any comments:

- *regarding the proposed modules and sequences*
- *on the proposed questions*
- *on the filter used*
- *any other improvements that could be made*

taken into account the need to have an accessible and direct tool that would have relevance for different countries with different contexts.

Integrating ICSE-18 in a LFS

Starting point

The starting point for integrating ICSE-18 in an already existing HH-survey would be the currently question used for deriving ICSE-93 (i.e. self-declared status in employment). This would typically be a question asking the respondent directly regarding his/her status in employment e.g.:

Ex 1

MJJ_EMP_REL

Do you work...?

READ

1. As an employee
2. In (your/his/her) own business activity
3. Helping in a family or household business
4. As an apprentice, intern
5. Helping a family member who works for someone else

Or;

Ex 2

Do you work as an:

1. Employee
2. Employer
3. Own-account worker
4. Trainee, apprentice
4. Unpaid family Worker

Depending on the outcome of this question (i.e. the self-declared status in employment), four different groups are identified. That is:

- *Self-declared employees* (1 in Ex1 or 1 in Ex 2)
- *Self-declared self-employed* (2 in Ex 1 or 2,3 in Ex 2)
- *Self-declared contributing family workers* (3,5 in Ex1 or 4 in Ex 2)
- *Self-declared trainees, apprentices* (4 in Ex1 or 4 in Ex2).

Depending on in which of the four self-declared categories the respondent is in, he/she will be filtered to a few additional questions that sets the necessary boundaries for identifying the different ICSE-18 categories.

Self-declared contributing family workers

This target group would need to get two additional questions: *responsibility of decision-making* and *form of remuneration*.

Responsibility of decision-making

Filter: All self-declared contributing family workers

MJJ_CFW_CHK

Who usually makes the decisions about the running of the family business...?

READ

1. (You/NAME)
2. (You/NAME) together with others
3. Other family members only
4. Other (non-related) person(s) only

Respondents answering 1, 2 are classified as *independent workers* and should follow the same route/filtering as other self-declared self-employed (see further blow).

Form of remuneration

Filter: All self-declared contributing family workers

MJJ_REM_TYP

Which of the following types of pay (do/does) (you/NAME) receive for this work?

READ AND MARK ALL THAT APPLY

- a. A wage or salary
- b. Payment by piece of work completed
- c. Commissions
- d. Tips
- e. Fees for services provided
- f. Payment with meals or accommodation
- g. Payment in products
- h. OTHER CASH PAYMENT (SPECIFY): _____
- i. NOT PAID

Those answering *a: wage or salary* are defined as *employees* and should follow the same route as other self-declared employees (see below). Those that do not have *responsibility of decision-making* and do not *receive a wage or salary* are be defined as ICSE-18 category:

- *Contributing family workers.*

Self-declared apprentice, trainees

Respondents that are self-declared apprentice, trainees or interns can be directly defined as ICSE-18 category:

Aggregated ICSE-18 category

- *Employees*

Detailed ICSE-18 category

- *Paid apprentices, trainees and interns.*

Self-declared employees

This target group would need to receive a question on *form of remuneration* (same question as for self-declared own-account workers) and *Employers contribution to social insurance*.

Form of remuneration

Filter: All self-declared employees

MJJ_REM_TYP

Which of the following types of pay (do/does) (you/NAME) receive for this work?

READ AND MARK ALL THAT APPLY

- A wage or salary
- Payment by piece of work completed
- Commissions
- Tips
- Fees for services provided
- Payment with meals or accommodation
- Payment in products
- OTHER CASH PAYMENT (SPECIFY): _____
- NOT PAID

Those answering *a: Wage or Salary* can be directly defined as ICSE-18 category *Employees*

For those answering “b” further information is needed in order to make the distinction between employees and dependent contractors (1st track of identifying dependent contractors.) Employer’s contribution to social insurance can be used to create this distinction.

