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Room Document\*: **10**

## **Testing of proposals for a revised International Classification of Status in Employment**

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\* This room document has not been formally edited

# Testing of proposals for a revised International Classification of Status in Employment

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# 1 Introduction

1. The aim of this paper is to highlight the most important main findings, based on the testing conducted by countries, regarding the identification of dependent contractors. The approach to the measurement of the International Classification of Status in Employment (ICSE-18), including the identification of dependent contractors, is outlined in room document 4, *Data collection guidelines for ICSE-18* (ILO, 2018).
2. From a general point of view testing is necessary in order to ensure that the structure and questions used create the relevant boundaries to allow the identification of the different statuses in employment and the measurement of the cross-cutting variables, without imposing undue burden on respondents. While countries already have a lot of experience in collecting some elements of ICSE-18 and the cross-cutting variables, other elements will be new. It is therefore essential to build on the experience that countries already have as well as conduct tests to collect new empirical evidence that can provide input to recommendations.
3. To date, tests have mainly focused on the measurement of dependent contractors in household surveys. This is because the category of dependent contractors is a new statistical category and there is a strong need to gain more experience of how to measure this group. These tests have been partly coordinated by the International Labour Organization (ILO), whose main contribution has been to provide inputs to countries; however, they have been carried out on the initiative of countries, each of which has formulated its own test design and objectives. Three Latin American countries (Chile, Mexico and Uruguay), three Asian countries (Singapore, Thailand and China), three European countries (Denmark, Finland and Italy) and the Pacific Community have either conducted tests relating to the identification of dependent contractors or are planning to conduct tests. There have been both cognitive tests and field tests of different sizes and the focus has been on the identification of dependent contractors among self-identified self-employed persons. A few countries have also tested the identification of dependent contractors among self-identified employees. The results described in the present paper reflect these activities and are based on the results obtained by countries that have conducted some tests and analysed the results, including (in order of consideration below) Denmark, Finland, Italy, Mexico, Uruguay, Chile and Thailand. In some cases, countries have provided a report which has been used as a reference, while in other cases the information has been provided directly to the ILO.
4. The testing of ICSE-18 is by no means finished. Tests carried out to date should only be viewed as a starting point. It will be essential to continue testing after the 20<sup>th</sup> International Conference of Labour Statisticians (ICLS) to further develop the data collection guidelines, including the identification of dependent contractors, how to identify so-called “zero hours contracts”, the boundary between employers and independent workers without employees, domestic workers, multiparty relationships, among other areas where further testing is needed. It will also be essential for countries to conduct tests on a national level before implementing the new ICSE-18.
5. From a general perspective, it is important that tests be conducted in different labour market structures to permit the identification of the different types of problems that can occur, depending on the specific structure of a given labour market. The modular structure of the measurement approach makes it possible to test both the whole approach and those aspects of the approach that are of specific relevance for the country in question.

## 2 Identifying dependent contractors

6. As described in the data collection guidelines for ICSE-18 (ILO, 2018) the proposed approach to identifying dependent contractors follows two different “tracks”. The first track targets those who state that they are working as self-employed (or in the case of a proxy interview have been identified by the proxy respondent as being self-employed) and working in their own unincorporated enterprise without employees. The second track targets those who have identified themselves as being employees or having superiors and for whom the mode of payment is not a wage or salary for time worked.
7. For self-identified self-employed persons in their own unincorporated enterprise without employees, it becomes necessary to create a boundary that defines workers as either *dependent contractors* or *own-account workers in household market enterprises without employees*. This boundary is conceptually defined by the fact that *dependent contractors* are operational and/or economically dependent on another entity that directly benefits from the work performed by them. The focus of the different tests conducted by countries has to a large extent been directed to examining how this aspect can be operationalized and measured in a household survey. The following characteristics have been tested in different combination by countries as possible methods of operationalization:
  - (a) the price paid for goods produced or services provided is determined by a client(s) or third party;
  - (b) access to raw materials, equipment or capital items is controlled by the client or a third party;
  - (c) the work is organized or supervised by a client or a third party;
  - (d) dependency on one main client;
  - (e) sharing profit with a third party.
8. To a lesser extent, countries have also tested the identification of dependent contractors among self-identified employees who do not receive a wage or salary, which is the second track for identifying dependent contractors. The conceptual boundary that distinguishes between *dependent contractors* and *employees* (who do not receive a wage or salary) is whether there is a commercial agreement or an agreement of employment. The proposed methods of operationalization are:
  - (a) the perceived employer does not withhold income tax for the worker;
  - (b) the worker is responsible for arranging their own social insurance.
9. An alternative approach could be relevant in some cases, especially for countries that have a high share of informal employment, namely:
  - (a) the person does not work at the employer’s premises; and
  - (b) the perceived employer does not de facto contribute to social insurance.
10. In the different tests conducted by countries, the focus has been on assessing how respondents cognitively understand different questions used for operationalize the measurement, how and what type of dependency they capture, how they relate to each other and what the outcome would be of using one operationalization instead of another or of combining different methods of operationalization with each other. The results will provide valuable input to the discussion of

how the measurement of dependent contractors can be operationalized; they should be viewed as a first step towards a better understanding of this category of workers.

### 3 Denmark

*[This section is based on an unpublished report prepared by Tine Cordes and Thomas Thorsen (Denmark, 2017).]*

11. Denmark included a set of questions in its labour force survey to test the identification of dependent contractors among self-identified self-employed persons without employees in unincorporated enterprises. The questions were attached to the European ad hoc module on self-employed persons and targeted respondents in the 2<sup>nd</sup> quarter of 2017 who were part of the fourth and last panel. In addition, an interviewers' evaluation was conducted, using interviewer's feedback on their perception of respondents' understanding of the questions. The results from the field test were also compared with administrative data to provide more information about the characteristics of respondents identified by the different methods of operationalization. (Denmark, 2017, p. 1).
12. The test was conducted by including questions that allowed the derivation of three different operational methods for identifying dependent contractors, i.e. self-identified self-employed persons in an unincorporated enterprise without employees (Denmark, 2017, pp. 5 and 6):
  - (a) at least 75 per cent of their income is generated from the same client, who also controls their working time (main client approach);
  - (b) a third party or client controls the price-setting (price-control approach);
  - (c) shares the profit with a third party (profit-sharing approach).
13. The interviewers' impression was that the questions included (see annex, section 1) were in general understood well by the respondents and they could answer them quite easily (Denmark, 2017, pp. 2-4). However, the questions relating to sharing profit with a third party were an exception: they were problematic and respondents were not always sure how to interpret them (Denmark, 2017, p. 4). In addition, there was a general concern that the semantic fields of several questions were quite broad, so that a range of different perceptions of the questions among respondents was observed that could assign some randomness to the figures derived. Moreover, the answers to some of the questions could depend on which industry the respondents are employed in.
14. In the price-control question, the option of a "market" (complex interaction between supply/suppliers and demand/customers) was not an answer category in the Danish version of the question, which created some problems for respondents.
15. In the main-client approach, the main problem was to understand the concept of the client (Denmark, 2017, p. 2). This relates to the problem of clarifying multi-party relationships. Some self-employed persons will actually meet the final customers, who, depending on their interpretation, may be considered not as their customers but as the customers of the controlling company. Other self-employed persons will not meet the final customers due to selling through third parties, but may still consider the final customers as their clients. Furthermore, this approach seems to include consultants who are likely to have only one client at any time but who may have many potential clients and are therefore not really limited in their market access.

16. Based on the results from the field test, the share of dependent contractors among self-identified self-employed persons seems to be low in Denmark. Care should therefore be taken when interpreting the figures. Using the main client approach as operationalization, 5 per cent of self-identified self-employed persons are defined as dependent contractors, which corresponds to 0.42 per cent of total employment. When the price-control approach is used, the share increases to 8 per cent of self-employed persons and 0.69 per cent of all employed persons. The profit-sharing approach creates the highest share of dependent contractors (19 per cent); however, this likely reflects the measurement problems (Denmark, 2017, pp. 5 and 6).

