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Classification of owner-operators of corporations by status in employment

* This room document has not been formally edited

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Table of Contents

Abbreviations and acronyms.....	iii
1. Introduction and Background.....	1
2. Concepts, issues and policy relevance.....	2
Who are the owner-managers of corporations?	2
Examples.....	2
Concepts and boundary issues.....	3
Institutional sector and the informal sector.....	3
Managerial occupation.....	5
Borderline cases and ownership.....	5
Policy relevance and uses of statistics on OMIEs.....	6
Employment by institutional sector, and in the informal sector	6
Wages, household income statistics and Income in the National Accounts.....	7
Labour market characteristics and workplace relations.....	8
Summary	9
3. Country practice.....	10
Countries that publish statistics for OMIEs	10
Canada.....	11
Australia	11
United States.....	12
Main status in employment question contains sufficient detail to identify OMIEs.....	12
Hungary	12
Serbia.....	13
Switzerland.....	13
Bolivia.....	14
Additional question to determine nature of business.....	14
Argentina	14
Belgium.....	15
Ireland.....	15
Mexico	15
Sweden.....	16
Questions about institutional sector and those used to identify informal employment.....	16
Gambia, Uganda, Malawi.....	17
India	18

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Pakistan	19
Moldova	19
Bahamas	19
Mongolia.....	20
Mauritius.....	20
St Lucia.....	20
Mode of payment for self-employed.....	21
Peru	21
Additional questions to check and confirm the nature of the employment relationship	22
United Kingdom	22
4 Proposed definition and data collection approaches	23
Definition of Owner-operators of corporations.....	23
Suggested data collection approaches.....	24
References.....	27
Appendix – Relevant question wording in original languages	30
Argentina	30
Belgium.....	30
Bolivia.....	30
Hungary	30
Mexico	31
Moldova	32
Peru	32
Serbia.....	32
Sweden.....	33
Switzerland.....	33

Abbreviations and acronyms

CoE	Compensation of Employees
ICLS	International Conference of Labour Statisticians
ICSE-93	International Classification of Status in Employment, 1993
ILO	International Labour Organisation
LFS	Labour Force Survey
OMIEs	Owner Managers of Incorporated Enterprises
SNA	System of National Account

1. Introduction and Background

1. This paper provides background information on the proposal to include categories for Owner-operators of corporations in the revised International Classification of Status in Employment (ICSE) to be considered for adoption at the 20th International Conference of Labour Statisticians (ICLS), as part of a resolution concerning statistics on work relationships.
2. It is intended that this revised classification (ICSE-18), will replace the current international standard for statistics on work relationships (ICSE-93), which was adopted through a resolution of the 15th ICLS in January 1993. The five substantive categories specified in ICSE-93, namely: Employees, Employers, Own-account workers, Members of producers' cooperatives, and Contributing family workers, no longer provide sufficient information to adequately reflect the range of employment arrangements that are present in many countries, and are not sufficiently detailed to provide information about various forms of non-standard employment.
3. In particular, there are boundary issues between paid-employment and self-employment as defined in ICSE-93. Owner-managers of incorporated enterprises (OMIEs) are described within ICSE-93 as a 'particular group' of workers with 'possible statistical' treatment outlined within the resolution. This group displays some characteristics of self-employment and some characteristics of paid-employment, in respect of economic risk/remuneration (more similar to paid employment) and autonomy/dependence/control criteria (similar to self-employment). The ICSE-93 notes that different users of labour market, social and economic statistics may have different views on whether these workers are best classified as in paid employment or as in self-employment.
4. The proposed ICSE-18 comprises ten categories which may be aggregated according to two alternative classification structures. The first structure, based on the type of authority that the worker exercises over the economic unit for which he or she works, provides categories at its top level for "dependent" and "independent workers". The second structure, based on the type of economic risk to which the worker is exposed, creates a dichotomy between "workers in employment for pay" and "workers in employment for profit". This is similar to the traditional distinction between paid employment and self-employment.
5. The ICSE-93 categories of employers, own-account workers, contributing family workers and employees have been retained in the proposed ICSE-18. In addition, the revised ICSE includes four subcategories of employees, separate categories for owner-operators of corporations and a separate category for dependent contractors.
6. The ICSE-18 group "owner-operators of corporations" is equivalent to the group "owner-managers of incorporated enterprises" defined in ICSE-93 as a "particular group". The ICSE-18 classifies them as independent workers in the classification by type of authority and as workers in employment for pay in the classification according to type of economic risk. The ICSE-18 also provides further disaggregation of owner-operators of corporations through separate detailed groups for those with employees and those without employees.
7. The remainder of this paper firstly provides a general discussion of concepts, issues and policy relevance of statistics on owner-operators of corporations, including a discussion about particular boundary areas. This is followed by a review of country practices on statistical collection and output related to IMIEs as defined in in ICSE-93. The paper concludes by presenting the definition of owner-operators of corporations proposed for ICSE-18, and by suggesting approaches to the collection of data on this group.

2. Concepts, issues and policy relevance

Who are the owner-managers of corporations?

8. Owner-manager of incorporated enterprises represent a group at the boundary between paid-employment and self-employment as defined in ICSE-93. They are identified as a ‘particular group’ of interest with guidance provided on their statistical measurement and treatment. These workers:
 - have reduced their economic risk through incorporating their enterprise as a separate legal entity from themselves;
 - have authority and control over the entity which is similar to self-employed persons;
 - receive part or most of their remuneration in a way similar to employees, in that they can be paid a wage or salary by the enterprise which they own.
9. This group is represented as a substantive category in the proposed ICSE-18 with the simplified name: Owner-operators of corporations.

Examples

10. It can sometimes be hard to understand what types of workers are classified as owner-operators of corporations. The examples below may help to understand the type of workers in this group, which will more commonly be present in small to medium sized enterprises than large corporations.

Ryan is the owner and the manager of RedCom Pty Ltd, a small to medium sized (approximately 20 employees) communications company, that was established by his father. After his father retired, control of business was passed to Ryan. Ryan has a say in all staffing decisions for the business, he also determines what clients the business engages, what suppliers to use, and what new technology should be adopted. He is paid a salary from his business, and this is not influenced by the amount of profit (or loss) the business makes in a financial year, and the salary continues to be paid even when he is on annual leave from the business.

Darren and Alice jointly own and are directors of GripLand Consulting Pty Ltd. Darren is a project manager (having performed a similar role for another business before establishing his own) and Alice is a research specialist (previously working in the University sector). GripLand undertakes a range of project management and research consultancy projects. The majority of the work to progress these projects is done by Darren and Alice individually, although they do at times sub-contract some aspects of the work or hire research assistants on a casual basis to assist. The firm also employs a part-time accountant, and from time to time the business also engages other associates to contribute to projects. Jointly, Darren and Alice make decisions about what projects to tender for, and negotiate contracts for projects. They are responsible for the operations of the business; however they would consider their main tasks and duties to be project manager and researcher (respectively) rather than business manager.

Toni is the principal psychologist and owner of Optimal Time Pty Ltd, a small practice of professional psychologists. She is responsible for decisions about the business, including hiring of administrative staff, however the majority of her time is spent as a practicing psychologist and doing case work for the local courts.

Joe is a builder and owns and runs Prag Quality Homes Pty Ltd. He project manages residential construction jobs (new builds and renovations). He tenders for work and engages clients, draws up contracts, invoices, and completely oversees each project. He also personally completes some of the construction (and demolition work) on his active projects. He sub-contracts some of the trades work to be completed, although some (carpentry and earth works) are performed by his sons, who are both employees of the business. He would describe himself as a builder in his own business, rather than as a business manager.

Concepts and boundary issues

11. As with other groups in determining status in employment, it is important for the identification of owner-operators of corporations to determine the nature of the relationship between the person and the business entity. For owner-operators of corporations, this includes whether the person is an 'owner' and operator of the business, with the associated responsibilities and authority of being an owner. This is in line with the common perception of 'self-employed' people working for themselves or working in their own business. The other key consideration is the legal status of the business.

