

Appendix B. International Classification by Status in Employment (ICSE-1993)

The United National Statistical Commission approved in 1958 the following classification:¹

- (a) *Employer*: a person who operates his or her own economic enterprise, or engages independently in a profession or trade, and hires one or more employees. Some countries may wish to distinguish among employers according to the number of persons they employ.
- (b) *Own-account worker*: a person who operates his or her own economic enterprise, or engages independently in a profession or trade, and hires no employees.
- (c) *Employee*: a person who works for a public or private employer and receives remuneration in wages, salary, commission, tips, piece-rates or pay in kind.
- (d) *Unpaid family worker*: usually a person who works without pay in an economic enterprise operated by a related person living in the same household. Where it is customary for young persons, in particular, to work without pay in an economic enterprise operated by a related person who does not live in the same household, the requirement of "living in the same household" may be eliminated. If there are a significant number of unpaid family workers in enterprises of which the operators are members of a producers' cooperative who are classified in category (e), these unpaid family workers should be classified in a separate subgroup.
- (e) *Member of producers' cooperative*: a person who is an active member of a producers' cooperative, regardless of the industry in which it is established. Where this group is not numerically important, it may be excluded from the classification, and members of producers' cooperatives should be classified under other headings, as appropriate.
- (f) *Persons not classifiable by status*: experienced workers whose status is unknown or inadequately described and unemployed persons not previously employed (i.e. new entrants). A separate group for new entrants may be included if information for this group is not already available elsewhere.

The 15th International Conference of Labour Statisticians adopted, in January 1993, a resolution concerning the ICSE which states [extract].²

II. THE ICSE-93 GROUPS ³

4. The ICSE-93 consists of the following groups, which are defined in section III:

1. employees; among whom countries may need and be able to distinguish "employees with stable contracts" (including "regular employees");
2. employers;
3. own-account workers;
4. members of producers' cooperatives;
5. contributing family workers;
6. workers not classifiable by status.

¹ United Nations Statistical Office: *Supplementary principles and recommendations for population and housing censuses*. Statistical Papers; doc. ST/ESA/STAT/SER/M/67/Add.1 (New York, United Nations, 1990).

² ILO: *15th International Conference of Labour Statisticians, Report of the Conference*. CLS/15/1D.6 (Rev. 1) (Geneva, International Labour Office, 1993).

³ For linguistic convenience the group titles and definitions have been formulated in a way which corresponds to the situation where each person holds only one job during the reference period.

III. GROUP DEFINITIONS

5. The groups in the ICSE-93 are defined with reference to the distinction between "paid employment" jobs on the one side and self-employment jobs on the other. Groups are defined with reference to one or more aspects of the economic risk and/or the type of authority which the explicit or implicit employment contract gives the incumbents or to which it subjects them.

6. *Paid employment jobs* are those jobs where the incumbents hold explicit (written or oral) or implicit employment contracts which give them a basic remuneration which is not directly dependent upon the revenue of the unit for which they work (this unit can be a corporation, a non-profit institution, a government unit or a household). Some or all of the tools, capital equipment, information systems and/or premises used by the incumbents may be owned by others, and the incumbents may work under direct supervision of, or according to strict guidelines set by, the owner(s) or persons in the owners' employment. (Persons in "paid employment jobs" are typically remunerated by wages and salaries, but may be paid by commission from sales, by piece-rates, bonuses or in-kind payments such as food, housing or training.)

7. *Self-employment jobs* are those jobs where the remuneration is directly dependent upon the profits (or the potential for profits) derived from the goods and services produced (where own consumption is considered to be part of profits). The incumbents make the operational decisions affecting the enterprise, or delegate such decisions while retaining responsibility for the welfare of the enterprise. (In this context "enterprise" includes one-person operations.)

8. *Employees* are all those workers who hold the type of job defined as "paid employment jobs" (cf. paragraph 6). *Employees with stable contracts* are those "employees" who have had, and continue to have, an explicit (written or oral) or implicit contract of employment, or a succession of such contracts, with the same employer on a continuous basis. "On a continuous basis" implies a period of employment which is longer than a specified minimum determined according to national circumstances. (If interruptions are allowed in this minimum period, their maximum duration should also be determined according to national circumstances.) *Regular employees* are those "employees with stable contracts" for whom the employing organization is responsible for payment of relevant taxes and social security contributions and/or where the contractual relationship is subject to national labour legislation.

9. *Employers* are those workers who, working on their own account or with one or a few partners, hold the type of job defined as a "self-employment job" (cf. paragraph 7), and, in this capacity, on a continuous basis (including the reference period) have engaged one or more persons to work for them in their business as "employee(s)" (cf. paragraph 8). The meaning of "engage on a continuous basis" is to be determined by national circumstances, in a way which is consistent with the definition of "employees with stable contracts" (cf. paragraph 8). (The partners may or may not be members of the same family or household.)

10. *Own-account workers* are those workers who, working on their own account or with one or more partners, hold the type of job defined as “a self-employment job” (cf. paragraph 7), and have not engaged on a continuous basis any “employees” (cf. paragraph 8) to work for them during the reference period. It should be noted that during the reference period the members of this group may have engaged “employees”, provided that this is on a non-continuous basis. (The partners may or may not be members of the same family or household.)

11. *Members of producers' cooperatives* are workers who hold a “self-employment” job (cf. paragraph 7) in a cooperative producing goods and services, in which each member takes part on an equal footing with other members in determining the organization of production, sales and/or other work of the establishment, the investments and the distribution of the proceeds of the establishment amongst their members. (It should be noted that “employees” (cf. paragraph 8) of producers' cooperatives are not to be classified to this group.)

12. *Contributing family workers* are those workers who hold a “self-employment” job (cf. paragraph 7) in a market-oriented establishment operated by a related person living in the same household, who cannot be regarded as a partner, because their degree of commitment to the operation of the establishment, in terms of working time or other factors to be determined by national circumstances, is not at a level comparable to that of the head of the establishment. (Where it is customary for young persons, in particular, to work without pay in an economic enterprise operated by a related person who does not live in the same household, the requirement of “living in the same household” may be eliminated.)

13. *Workers not classifiable by status* include those for whom insufficient relevant information is available, and/or who cannot be included in any of the preceding categories.

IV. STATISTICAL TREATMENT OF PARTICULAR GROUPS

14. This section outlines a possible statistical treatment of particular groups of workers. Some of the groups represent subcategories or disaggregations 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:

- (a) *Owner-managers of incorporated enterprises* are workers who hold a job in an incorporated enterprise, in which they: (a) alone, or together with other members of their families or one or a few partners, hold controlling ownership of the enterprise; and (b) have the authority to act on its behalf as regards contracts with other organizations and the hiring and dismissal of persons “in paid employment” with the same organization, subject only to national legislation regulating such matters and the rules established by the elected or appointed board of the organization. Different users of labour market, economic and social statistics may have different views on whether these workers are best classified as in “paid employment” (cf. paragraph 6) or as in “self-employment” (cf. paragraph 7), because these workers receive part of their remuneration in a way similar to persons in paid employment while their authority in and responsibility for the enterprise corresponds more to persons in “self-employment”, and in particular to “employers”. (Note, for example, that to classify them as “employees” will be consistent with their classification in the “System of National Accounts”, while they may be best classified as “employers” or “own-account workers” for labour market analysis.) Countries should, therefore, according to the needs of users of their statistics and their data collection possibilities, endeavour to identify this group separately. This will also facilitate international comparisons.