Table 1. Number of dependent contractors in the three different methods of operationalization (weighted percentage)

Definition		Thousands of persons	Share of total self-employment	Share of total employment	n
Op_1	Main client approach	11	5	0.42	14
Op_2	Price-control approach	19	8	0.69	24
Op_3	Profit-sharing approach	43	19	1.6	50

Source: Denmark, labour force survey, 2nd quarter 2017, fourth panel.

17. The overlap between the different methods is low. As shown in table 2, almost half of the workers that have one main client who controls the work (Op\_1) and almost one third of the workers who do not control the price-setting (Op\_2), are not captured in the other operationalization. The overlap with the profit-sharing approach (Op\_3) is larger, but this likely reflects the measurement problems (Denmark, 2017, pp. 6 and 7). Therefore, the three different operational methods do identify different workers with different characteristics to a large extent.

Table 2. Overlap between the three different methods of operationalization (unweighted percentage)

	Op_1	Op_2	Op_3	Op_1_2_3	Total
Op_1	47	5	32	16	100
Op_2	3	31	56	10	100
Op_3	8	24	63	4	100

Source: Denmark, labour force survey, 2nd quarter 2017, fourth panel.

18. The fact that different workers are identified to a large extent when using different methods of operationalization is also confirmed when reviewing the characteristics of respondents in the different groups. This was done in the Danish analysis using information collected in the Danish labour force survey and from administrative sources.
19. The main client approach identifies workers characterized by being relatively highly educated professionals, such as consultants. They have less working time compared to other self-employed persons in unincorporated enterprises without employees and a slightly lower level of job satisfaction. However, the group is so small (14 respondents) that this could be influenced by randomness. (Denmark, 2017, p. 14).
20. The price-control approach identifies a relatively large share of workers in agriculture and fishing (44 per cent) compared to the other methods of operationalization (Denmark, 2017, p. 9). They have a similar level of education to other self-employed persons in unincorporated enterprises without employees but they work longer hours. They are in general satisfied with their jobs and do not express any preferences for wanting to work as an employee instead. (Denmark, 2017, p.

- 14). In general, their characteristics reflect the characteristics of a specific industry due to the high share of workers in agriculture and fishing.
21. The sharing profit approach creates a larger but also more diverse group compared to the other two. They are relatively more highly educated compared to other self-employed workers in unincorporated enterprises without employees, have a similar income with slightly longer working hours. There is a high share of professionals in this group but with more diverse activities compared to the other two groups. They are generally very satisfied with their job and do not express any preferences for wanting a job as an employee instead of their current job.

## 4 Finland

*[This section is based on inputs provided by Hanna Sutela, Statistics Finland.]*

22. Similar to Denmark, Finland included additional questions on different aspects of self-employment in the European ad hoc module on self-employed persons that was part of the Finnish labour force survey in 2017. The analysis is based on data of self-identified self-employed persons in 2017, corresponding to 2,803 self-employed whereof 849 were employers, 1,954 self-employed without employees and 113 assisting family members.
23. The questions included (see annex, section 2) allowed testing of four different operational methods, i.e. self-identified self-employed persons without employees:
- (a) who have one main client that decides on their working times (main client approach);
  - (b) for whose work pricing is set by a third actor or client(s) (price-control approach);
  - (c) who have one main client and for whom the client or a third actor decides on the pricing of their work (one main client and price-control approach);
  - (d) who have one major client and for whom the client or a third actor decides on the pricing of their work and the client also decides working times (all criteria apply).
24. The different questions were pre-tested in the survey laboratory of Statistics Finland in January 2017. Profit-sharing with a third party was also included in these tests. The pre-testing showed that the questions were in general understood well, with the exception of the questions measuring profit-sharing with a third party. This dimension was, due to these results, not included in the field tests.
25. As shown in table 3, almost one fourth of all self-employed persons without employees are workers who have their price set by a client or a third party, while 4 pct. have a main client who controls the working times and 13 pct. have a main client as well as are not controlling the price. The level of dependent contractors would thereby vary significantly according to the method of operationalization used.

Table3. Share of dependent contractors based on the four different methods of operationalization (weighted percentage)

Definition		Share of total self-employment without employees	n
Op_1	Main client approach	4	70
Op_2	Price control approach	24	477
Op_3	One main client and price control	13	244
Op_4	One main client and price control and control over working time	1	20

Source: Finland, labour force survey, 1<sup>st</sup> to 3<sup>rd</sup> quarters 2017.

26. The overlap between the different methods of operationalization is small. About half of those for whom the price is determined by a client or third party also have one main client. However, only in 9 per cent of these cases is the working time also decided by the main client, which creates a very small overlap between the main client approach and the price-control approach. This corresponds to 1 per cent of self-employed persons without employees, as shown in operationalization 4 in table 3. The correlation between the two dimensions reflecting economic dependency, that is price control and having one main client, therefore seems relatively strong, whereas the correlation between price-setting and organizational dependency, reflected by controlling working time, is weaker.
27. There are no significant differences among the groups identified by the different methods of operationalization. The age structure of those with a main client that decides the working time and/or price setting is somewhat younger than among all self-employed persons without employees.
28. As to the occupation there are some distinctive differences. While more than half of those identified by the price control approach and two thirds of those identified by having one main client and do not control the price are employed in agricultural this is true for only 5 per cent of those identified by the main client approach. Instead those identified by the main client approach to a larger extent works as professionals, plant and machine operators and assemblers.
29. As can be seen in table 4 the most unstable self-perceived financial situation is found among those that have one main client and for whom the client or a third party sets the price. The most stable situation, on the contrary, is found among those identified by the main client approach.

Table 4. Financial situation as entrepreneur (percentage)

Financial situation as entrepreneur	Fully stable	Somewhat stable	Somewhat unstable	Very unstable	Refuse/don't know
Main client approach	28	43	21	5	3
Price control approach	21	44	24	10	1
One main client and price control	23	41	27	8	1
One main client and price control and control over working time*	31*	41*	16*	7*	5*

Source: Finland, labour force survey, 1<sup>st</sup> to 3<sup>rd</sup> quarters 2017.

\*unreliable due to limited number of



30. Larger differences, especially when compared to all self-employed persons without employees, are revealed when respondents get to the statement “To be sure to get work, I have to set the price of my goods or services too low”. To agree with the statement is much more common for all groups examined than for self-employed persons without employees on average, with the exception of those identified by the main client approach. On the other hand, a significant number of those who cannot decide prices themselves say that the statement is not applicable in their case.

Table 6. To get customers I have to set the price too low (percentage)

Operationalization	Totally true	To some extent true	Not quite true	Not true at all	Not applicable
Main client approach	8	16	31	39	5
Price control approach	15	22	15	31	16
One main client and price control	15	23	14	30	18
One main client and price control and control over working time*	8*	25*	32*	26*	9*

Source: Finland, labour force survey, 1<sup>st</sup> to 3<sup>rd</sup> quarters, 2017.

31. Those who cannot set their prices experience more difficulties with coping at work compared to the other groups. Respectively, 29 per cent of those for whom the client or a third actor sets the price and 34 per cent of those who has a main client and that do not control the price setting fully agree or agree to some extent that they had difficulties coping, compared to 17 per cent among all self-employed persons without employees and 15 per cent of those who have a main client who decides their working hours.
32. Among all those with one main client, 46 per cent thought it would be very easy or fairly easy to replace the client if necessary. This was also true for those whose main client was deciding their working times (42 per cent). Somewhat surprisingly, for those whose main client was determining their price the corresponding figures were slightly higher: 53 per cent thought it would be very easy or fairly easy to replace the client if necessary.
33. The group identified by the main client approach considered to a higher extent their chances as good to get a job as an employee if they so wanted (43 per cent.), compared to all the self-employed persons without employees (39 percent.). The group identified by having one main client and that do not control the price have the lowest share of persons that believe that they could get a job as an employee, if they so wanted (30 per cent).
34. Those identified by the main client approach are more frequently very satisfied with their job (39 per cent) than those who have one main client and do not control the price (30 per cent) or those identified by the price control approach (32 per cent). For all these groups the level of job satisfaction is lower than among all self-employed persons without employees (44 percent).

## 5 Italy

[This section is based on inputs provided by Francesca della Ratta, Alessia Sabbatini and Filomena De Filippo, Italian National Institute of Statistics.]

