



Paid employment vs vulnerable employment

A brief study of employment patterns by status in employment¹

The status in employment indicator refers to a set of specific characteristics of an employed person's job, namely the type of contract under which he or she is employed, the type of economic risk he or she faces in this job (including the attachment between the person and the job), and the type of authority that he or she has over the work establishment and other workers. Not surprisingly, status in employment is closely linked to the quality of employment, as it determines to a great extent the job holder's working conditions. Many aspects of the working life such as job security, basic remuneration, earnings security, working time, and whether the job is in the formal or informal sector are directly related to workers' status in employment.

Employees (that is, employed persons holding paid employment jobs) represent the category of status in employment usually associated with more job security and better working conditions in general, whereas own-account workers and contributing family workers constitute two status in employment categories regarded as vulnerable employment. Although this is true in general terms, it is important to keep in mind that some employees do lack basic elements of decent work (such as not being covered by social security and/or social dialogue) while some own-account workers and contributing family workers are not in a precarious or vulnerable situation. Thus, while the share of own-account workers and contributing family workers is a valuable and reasonable proxy to measure vulnerability, it is nevertheless an imperfect one.

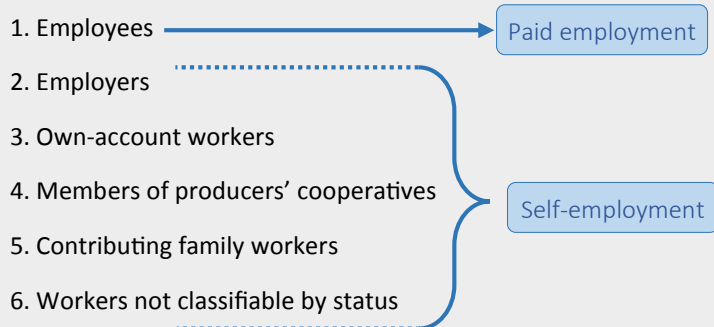
Given the strong relationship between the status in employment and the working and living conditions of the employed, data on the employment distribution by status in employment are highly relevant for labour market studies as they convey a great deal of information on the situation of workers. In order to have a fuller picture of labour market conditions, it is particularly useful to analyse data on the patterns and trends of the incidence of paid employment and that of vulnerable employment in the world.

What do the data show? Which categories of status in employment are growing the fastest? Is vulnerable employment decreasing? This brief seeks to answer these questions, by focusing first on the global and regional patterns of the employment distribution by status in employment and then casting light on the differences between male and female workers in this regard. Finally, the brief explores the latest trends of the status in employment categories.

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The 1993 International Classification of Status in Employment (ICSE-93) and its forthcoming revision

The International Classification of Status in Employment adopted by the 15th International Conference of Labour Statisticians in 1993 represents the standard at the international level for the categorization of employed persons by status in employment, based on specific characteristics of their jobs (or main jobs in the case of multiple job holders). It classifies jobs held by persons at a point in time with respect to the type of economic risk and the type of authority over establishments and other workers. The groups in the ICSE-93 are defined based on the distinction between “paid employment” jobs (where the incumbents’ remuneration does not depend on the revenue of the unit for which they work) and “self-employment” jobs (where the remuneration is directly dependent on the profits or potential profits derived from the goods or services produced). The ICSE-93 consists of the following groups: **1993 International Classification of Status in Employment (ICSE-93)²**



Developments in the labour market in the past few decades, and particularly changes in employment arrangements, the rise of non-standard forms of employment and the blurring boundary between paid employment and self-employment have rendered a revision and extension of the ICSE-93 necessary. The revision of the ICSE-93 will be discussed during the 20th International Classification of Labour Statisticians, which will take place in October 2018.³

Global and regional patterns of the employment distribution by status in employment

Paid employment jobs (those jobs held by employees), particularly continuous and full time paid employment jobs, are known as the standard form of employment, marked by a subordinate and direct relationship between the employer and the employee and the fact that the remuneration is independent from the revenue of the corresponding economic unit. Nevertheless, despite being widely recognized as the norm in terms of status in employment, the most recent ILO estimates show that little more than half of the employed population around the world hold paid employment jobs (54 per cent of the global employed population were employees in 2017). Employers (those self-employed persons who engage staff on a regular basis), represented 3 per cent of the global workforce in 2017, whereas own-account workers (self-employed persons without engaging employees) and contributing family workers (self-employed persons working in an establishment operated by a relative of the same household) accounted for 32 and 10 per cent of the global workforce, respectively (see figure in the following page).

