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**THE DEVELOPMENT OF AN EMPLOYMENT MODULE
FOR SERVICES SECTOR MODEL SURVEYS: AUSTRALIAN EXPERIENCE**

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The Development of an Employment Module for Services Sector Model Surveys: Australian Experience

1. Introduction

The services sector is a large component of modern industrial economies and in this respect Australia is no exception. In common with other developed economies, the services sector share of Australia's Gross Domestic Product is increasing. The fastest employment growth rates over the past decade were recorded in the recreation, personal and other services industries (51%), finance, property and business services industries (48%), and community services industries (35%).

2. Services industries, when defined most widely as other than goods producing industries, accounted for nearly 68 per cent of Australian employment in 1973; by 1993 this proportion has increased to 80 per cent. During this twenty year period, total employment in the services sector increased by 1.8 million persons; the largest growth occurred in community services (an increase of 785,000 persons), followed by the finance, property and business services (451,800 persons), wholesale and retail trade (402,600 persons) and recreation, personal and other services industries (255,600 persons).

3. Commentators point to the likely continued strong growth in tourism and hospitality related industries as economies grow and to the increasing importance over the next decade or two of "information based" industries such as finance, property and business services, education and media related industries.

4. Along with the strong overall growth in employment in services industries, there have been some profound changes in the composition of the services industries labour market. Of the nearly five million employees with jobs in the widely defined services sector in July 1991, 40 per cent were engaged on a part-time basis. With the exclusion of construction, wholesale and retail trade, transport and storage industries from the definition of the services sector, the proportion of part-time employees increased to 43 per cent. Also, in this more narrowly defined services sector, 20 per cent of employees were engaged on a casual, rather than permanent basis.

5. The majority of part-time workers (75% in 1993) are women and the increasing participation of women in the labour force has been a major factor associated with the increase in part-time employment. Female employees have increased their overall share of the labour force from 30 per cent in the mid-60's to more than 50 per cent in the mid-90's and this share is expected to rise further over the next decade. Over 90 per cent of this increase was due to an increase in participation in the part-time labour market.

2. Employment and Jobs

6. Before proceeding to examine the requirements for data items to be included in an employment module for services sector model surveys, it is useful to examine the difference between the statistical term "employment" and the measure of employment that is obtained from establishment surveys i.e. "jobs". This can be conveniently achieved by reference to Chapter XVII "Population and labour inputs" of the revised System of National Accounts (1993 SNA).

7. In broad terms, the population of a country can be divided into three mutually exclusive groups i.e. "employed", "unemployed" (which together constitute the "labour force") and those persons "not in the labour force". This division depends upon a person's activity (or lack of it) during a specific reference period. Employment and related concepts have been defined by the International Labour Organisation (ILO) and are explained in the ILO manual of concepts and methods, "Surveys of economically active population, employment, unemployment and underemployment" (Husmanns, Mehran and Verma, International Labour Office, Geneva, 1990).

8. For the purposes of the paper, it is sufficient to note that provided the definitions of employment and jobs match one another, the average annual number of jobs exceeds the annual average number of persons employed by the average number of second, third, etc. jobs. The second, third, etc. jobs held by individuals may either follow one another in a household survey reference week or, as when someone has an evening job as well as a daytime job, run in parallel (see 1993 SNA, 17.5).

9. Employed persons who have more than one job during a reference week can only be classified in household surveys according to industry and status in employment, by the application of some essentially arbitrary convention as to which of their jobs is the most important (or their perceived main job). In practical terms, while household surveys can provide data about either or both of employment and jobs, establishment surveys only provide data about jobs. Consequently, statistical information on jobs tends to be more plentiful than information on persons employed (see 1993 SNA, 17.6).

10. The discussion under the heading "2 Jobs" in Chapter XVII of the 1993 SNA provides the conceptual basis for the determination of employment data items to be included in an employment module for service sector surveys. A job is defined "as an explicit or implicit contract between a person and an institutional unit to perform work in return for compensation" (1993 SNA, 17.8). A distinction is made in the 1993 SNA between "employee jobs" and "self-employment jobs". The institutional unit may be the proprietor of an unincorporated enterprise; in this case the employed person is described as being self-employed and does not receive compensation in the form of wages or a salary.

3. Status in Employment

11. The 15th International Conference of Labour Statistics (Geneva, January 1993) in the "Resolution concerning the International Classification of Status in Employment" recommended that countries, as far as possible, design their data collection and processing procedures so that they are able to provide estimates for each of the following so-called "status in employment" categories, where they are nationally significant;

1. employees
2. employers
3. own-account workers
4. members of producers' cooperatives
5. contributing family workers.