35. Italy has tested two different operational methods for the identification of dependent contractors among self-identified self-employed persons, i.e. self-identified self-employed persons without employees:
- who have one major client that decides on their working times (main client approach; tested in ad hoc module 2017);
  - for whose work pricing is set by a third actor or client(s) (price-control approach; tested in Italian questionnaire 2018, 1<sup>st</sup> wave).
36. The two different operational methods were not tested in the same survey and cannot therefore be directly compared with each other. The main client approach was part of the European ad hoc module on self-employed persons that was integrated in the Italian labour force survey in 2017 (for the questions included, see annex, section 3). Results from the 2<sup>nd</sup> quarter 2017 show that 218,000 persons are identified as dependent contractors when using the main client approach, corresponding to 6 per cent of all self-employed persons without employees and 0.9 per cent of total employment. There is a high correlation between this group and “*collaboratori*”, a specific category of self-employed persons often defined as “para-subordinates”: 43 per cent of all *collaboratori* would be defined as dependent contractors when using the main client approach, corresponding to more than half of the total group of dependent contractors. The characteristics of the group reflect that a relatively large part of the group consists of *collaboratori*. Most of the dependent contractors identified by the main client approach use the client’s equipment (68 per cent against 9 per cent of all self-employed persons), while 43 per cent are working as self-employed because they either couldn’t find a job as an employee or the previous employer asked them to become self-employed. The involuntariness of their situation is also confirmed by the fact that 57 per cent of them would change their own professional status to become an employee if possible. The group also experience a high degree of organizational restraints: 84 per cent experience constraints for both working time and place of work, as shown in table 7.

Table 7. Organizational constraints of dependent contractors using main client approach

Organizational constraint	Per cent
No working hours or place constraint	2.6
Time constraints but not place	7.2
Place constraints but not time	3.5
Constraints for both place and time	84.1
Other	2.6
Total	100

Source: Italy, labour force survey ad-hoc module 2<sup>nd</sup> quarter 2017

37. The main client approach identifies workers who are characterized as being relatively highly educated; they often have less working time compared to other self-employed persons without employees and have a slightly lower level of job satisfaction and job autonomy than other self-employed persons. These characteristics are similar to those identified in the Danish analysis under the main client approach.

38. The price-control approach was first included in a pilot test for the 2018 European ad hoc module. Based on feedback from interviewers, it was concluded that respondents did not have any cognitive problems in understanding and answering the questions included (see annex, section 3). The questions were therefore included in the first wave of respondents for all quarters in 2018 in order to create more reliable estimates. Based on the results of the 1<sup>st</sup> and 2<sup>nd</sup> quarter 2018 (1<sup>st</sup> wave respondents, unweighted), 11.3 per cent of all self-employed persons without employees have a price setting that is either set by the client or a third party. This indicates that the level of dependent contractors would be expected to be higher (taking into account that the data is unweighted) when using the price-control approach than when using the main client approach. However, the organizational constraints that were significant in the main client approach are less so when the price-control approach is used. Instead, 38 per cent did not have any organizational constraints while an additional 20 per cent did have constraints regarding place of work but not regarding working time, as shown in table 8. This indicates that the two different approaches probably capture two different groups of workers with different characteristics, while the main client approach captures organizational dependency to a larger extent.

Table 8. Organizational constraints, price-control approach (unweighted percentage)

Organizational constraint	Can't price
No working hours or place constraint	38.4
Time constraints but not place	5.9
Place constraints but not time	20.9
Constraints for both place and time	34.8
Total	100

Source: Italy, labour force survey, 1<sup>st</sup> and 2<sup>nd</sup> quarter 2018, 1<sup>st</sup> wave, provisional results.

## 6 Mexico

39. Mexico carried out cognitive tests targeting 100 respondents in July 2017 and followed up with two additional tests in March and June 2018. The main focus of the first round in 2017 was to test the impact of the 19<sup>th</sup> ICLS resolution concerning statistics on work, employment and labour underutilization. However, the identification of dependent contractors was also included as part of the project. The next two tests in 2018 had a stronger emphasis on ICSE-18, further developing questions relating to the measurement of dependent contractors as well as on the whole context of identification and differentiation of situations in employment. The trial was not based on statistical samples but rather on the identification of profiles that could be used for testing the efficiency of the questionnaire in handling both challenging and relevant cases. Respondents matching the different profiles were identified and interviewed, with a focus on the cognitive understanding of the questions. The full report of the 2018 trial tests is still being prepared by Mexico's Instituto Nacional de Estadística y Geografía, but selected results are presented in this section to complement the results based on the 2017 data.

40. The self-identification of independent and dependent workers was based on questions regarding whether respondents had a boss or superior and if not whether respondents owned and operated a business. The method for self-identification was therefore slightly different from the approach of using one question to enquire directly about the status in employment. The questions included targeting the identification of dependent contractors, allowing an assessment of the following possible operational methods:

- (a) Self-identified independent workers without employees:
  - (i) for whom the pricing of their work is set by a third actor or client;
  - (ii) who shares the profit with a third party;
  - (iii) who are dependent on the client or a third party for access to payment;
  - (iv) for whom the client or third party supplies the material input or clients;
- (b) Self-identified dependent workers that do not receive a wage or salary:
  - (i) who are responsible for their own contribution to social insurance;
  - (ii) who are responsible for making their own income tax deductions.

41. The questions were further modified in the two 2018 tests based on the experience gathered in 2017.
42. In the 2017 test, 46 respondents were identified as having the requested profile for testing the boundary between dependent contractors and independent workers. The different boundaries that were tested for identifying dependent contractors among self-identified independent workers identified a similar number of respondents (8 to 10), with the exception of access to clients and payment as shown in table 9. Only 1 respondent identified that the payment goes through a third party; the efficiency of using this question as a boundary can therefore be considered low (Mexico/ILO, 2017, p. 36).

Table 9. Boundaries between dependent contractors and independent workers

Boundary between dependent contractors and independent workers	n
<b>Price-setting</b>	<b>46</b>
Decided by the client or another company	<b>8</b>
Set by regulation, government, negotiation, other	38
<b>Share benefits with third parties</b>	<b>46</b>
Share profits with another company	<b>11</b>
Does not share profits with another company	35
<b>Access to customers and payment</b>	<b>46</b>
Customer is the public and pays directly	35
Client is a company or business and pays directly	10
Customer is the public or a company and a third party pays	<b>1</b>
<b>Supplier of materials or customers</b>	<b>46</b>
Company provides materials or clients	<b>10</b>
Company does not provide materials or customers	36

Source: 2017 data (Mexico/ILO, 2017, p. 36).

43. The overlap between the different boundaries is small. Only six cases met the criteria of not controlling the price, profit-sharing with a third party, or having the company or client provide the material for production. (Mexico/ILO, 2017, p. 37). The three different dimensions therefore seem to identify slightly different forms of dependency and would to a large extent define different respondents as dependent contractors. The boundary set by price control, however, is the most robust as it has the largest overlap with the other dimensions even though it identifies a slightly lower number of respondents. By assessing the individual profiles of respondents and their statements describing their situation, the test indicates that it is useful to combine the boundaries of price control and profit-sharing with a third party as a method of identifying dependent contractors. (Mexico/ILO, 2017, p37).