Employer's contribution to social insurance

Filter: All self-declared employees

MIE_SOCPRO

Does your employer pay contributions to the [insert national relevant social insurance scheme] for you

1 YES

2 NO

97 DON'T KNOW

Based on the two above questions the following aggregated ICSE-18 categories can be derived:

- *Employees:* Those respondents who receive a wage or salary and those respondents who do not receive a wage or salary but whose employer contributes to social insurance on behalf of the employee.
- *Dependent contractors (1st track):* Those respondents who do not receive a wage or salary and where the employer does not contribute to social insurance on behalf of the respondent.

Detailed categorization of employees

(Targets all respondent that have been defined as employees based on the above questions.)

Respondents identified as employees need two additional questions in order to enable the derivation of the detailed categorize of employees i.e. *permanency of the contract/agreement* and *duration of the fixed contract/agreement*.

An additional question regarding zero-hours contract/agreement can be added if this is expected to be a relevant category in the country.

Permanency of the contract/agreement

Filter: All that are defined as being employees

MJC_CONOP

Is (your/NAME's) contract or agreement...?

READ

1. For a specified period of time

2. Until the date a task is completed

3. Permanent or until retirement

4. Ongoing with no specified end date

Respondents answering 3, 4 are considered to have a permanent contract/agreement, those answering 1,2 a fixed term or short term contract.

Duration of the fixed contract/agreement

Filter: All that are defined as being employees and not having a permanent contract/agreement

MJC_TEMPDUR

How long in total is (your/NAME's) current agreement?

1. DAILY CONTRACT/AGREEMENT
2. LESS THAN ONE MONTH
3. 1 TO LESS THAN 3 MONTHS
4. 3 TO LESS THAN 6 MONTHS
5. 6 TO LESS THAN 12 MONTHS
6. 12 TO LESS THAN 24 MONTHS
7. TWO YEARS OR MORE
8. NO SPECIFIED DURATION

Those answering 1-3 are categorized as Short-term and casual employees, those answering 4-8 fixed term employees.

0-hours contract/agreement (can be added if deemed relevant within the national context)

Filter: All employees

MCD_CONMIN

Are you at least guaranteed that you will get some work or hours in your job?

1. YES, MINIMUM HOURS OR WORK GUARANTEED
2. NO, 0-HOUR CONTRACT, CONTACTED WHEN NEEDED

This question should be asked of all employees and if answering 2 they should be defined as *Short-term and casual employees* regardless of other characteristics of the contract (permanent, fixed term, duration.).

Based on the above question the detailed ICSE-18 categories of employees can be derived i.e.:

- Permanent employees.
- Fixed-term employees.
- Short-term and casual employees.
- Paid apprentices, trainees and interns.
- *Paid apprentices, trainees and interns:* already identified in the self-declared status in employment question, no further information needed.
- *Permanent employees:* employees with a permanent contract/agreement of employment.
- *Fixed-term employees:* employees not having a permanent contract/agreement of employment and where the duration of the contract/agreement is 3 months or more.
- *Short-term and casual employees:* employees not having a permanent contract/agreement of employment and where the duration of the contract/agreement is less than 3 months.

If the question regarding zero-hours contract/agreement is included then all employees with a zero-hours contract/agreement are defined as *Short-term and casual employees* regardless of the permanency or duration of the contract/agreement.

Self-declared self-employed

Including self-declared contributing family workers that do take part of the most important decisions

The first step is to establish, whether the respondents in this target group *have employees* and whether the enterprise is *incorporated*:

Having employees

Filter: Self-declared self-employed and self-declared contributing family workers that do take part in making the most important decisions

MJJ_HIRES

Do you hire any paid employees on a regular basis?

1. YES
2. NO

Incorporated

Filter: Self-declared self-employed and self-declared contributing family workers that do take part in making the most important decisions

MJL_CORP

Is your business incorporated? For example as a [\[insert national terms for incorporated enterprises\]](#)?