However, these global figures mask great disparities in the employment distribution by status category across regions. In fact, in Europe and Central Asia, the Arab States and the Americas, paid employment jobs are indeed the norm, representing respectively 82, 78 and 73 per cent of each region’s total employment in 2017. Conversely, in Asia and the Pacific and Africa, the share of employees in employment is much lower, as self-employment is the predominant form of employment. This is all the

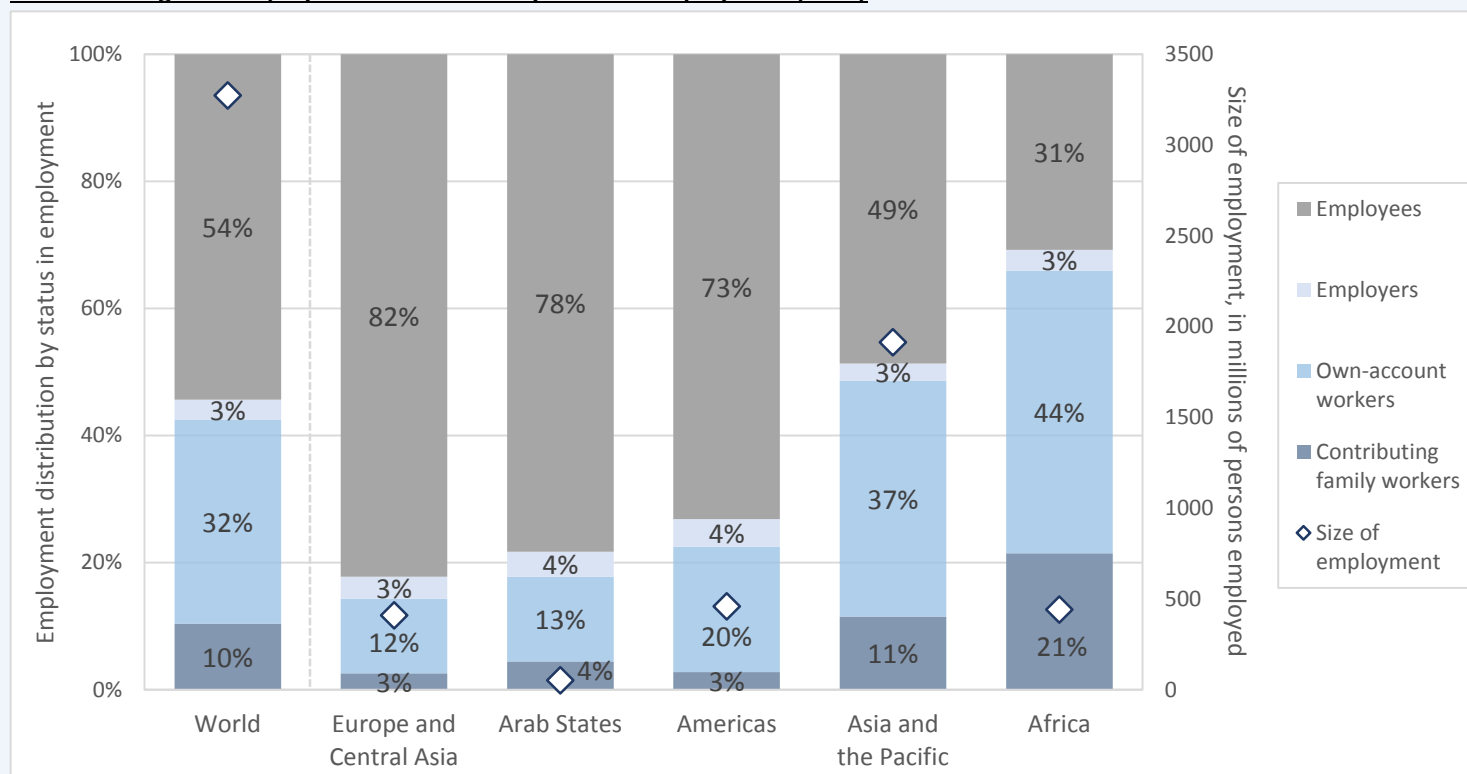
²For detailed definitions of each group refer to the *Resolution concerning the International Classification by Status in Employment (ICSE)*, adopted by the 15th International Conference of Labour Statisticians in 1993 (available at http://www.ilo.ch/global/statistics-and-databases/standards-and-guidelines/resolutions-adopted-by-international-conferences-of-labour-statisticians/WCMS_087562/lang--en/index.htm).