Institutional sector and the informal sector

12. A key factor in defining the concept of owner-operators of corporations is the need to consider the legal status of the business in which the person is working. This is best described through examining definitions of units by institutional sector as described in the System of National Accounts (SNA), including corporations, quasi-corporations and unincorporated enterprises in the household sector.
13. Legally constituted corporations may be described by different names: corporations, incorporated enterprises, public limited companies, public corporations, private companies, joint-stock companies, limited liability companies, limited liability partnerships, and so on. They are defined as "... a legal entity, created for the purpose of producing goods or services for the market, that may be a source of profit or other financial gain to its owner(s); it is collectively owned by shareholders who have the authority to appoint directors responsible for its general management."² Further, the SNA notes in respect of ownership and decision making, "In practice, however, some shareholders may exert much more influence or control over the policies and operations of a corporation than others."³ These shareholders where they also work in the corporation would be considered as owner-operators.
14. The SNA also describes partnerships and in what cases they are similar to corporations, "... partnerships whose members enjoy limited liability are separate legal entities that behave like corporations. In effect, the partners are at the same time both shareholders and managers."⁴ Members of such partnerships would also be considered as owner-operators of corporations.
15. There are also entities that are not corporations (as defined above), in that they are not separate legal entities from their owners, however their purpose and the way that they operate in the market is essentially the same as corporation. The SNA states, "Some unincorporated enterprises function in all (or almost all) respects as if they were incorporated. These are termed quasi-corporations in the SNA and are included with corporations in the non-financial and financial corporations sectors. A quasi-corporation is either:

² United Nations, SNA 2008, paragraph 4.39.

³ United Nations, SNA 2008, paragraph 4.40g.

⁴ United Nations, SNA 2008, paragraph 4.41

- (a) an unincorporated enterprise owned by a resident institutional unit that has sufficient information to compile a complete set of accounts and is operated as if it were a separate corporation and whose de facto relationship to its owner is that of a corporation to its shareholders, or
- (b) an unincorporated enterprise owned by a non- resident institutional unit that is deemed to be a resident institutional unit because it engages in a significant amount of production in the economic territory over a long or indefinite period of time.”⁵

2. Three main kinds of quasi-corporation are recognized in the 2008 SNA:

- (a) unincorporated enterprises owned by government units that are engaged in market production and that are operated in a similar way to publicly owned corporations;
- (b) unincorporated enterprises, including unincorporated partnerships or trusts, owned by households that are operated as if they were privately owned corporations;
- (c) unincorporated enterprises that belong to institutional units resident abroad, referred to as “branches”.

16. While corporations and quasi-corporations are similar in terms of their economic behaviour, and therefore are treated the same in the SNA, there are differences when considering the amount of risk to which the owners of such enterprises are exposed. A corporation (incorporated enterprise or entity) is established as a separate legal entity and is therefore recognised independently of the owners. Should the corporation be declared bankrupt, the owners are not liable to pay the excess liabilities of the corporation. While owners of corporations may have reduced their economic risk, they may still carry some degree of economic risk particularly if they have invested considerable personal capital into the entity. For quasi-corporations, the owners do not have the same legal separation, and therefore they would be liable to pay the excess liabilities in the event of bankruptcy. Owner-operators of corporations are therefore exposed to less economic and legal risk than owner managers of unincorporated enterprises, even if they are quasi-corporations, however they are exposed to more economic risk than employees who work for someone else.

17. The other institutional sector relevant is the household sector. Where a person operates an unincorporated entity that does not meet the criteria for a quasi-corporation, the economic activity of that entity is within the household sector of the SNA. However, the economic and legal risks that the owners of such unincorporated enterprises face are similar to owners of quasi-corporations. The following table illustrates these distinctions.

⁵ United Nations, SNA 2008, paragraph 4.42

Table 1: Incorporation of enterprises, legal status and institutional sector

	Legal status/ economic risk	Accounts	SNA institutional sector
Owner-operators of incorporated enterprises/corporations	Separate legal entity from owners	Complete separate accounts	Corporations
Owner-operators of unincorporated enterprises (quasi- corporations)	Not separate legal entity from owners	Separate accounts can be compiled	Corporations (quasi- corporations)
Owner-operators of unincorporated enterprises (other)	Not separate legal entity from owners	No separate accounts	Household

18. For the purposes of labour statistics and the classification of the status in employment of the person in a particular job, the availability of a complete set of accounts is not a key defining criterion. During discussions within the ILO Working Group for the Revision of ICSE-93 it was stressed that Owner-operators of household market enterprises should be treated consistently regardless of the availability of a complete set of accounts. They are not separate legal entities from the enterprises in which they work and are exposed to similar economic risks as those who operate enterprises without providing a complete set of accounts. Accordingly, quasi-corporations owned by households (type b above) are not considered as corporations in the standards for statistics on work relationships. In the proposed ICSE-18, therefore, owner-operators of all unincorporated enterprises, including quasi-corporations, are classified as “Independent workers in household market enterprises”.

Managerial occupation

19. Assigning status in employment considers the relationship between the person and the business (and the legal status of the business). Therefore, it is not necessary to establish whether an owner-operator of corporations has a managerial occupation (through the person considering their main tasks/duties to be of a managerial nature). For example many owner-operators of corporations in skilled trades or highly qualified professional occupations would identify their occupation as a trade or profession, even though they spend some of their time managing the business.

Borderline cases and ownership

20. There are a number of borderline cases related to owner-operators of corporations that need to be clarified. It is important to distinguish them from appointed senior management employees (including Chief Executive Officers) of large corporations (or government agencies) who may have considerable authority and control over the way the corporation or agency operates, however they would not necessarily ‘own’ the organisation (through holding a controlling share, even though they may hold some shares in the corporation). This situation also precludes other employee shareholders from being considered owner-operators, even though such employees work in the organisation and they have part ownership (through holding shares) they generally

would not be making the business decisions for the organisation, nor would they consider that they are working in their own business.

21. Directors of corporations who work in the corporation and make decisions on its behalf, when their shareholding is a significant proportion (or controlling share) of the capital in the corporation, should appropriately be classified as owner-operators of corporations. Operationally, however, it is likely that their classification will be based on the individual's perception of the corporation being a business which they own.

Policy relevance and uses of statistics on OMIEs

22. There are a range of uses of statistics on OMIEs and different areas of policy relevance.

Employment by institutional sector, and in the informal sector

23. People who work for themselves (not as an employee for another entity) can do so in a number of ways, with varying degrees of formality in how they work and operate. This can be thought of as a spectrum of formality from very informal own account production of goods for sale or barter, often with a component for own consumption, where the operations of the business cannot be distinguished from those of the household; through to the establishment of a business including business registration and compilation of separate accounts; through to operating an entirely separate legal entity through incorporating the business.
24. The range of business operation models also relates to the institutional sector to which they contribute within the System of National Accounts (SNA). As discussed earlier, those who operate an incorporated enterprise are operating corporations (either financial or non-financial). Those operating a business entity can be considered a quasi-corporation if a separate set of accounts can be compiled. From an economic activity perspective, quasi-corporations operate in the market in a similar manner to corporations. Those operating other unincorporated enterprises are considered within the household sector of the SNA (as the business activities are not able to be distinguished from the other activities of the household).
25. However, when considering the identification of informal sector employment there is a need, as noted above, to go beyond the SNA institutional sector, and identify from within unincorporated enterprises in the household sector formal establishments on the basis of whether or not the business is registered and also the size of the business.
26. The extent of employment across the different groups within this spectrum of formality will vary depending on the extent of development of particular countries. There is considerable policy interest in examining employment by institutional sector and also the distinction between the formal and informal sectors, in particular in promoting and supporting the transition from the informal to the formal economy.⁶ Countries with a large informal sector and informal employment will have relatively few people owning incorporated enterprises, however large increases in the number of owner-operators of corporations in a country over a period of time can provide an indicator of the extent of formalisation of rapidly industrialising countries, as the increase in incorporated enterprises can indicate more formality than just examining the changes between formal and informal sector employment.

⁶ ILO, 2015, *Recommendation 204, Recommendation concerning the transition from the informal to the formal economy* (Geneva).