1. YES
2. NO

97. DON'T KNOW

Based on these two questions three broad groups can be identified: A) *Employers and the two detailed categories of employers*, B) *Independent workers* with the detailed category of *Owner-operators of corporations without employees* and C) *Potential dependent contractors (2'nd track)* :

- A. Aggregated ICSE-18 category *Employers*: All within the target group that have paid employees on a regular basis.
Detailed ICSE-18 category:
 - *Employers in corporations*: having paid employees on a regular basis and an incorporated enterprise.
 - *Employers in household market enterprises*: having paid employees on a regular basis and do not have an incorporated enterprise.

- B. Aggregated ICSE-18 category *Independent workers without employees* (own-account workers)
Detailed ICSE-18 category:
 - *Owner-operators of corporations without employees*: have an incorporated enterprise without having paid employees on a regular basis

- C. Potential dependent contractors (2nd track): Those without regular employees and that do not have an incorporated enterprise.

Potential dependent contractors 2nd track

(Group C identified above)

The two-step approach targets respondents identified in Group C. The approach first establishes whether there is a dependent relationship and, secondly, whether a degree of control is exercised by the actor on whom the worker is dependent. If both conditions are met, this is a strong indication that the respondent in Group C should be defined as a dependent contractor due to the dependency and the limitation in authority to make essential operational and/or economical decisions over the work carried out. If one of the criteria is not met the respondent is defined as an independent worker.

The sequence of questions as presented below are a result of the work carried out so far by countries and the ILO. It can be viewed as a starting point for a further assessment of which dependent relationships and which elements of control need to be established in order to obtain a comprehensive measurement. This can then be weighed against the increased response burden of including additional questions, in order to find the right balance between the two.

Proposed questions for assessing the identification of dependent contractors among self-declared self-employed without employees who do not own and operate an incorporated enterprise.

Main client

Filter: all in target group C

MJI_ MAINCLIENT

In the last 12 months, did at least 75% of (your/his/her) income in the business come from one client?

1. YES
2. NO

Mediation of clients

Filter: If not main client (i.e. If MAINCLIENT=2)

MJI_ MIFOCIENT

Do you get your customers, clients or buyers through someone else, for example from another company, intermediary or person?

READ

1. Yes all of them (Go to 4)
2. Yes most of them (Go to 4)
3. Yes, but only some of them (Go to 3)
4. No (Go to 3)

Upstream dependency

Filter: If no main client or no intermediary (i.e. MAINCLIENT=2 and MJI_MIFOCIENT=3,4)

<p>MJI_JOB_DO</p> <p>In this job, do you</p> <p>READ</p> <ol style="list-style-type: none">1. Sell products or services from only one company?2. Make products or provide services for only one company?3. Work with materials or equipment provided by just one company? <p>READ</p> <ol style="list-style-type: none">4. NONE OF THE ABOVE

Forms of control

Filter: To all respondents in the target group C that either have a main client, intermediary, single supplier or is a franchise.

ASK IF MJI_MAINCLIENT = 1 or MJI_MIFOCIENT = 1,2 or MJI_JOB_DO = 1,2,3)

<p>MJI_INTERM_DO</p> <p>ASK IF MJI_MAINCLIENT = 1</p> <p>α Does this client set?</p> <p>ASK IF MJI_MIFOCIENT = 1,2</p> <p>β Does this company, intermediary or person set?</p> <p>ASK IF MJI_JOB_DO = 1,2,3</p> <p>γ Does this company set ...?</p> <p>READ AND MARK ALL THAT APPLY</p> <ol style="list-style-type: none">1. The price of the products or services that you offer?2. The minimum amount of sales or tasks you must complete?3. The places, routes or areas where you do your work?4. The tasks you do or how you organise them?5. The supplier(s) to use?6. NONE OF THE ABOVE

Respondents in target group C that answers (MJI_MAINCLIENT=1 or MJI_MIFOCIENT=1,2 or MJI_JOB_DO=1-3) and (MJI_INTERM_DO=1-5) are defined as

- *Dependent contractors* (2nd track).

The remaining respondents in group C are defined as:

Aggregated ICSE-18 category:

- *Independent workers without employees*

Detailed ICSE-18 category:

- *Own-account workers in household market enterprises without employees*