³For further information on the revision of the International Classification of Status in Employment (ICSE-93), refer to the presentation given on the topic during the 19th International Conference of Labour Statisticians in 2013 (http://www.ilo.ch/global/statistics-and-databases/meetings-and-events/international-conference-of-labour-statisticians/WCMS_222232/lang--en/index.htm) and the discussion paper *Issues to be addressed in the revision of the International Classification of Status in Employment (ICSE-93)* (<https://unstats.un.org/unsd/class/intercop/expertgroup/2015/AC289-Bk6.PDF>).

more striking for Africa, where own-account workers constitute the largest share of employment (44 per cent of employed persons in Africa were own-account workers in 2017) and employees represent less than a third of the African workforce. It is noteworthy that there is little variation across regions in the share of employers in total employment (see figure below).

The global workforce is unevenly distributed around the world in geographical terms: with over 58 per cent of global employment located in Asia and the Pacific in 2017, it is no surprise that the distribution of global employment by status in employment is similar to the distribution in Asia and the Pacific (see figure below).

Global and regional employment distribution by status in employment (2017)



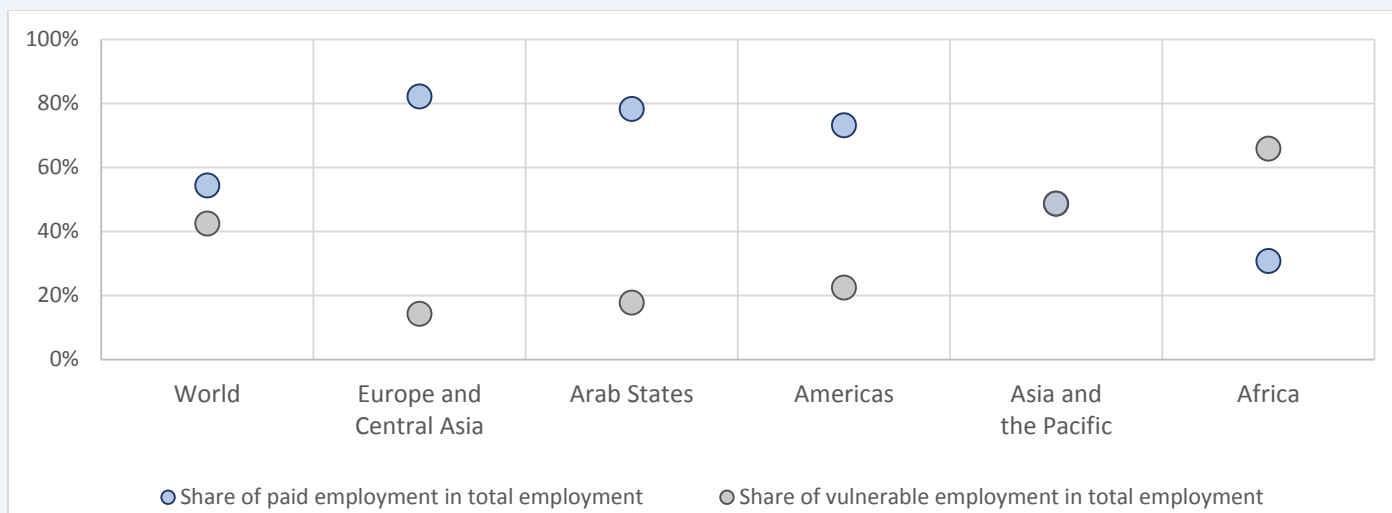
Note: The regions refer to the classification by region used for ILO modelled estimates, available in ILOSTAT. The categories of status in employment used refer to the groups of the ICSE-93, excluding groups 4. Members of producers' cooperatives and 6. Workers not classifiable by status, which are not taken into account by the ILO modelled estimates.

Source: ILOSTAT, ILO modelled estimates, November 2017.

Although all the categories of status in employment are of interest for labour market analysis, it is particularly relevant to refer to employees, on the one hand, and own-account workers and contributing family workers (which together make up the vulnerable employment), on the other. In fact, the share of paid employment in total employment provides some indication of the extent to which workers have sound jobs and are protected from economic risks. Likewise, persons in vulnerable employment (own-account workers and contributing family workers) are more prone to have informal work arrangements and less likely to have social security coverage and to benefit from social dialogue.

Once again, the global figure hides large regional disparities: while paid employment is by far the predominant type of job in Europe and Central Asia, the Arab States and the Americas, this is not true for Asia and the Pacific and Africa. In 2017, the share of paid employment was almost six times that of vulnerable employment in Europe and Central Asia. In the same year in the Arab States and the Americas, the proportion of paid employment in total employment was over three times the proportion of vulnerable employment. Conversely, in Asia and the Pacific, the paid employment and vulnerable employment shares were nearly equal in 2017 (both around 49 per cent) and in Africa, the share of vulnerable employment was more than twice the share of paid employment (see figure below).