27. Further, it is useful to be able to distinguish between employees working in different types of economic units from those who are working in these entities as owners, both employing others and without employees.
28. It is also important to recognise that the transition from work in the informal sector to the formal sector is not only about the economic environment but that there is also a social perspective in terms of the impacts on the individual's wellbeing. Therefore, it is important not only to measure the number of people working in different institutional sectors and the changes over time to determine the extent of economic transition from informal employment, but also to have a suitable classification that can be used to analyse other characteristics of the people experiencing different working arrangements, and how these change over time.
29. Understanding the degree of risk borne by individuals working in different situations is important. While from an economic activity perspective, quasi-corporations operate in the market in a similar manner to corporations, from an individual perspective the interaction with the labour market and the experiences of the individual can be somewhat different. Through incorporating a business entity, owner-operators of corporations are not only operating in the corporate sector and the formal sector (through a corporation) but are also minimising their personal exposure to legal and financial risk. Owners-operators of quasi-corporations, and other unincorporated enterprises in the household sector, do not have that legal security: the nature of the employment that they are undertaking therefore carries more risk, and their experiences in the labour market are likely to be different from owner-managers of corporations. For the purposes of labour market analysis, it is therefore necessary to distinguish between owner-operators of corporations and other business operators due to the underlying degree of risk to which the individual is exposed through working in their business. Similarly, working in one's own business, whether incorporated or not, inherently carries greater risk than working for someone else as an employee.

Wages, household income statistics and Income in the National Accounts

30. One of the most important reasons to identify owner operators of corporations separately from other employed people is to ensure that their employment related income is classified appropriately in both household income statistics and in national accounts statistics. The 16th and 17th ICLS resolutions concerning the measurement of employment-related income and household income and expenditure statistics respectively, both rely on ICSE-93 to define paid-employment and self-employment jobs, and therefore income related to paid-employment and self-employment. For example, the 17th ICLS resolution states that "Income from self-employment is income received by individuals, over a given reference period, as a result of their involvement in self-employment jobs as defined in the resolution concerning the International Classification of Status in Employment adopted by the Fifteenth International Conference of Labour Statisticians (1993)."⁷ As discussed earlier, ICSE-93 is not prescriptive as to whether or not owner-managers of incorporated enterprises are in paid employment or self-employment. The reality is that they may be classified in either of these groups depending on national circumstances.
31. The 17th ICLS resolution further states: "The basis for the measurement of income from self-employment is the concept of mixed income defined by the System of National Accounts (SNA)."⁸ However, the 16th ICLS resolution states, "For purposes of measurement of income related to self-employment, the self-employed are primarily the sole owners, or joint owners, of the unincorporated household enterprises in which they work, according to the definition

⁷ ILO, 2003, Resolution concerning household income and expenditure statistics, adopted by the 17th International Conference of Labour Statisticians (Geneva)

⁸ ILO, 2003, Resolution concerning household income and expenditure statistics, adopted by the 17th International Conference of Labour Statisticians (Geneva)

contained in the System of National Accounts. They may also include the owner-managers of corporations and quasi-corporations, according to the ICSE-93.”⁹ The latter part of this is inconsistent with the SNA 2008, which specifies that employees include “owners of corporations and quasi-corporations if they work in these enterprises.”¹⁰ However, the SNA is a little inconsistent in regard to owner-managers of incorporated enterprises and owners of quasi-corporations. In Chapter 7, the wording is less precise, in that they are to be ‘treated as employees’ in the SNA (and therefore their remuneration is compensation of employees)¹¹. This interpretation provides more flexibility and is more compatible with statistics on the employment arrangement, allowing these groups of employed to be treated the same as employees rather than defining the group ‘employees’ to include some people who are working in their own business.

32. Clearly, from the SNA perspective there is a need to be able to include owner-operators of corporations together with employees to form the group whose remuneration contributes to Compensation of Employees.
33. The issue of identification of owners of quasi-corporations to contribute to national accounts adds further complexities (see paragraphs 14 and 16 above) and raises the question as to the need for a separate category for owners of quasi-corporations, separate from both owner-operators of corporations and owners of other unincorporated enterprises, with the latter considered within the household sector in the SNA.
34. It may be possible to identify operators of quasi-corporations in countries that produce statistics on informal employment if sufficient detail is collected to separately identify owner-operators of corporations. Where owner-operators of quasi-corporations can be identified this will provide additional detail for use in the National Accounts. Where this is not the case, and only data owner-operators of corporations can be provided for use in the National Accounts, this limitation should be noted.

Labour market characteristics and workplace relations

35. It is interesting to be able to analyse the labour market and personal characteristics of owner-operators of corporations separately from the various groups of employees, owner-operators of household market enterprises and dependent contractors. As described earlier, their remuneration may be similar to that of employees (through receiving a salary), however they may also receive some employment related income in the form of dividends or other transfers of funds from their business. The characteristics of the work that they do – what industries and occupations they work in, their hours of work and patterns of work, are all of interest, and whether these are different from other groups of employed people. Similarly, it is important to understand the types of people who are working in different employment situations including as owner-operators of corporations – their age, sex, migration status, marital status, family characteristics, and so forth, and how these compare to other groups of employed people, and how these characteristics change over time.
36. Further, this group is important to consider separately from employees for work place relations statistics due to the nature of control they have of the entity and therefore how they experience work place relations. For example, the way in which their pay is set is different from employees (i.e. having an individual arrangement and not subject to collective bargaining). It may not be necessary to separate owner-operators of corporations from other independent workers in

⁹ ILO, 1998,

¹⁰ United Nations, SNA 2008, as defined in paragraph 19.21e.

¹¹ United Nations, SNA 2008, paragraph 7.30c.

workplace relations statistics, as both groups represent the ‘manager’ of the enterprise rather than a person who works for someone else.

37. In statistics on industrial disputes statistics, it would not make sense for those who own and operate their own business to be included among workers in dispute with their employer, as they are the employer. However, there may be circumstances where owner-operators of corporations and other self-employed people are directly involved in action due to labour disputes, and where this occurs they should be presented separately from employees involved in disputes¹². Therefore, owner-operators of corporations and other independent workers should be excluded from any employee counts (e.g. number of employees involved) in industrial disputes statistics. Again, it may not be necessary to identify them separately from other independent workers in industrial disputes statistics as their relationship is likely to be similar. However, the other reasons to identify owner-operators of corporations separate from other independent workers were discussed earlier.

Summary

38. As described above there are a number of clear reasons for owner-operators of corporations to be a separate group within a revised classification of status in employment. In terms of understanding employment in different institutional sectors they represent self-employment in the most formal situations, and therefore should be considered separately from other self-employed workers, both those in quasi-corporations and those in other unincorporated market enterprises in the household sector, as they have reduced their legal and financial risks through incorporating their enterprise. While quasi-corporations operate in similar ways to corporations in an economic sense, it is not appropriate to expand the definition of owner-operators of corporations to also include owners of quasi-corporations, as capturing the element of risk borne by the individual is an important distinction. In this regard owners of quasi-corporations are more like other owners of other unincorporated businesses.
39. Separate identification of owner-operators of quasi-corporations may be considered at the national level, due to the need for national accounts to treat owners of quasi-corporations in a similar way to owner-operators of corporation, but this would require information about the business can provide a complete set of accounts, which may or may not be available in sources of labour market statistics.
40. Owner-operators of corporations also need to be considered separately from other self-employed in earnings statistics, as they may be paid a wage or salary. As they may also receive business profit income (part of employment related income) they need to also be considered as a distinct group from employees (whose remuneration comprises wages and salaries). Further, the component of their remuneration in wages and salaries needs to be able to be treated in the same way as that of employees for national accounts purposes to contribute to the Compensation of Employees estimates (and included with employees for derived measures such as compensation per employee). The easiest way to facilitate these diverse needs is to represent them as a separate group in the classification of status in employment, which can be combined with other groups of workers as appropriate to meet the statistical need.
41. Owner-operators of corporations are of interest for labour market analysis as their characteristics and their working arrangements are different from both employees and other self-employed. They need to be treated separately from employees for work place relations and industrial disputes statistics, however in these areas it is not necessary to identify separately other independent workers.

¹² ILO, 1993, Resolution concerning statistics of strikes, lockouts and other action due to labour disputes, paragraph 8 (Geneva).