44. The 2018 tests show that questions on price-setting should to some extent be related to the specific industry of the worker. For example, traditional retail vendors (e.g. convenience shops) should be identified before asking questions regarding price control so as to avoid false positives. There were also cases of workers paid by commission in the insurance industry and direct sales consultants who received a price range rather than one fixed price. This made it difficult to get a categorical response since these respondents do have some control over the price setting but only within the boundaries of the range set by others. In such cases, it becomes essential to gather information on whether the company determines a minimal amount of sales operations and/or whether it qualifies their performance. In that context, the profit-sharing profit question might be relevant, although the cognitive analysis revealed that the question was liable to draw false positive responses. An explicit question on whether the worker receives a percentage of sales paid by the company that the worker represents might be useful in this regard. The results also suggested that there is a need to take account of industries in which authorities set the prices, such as transportation, and in which at the same time there is a dependency on a third entity in operational terms; also, additional information on whether the person works for a single company or a portfolio of companies might give insights into the degree of dependency.
45. In addition to identifying dependent contractors among independent workers, the testing also allowed for assessing the identification of dependent contractors among self-identified dependent workers. The profile consisted of workers who stated that they have a boss or superior and do not receive a wage or salary or have stated that they are pieceworkers or that they do not perceive that they receive a wage or salary. This group consists mainly of self-identified employees (69 cases) and assistants without payment (21 cases), but it also includes apprentices and interns (6 cases), others (5 cases) and don't knows (2 cases) (Mexico/ILO, 2017, p. 41).
46. The responsibility for contributing to social insurance and for deducting income tax were tested as potential boundaries; by analyzing the answers given by respondents, different profiles could be identified according to the terms of their payment method. Respondents who worked for a fee stated more clearly that they were responsible for contributing to social insurance and for deduction of income taxes, while those who delegated that responsibility to a third party, as is the case of workers paid by commission and pieceworkers in Mexico, were more ambiguous in their responses (Mexico/ILO, 2017, p. 42). Questions regarding responsibility for social contributions are also among the more difficult to formulate after the three rounds of testing. The tests indicate that it is not always clear for the respondent whether such questions are to be interpreted in normative terms (what ought to be the case) or in factual terms (what is actually the case). This issue can be expected to be more problematic in a country such as Mexico, which has a high share of informal employment. The 2018 tests showed that it is important to include a question on type of contract to distinguish between a contract of employment and a contract of a commercial nature; further questions can then be used depending on the type of contract identified. Due to the relatively high share of informal employment in Mexico, it can be expected that a high share of workers will not have a written contract at all. In such cases, it would be essential to establish whether or not they are paid for time worked so as to determine a different path for non-wage workers. The problems with these questions experienced by Mexico indicate that the questions are useful for identifying some dependent contractors but they do not necessarily all of them. Whether they are not paid by time (not salary paid) and whether a third entity provides resources in order to conduct their work are relevant elements to the identification of dependent contractors among this group.

## 7 Uruguay

47. In December 2017, Uruguay conducted a field test (proyecto encuesta piloto para la adaptación a la medición de las estadísticas del trabajo (PAMET)) that included 461 households (737 respondents) in Montevideo (Uruguay, 2018a). The households were randomly selected from the monthly sample of the continuous household survey. The questions used for the test were based on the outcomes of cognitive tests that had previously been carried out by the Instituto Nacional de Estadística. The aim of the field test was to evaluate the revised questions in a field context, both from a cognitive perspective (based on organized group discussions among the interviewers and their rating of the questions) and from the perspective of giving insights into the impact on estimates compared to the current questionnaire used in the continuous household survey (Glejberman, 2018, pp. 90 and 91).
48. Uruguay included a multi-option question capturing different types of dependency that targeted self-identified independent workers without employees, as well as a question on responsibility for contributing to social insurance that targeted self-identified employees who do not receive a wage or salary (see annex, section 5).
49. The question used to assess the identification of dependent contractors among self-identified independent workers (Uruguay, 2018a) measured whether it is the respondent, the client or the supplier who decides on :
  - (a) the work schedule;
  - (b) the place of work;
  - (c) the work uniform;
  - (d) the type of products or services offered;
  - (e) the price of the goods or services produced.
50. The question used to assess dependent contractors among self-identified dependent workers without a wage or salary (Uruguay, 2018a) captured the responsibility for contributing to social insurance.
51. Based on the feedback from interviewers, the multi-option questions were understood reasonably well by the respondents. The interviewers rated all questions on a scale from 1 to 4, where a rating of 1 reflected that the question was not in general understood by the respondents and that the answers typically did not relate to the question as intended, while a rating of 4 reflected that the question in general was perfectly understood and no clarifications were needed (Uruguay, 2018b, p. 12). The multi-option question received an average rating of 3.39 (Uruguay, 2018b, p. 51), which implies that the respondents generally had a good understanding of the question based on the impression of the interviewers. During the group discussions among the interviewers, it was pointed out that the answer categories in some cases did not match the situation of respondents due to a lack of answer modalities, such as “control over working time”, which is slightly different from “control over work schedule” (Uruguay, 2018b, p. 51).
52. The question regarding responsibility for contributing to social insurance used to identify dependent contractors among self-identified dependent workers received an average rating of 3.42 from interviewers to reflect their perception of the respondents’ understanding of the question. During the group discussions, the interviewers pointed out that in some exceptional

cases, respondents had been confused by the questions. Their suggested remedy was to include additional answer categories, such as “do not make contributions”, “make a differential contribution” or “other” (Uruguay, 2018b, p. 52). However, as pointed out by consultant David Glejberman, the difficulties these cases represent might not so much be due to a lack of answer modalities but rather a consequence of the vulnerable relationship between informal employees and their employers. Instead, the wording of the questions should be further refined in the light of this issue (Glejberman, 2018, p. 111).

53. Based on the results of the field tests, 14.5 per cent of all employed persons would be defined as dependent contractors in Uruguay. That share would decrease to 11 per cent if the sample were reduced to cases that coincide with the continuous household survey, which would make the two populations identical. Among the 14.5 per cent of employed persons identified in the field test, 10.1 per cent are identified among self-identified independent workers for whom the client or the supplier controls one of the five dimensions measured; the remaining 4.4 per cent are identified among employees who do not receive a wage or salary but are responsible for making their own contribution to social insurance.

Table 10. Dependent contractors surveyed by PAMET

	n	%
Self-identified independent workers who are organizational/economic dependent on the client, supplier	53	10,1
Self-identified dependent workers who are responsible for making their own contributions to social insurance	23	4,4
The self-identified status is confirmed	450	85,6
Total	526	100

Source: Uruguay, PAMET , December 2017.

54. The conclusion based on both the cognitive test and the field test is that the two questions are useful for identifying dependent contractors (Uruguay, 2018b, p. 52).

## 8 Chile

*[This section is based on inputs provided by Daniel Andreas Perez Klein, Instituto Nacional de Estadísticas-Chile; it should be noted that the results shown are unofficial and preliminary.]*

55. The Instituto Nacional de Estadísticas-Chile (INE Chile) conducted a field test between June and August 2017 in the areas of Colina and Chacabuco. It included interviews with 3, 457 respondents in 1.408 households and was part of a project on regional adaptation of the new international guidelines for the measurement of labour statistics.<sup>1</sup>
56. A series of questions that targeted self-identified independent workers were included to measure three key concepts, as described below.

<sup>1</sup> Financed by the Inter-American Development Bank through its regional public goods programme and executed by the Latin American Faculty of Social Sciences.

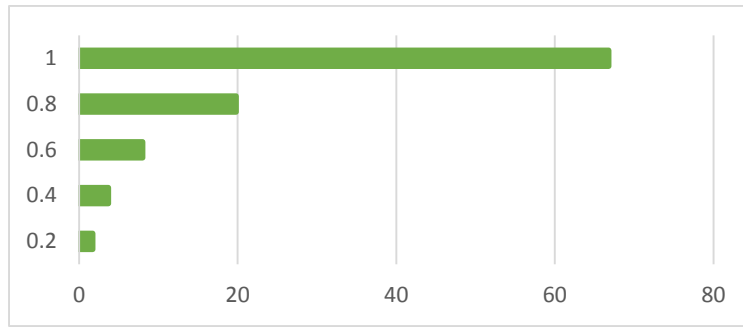
57. **Subordination.** This refers to the organization of the work and the autonomy of workers to make decisions related to the production of goods and services. It is related to the control of workers over the production process as well as over their own labour. The concept is similar to the concept of authority in ICSE-18. In order to measure the concept of subordination as defined by Chile, a multi-option question was included (see annex, section 6), measuring five different aspects of subordination. The question measured whether the self-identified independent worker, the client or the supplier controls:
- (a) Working hours;
  - (b) Place of work;
  - (c) The uniform;
  - (d) The type of products or services produced;
  - (e) The price of products or services produced.
58. **Dependency.** This refers to the ownership of the means of production. A worker is considered to have a high degree of dependency when the means of production are owned by another economic unit and therefore the worker's only asset is the labour.
59. **Production chain.** This refers to the linkage of two or more economic units through the provision of raw materials (suppliers) or sale of goods and services (customers). The concept is similar to the concept of market intermediation.