Paid employment and vulnerable employment shares in the world and by region (2017)



Note: The regions refer to the classification by region used for ILO modelled estimates, available in ILOSTAT.

Source: ILOSTAT, ILO modelled estimates, November 2017.

Gender patterns of the employment distribution by status in employment

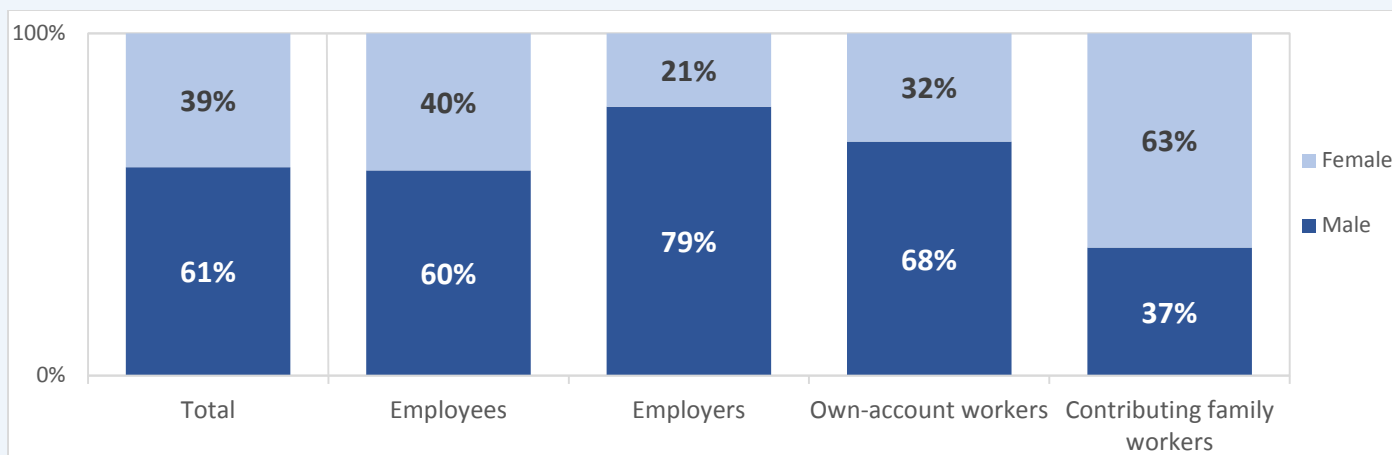
When doing any type of labour market analysis, it is always interesting to see if there are any underlying gender patterns. In particular, when it comes to the study of paid employment versus the various categories of self-employment, data disaggregated by sex allow us to identify the types of jobs where male or female workers are over- or under-represented.

In 2017, 61 per cent of the global workforce was male. The shares of male and female workers in global employment were very similar to their respective shares in paid employment and self-employment. This suggests that globally, a worker's gender does not have an impact on their being in paid employment or self-employment.

However, when looking more closely at the various categories comprising self-employment, the differences between men and women are far more substantial. Men are over-represented among employers and own-account workers around the world (in 2017, 79 per cent of the world's employers and 68 per cent of own-account workers were male), while women are over-represented among contributing family workers (in 2017, 63 per cent of the world's contributing family workers were female). Thus, men have a higher tendency to work on their own account or with one or a few partners, either engaging staff on a regular basis (employers) or not (own-account workers), whereas women are more likely to work in a business operated by someone else in their household (see figure in the next page).

It should be noted that the respondents' bias might have an effect here. Data on employment by status in employment come primarily from national labour force surveys and the resulting data quality is dependent upon the accuracy of respondents, their interpretation of the questions asked by the survey enumerator and their perception of their role in the family business, where applicable. It is possible that for two different workers having the same type of job, one person's response would result in classification as a contributing family worker while the other would be classified as an employer or an own-account worker.