42. Therefore, there is a clear need for the revised Status in Employment classification to have a separate group for owner-operators of corporations and for guidelines to be provided on the collection of statistics on this group.

3. Country practice

43. According to ICSE-93, countries should endeavour to identify owner-managers of incorporated enterprises (OMIEs) separately, however very few publish statistics for this group. In order to provide the ILO Working Group for the Revision of ICSE-93 with information about current practices with respect the compilation of statistics on OMIES, and to assess the feasibility of collecting this information in labour force and other household surveys, the ILO conducted a review of national practices in 2015. The results were presented to the 2nd meeting of the working group in December 2015 and are presented below.
44. In addition to those countries that do publish statistics on OMIEs, it is possible to identify, based on examination of labour force questionnaires, other countries that may be able to produce statistics for OMIEs, although they are not identified as a separate category in main statistical outputs. The current approach for establishing status in employment is quite varied. Where possible, similar approaches by countries are grouped, and in some instances only one example provided. Additional information about the questions is included where provided by the relevant National Statistics Office, as with data indicating the overall prevalence of OMIEs as a proportion of all employed. While questions from an English version of the questionnaire (or an English translation) are included in the body of this paper, details of the questions in the original language are provided in the Appendix where possible.

Countries that publish statistics for OMIEs

45. The main countries that regularly publish statistics for OMIEs include Canada, Australia and the United States.
46. Canada includes OMIEs as a sub-category of the self-employed, and in general they comprised about 6.5% of total employment in 2014, or 43% of all self-employed workers.¹³ However, having them as a separate sub-category allows them to be combined with employees for labour income analyses.
47. Australia has only recently included OMIEs as a separate group in standard labour force outputs (from August 2015), but statistics on OMIEs have been available from a supplementary classification on employment type for many years. OMIEs comprised 6.8% of total employment in 2014-15 (financial year average), or 40% of all self-employed workers (OMIEs, Owner-managers of unincorporated enterprises (OMUEs) and contributing family workers).¹⁴
48. The United States publishes a category called 'self-employed incorporated' which is equivalent to OMIEs. This group comprised approximately 3.5% of total employment in October 2015¹⁵ (in original terms), or 35.8% of all self-employed workers. They are generally included in estimates of Wage and Salary Workers (as legally they are considered employees of their

¹³ Statistics Canada. 2015. Table 282-0012. Labour Force Survey Estimates (LFS), employment by class of worker, North American Industry Classification System (NAICS) and sex.

¹⁴ ABS, 2015, Labour Force Australia, Detailed, Electronic delivery – September 2015 (cat. no. 6291.0.55.001).

¹⁵ Bureau of Labour Statistics. US Department of Labour. 2015. News Release. No. USDL-15-1057 October 2015, Washington, DC.

business), however in one table within the monthly report they are listed as a sub-set of the self-employed.

49. For those countries above that produce statistics for OMIEs the relevant parts of the questionnaire are presented below.

Canada

LFI_Q110 Was he/she an employee or self-employed?

If self-employed

LFI_Q111 — Did he/she have an incorporated business?

LFI_Q112 — Did he/she have any employees?

LFI_Q113 — What was the name of his/her business?

Definition – In the Guide to the labour force survey, there is not a separate definition for OMIEs. However, it is obvious from the self-employment definition (below) that self-employment has incorporated businesses separate from unincorporated businesses.

Self-employment: Working owners of an incorporated business, farm or professional practice, or working owners of an unincorporated business, farm or professional practice. The latter group also includes self-employed workers who do not own a business (such as babysitters and newspaper carriers). Self-employed workers are further subdivided by those with or without paid help. Also included among the self-employed are unpaid family workers. They are persons who work without pay on a farm or in a business or professional practice owned and operated by another family member living in the same dwelling. They represented less than 1% of the self-employed in 2014.

Australia

Q30 Did you work for an employer or in your own business?

1. Employer → Q31

2. Own business → Q37

3. Other/uncertain → Q32

Q31 Are you paid a wage or salary or some other form of payment?

1. Wage or salary → Employee

5. Other/uncertain → Q32

Q32 What are your working/payment arrangements?

10. Unpaid voluntary work → Not employed

11. Unpaid trainee work → Not employed

12. Contractor/sub-contractor → Q37

13. Own business/partnership → Q37

14. Commission only → Employee

15. Commission with a retainer → Employee

16. Family business without pay → Contributing Family Worker

17. Payment in kind → Employee

18. Piece work → Employee

19. Wage or salary → Employee

20. Other → Employee

Q37 Do you have employees in that business?

Yes/No

Q38 Is that business incorporated?

1. Yes → Owner Manager of Incorporated Enterprise

5. No → Owner Manager of Unincorporated Enterprise

Definitions:

- owner manager of incorporated enterprise with employees - a person who operates his or her own incorporated enterprise, that is, a business entity which is registered as a separate legal entity to its members or owners (also know as limited liability company), and hires one or more employees in addition to themselves and/or other owners of that business;
- owner manager of incorporated enterprise without employees - a person who operates his or her own incorporated enterprise, that is, a business entity which is registered as a separate legal entity to its members or owners (also know as a limited liability company), and hires no employees apart from themselves or other owners of that business.

United States

IO1INT Were you employed by government, by a private company, a non-profit organization, or were you self-employed or working in the family business?

- 1 Government
- 2 Private-for-profit company
- 3 Non-profit organization including tax exempt and charitable organizations
- 4 Self-employed
- 5 Working in the family business

And then for those self-employed

IO1INC Is this business incorporated? Yes/No

50. The Bureau of Labour Statistics has published some analyses of different groups of self-employed workers (incorporated and unincorporated), and the analysis observes differences between these two groups. Further, one article explains the differences in taxation treatment between limited liability companies and corporations. While limited liability companies are legally separate from their owners, in that it provides the owner personal limited liability, they are not considered separately from owners for taxation purposes.¹⁶

Main status in employment question contains sufficient detail to identify OMIEs

51. Many countries have a single question on status in employment, with response categories aligning with those in ICSE-93. Quite a number of countries include further breakdowns of some of the categories to provide detail required for national purposes. A few have the detail necessary to determine OMIEs within this question.

Hungary

52. Hungary have quite a detailed status in employment question, namely:

29h What is your status in employment?

employee:

of an enterprise (company, LTD, but co-op excluded) or an institution (public, or non profit) (01)

of a co-operative or other partnership (02)

of a self-employed (03)

as casual worker, day-labourer (04)

¹⁶ Bureau of Labor Statistics, *Self-employment in the United States*, published in Monthly Labor Review, September 2010.

- member of a co-operative (05)
- member of a LTD
 - without employees (06)
 - with employees (07)
- member of other collective enterprise
 - without employees (08)
 - with employees (09)
- self-employed
 - without employees (10)
 - with employees (11)
- unpaid family worker (12)

53. The inclusion of the categories other than employees (member of a LTD (incorporated business), member of other collective enterprise, self-employed) has allowed Hungary to produce statistics that differentiate between entrepreneurs (self-employed) and those in partnerships, either incorporated (e.g. LTD or share company) or unincorporated (e.g. deposit company). Those in an incorporated partnership would be equivalent to OMIEs. Data provided by Hungary indicate that employed people in incorporated partnerships represented 2.3% of total employment in 2014. They also advised that there may be some misinterpretation by respondents to correctly assign themselves to these three broad groups (LTD, other collective enterprise and self-employed) as the distinction is not clearly explained.

Serbia

54. The question in the Serbian labour force questionnaire to establish status in employment is reasonably detailed. The question is:

Your professional status at work?

- 1 - Owner/co-owner of an enterprise (institution)
- 2 - Sole-proprietor or partner in an unincorporated business (owners of unincorporated enterprises with or without paid employees)
- Doing freelance, work by contract, for its own account and so on:
 - 3 - Outworkers (homeworkers and similar employed persons with contract-work as sole source of the income)
 - 4 - Authors, professional sportsmen, performing artists, ministers of religion and other self-employed persons without paid employees and registered business which work under license or approval by special authority or regulatory institution
- 5 - Other self-employed persons
- 6 - Individual farmer
- 7 - Employee
- 8 - Unpaid family worker in a family business

55. The first response category refers to owners of incorporated enterprises. From data provided by the Statistical Office of the Republic of Serbia, they represented 3.3% of total employment in 2014 (79,800).