## 8.1 Subordination

60. Based on the results of the test, not deciding on the place of work is the most common form of subordination among own-account workers (20.5 per cent), followed by not controlling the price of products and services produced and not controlling the type of products or services produced (10.9 per cent and 10.3 per cent, respectively). Not controlling the working hours is less frequent (7.7 per cent), while not deciding on the uniform is the least common form of subordination (4.7 per cent).
61. In order to analyse the data in an aggregated form, INE Chile constructed a subordination index based on the five aspects of subordination that were measured. The index confirms that most self-identified independent workers without employees experience autonomy over the five aspects measured. Two thirds of all self-identified independent workers without employees experience total autonomy (value 1), while one third do experience some degree of subordination. The number of cases decrease as the level of subordination increases. It is also worth noting that there were no cases of absolute subordination (value 0).



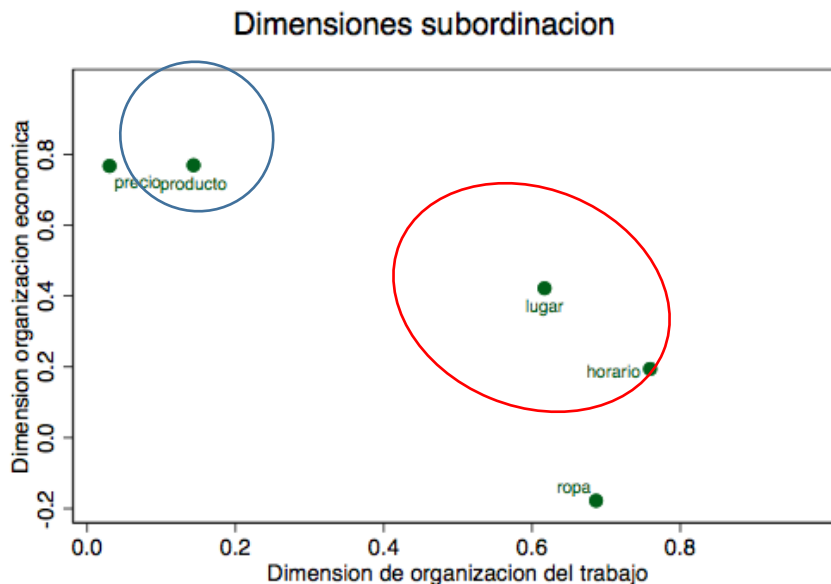
Graph 1. Subordination index (percentage)



62. As part of the analysis, INE Chile also conducted a correspondence analysis in order to reduce the five aspects of subordination to a more limited sets of dimensions. The results of the correspondence analysis were then used as input to a factorial analysis by principal components. Based on this analysis, two subdimensions were identified: subordination in the organization of the work and economic subordination, as shown in graph 2.

63. Subordination in the organization of the work consists of the aspects of not controlling the working hours (which have the highest correlation to the dimension of operational control), not controlling the place of work and not controlling the uniform. Economic subordination consists of the aspects of not controlling the type of products or services produced (which have the largest explanatory value) and not controlling the price of the products or services produced.

Graph 2. Subordination dimensions



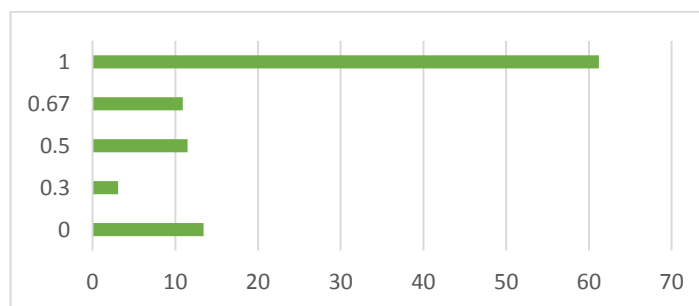
Fuente: Encuesta Piloto Bienes Públicos Regionales 2017, INE-Chile

64. Based on the statistical analysis, the conclusion of INE Chile is that the two dimensions should be taken into consideration when estimating subordination among self-identified independent workers without employees. This could be done by including at least one question for each dimension.

## 8.2 Dependency

65. A similar exercise was performed for the concept of dependency as defined by INE Chile. The aspects of ownership or being the tenant of their work premises, ownership of the tools and machinery used for production and ownership of vehicles were used to assess dependency (for the questions included, see annex, section 6). Not owning or being the tenant of the work premises was the most frequent type of dependency: 30 per cent of all self-identified independent workers without employees did not own or were not tenants of their work premises, 10 per cent did not own the tools or machines used for their production and 6 per cent did not own the vehicles used in their line of work. In order to show the data in aggregated form, a relative dependence index was constructed, which shows that 61 per cent of all self-identified independent workers without employees are completely independent (value 1) based on the three aspects measured, while 39 per cent experience some dependency. However, the degree of dependency is heterogenic, which indicates that further aspects should be explored in future tests.

Graph 3. Relative dependence index (percentage)



## 8.3 Production chain

66. A series of questions were included to capture whether self-identified independent workers had a single client or a single supplier and if so to define the attachment to that client or supplier (see annex, section 6). The responses showed that 12 per cent of self-identified independent workers were dependent on a single client, while 7 per cent were dependent on a single supplier. However, the attachment, as measured by whether there is a written contract between the two and whether the supplier/client requires exclusivity or takes a share of the profit, is stronger among those that have a single client than among those that have a single supplier. In addition, when reviewing the concept of subordination as measured by its five different aspects, self-identified independent workers with a single client showed a higher degree of subordination than those with a single main supplier. Having a single client thereby has a greater impact on autonomy than having a single supplier. The conclusion is therefore that questions related to attachment to clients should be considered as more efficient than those related to attachment to suppliers, when detecting possible dependent contractors.

## 8.4 Operationalization of dependent contractors

67. A series of different possible methods of operationalization were constructed to assess the size and overlap between different approaches. The first operational definition that was tested identifies dependent contractors among self-identified employees as well as among self-identified independent workers without employees, by using a broad set of criteria according to the following definition:

- (a) Self-identified employees who do not receive a wage or salary and are responsible for contributions to social insurance and for whom the place of work is not on the “employer’s” premises;
- (b) Self-identified independent workers who have a single client or supplier or do not control the price or for whom the customer provides the raw materials.

68. Based on this definition, 5.6 per cent of all employed persons are defined as dependent contractors, 41 per cent of whom are identified as dependent contractors among self-identified employees, mainly in the private sector, which indicates that the identification of dependent contractors among self-identified employees is an important aspect of measuring dependent contractors in Chile.

69. In order to further explore the different criteria used to identify dependent contractors among self-identified independent workers, the overlaps between different criteria were assessed. This was done in two different groups:

*Group 1:*

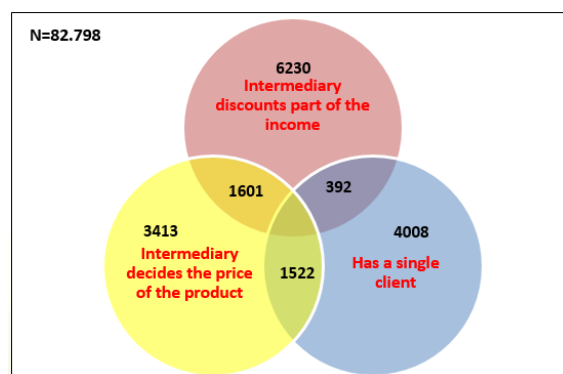
- Do not control the price-setting;
- Share profit with a third party;
- Have a single client.

*Group 2:*

- Subordination: price or type of product and time or place of work are decided by their client/customer;
- Production chain: have a single client or customer or share profit with client/customer;
- Dependence: client or customer owns the tools or machines.