Distribution of global employment in each status of employment category, by sex (2017)



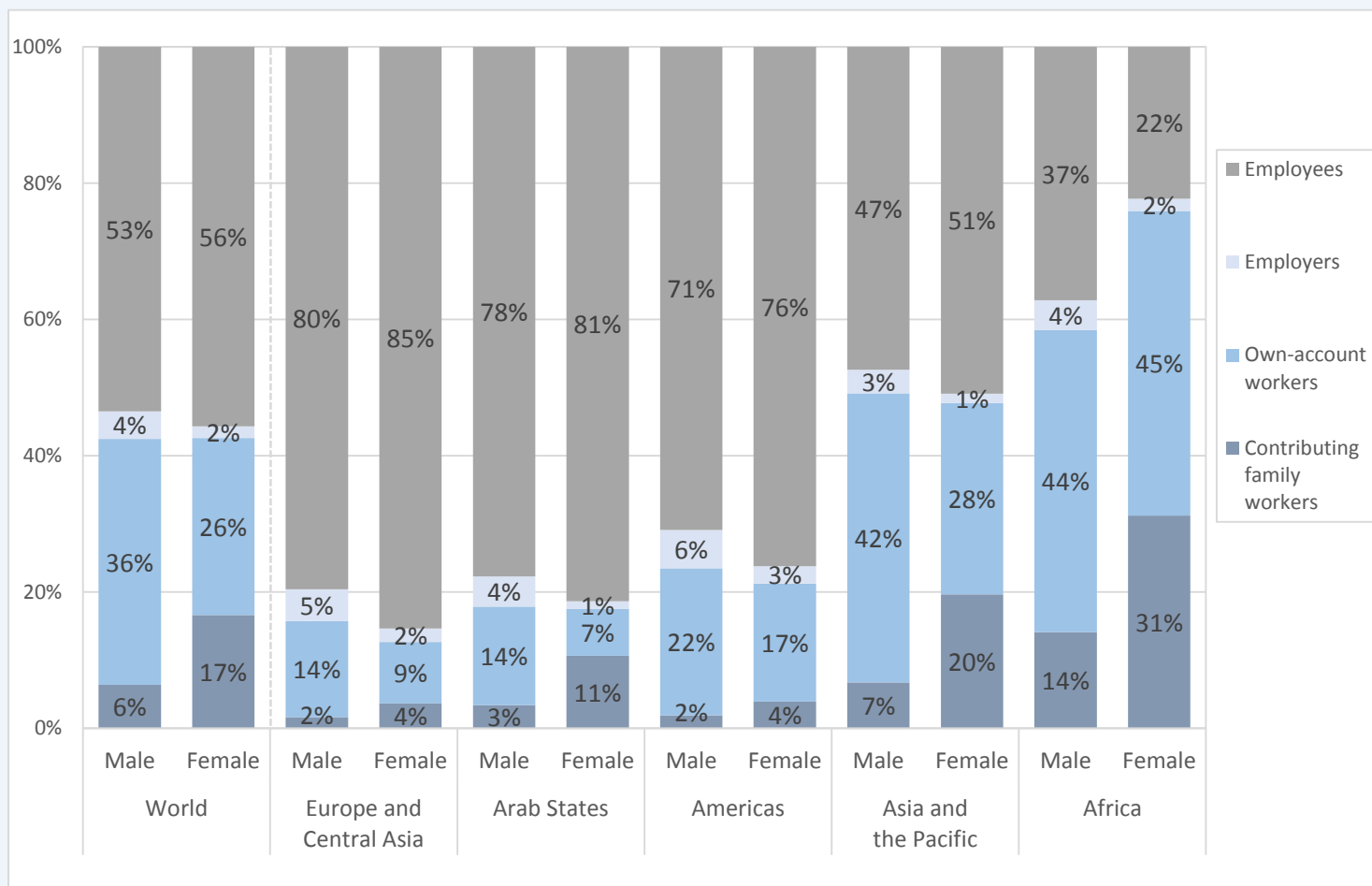
Note: The categories of status in employment used refer to the groups of the ICSE-93, excluding groups 4. Members of producers' cooperatives and 6. Workers not classifiable by status, which are not taken into account by the ILO modelled estimates.

Source: ILOSTAT, ILO modelled estimates, November 2017.

When it comes to the gender patterns in status in employment around the world, there are few differences across regions. In all regions, the share of employers among all female workers is lower than that among male workers, while the share of contributing family workers is higher in female employment than in male employment. In addition, the share of employees is larger and that of own-account workers is smaller for women than for men in all regions except for Africa (see figure in the next page).

Concerning the prevalence of vulnerable employment, gender does not seem to play a key role at the global level. In fact, in 2017, the global vulnerable employment rate was very similar for men and women (a little less than 43 per cent). This holds true for all regions except for Africa. Whereas in most regions vulnerable employment does not affect one gender more than the other (the female vulnerable employment rate being slightly lower than the male vulnerable employment rate in all regions excluding Africa in 2017), in Africa women appear to be considerably more exposed to vulnerable employment (their vulnerable employment rate was 17 percentage points higher than that of their male counterparts in 2017) (see figure in the next page).