Switzerland

56. Switzerland identifies OMIEs as a separate category in the status in employment question. However, they are not presented as a separate category within Status in Employment, but are generally included with the self-employed. There is one standard table relating to weeks of vacations where the data for this group are presented as a separate group. Data provided by the

Swiss member of the ILO Working Group for the Revision of ICSE-93 indicates that they comprise approximately 4.7% of total employment.¹⁷ The question used is:

“In your present job are you...

Employed in a private household (e.g. for cleaning, baby-sitting)

A salaried employee of a private limited company or corporation which you own

Self-employed (e.g. farmer, shopkeeper)

Employed in your family business

A salaried employee in another private company or public company”

57. Additionally, the data are linked to the Swiss Business and Enterprise Register to check the legal form of the enterprise. Self-employed are recoded as owner-managers of incorporated enterprises if the legal form is “Limited Company” or “Limited Liability Company”. Owner-managers of incorporated enterprises are recoded as self-employed if legal form is “Sole Proprietorship” (owner is liable) or “Limited Partnership” (partners are liable).
58. The definition of this group in Switzerland is based on the wording of the question, i.e. those salaried employees of a private limited company of corporation which they own.

Bolivia

59. The status in employment question in Bolivia is reasonably detailed (see below).

25. In this job, do you work as:

1. Labourer [*idea of blue collar worker*]
2. Employee
3. Own-account worker
4. Boss, Partner or Employer receiving a salary
5. Boss, Partner or Employer not receiving a salary
6. Member of a producers’ cooperative
7. Family worker or apprentice without remuneration
8. Domestic worker

60. From the response categories, category 4 (Boss, partner or Employer receiving a salary) would potentially provide a group conceptually similar to OMIEs on the assumption that receiving a salary while being an employer is due to the business or partnership being incorporated. However, category 4 alone would only capture part of all OMIEs, as it does not include own-account workers operating through an incorporated entity (receiving a salary).

Additional question to determine nature of business

61. Some countries include a follow-up question about the legal status of the business after the initial status in employment question. This question is asked of those who report they are self-employed or work in their own business.

Argentina

62. In Argentina, there is a question asked of those working in their own business, about whether the business is a legal corporation. The question (English translation) is:

6e. Is that business/company/activity...

1. ...a legally constituted corporation?

¹⁷ Vuille, Alain. 2015..

- 2. ...a partnership of other legal form?
 - 3. ...an orally agreed partnership?
63. They also include a question on whether the person receives an assigned salary (for those in a legal corporation).

6f. Do you have an assigned salary?

64. These questions in combination with the initial status in employment question can be used to identify OMIEs (those whose business is a legally constituted corporation and who receive an assigned salary), although it may be sufficient to just include those who are working in a legal corporation. Data provided indicate there were 48,300 OMIEs in Quarter 3 2014 (0.3% of total employment), defined as those in a legally constituted corporation and receiving an assigned salary.

Belgium

65. An additional question in Belgium asked of those who indicate they are self-employed which asks about whether this is “under their own name” or “as a director of a company”. The question is:

5a You are self-employed without employees

5b You are self-employed with employees

- under your own name?

- as a director of a company?”

66. Those who indicate that they are employed as a director of a company are conceptually similar to OMIEs as they are self-employed (working in their own business) and working as a director of that business which is a separate entity from themselves. Those self-employed as a director of a company represented 5.5% of total employment in 2014 (249,000 people).

Ireland

67. An additional question on the formal status of the business is asked of all those who identify themselves as self-employed in the initial status in employment question. The question is:

“You have indicated that you were self-employed, but I need to check the formal status of your business. Specifically, was it set up as an incorporated company from which a regular wage or salary was drawn by you as an employee?”

68. The purpose of this question is to identify persons who are technically employees but regard themselves as self-employed. This situation applies to many small businesses, such as family shops and some farms where the owner is technically an employee of the business and receives a wage or salary (and also possibly dividends) from his/her own company. For 2014 (average over the 4 quarters) ‘self-employed – incorporated’ represented 4.8% of total employment.¹⁸

Mexico

69. In the Mexican questionnaire the sequence of question to establish status in employment is quite different from many other countries. The initial step is to establish whether someone is dependent or not, and then the path is different for dependent (employees) to those who are not

¹⁸ Data provided by Central Statistics Office, Ireland.

(self-employed). There are a number of checks that can reassign a person from one stream to the other within Section 3 of the questionnaire, and the self-employed (independent workers) are identified primarily through:

- 3a At work do you have a boss or superior? NO
- 3b So, you are running a business or any activity on your own? YES
- 3c Do you offer products or services to either
 - 2. several enterprises, businesses or intermediaries
 - 3. directly to the public

70. Further, information about the type of business is collected in section 4 (including Industry and Sector). Once business name and activity is collected, the interviewer determines whether they are a private sector organisation, and then the status of the business is confirmed with the respondent, through:

- 4c. So, this business is
 - 1 An independent, personal or family business?
 - 2 A private firm or enterprise?
(trading company: corporation or corporations under other modality, commercial firm, banking company, service industry)
 - 3 None of the above

71. Code 2 in question 4c relates to formal, incorporated businesses, and therefore those who are independent workers (as identified from the questions in section 3 above) together with code 2 in 4c would identify OMIEs. Data provided by Mexico indicates that this group represented approximately 56,000 or 0.1% of total employment in the 2nd quarter of 2015.
72. There are also questions on mode of payment (section 6), which may be able to be used to confirm status, if they are paid a wage/salary in section 6. Occupation information is also used to some extent to confirm status in employment.

Sweden

73. Sweden's questionnaire includes a question asked of those who report being 'self-employed' in the initial status in employment question, namely:

Hu6. Is your company/enterprise a limited company, trading partnership, limited partnership?

74. This question is included to ensure that those working in an incorporated enterprise can be included with employees for National Accounts. They are included among the self-employed in standard outputs. Further, Statistics Sweden checks the employer information reported in the labour force survey with the business register.

Questions about institutional sector and those used to identify informal employment

75. A number of countries include a direct question to establish institutional sector or enterprise type of the employing organisation or business. In some instances, the level of detail in this question is sufficient to identify those working in an incorporated enterprise or limited company. This question used in conjunction with the status in employment question would identify self-employed (employers and own account workers) working in an incorporated business.
76. In addition to the question about sector, some countries also include a specific question about 'type of business' ownership, within the module of questions used to identify employment in the informal sector. Those businesses that are incorporated are immediately excluded from the

informal sector. There are other questions about business registration, including for taxation, as well as questions about types of accounts kept. These are necessary to determine employment in the informal sector, and would also provide the necessary information to identify quasi-corporations for the SNA. Where identification of incorporated businesses is included in the 'type of business ownership' question, this can be used in conjunction with 'self-employed' from the status in employment question to identify OMIEs.

77. A number of examples of both these types of questions are presented below.

Gambia, Uganda, Malawi

78. Some African countries provide examples of questions to determine informal sector employment which contain sufficient detail to identify OMIEs, through questions on both sector and the type of ownership of the business or farm (e.g. *Gambia, Uganda, Malawi*). Essentially the same form of questions is used for all three countries.

B5 In this job/activity, were you...?

- 1 - Employee (working for pay in cash or in kind) 7
- 2 - An employer (*a person who pays one or more people to work for him*)
- 3 - An own-account worker (*a person running a business with no employees*)
- 4 - Helping without pay in a household
- 5 - Members of Producers' cooperatives
- 6 - Volunteer (Unpaid workers)/Apprentice

B16 – Do you work in a?

- 1 - Government institution
- 2 - State owned enterprise/Parastatal
- 3 - Non-government/Non-for profit organisation
- 4 - Private business or farm
- 5 - Private household
- 6 - Embassy/International organisation
- 7 – Other (specify)

Those not an employee in B5 (B5 = 2-6) are asked about the ownership of the business/farm:

B17: What is the type of ownership of your business/farm (or the business/farm where you worked)?