12. For the purposes of collecting and presenting official employment statistics in Australia, the Australian Bureau of Statistics (ABS) has adopted status in employment categories 1, 2, 3 and 5 as nationally significant. Persons classified in category 1 "employees" are in "paid employment" jobs while those in categories 2, 3 and 5 are considered as being in "self-employment" jobs.

13. For the purposes of both household and establishment-based surveys conducted by the ABS, the following short-form definitions of each of the four status in employment categories are used:

Employee: A person who works for a public or private employer and receives remuneration in wages, salary, a retainer fee by their employer while working on a commission basis, tips, piece-rates or payment in kind, or a person who operates his or her own incorporated enterprise with or without hiring employees.

Employer: A person who operates his or her own unincorporated economic enterprise or engages independently in a profession or trade, and hires one or more employees.

Own Account Worker: A person who operates his or her own unincorporated economic enterprise or engages independently in a profession or trade and hires no employees.

Contributing Family Worker: A person who works without pay in an economic enterprise operated by a relative.

More extensive descriptions are given in Annex III "Resolution concerning the International Classification of Status in Employment" to the report of the 15th International Conference of Labour Statisticians (ILO, Geneva, January 1993).

14. In Australian official statistics, status in employment is, in household surveys, based on a person's perception of his or her relationship to the enterprise in which he or she works, together with the legal status of the enterprise. The legal status concept has long been used, in accordance with SNA concepts, to classify

owner-managers of incorporated businesses as employees rather than employers or own account workers. The same practice is also adopted in at least the USA, Canada, Japan and New Zealand.

15. This practice, however, raises a number of issues in relation to the boundaries of status in employment categories. The way the ABS definitions of employer and employee operate (and those of some other countries) through the use of the legal status of the enterprise, while consistent with the basis of recording employment in jobs in establishment surveys, may be at odds with the commonly held understanding of an employee or employer. For example, many owner-managers of small incorporated businesses operate in a very similar manner to employers or own account workers in unincorporated enterprises. They often, for example, alone or together with one or a few partners, hold controlling ownership of the enterprise and have the authority to act on its behalf as regards contracts with other organisations and the hiring and dismissal of persons in "paid employment" within the same organisation.

16. In considering the treatment of owner-managers of incorporated enterprises, the 15th Conference of Labour Statisticians (Geneva, January 1993) in its "Resolution concerning the International Classification of Status in Employment" noted that to classify such persons as "employees" was consistent with their classification in the SNA, while they may be best classified as "employers" or "own account workers" for the purpose of labour market analysis. The Resolution went on to recommend that countries should, therefore, according to the needs of users of their statistics and their collection possibilities, endeavour to identify this group separately. The separate identification of owner-managers of incorporated enterprises is, as the Resolution noted, not a straight forward exercise in household surveys. It may be better achieved in establishment-based surveys where survey response does not rely on the perception of the respondent, but upon the records of the business.

17. Employed persons may be classified as full-time or part-time workers on the basis of their daily or weekly working hours. Part-time employment has been growing rapidly in the last two decades or so, particularly in industrialised countries. At present, however, there is no international statistical definition of part-time work. In Australia, part-time workers are defined in household surveys as those who usually work less than 35 hours a week and who did so in the survey reference period.

4. Employment Module for Services Sector Model Surveys

18. The discussion above points to a **minimum** employment module for inclusion in establishment surveys of services industries that enables a division to be made of total employment in a specific industry (during a reference period, say, last pay period ending in x) into;

- (i) persons in "self-employment" jobs;
- and (ii) persons in "paid employment" jobs.

19. Given the increasing importance of part-time work, and the increasing participating of females in the services industries labour force, this minimum specification should permit the cross-classification of persons employed in "self-employment" jobs and in "paid employment" jobs by "full-time/part-time" jobs and "by sex". This can be summarised, in terms of survey questionnaire design, as follows;

Status in Employment	Number employed during the last pay period ending in period x			
	Number working 35 hours or more a week		Number working less than 35 hours a week	
	Male	Female	Male	Female
"Self employment" Jobs	xx	xx	xx	xx
"Paid employment" Jobs	xx	xx	xx	xx
Total Employment	xx	xx	xx	xx

20. A strong case can be made for this minimum (or core) data set to be extended in a quite specific manner to enable the separate identification of "owner-managers of incorporated enterprises" in the services industries where this category is significant. To illustrate, the employment module used in the ABS's Consultant Engineering Services questionnaire, as part of the 1992-93 Service Industries Survey, sought the following "core" employment details:

Part 2 - Question 4: Number of working proprietors/partners and employees
Employment working in this business during the last pay period ending in
June 1993.