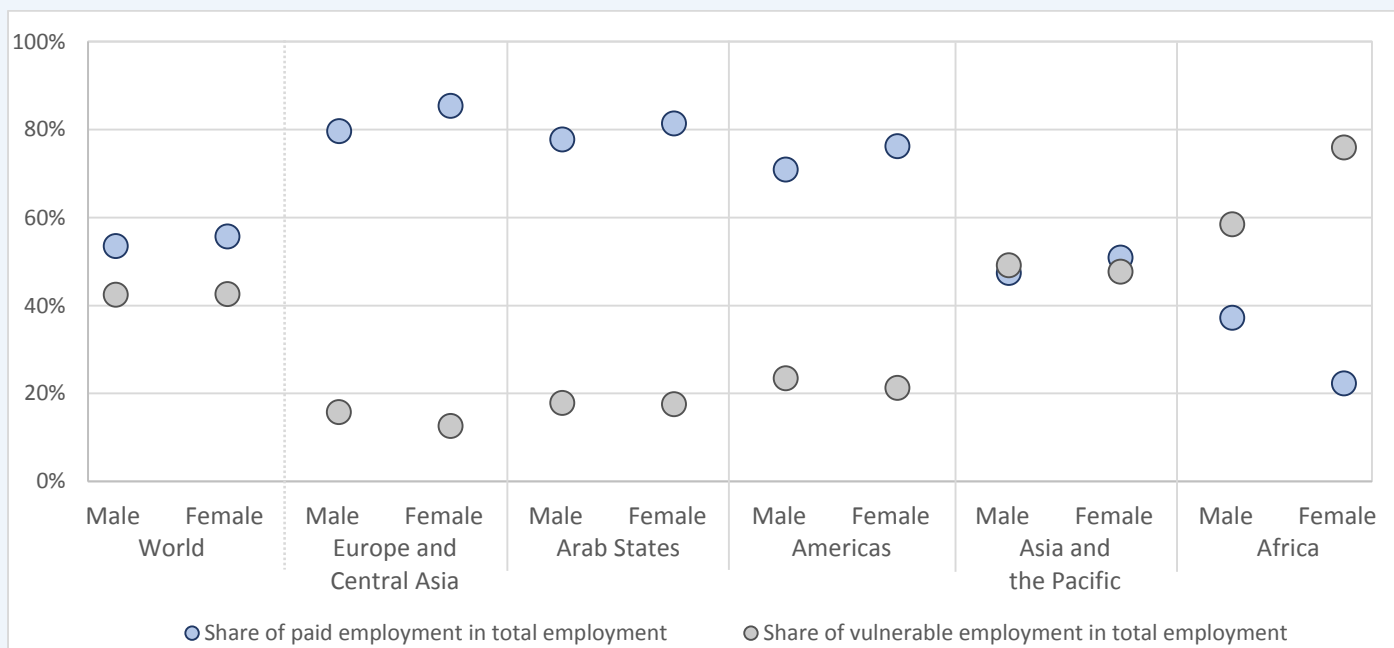
Global and regional employment distribution by sex and status in employment category (2017)



Note: The regions refer to the classification by region used for ILO modelled estimates, available in ILOSTAT. The categories of status in employment used refer to the groups of the ICSE-93, excluding groups 4. Members of producers' cooperatives and 6. Workers not classifiable by status, which are not taken into account by the ILO modelled estimates.

Source: ILOSTAT, ILO modelled estimates, November 2017.

Paid employment and vulnerable employment shares by sex in the world and by region (2017)



Note: The regions refer to the classification by region used for ILO modelled estimates, available in ILOSTAT.