- 1 - Individual owner (or with other household members) (sometimes split into sole ownership/family business)
- 2 - Partnership with members of other households
- 3 - Incorporated enterprise (Private Limited Co., Public Limited Co. Inc.)
- 4 - Other (specify)

Uganda

79. Data provided upon request from Uganda indicates that OMIEs comprised 0.25% of total employment in 2011-12. This group is defined as those not employees in the status in employment question (codes 2-6 in B5 shown above) and whose type of business ownership is 'Incorporated enterprise' (code 3 in B17). Ideally, this group should be restricted to just codes 2 and 3 in B5 to better align with the definition of OMIE. While this is a low proportion, employers only comprise a total of 1.9% of total employment, with the dominant group being own account workers (52% of total employment).

Gambia

80. Data provided upon request from Gambia indicates that OMIEs comprised 0.5% of total employment (2,500 people) in 2012. This group is defined as those with a status in employment of employer or own account worker (B5=2 or 3 as shown above) and whose type of business ownership is 'Incorporated enterprise' (code 3 in B17).

India

81. In the Indian Labour Force questionnaire column 3 within block 5.1 provides information on Status in employment, and column 9 is titled 'Enterprise type'. Below are the descriptions of the codes for these items.

Status

worked in h.h. enterprise (self-employed):

own account worker - 11

employer - 12

worked as helper in h.h. enterprise (unpaid family worker) - 21

worked as regular salaried/ wage employee - 31

worked as casual wage labour:

in public works - 41

in other types of work - 51

did not work but was seeking and/or available for work - 81

attended educational institution - 91

attended domestic duties only - 92

attended domestic duties and was also engaged in free collection of goods (vegetables, roots, firewood, cattle feed, etc.), sewing, tailoring, weaving, etc. for household use - 93

rentiers, pensioners, remittance recipients, etc. - 94

not able to work due to disability - 95

others (including begging, prostitution, etc.) - 97

Enterprise type:

proprietary: male - 1,

female - 2;

partnership: with members from same hh. - 3,

with members from different hh. - 4;

Government/public sector - 5,

Public/Private limited company - 6,

Co-operative societies/trust/other non-profit institutions - 7,

employer's households(i.e., private households employing maid servant, watchman, cook, etc.) - 8,

others - 9.

82. While the enterprise type would potentially provide sufficient detail on the sector and status of the business, the operations of the Indian survey assign a household type based on the sources of the household's income during the year preceding the survey in Block 3 of the questionnaire. A household will be assigned the type self-employed, regular wage/salary earning, casual labour or others corresponding to the major source of its income from economic activities during the last year. Therefore, codes 11, 12 and 21 of status in employment pertain to household enterprises only (in line with definitions in the National Accounts that the self-employed are in household enterprises).
83. So the item on enterprise type provides an example of 'sector of business' with sufficient detail to identify limited (incorporated) businesses, however it is not possible to use it to provide an

estimate of OMIEs for India, due to the structure of the questionnaire and survey practices, as there are no 'self-employed' people working in these enterprises.

Pakistan

84. Pakistan has a fairly detailed question for status in employment (column 5.8) including different types of employees, and identifying different types of agricultural workers. In addition, there is a question on kind of enterprise (column 5.11) with the following response codes.

Codes for Col. 5.11:

01= Federal Govt.

02= Provincial Govt.

03= Local body Govt.

04= Public enterprise (Corporation by act of national or provincial assembly)

05= Public limited company

06= Private limited Company

07= Cooperative society

08= Individual ownership

09= Partnership

10= Other (Specify)

85. This provides sufficient detail to identify incorporated companies (those with an enterprise type of 05 and 06), and together with those who report being an Employer or Own Account Worker in 'Status in Employment' should be able to provide an estimate for OMIEs. Data provided by the Pakistan Bureau of Statistics show that OMIEs represented around 0.23% of total employment (average over 2005-06 to 2010-11).

Moldova

86. Moldova also includes a fairly detailed question on sector, and while the wording does not explicitly refer to 'incorporated' there are references to 'legal entity', and it is the intention of this question to classify units by legal status. The question is:

24. Was your main activity carried out at...?

1 An enterprise, organization, institution (as a legal entity)

2 Private agricultural enterprise (farm)

3 Private enterprise; private notaries' or lawyers' office, partnership (without the right of a legal entity)

4 Individual work activity

5 Paid domestic workers employed by households

6 Own auxiliary household

7 I don't know

87. Response 1 to this question together with the self-employed (employer or own account worker) from status in employment would identify OMIEs. However, from the Labour Force Survey for 2014, the proportion of employed who were in this situation was essentially zero.

Bahamas

88. The Bahamas includes a question on type of business ownership:

Q64 What is the type of ownership at the enterprise where you were/are employed?

Government

Quasi government

Corporate business/company (un-limited)

Business owned by family or partners
Other non-governmental private organisation

89. The corporate business/company (un-limited) response together with those who report self-employed should provide an estimate of OMIEs.

Mongolia

90. The Mongolian questionnaire also contains a detailed question on the sector of employment, namely:

Col. 58 “To what sector does the enterprise where works belongs?”

11= Private enterprise
12= Partnership
21= Cooperative
31= Joint state and private company
32= Limited liability company
40= State industry
50= Local state enterprise
60= Government enterprise
70= Non-profit organization
80= Self-employed

91. Code 32 from this question together with the self-employed from the status in employment question should identify OMIEs.

Mauritius

92. Mauritius includes a question on type of ownership, which is similar to that used by Gambia, Uganda and Malawi, namely:

What is the type of ownership of the enterprise in which you are working?

Individual proprietor
Household members
Partnership with members of other households
Company
Registered co-operative
Other, specify

93. However, the response category of company does not explicitly refer to an incorporated status. However there are two additional questions about whether the expenditure and assets of the enterprise are separate from the owner’s household.

St Lucia

94. St Lucia produced a report with a reference year of 2008 on employment in the informal sector. Within this report was a table showing Employed persons by Status in employment and production unit type. From this, those whose status in employment was ‘Employers, Own

account workers, or Members of producers co-operatives' in a production unit type of 'Private incorporated/formal sector' was 2.3% of total employment.¹⁹

95. The relevant questions from the questionnaire were:

27. STATUS IN EMPLOYMENT

What category of worker are you (is...) in your (his/her) job?

1. Central Government Employee
2. Employee of statutory board
3. Private employee
4. Apprentice
5. Self-employed with employee
6. Self-employed without employee
7. Unpaid family worker
8. Member of Production Cooperative
9. Other, specify

31A. What is the type of ownership at the enterprise where you/..... work?

Public owned

1. Government (central/local)
2. Statutory body

Privately owned

3. A corporate business, company ((un)limited)
4. A Cooperative
5. Business owned by a person, family or group
6. Other non-governmental private organization

Mode of payment for self-employed

96. Another approach which may identify OMIEs is to use the status in employment question together with a question about mode of remuneration. Those who identify as 'self-employed' and whose mode of remuneration includes a 'salary' may provide an indication of OMIEs.

Peru

97. Peru uses a fairly common type of initial status in employment question:

507 In your place of work, were you

1. Employer or boss
2. Own-account worker
3. Employee
4. Labourer [*idea of blue collar worker*]
5. Unpaid family worker
6. Domestic worker
7. Other

98. There is another question on the type of payment or income that is received:

511 The type of pay or income that you receive in your main job is:

1. Wage

¹⁹The Central Statistical Office of St. Lucia. 2010 Measurement of Informal Sector and Informal Employment in St. Lucia

2. Salary
3. Commission
4. Piece work
5. Allowance
6. Professional honorariums (with R.U.C) [*Tax ID number*]
7. Income (profits) from a business or for a service
8. Income as an agricultural producer [*farmer*]
9. Tips

99. A combination of an Employer or boss or Own-account worker from Q507 together with being paid a wage or salary in Q511 could provide an approximation of OMIEs on the assumption that those self-employed who are paid a wage or salary do so through an incorporated business.

Additional questions to check and confirm the nature of the employment relationship

100. Some other countries include additional questions to confirm and check certain aspects of the employment relationship. In some situations, there is sufficient information to provide an approximation of OMIEs.