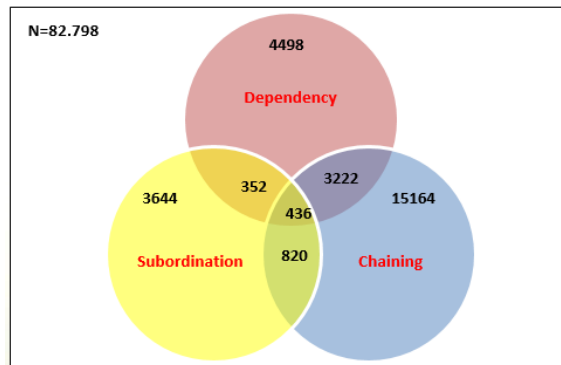
70. The criteria in group 1 reflect to some extent the different methods of operationalization used by Denmark, Finland and Italy, for example, while the criteria in group 2 reflect the three concepts that structured the analysis conducted by Chile. As shown in figure 1, the criteria in group 1 identify a relatively small number of workers. In addition, there are no cases in which all three criteria overlap, which could indicate that the criteria are capturing different groups of workers with different characteristics.

Figure 1. Overlap, group 1



71. As shown in figure 2, the criteria in group 2 identify more cases compared to group 1, but the numbers are still low. The overlaps are slightly larger than in group 1 and there are cases where all three methods apply. However, the different methods in group 2 also capture to a large extent different workers who probably have different characteristics.

Figure 2. Overlap, group 2



72. These findings lead to the conclusion that it is necessary to further explore the sociodemographic and occupational characteristics of the different groups, as well as other methods of operationalization that allow a higher level of overlap.

## 9 Thailand

*[This section is based on a forthcoming report prepared by Françoise Carré (WIEGO), Michael Frosch (ILO Statistics), Wissanee Poonsab (Thailand National Statistical Office), and Joann Vanek (WIEGO) (Carré et al., 2018).]*

73. The National Statistical Office of Thailand included a set of questions in the informal employment survey (a module attached to the Thailand labour force survey) for testing the identification of dependent contractors. The test was conducted throughout the country from 1 to 12 July, from 1 to 12 August and from 1 to 12 September 2017. The primary focus of the test was the identification of dependent contractors among self-identified self-employed persons. An exploratory analysis was also conducted relating to the identification of dependent contractors among self-identified employees (Carré et al., 2018, p.1).
74. The questions included targeted self-identified self-employed persons without employees, allowing the assessment of the following two different boundaries for identifying dependent contractors:
- Whether the raw materials are provided by the client or the client provides instructions;
  - Whether the pricing of their work is set by a third actor or customer.
75. Based on the results of the test, 17 per cent of all self-identified self-employed persons without employees in an unincorporated enterprise do not control the price-setting of their products/ services because the price is set by a third actor or client(s) and 10 per cent get their supplies or instructions from a third actor (company, agent or contractor) or customer. Among those who do not control the price, 15 per cent also receive supplies and/or instructions regarding the organization of the work (Carré et al., 2018, p. 3). The overlap between the two different

boundaries is thereby relatively low and seems to identify different workers with slightly different characteristics.

Table 11. Criteria for identifying dependent contractors among self-identified self-employed persons

Self-identified self-employed persons	Operationalization	Persons	Percentage
<b>Total</b>		<b>19,667,952</b>	
<b>Without employees</b>		<b>11,890,336</b>	
<b>Without employees in an unincorporated enterprise</b>		<b>11,794,167</b>	
<b>Without employees in an unincorporated enterprise and who do not control the price</b>	<b>Total</b>	<b>2,012,115</b>	
	<i>And who get supplies or instructions from others</i>	299,272	15
	<i>And who get their own supplies and no instructions from others</i>	1,708,386	85

Source: Thailand, labour force survey (Carré et al., 2018, p. 3).

76. One third of the workforce in Thailand work in agriculture and more than half of the workers in agriculture are self-employed persons without employees in an unincorporated enterprise (Carré et al. 2018, p. 3). Among self-identified self-employed persons without employees in an unincorporated enterprise, 86.3 per cent of those who do not control the price and 19 per cent of those who obtain their supplies or instructions from an agent or contractor or customer work in agriculture.
77. In order to assess dependency, three different groups were created based on the two tested boundaries. i.e. self-identified self-employed persons without employees in an unincorporated enterprise who (Carré et al., 2018, p. 4):
- Do not control the price and obtain the material input from an agent or contractor or customer;
  - Do control the price and obtain their own material input;
  - Do not control the price-setting but do obtain their own material input.
78. Groups (a), (b) and (c) account for 73.3 per cent of the self-identified self-employed persons without employees in an unincorporated enterprise. The remaining 26.7 per cent are not captured by the boundaries and hence are not covered by the analysis.
79. Workers in group (a) are expected to show the highest degree of dependency due to both their economic and their organizational dependency; it is the smallest group (1.7 per cent of self-employed persons without employees in an unincorporated enterprise and 2.5 per cent of all self-employed persons without employees). Just over one third (35 per cent) of the workers in this group work in agriculture (Carré et al., 2018, p. 5). It therefore has the lowest share of agriculture workers among the three groups. As a total, it has the highest share of workers with a registered business (24 per cent) and the highest rate of workers with separate accounts (18.3 per cent).

80. Within agriculture, group (a) has the highest share of workers having registered their business (15 per cent) and having a separate account (9 per cent). It has the second lowest share of workers reporting “no problems” with the work (78 per cent). Outside agriculture, where most workers are located, group (a) workers have the highest share of workers with a registered business (29 per cent) and also the highest share with a separate account (23 per cent). They have the lowest share reporting “no problems” with work (81 per cent), that is, they are more likely to have problems than workers in the other two groups (Carré et al., 2018, p.6). The majority of those in group (a) who work outside agriculture work in their own dwelling (Carré et al., 2018, p. 5).
81. Workers in group (b) are expected to show the highest degree of independency due to the fact that they control the price for their goods and services and obtain their own material input. It is the largest group (57 per cent of all self-employed persons without employees in an unincorporated enterprise) and just over half of them work outside of agriculture. In total and relative to group (a), group (b) has a lower share having registered their enterprise and a lower share having separate accounts.
82. In agriculture, where just under half of the group work, group (b) has the lowest share of workers having registered their business (5 per cent) and having separate accounts (3 per cent). Workers in this group are therefore the most likely to be in the informal sector. A lower share report “no problems” with work than in group (a).
83. Outside agriculture, group (b) workers, those most likely to be independent, have the lowest share of registration and a smaller share of them keep separate accounts than workers in group (a). They report the highest rate of having “no problems” with work, meaning they are the least likely to report problems. 39 per cent work in their own shop or their own dwelling, 25 per cent at a market stall or street and 21 per cent in their own enterprise Carré et al., 2018, p. 5).
84. Workers in group (c) can be viewed as ambiguous cases since that they do not control their price setting but do provide their own material input. They therefore have a degree of economic dependency but a lower degree of organizational dependency compared to group (a). Some 15 per cent of all self-employed persons without employees in an unincorporated enterprise (as well as of all self-employed persons without employees) are in group (c). The group consists almost entirely of workers in the agriculture sector (95 per cent) and more than two thirds of them are men. The 5 per cent who work outside agriculture share characteristics with group (a). The majority of this non-agriculture subgroup work in their own dwelling and an additional 14 per cent have “no fixed” workplace (Carré et al., 2018, p. 5).
85. Within agriculture, where almost all of them are active, workers of group (c) are less likely to have registered their business (10 per cent) and to have separate accounts (4 per cent) than workers in group (a) and they are the most likely group to report problems with work (80 per cent) relative to agriculture workers in the other two groups (Carré et al., 2018, p. 5).
86. The ambiguous situation of workers in group (c) and the high share of agriculture workers in this group points to the usefulness of adding additional boundaries/questions that would assist in interpreting the questions on price control (Carré et al., 2018, p. 6).
87. A secondary objective of the analysis is an assessment of the identification of dependent contractors among self-identified employees. No additional questions were tested but a limited

analysis could be carried out on the basis of already existing questions in the labour force survey of Thailand. The questions have not been constructed for the purpose of identifying dependent contractors among self-identified employees and therefore carry some limitations.