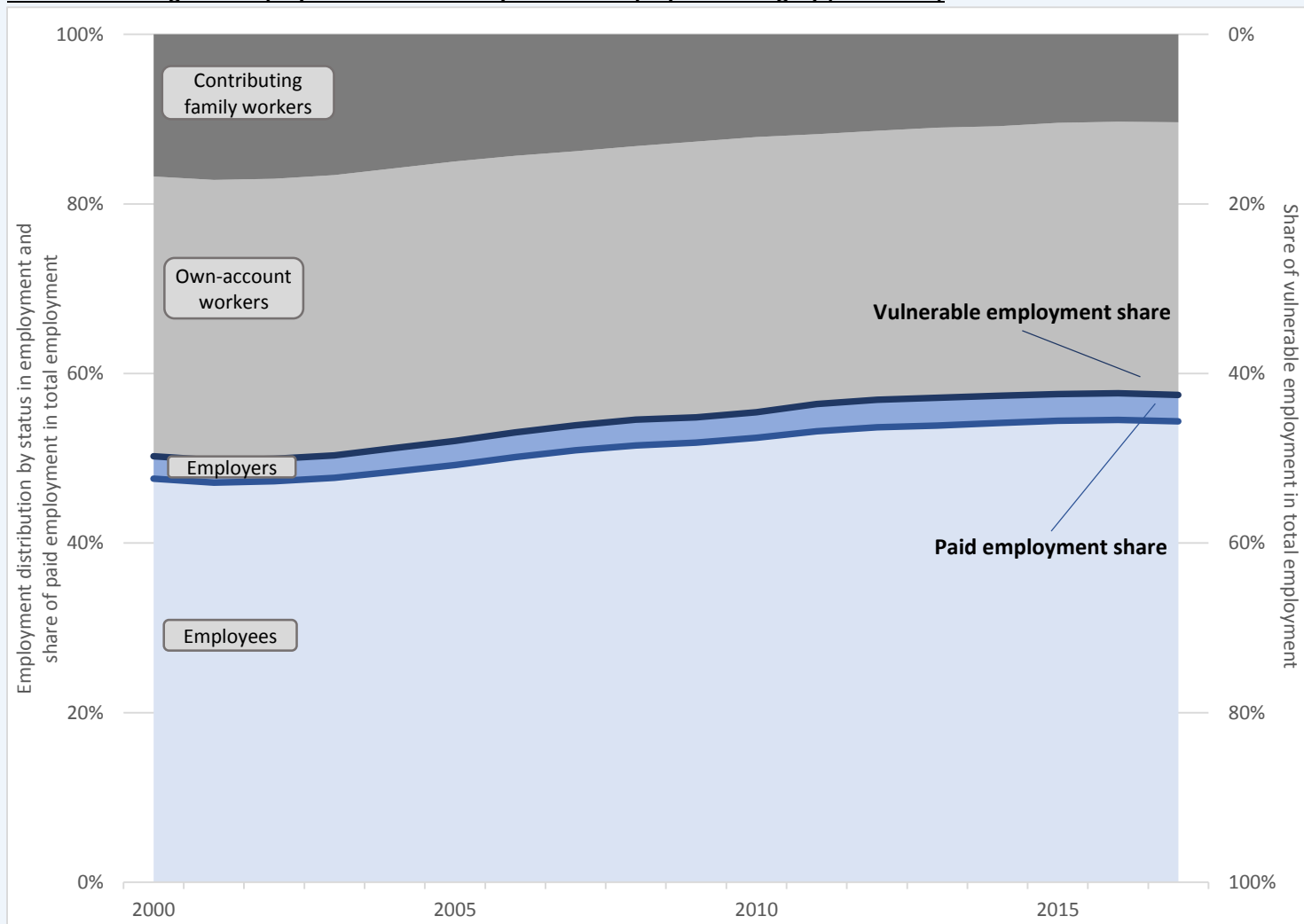
Source: ILOSTAT, ILO modelled estimates, November 2017.

Evolution of the global employment distribution by status in employment

Given the importance of a worker's status in employment on his or her situation in the labour market, studying the evolution of employment by status category is important, as this provides an indication of how working conditions and the quality of employment have changed over time.

It is encouraging to see that the share of paid employment in total global employment has been steadily increasing since 2001, albeit moderately, while the share of vulnerable employment in global employment has continuously decreased since then. The uninterrupted decline of the vulnerable employment rate is explained by the continued drop in the number of contributing family workers and their corresponding share in global employment. This is a positive development, as this category of workers is usually associated with informality and poor working conditions. Even though the number of own-account workers around the world has consistently risen since 2000, the evolution of their share in global employment has not been smooth: it trended downward from the early 2000s to 2015, and since then has been growing. The share of employers in global employment changed only very modestly during the period under review (see figure below).

Evolution of the global employment distribution by status in employment category (2000-2017)