United Kingdom

101. The United Kingdom does not publish statistics on OMIEs, however there are some questions within the Labour Force Survey (LFS) questionnaire that are used to assist in clarifying status in employment and to 'adjust' the misclassification of status in employment for when the LFS self-employed series are added to the Workforce job series (from establishment survey) to avoid double counting to provide a more refined measure of self-employed.
102. The first question of interest (SELF) seeks confirmation of employment arrangements and is asked of all self-employed and employees not paid a wage or salary by employer. This question allows for up to four responses to be recorded.

SELF: May I just check, are you / were you...

- 1 paid a salary or wage by an employment agency?
- 2 a sole director of your own limited business?
- 3 running a business or professional practice?
- 4 a partner in a business or professional practice?
- 5 Working for yourself?
- 6 a sub-contractor?
- 7 or doing free-lance work?
- 8 none of the above

103. Response 2, a sole director of your own limited business, is of most interest to potentially identify OMIEs. In the March quarter of 2015 'sole directors' represented 0.7% of total employment, or 5.0% of all self-employed workers.²⁰ However, this identification may understate the full extent of OMIEs as it does not include those who are joint owners (partners) of a limited business. Individuals who say they are a sole director of their own limited business would be classed as employees in the adjusted series.
104. Additional questions on who pays national insurance and income tax (included in the survey since 2007) are used to adjust the estimates, however these questions are of more relevance for identifying dependent contractors than OMIEs.

²⁰ Data provided by the Office of National Statistics, United Kingdom.

4 Proposed definition and data collection approaches

Definition of Owner-operators of corporations

105. The definition of owner-operators of corporations in the proposed ICSE-18 represents a slight modification and expansion of the definition of owner-managers of incorporated enterprises included in ICSE-93

Owner-operators of corporations are workers who hold a job in an incorporated enterprise (such as a limited liability corporation or limited partnership,) in which they:

- (a) hold controlling ownership of the enterprise alone, or together with other members of their families and/or one or a few partners; and
- (b) have the authority to act on behalf of the enterprise with respect to contracts with other organizations and the hiring and dismissal of employees, subject to national legislation regulating such matters and the rules established by the elected or appointed board of the corporation.

‘Controlling ownership’ should be interpreted as having a decisive vote or veto on the appointed or elected board of the corporation or in meetings of shareholders, rather than necessarily holding an absolute majority of the shares.

Owner-operators of quasi-corporations as defined in the 2008 SNA are excluded from this group.

Owner-operators of corporations may be further disaggregated according to whether or not the corporation employs one or more persons (including temporarily absent employees but excluding themselves, their partners and family helpers) to work on a regular basis as an employee, to form the following groups:

11 – Employers in corporations

21 – Owner-operators of corporations without employees

106. People working as owner-operators of corporations do not need to report a managerial occupation, as the classification of status in employment relates to the relationship between the worker and the enterprise and not to the tasks and duties undertaken by the worker in that job. However, given the previous terminology used for this group of employed people is *Owner-managers* of incorporated enterprises, which could imply a ‘management’ occupation, it is proposed to change the name of the group to *Owner-operators* of corporations. In addition, the term ‘corporations’ is proposed in place of ‘incorporated enterprises’. The terms ‘Owner-operators of corporations’ and ‘Independent workers in household market enterprises’ which denote the two groups of business operators in ICSE-18, are considered to be simpler, more precise, less technical and easier to understand than the terms ‘Owner-managers of incorporated enterprises’ and ‘Owner-managers of *unincorporated* enterprises’ used in ICSE-93’
107. Owner-operators of corporations exclude appointed senior management employees (including Chief Executive Officers) of large corporations, even though they may have considerable authority and control over the way the corporation or agency operates (at the direction of the board of the corporation). If they do not also have controlling ownership (even though they may hold some shares in the corporation) they are not considered to be owner-operators. It may be the case that many large corporations legitimately do not have any owner-operators working in them.

108. Other employees who may be shareholders of the corporation are also excluded. Such employees work in the organisation and have part ownership through holding some shares. They generally would not have controlling ownership of the corporation, however, and would not be making the business decisions for the organisation.
109. Members of cooperatives who work in a cooperative which they jointly own are similarly excluded. Like employee shareholders in other types of corporations, they have a vote on key decisions and on election of the board. Voting is based on membership (one member one vote) rather than on the share of capital, however. As a result, they do not have the same degree of control over the business as a majority shareholder.
110. Owner-operators of corporations should include directors of corporations in situations where the individual has controlling ownership (in terms of shares) and is able to significantly influence the decisions and the direction of the organisation. They work in the organisation (through being a Director, or manager director of the organisation), make decisions on behalf of the organisation, and their shareholding is a significant proportion (or controlling share) of the capital in the corporation.

Suggested data collection approaches

111. A number of approaches to capture information about OMIEs are for use in household surveys such as labour force surveys. These are based on existing approaches.

Option 1

112. If a single main status in employment question is to be used, then the response categories should be detailed enough to identify those who are owners of an incorporated enterprise, such as the Switzerland or Serbia examples described above. A further question may be required to determine if the business has other paid employees or not (to distinguish between OMIEs with employees (employers) and OMIEs without employees (own account workers)). An example of such a question (which would require testing) is:

In your (main/current/present) job are you

... working in your own incorporated business or company (limited liability company)?

... working in your own unincorporated business or on your own account (self-employed or freelance work)?

... an employee (paid a wage or salary)?

... working without pay in a family business?

113. If such a question is a 'running prompt' question (where responses are read out) it is recommended that the 'own incorporated business' category be high up in the list, and higher than 'employee' or 'wage and salary earner'. This will help ensure that those who are paid a wage/salary from their own business have the opportunity to identify as working in their own incorporated business first.

Option 2

114. At least two questions are required in this option. The first question determines whether the person identifies as working in their own business/self-employed as distinct from working for someone else/for an employer/for wages or salary.

For example:

In that job are you self-employed or an employee?

Did you work for an employer or in your own business?

In that job do you work in your own-business or for someone else?

115. This initial question could also take the form of a traditional ‘status in employment’ question, with the responses aligning with the main categories in the classification, such as:

Do you work?

In your own business activity
In a business operated by a household or family member
Helping a family member who works for someone else
As an employee for someone else
As an apprentice, intern

116. A second question is then required for those who identify in the first group (own-business/self-employed/in own business activity) to ask about the nature of this business. This could also take a number of forms:

- (a) A direct question about the incorporated nature of the business, e.g.

Is that business incorporated?

Did he/she have an incorporated business?

- (b) A more general question about the type of ownership of the business,

e.g. What is the type of ownership of that business/farm?

with one of the responses options being ‘incorporated enterprise’ (or similar wording for national circumstance)

117. Alternatively, if there is a question included to determine ‘institutional sector’ of the business, then one of the categories needs to identify a ‘private sector incorporated enterprise’ (or similar wording for national circumstance). Such a question needs to be asked of all employed and not just of employees (which is currently the case in some countries).

Option 3

118. In situations where there is information collected to establish informal employment, there is usually an initial status in employment question, such as:

In this job/activity, were you...?

1 = Employee (working for pay in cash or in kind)
2 = An employer (a person who pays one or more people to work for him)
3 = An own-account worker (a person running a business with no employees)
4 = Helping without pay in a household
5 = Members of Producers’ cooperatives
6 = Volunteer (Unpaid workers)/Apprentice

Note: Response 5 may not be appropriate depending on whether producers’ cooperatives remains a separate category in a revised ICSE.

119. Then it is necessary that the questions to establish informal sector employment include questions on ‘institutional sector’ (as described above) and/or ‘type of business ownership’. A response category to one of these questions needs to be ‘incorporated enterprise’ (or similar wording for national circumstance), such as:

What is the type of ownership of your business/farm (or the business/farm where you worked)?

1 = Individual owner (or with other household members) (sometimes split into sole ownership/family business)

2 = Partnership with members of other households

3 = Incorporated enterprise (Private Limited Co., Public Limited Co. Inc.)