88. The labour force survey of Thailand includes questions that identify whether employees have social benefit coverage through their employment, place of work and type of remuneration. These questions correspond to some extent to the alternative approach to identifying dependent contractors among self-identified employees.
89. Due to ambiguous answer modalities in the “place of work” variable, three different categories were constructed for employees who are not covered by social insurance: (i) likely employees, (those working in employers’ premises or home), (ii) likely dependent contractors (those working in own shop or home) and (iii) ambiguous status workers (those working in all other places of work, such as agricultural lands, market stalls, construction sites and other worksites). More than 95 per cent of workers in the first two categories work outside agriculture, while 40 per cent of workers in the third category work in agriculture (Carré et al. 2018, p. 9).
90. In the Thailand labour force survey, a division is made between “private employee” and “having multiple employers”. Among those who answers “private employee” in non-agriculture activities, likely employees (category (i)) and likely dependent contractors (category (ii)) show similar characteristics regarding having a regular wage or work hours. Half of the likely dependent contractors work in manufacturing and have a higher share of women compared to likely employees, who mainly work in wholesale/retail trade and manufacturing. Among likely dependent contractors, almost half work from their own-home. Workers in ambiguous situations (category (iii)) are overwhelmingly male and two thirds of them work in construction, a consequence of the place of work criterion used for defining the category. They are less likely to have a regular wage than workers in the other two categories and to some extent report having more work-related problems (Carré et al. 2018, p. 9).
91. For agriculture activities, where a small share of the first two categories are located, likely dependent contractors have a higher share of women than likely employees, to some extent report less problems with work and work fewer hours (Carré et al. 2018, p. 9).
92. Among those who answer “employee with multiple employers”, workers in all three categories do not tend to receive regular wages. The largest group by far is that of ambiguous status workers (category (iii)); it consists primarily of workers in agriculture, most of whom are men, and they are least likely to receive regular wages within and outside agriculture (Carré et al. 2018, p. 7).
93. The question regarding type of remuneration does not provide sufficient information for the identification of employees working for a wage or salary. However, it is possible to exclude those who have stated that they are paid cash for time worked. (The reason for doing so is to explore whether being paid cash on a basis other than time worked may help to identify dependent contractors.) All groups are substantially reduced when this category is excluded. This is particularly the case for those that are “private employees” and in an ambiguous situation (category (iii)). The decrease is also significant for all three groups among employees with multiple employers, for whom workers in the ambiguous situation experience the largest decrease, especially among agriculture workers (Carré et al. 2018, p. 11). The impact of adding the

dimension of remuneration points to the importance of using this dimension actively in the identification of dependent contractors among self-identified employees.

## 10 Conclusions

94. The tests that have been conducted by the seven countries included in the report have been carried out using different methods for testing and different, but sometimes overlapping, methods of operationalization have been tested. However, in spite of these differences there are some general conclusions that can be drawn based on the results from the tests.
95. The different cognitive tests indicate that in general, respondents seem to have a relatively good cognitive understanding of the questions used to identify dependent contractors among self-identified self-employed persons. Most countries report no major problems with the understanding of the questions relating to access to raw materials and equipment, price control, having a main client and control over working time. The questions also seem to be relatively easy to integrate in an already existing survey. The main exception concerns profit-sharing with a third party. This dimension of dependency was problematic to operationalize both in Denmark and in Finland and to some extent in Mexico. The problems reported by Denmark and Finland indicate that respondents were struggling to understand the concept of profit and there were general problems as well with establishing a multiparty relationship.
96. Based on the field tests conducted, the number and share of identified workers would differ according to the exact method of operationalization used in most countries. In addition, all countries that have analysed overlap between different methods of operationalization report that the overlap is low. This implies that the identification of dependent contractors is sensitive to the method used. Different methods will typically create a different level of dependent contractors and identify different workers with different characteristics. There is no clear evidence across countries that using one method instead of another more strongly identifies workers in, for example, a more vulnerable or exposed situation. In the case of Finland, there is some correlation between price control and having a more financially unstable situation as well as being less content with the work. In Italy, there is a correlation between the main client approach and the exposed group of *collaboratori*, while in Denmark there were no differences compared to the economic situation for all independent workers without employees.
97. There is some evidence that the different criteria used in the different methods of operationalization capture two different dimensions of dependency: economic dependency and organizational dependency. This division was also one of the main findings in the analysis conducted by Chile. In general, the price-control approach seems efficient for capturing economic dependency (if restricted to price controlled by the client or intermediary), while controlling the working hours (for example in combination with having a main client) or control over the place of work are more correlated to organizational dependency. The small overlap between the different methods of operationalization as reported by countries could either indicate that some of the different methods used in the tests are not optimal for capturing dependency or that it is relatively rare that a worker experiences both organizational dependency and economic dependency.



98. This may at least partly explain why there seems to be a relatively high correlation between the type of operationalization and the type of industry; price control in particular seems to capture relatively many workers in agriculture. Organizational dependency, when operationalized by control over working time, is less common in agriculture and more common among for example professionals and hence the two different forms of dependency tends to capture different groups of workers that are correlated to different industries.
99. These findings have led countries to slightly different conclusions. In the case of Denmark, the conclusion is that based on their findings there is no clear indication that any of the methods of operationalization, in the Danish context, captures workers that are significantly different compared to other self-employed workers in unincorporated enterprises without employees in the same industry. Given the very small numbers of dependent contractors identified, however, it may also reflect a reality that these workers are very rare in Denmark. However, in the case of Mexico, Thailand and Finland, the conclusion is rather that the price-control approach seems to work relatively well to capture dependency but needs to be complemented with other forms of dependency. Similarly, in the case of Chile the conclusion suggests that both operational dependency and economic dependency probably need to be addressed to effectively measure dependent contractors, and that in addition questions relating to attachment to clients are more efficient than those related to suppliers.
100. In the case of Mexico, this implies an industry-based approach that takes the characteristics of a certain industry into consideration, such as using a complementary dimension of dependency in industries in which the price is set by regulation. In the case of Thailand, the conclusion is that the need is to further restrict the definition by using additional boundaries rather than to enlarge the definition by using multiple boundaries, especially within agriculture which forms a large part of the labour market of Thailand. Similar in the case of Finland the combination of criteria i.e. price control and having one main client seems to capture a slightly more exposed group than price control only.
101. Fewer efforts have so far been made regarding testing the identification of dependent contractors among employees. However, some conclusions can be drawn based on the experience of the countries that also included this aspect in their analysis.
102. To correctly identify wage workers among self-identified employees is an essential first step to exclude cases that should not be defined as dependent contractors. The findings of Thailand suggest that this clearly reduced the number of ambiguous cases and the tests from Mexico indicate a correlation between the type of remuneration and the responsibility for making contributions to social insurance and tax deductions. To correctly identify the type of remuneration is therefore a prerequisite for identifying dependent contractors among self-identified employees.
103. Questions regarding the responsibility for making contributions to social insurance and deduction of income tax were problematic in Mexico and Uruguay, especially in relation to informal employment. The questions were, however, found useful in both countries, as well as in Chile, but need to be formulated in a straightforward way and adapted to the existence of informal employees in order to maximize the number of rightly identified cases. Based on the findings of Thailand, the alternative use of place of work and actual payment to social insurance seems to

rather be a proxy for dependent contractors. Further tests are needed, however, to gather more evidence regarding this approach.

104. Based on the tests conducted so far, the identification of dependent contractors among self-identified employees seems to work well, taking into account the limited number of tests that have been conducted targeting this group. The results of the tests regarding identifying dependent contractors among self-identified self-employed persons are less clear. The price-control approach seems to work well for capturing economic dependency, which is an essential element in the definition of dependent contractors. The approach needs to be limited to only identifying those cases where the client or an intermediary sets the price as a dependent contractor and hence exclude cases in which the price is a market price or set by regulation or law. However, the results of the tests also suggests that there are other forms of dependency, such as organizational dependency, that may need to be taken into consideration. The key issue is to further explore whether organizational dependency as a stand-alone dimension identifies some relevant cases that should be defined as dependent contractors and that are not identified with the price-control approach. A more detailed investigation of the characteristics of these workers and their businesses might cast some light on this.
105. More work, including testing, therefore needs to be done to further explore the relationship between the different dimensions of dependency in order to try to identify a combination of criteria and an approach that works well but at the same time limits response burden and ensures harmonization. To that end, it would be essential to contextualize the dependency by including both organizational dependency and economic dependency and to carry out a detailed assessment based on the work characteristics and the characteristics of the business. It would also be essential to make a more detailed analysis of how well the different methods of operationalization capture cases whose situation corresponds to the concept of dependent contractors as defined. The tests conducted so far and the questions used in these tests will provide an important input to this work.