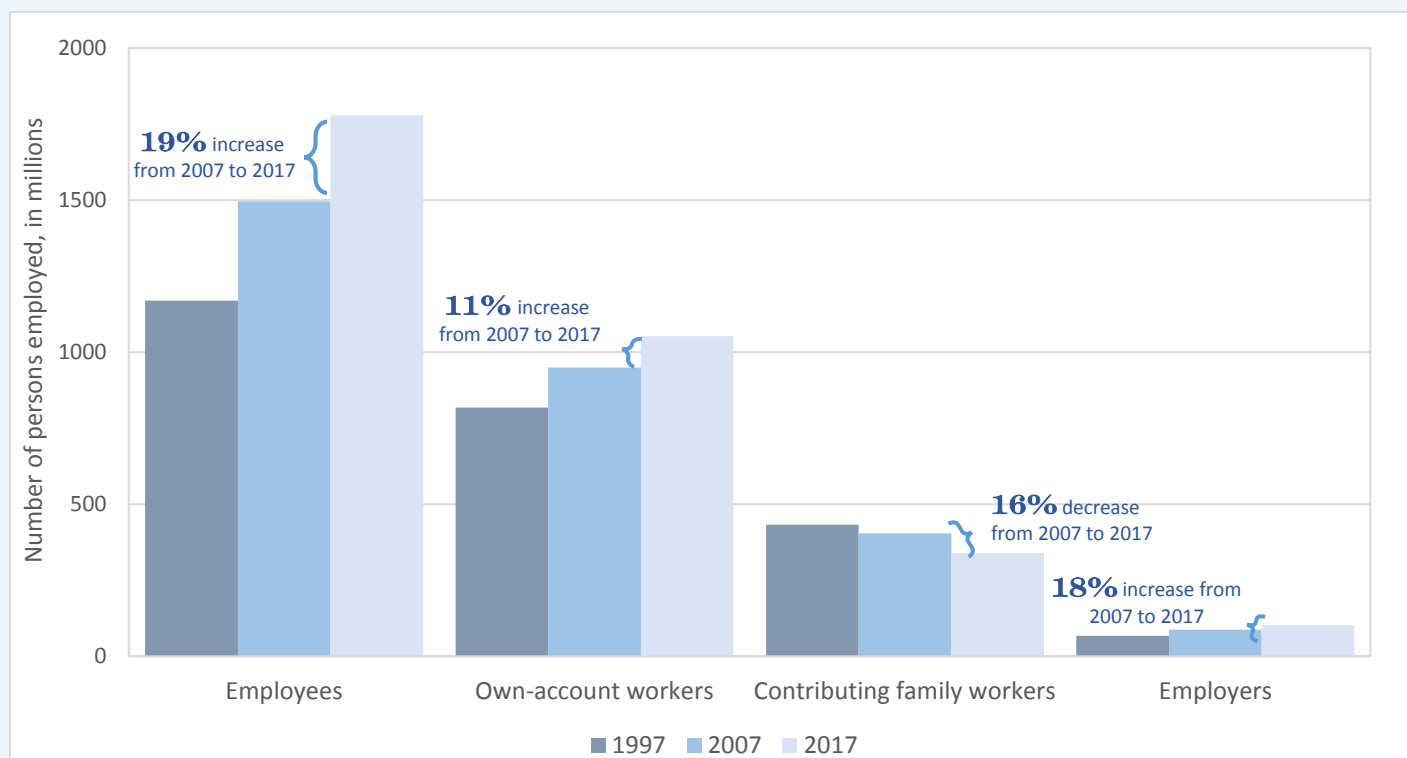


Note: The categories of status in employment used refer to the groups of the ICSE-93, excluding groups 4. Members of producers' cooperatives and 6. Workers not classifiable by status, which are not taken into account by the ILO modelled estimates.

Source: ILOSTAT, ILO modelled estimates, November 2017.

The trends in the number of persons around the world employed in each status in employment category reflect the abovementioned developments. In fact, in the last decade (from 2007 to 2017) the biggest growth was among workers in paid employment jobs (employees): their number increased by 19 per cent during this period, while the number of employers and own-account workers rose by 18 and 11 per cent, respectively. Conversely, the number of contributing family workers contracted by 16 per cent from 2007 to 2017 (see figure below).

Evolution of global employment by status in employment category (1997-2017)



Note: The categories of status in employment used refer to the groups of the ICSE-93, excluding groups 4. Members of producers' cooperatives and 6. Workers not classifiable by status, which are not taken into account by the ILO modelled estimates.
Source: ILOSTAT, ILO modelled estimates, November 2017.

Concluding remarks

Even though recent labour market developments are blurring the distinction between paid employment and self-employment, and the groups of workers identified in the 1993 International Classification of Status in Employment are perhaps no longer fully representative of the realities of the world of work, the analysis of patterns and trends of status in employment provides important insights into labour market trends and challenges. In fact, it provides some indication of working conditions and quality of employment around the world and an idea of how these have evolved in the recent past.

The variation across regions and the gender disparities in the employment distribution by status in employment category provides evidence of the different challenges faced by male and female workers around the world. Indeed, in Africa and Asia and the Pacific, workers are much more likely to find themselves in vulnerable employment, and paid employment jobs are not the norm. Also, while men and women have a similar likelihood of being in paid employment or self-employment, women in self-employment have a higher tendency to work as contributing family workers, whereas men in self-employment are more prone to be own-account workers or employers.