4 = Other (specify):

120. While these types of questions to establish status in employment and type of enterprise are used by a number of countries, there are some concerns about how well respondents understand the terms relating to the categories in ICSE-93 such as employee, employer, own-account worker, incorporated enterprise etc. It would be useful to gather any information that countries may have on any cognitive testing of these terms, and this is included in the testing objectives (section 7) and issues for discussion (section 6).
121. Regardless of which of the three options is adopted, a useful additional check can be to match business name reported by individuals (often collected as part of obtaining industry of employment information) with the relevant business register, which should contain the legal status of the business. This may help improve the quality of the statistics but may not always be able to be done in a timely manner due to tight processing times or lags in updating of business registers for births. This approach may only be appropriate for countries where there are very good business registration procedures and sharing of information with the national statistical office, but may be much less relevant for other countries.

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Appendix – Relevant question wording in original languages

Argentina

Spanish

- 6e. Ese negocio/empresa/actividad
- ...es una sociedad jurídicamente constituida?
 - (SA, SRL, Comandita por acciones, etc.)
 - ... es una sociedad de otra forma legal?
 - ... o es una sociedad convenida de palabra?

6f. ¿Tiene sueldo asignado?

Belgium

German

- 5a. Sie sind Selbständiger ohne Personal ...
- auf eigener Rechnung .
 - als Verwalter einer Gesellschaft
- 5b. Sie sind Selbständiger mit Personal ...
- auf eigener Rechnung .
 - als Verwalter einer Gesellschaft

Dutch

- 5a. U bent zelfstandige zonder personeel ...
- in eigen naam
 - als bestuurder van een vennootschap
- 5b. U bent zelfstandige met personeel ...
- in eigen naam
 - als bestuurder van een vennootschap

Bolivia

Spanish

25. En esta ocupación, usted trabaja como:
1. Obrero/a
 2. Empleado/a
 3. Trabajador/a por cuenta propia
 4. Patrón, socio o empleador salario que sí recibe
 5. Patrón, socio o empleador salario que no recibe
 6. Cooperativista de producción
 7. Trabajador/a familiar o Aprendiz sin remuneración
 8. Empleada/o del hogar

Hungary

Hungarian

Mi a foglalkozási viszonya?

alkalmazott:

társas vállalkozásnál (szövetkezet kivételével), vállalatnál, költségvetési intézménynél, nonprofit szervezetnél (01)
szövetkezetnél (02)
egyéni vállalkozónál, önállónál (03)
alkalmi munkás, napszámos (04)

szövetkezet tagja (05)
kft. tagja
 alkalmazott nélkül (06)
 alkalmazottal (07)
egyéb (társas) vállalkozás tagja
 alkalmazott nélkül (08)
 alkalmazottal (09)
vállalkozó, önálló
 alkalmazott nélkül (10)
 alkalmazottal (11)
segítő családtag (12)

Mexico

Spanish

3a. ¿En su trabajo ... tiene un jefe(a) o superior?

1 Sí Pasa a 3h

2 No

3b. Entonces, ¿... se dedica a un negocio o actividad por su cuenta?

1 Sí

2 No Pasa a 3h

3c. ¿... ofrece sus productos o servicios (Lee las opciones y circula las indicadas por el informante)

1 a una sola empresa, negocio o intermediario?

2 a varios negocios, empresas o intermediarios?

3 directamente al público?

4 Es autoconsumo agropecuario

9 NS

4c. Entonces, ¿estamos hablando de que este negocio es (Lee las opciones y circula la indicada por el informante)

1 de tipo independiente, personal o familiar?

Pasa a 4e

2 una compañía o empresa del sector privado (sociedad mercantil: anónima o bajo otra modalidad, transnacional, cadena comercial, bancaria o de servicios)?

Pasa a 4h

3 Ninguno de los anteriores

6. ¿... recibe o le pagan (Lee las opciones y circula las indicadas por el informante)

01 por comisión?

02 a destajo (por pieza), servicio u obra realizada?

03 por honorarios?

04 con propinas?

05 con bonos de compensación o de productividad?

06 con vales o productos comercializables?

07 Sólo recibe sueldo, salario o jornal

08 Sólo lo que le deja su negocio

09 No le pagan ni recibe ingresos

(incluye autoconsumo agropecuario)

10 Ninguna de las anteriores

99 NS

Pasa a 6d

6a. Aparte de lo que me acaba de mencionar, ¿ ... obtiene o le pagan sus ingresos (Lee las opciones y circula las indicadas por el informante)

- 1 a sueldo, salario o jornal?
- 2 por ganancias o de lo que deja su negocio?
- 3 No le pagan ni recibe ingresos Pasa a 6d
(incluye autoconsumo agropecuario)
- 4 Ninguna de las anteriores
- 9 NS

Moldova

Romanian

24. Activitatea de bază ați exercitat-o:

- 1. la întreprindere, organizație, instituție (*cu drept de persoană juridică*)
- 2. în gospodărie țărănească (*de fermier*)
- 3. la întreprindere individuală; birou individual de avocați sau notarial, parteneriat, afacere individuală (*fără drept de persoană juridică*)
- 4. în activitate de muncă individuală
- 5. în gospodării particulare ale cetățenilor ca salariat (act.97)
- 6. în gospodăria auxiliară proprie
- 7. nu știe

Peru

Spanish

507 En su centro de trabajo, ud. era

- 1. empleador o patrono
- 2. trabajador independiente
- 3. empleado
- 4. obrero
- 5. trabajador familiar no remunerado
- 6. trabajador del hogar
- 7. otro

511 El tipo de pago o ingreso que ud. recibe en su ocupacion principal es:

- 1. sueldo
- 2. salario
- 3. comision
- 4. destajo
- 5. subvencion
- 6. honorarios profesionales (con R.U.C)
- 7. Ingreso (ganancia) por negocio o servicio
- 8. Ingreso como productor agropecuario
- 9. Propina

Serbia

Serbian

Какав је ваш професионални статус на том послу?

- 1- Власник/сувласник привредног друштва (д.о.о, а.д.)
- 2- Предузетник или ортак у ортакској предузетничкој радњи (СТР, СЗР, СУР, адвокатска канцеларија, ординација и др. слободне професије)
- 3- Лице које остварује уговорену накнаду као доминантни извор прихода –

„уговораши“, „хонорарци“ (уговор о делу, уговор о посредовању и заступању, ауторски и сл. уговори)

4- Самостални уметник, спортиста или лице које обавља делатности из области културе, уметности, религије и сл. делатности по основу овлашћења надлежног удружења или регулаторне институције

5- Остали непоменути облици самосталног обављања привредне делатности

6- Индивидуални пољопривредник

7- Запослени радник

8- Неплаћени помажући члан у породичном послу

Sweden

Swedish

Hu6 Driver du företaget/verksamheten i bolagsform?

Bolagsform = aktiebolag, handelsbolag eller kommanditbolag (AB, HB, KB)

1 Ja ☐ Hu11aa

2 Nej ☐ Hu11aa

8 Vet ej ☐ Hu11aa

9 Vill ej svara ☐ Hu11aa

Switzerland

French

Dans votre emploi principal ACTUEL êtes-vous ...

- employé par un ménage privé (p.ex. femme de ménage, baby-sitter)?
- salarié d'une SA ou SARL qui vous appartient?
- indépendant à votre propre compte?
- collaborateur dans l'entreprise de votre famille?
- salarié d'une entreprise privée ou publique?

German

Sind Sie in Ihrer JETZIGEN Haupttätigkeit ...

- von einem Privathaushalt angestellt (Putzfrau/Babysitting ..)
- bei einer Aktienges. oder GmbH, wo Ihnen selbst gehört, angestellt
- selbständigerwerbend
- im familieneigenen Unternehmen tätig
- bei einem sonstigen privaten oder einem öffentlichen Unternehmen angestellt

Italian

Nel suo impiego principale ATTUALE lei ...

- è impiegato(a) da un'economia domestica privata (p.es. donne delle pulizie, baby-sitter)
- è salariato(a) di una SA o di una Srl che le appartiene
- è indipendente e lavora per conto proprio
- collabora nell'azienda della sua famiglia
- è salariato(a) di un'altra impresa privata o di un'impresa pubblica