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## ANNEX

### 1. Questions used by Denmark

Has at least 75% of your income as a self-employed person come from the same customer during the last 12 months?

Yes ..... 1

No ..... 2

---

Who determines your working hours?

Only myself ..... 1

My customers in part or in whole.... 2

Others..... 3

---

Is it mainly you that determines the prices for the products services produced

Yes ..... 1

No ..... 2

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Why isn't it you that determines the price for your work?

The prices are determined by another company or actor.....

The prices are mainly set by the client(s) .....

The prices is set by regulation/law.....

The prices are negotiated with the client(s).....

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Is your company incorporated? For example a aktieselskab, handelspartnerskab or a kommanditselskab (hybridselskab)?

Ja ..... 1

Nej ..... 2

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Are the buyers of your products or services primarily private consumers or other companies?

Private consumers .....	1
Other companies .....	2
Others .....	3

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How are you typically paid for your products or services?

Directly by those that consumes the service products.....	1
	2
By another enterprise .....	
	3
Other.....	

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Does another company or a third part receives a share of the payment you get (excluding taxes)?

Yes, always .....	1
Yes, sometimes .....	2
No.....	3

## 2. Questions used by Finland

How many customers or clients have you worked for or sold products to over the past 12 months?

1. none
2. one
3. two to nine
4. Ten or more? (AHM)

- Cognitive testing: Separate q for employers (“has your company worked or sold products”) and for self-employed without employees

*If more than 1 customer:*

Over the past 12 months, did you receive at least 75 per cent of your entrepreneurial income from one customer?

1. yes
2. no (AHM)

- Cognitive tests: persons in service sector w thousands of customers find this odd

---

If one customer or one major customer:

How easy would it be to get another client to replace the current one?

1. very easy
2. fairly easy
3. fairly difficult
4. very difficult (FI)

- No cognitive testing, according to field interviewers works well

---

Do you decide when you start and stop working?

1. Yes

1. No (AHM)

- according to field interviewers: seldom an on-off-issue

2. If does not decide:

---

Who decides when you start and stop working:

1. customer/client

2. or someone else or some other factor like the weather? (AHM)

---

Can you primarily price the products or services you offer yourself?

1. yes
2. no

(FI)

- Field testing: no problem

---

*If cannot price the work:*

Why can you not price them yourself?

1. Another enterprise or actor defines the prices
2. Prices are principally determined by the customer
3. Prices are defined by law
4. Prices are negotiated with the customer

### 3. Questions used by Italy

In the last 12 months, how many clients and/or companies did you work for?

1. None
  2. One
  3. 2 to 9
  4. 10 to 99
  5. 100 and more
  6. Don't know
- 

Think about income that [NAME] earned over the past 12 months from his/her job as [answer at C1 ]. Which percentage of his/her income came from the most important client?

1. Less than 50%
  2. From 50% to 74%
  3. From 75% to 90%
  4. From 91% to 100%
  5. Does not have a main client
  6. Don't know (only for proxy)
- 

In general does [NAME] personally decide the start and the end of the working day?

1. Yes
  2. No
  3. Don't know
- 

In particular, who decides?

1. Any other party (regulations or institutions, e.g. lawcourts, pharmacies, weather)
  2. Agreed to by the respondent and client(s)/company(s)
  3. Must comply with the company timetable and/or timetable of client
  4. Other (specify)
  5. Don't know
- 

Can you primarily determine prices or compensation for your work?

1. Yes
  2. No
- 

If no, who decides?

1. Prices are agreed with client/customer
2. Prices are decided by the client/customer
3. Prices are fixed by law
4. Prices are fixed by another part (that you cooperate with)
5. Other

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#### 4. Questions used by Mexico

*For self-identified independent workers (based on the 2018 test)*

C04 During the last four weeks, have you worked...


(Read the options and circle the indicated one)

- 1 for a single customer?
- 2 for more than one customer? → C06
- 3 No customers

---

C05 This customer is...

(Read the options till you get a Yes answer)

- 1 an established company or business?
  - 2 an institution or association?
  - 3 an intermediary?
  - 4 just a person hiring a service
- 

---

C06. The clients are send to you by some Company or intermediary?

- 1 Yes → C08
- 2 No

---

C07. In this job, are you devoted to...


(Read the options till you get a Yes answer)

- 1 sell or promote products or services of a single Company or supplier?
- 2 sell or promote products or services of more than one company or supplier?  
→ C09
- 3 “maquila” (chain supplier)? → C10
- 4 None of the above → C13

---

C08 Does this company (institution or intermediary) establishes...

(Read the options till you get a Yes answer)

- 1 the price of the product or service you offer?
  - 2 the minimum amount of sales or operations that you should realize?
  - 3 the place, routes or areas where you can work?
  - 4 suppliers you work with?
  - 5 None of the above
- 



---

C09. From the price or rate paid by the customer, do you share a percentage with...

(Read the options till you get a Yes answer)

- 1 a company?
- 2 an intermediary?
- 3 one or several partners? } c13
- 4 None of the above

---

For identification of dependent contractors among self-identified dependent workers (based on the 2017 tests)

Who is responsible for social contributions for you?

1. Your employer
2. Yourself

---

Who is responsible from deducting income taxes from this job?

1. Your employer
2. Yourself
3. Is exempted

---

## 5. Questions used by Uruguay:

*To self-defined independent workers*

Who decides on ...	You	The client(s)	The supplier	Not applicable
Your work schedule?				
The place where you do your work?				
The work uniform?				
The type of product or service offered?				
The price of products or services				

---

*To self-identified dependent workers*

Who is responsible for making your social contributions, such as FONASA and pension contributions?

1. Your employer
  2. Yourself
-

## 6. Questions used by Chile

Question for measuring subordination

<b>In your work, who decides on ...</b>	You	The client(s)	The supplier	Not applicable
Your work schedule?				
The place where you do your work?				
The work uniform?				
The type of product or service offered?				
The price of products or services				

---

Question for measuring dependency

<b>In your work, who are the owner or lessee...</b>	You	The client(s)	The supplier	Not applicable
...the place, facility or premises where you work				
...the machines, equipment or tools with which you work				
...the vehicle that you use in your work				

Questions form measuring production chain and attachment

Do you produce goods or provide services to one single client only?

1. Yes
  2. No
  3. Don't know
- 

Do you have one main supplier of raw materials or for providing you with customers?

1. Yes
  2. No
  3. Don't know
- 

*If yes to one of the above questions*

Do you have a written contract with your client or main supplier?

1. Yes
2. No
3. Don't know

---

Do you have a written contract with your client or main supplier?

1. Yes
2. No
3. Don't know

---

Does the agreement or contract with your client/supplier requires exclusiveness?

1. Yes
2. No
3. Don't know

---

Do another company or a third party receive a part of your revenue?

1. Yes
2. No
3. Don't know

---

## 7. Questions used by Thailand

*For self-perceived self-employed without employees*

Who provides you with raw materials/specific designs/instructions for the goods or services you produce?

1. Your customer(s )
2. Your self
3. Another company or agent or contractor
4. Not applicable

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Is it you who typically sets the price for your product(s) or service(s)

1. Yes
2. No

---

Why can you not price them yourself?

Is it because the price is typically.....

1. Set by another company or agent or contractor
2. Negotiated between you and your customer
3. Determined by the customer
4. Defined by legislation
5. Other

---

*For identifying dependent contractors among self-perceived employees, alternative approach*

1. What kind of place of work do you have?
2. Own enterprise/unit/office/shop but away from own dwelling
3. Employer's enterprise/unit/office/shop but outside employer's dwelling
4. Market or street stall
5. Construction site
6. Own dwelling or structure attached to own dwelling
7. Employer's dwelling unit
8. No fixed work place
9. Agricultural land
10. Other.(specify)

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What kind of wages do (you/NAME) receive?

In Cash :

1. Per hour
  2. Per day
  3. Per week
  4. Per month
  5. Others (spec.)
  6. Unknown
  7. Not in cash
-