	Number working full-time		Number working part-time	
	Male	Female	Male	Female
Working proprietors & working partners of unincorporated businesses	xx	xx	xx	xx
Working directors of incorporated companies and trusts	xx	xx	xx	xx
Other employees	xx	xx	xx	xx
Total	xx	xx	xx	xx

In addition, the following **"industry-specific"** employment details were sought (as Questions 5) in the 1992-93 Survey.

Question 5: Number of other staff under substantial direction and control by this
business working in engineering and related fields during the last pay
period ending in June 1993.

	Number working full-time		Number working part-time	
	Male	Female	Male	Female
Engineering and related staff under substantial direction and control by this business:				
. Engaged on a contract basis	xx	xx	xx	xx
. Engaged through an agency	xx	xx	xx	xx
Total	xx	xx	xx	xx

21. There are at least two key points to note in the example of an employment module for service industries described above. First, although as noted in paragraph 17 above, in Australia part-time workers are defined as those who usually work less than 35 hours a week, the specific criterion of the number of hours worked

is only used in household surveys. In Australian establishment surveys, it is left to individual survey respondents to determine the dissection between the number of persons working in a business in a full-time and part-time capacity, using as a basis the respondent's own view of the profile of jobs in the business.

22. Second, it is becoming increasingly difficult in some industries to consistently distinguish between "employees" in "employers". This is partly due to the increasing use that businesses are making of "contracting out" (or outsourcing) of certain activities. A particular situation that is becoming increasingly prevalent in Australia is where professional employees eg. computer specialists, resign from their job with an employer and set themselves up as an unincorporated business (with or without employees) or as an owner-manager of an incorporated business for the purpose of contracting their labour, or professional skills, either exclusively to their former employer or to a small number of client businesses. These persons are seeking to achieve an income taxation advantage relative to that of employees. Although these contractors are engaged in separate businesses and, most likely, would be classified to a different industry, they are working so closely with the client business(es) that their inclusion in measures of employment in the industry of the client business(es) is often sought by users.

23. In developing the Consultant Engineering Industries Survey, it was apparent that businesses responding to the establishment survey would have difficulty in distinguishing between employees and contractors as the process for engaging workers in this industry had become quite complex. The wording of Question 5 in the example above was an attempt to gain some insight into the situation where there are a significant number of contractors engaged by businesses in the Consultant Engineering Services industry for the provision of professional knowledge and advice.

24. As a guiding principle, individual national statistical agencies should determine what data are necessary to classify jobs (in establishment surveys) or persons (in household surveys) according to nationally significant status in employment groups and involving subcategories or disaggregations in ways corresponding to the specific needs of users of the statistics. Accordingly, the extent of employment data items that are included in individual services industries' survey questionnaires will vary according to specific user requirements and reflect the very heterogeneous activities within services industries.

25. The following table summarises the "core" and "industry specific" employment data items that have been collected in recent ABS Service Industries Surveys.
(Note: All questionnaires seek a "full-time/part-time" and "male/female" dissection of "core" data items.)

Industry Survey	"Core" Employment Items	"Industry-Specific" Employment Items
(i) Advertising Services	<ul style="list-style-type: none"> Working proprietors and working partners of unincorporated businesses (a) Employees (b) 	Person weeks worked by freelance staff excluding talent.
(ii) Real Estate Services	<ul style="list-style-type: none"> (a) (as above) Working directors of incorporated companies and trusts (c) Sales staff: <ul style="list-style-type: none"> on commission on retainer plus commission Other staff 	Number of sales staff that ceased employment with business during year.
(iii) Surveying Services	<ul style="list-style-type: none"> (a) as above (c) as above Other employees (d) 	-
(iv) Architectural Services	<ul style="list-style-type: none"> (a) as above (c) as above (d) as above 	Number of staff engaged during last pay period in June on a contract basis or through an agency
(v) Legal Services	<ul style="list-style-type: none"> (a) substituting "practices" for "businesses" Employees <ul style="list-style-type: none"> Principals of incorporated practices Other employees who are qualified as barristers and/or solicitors Other employees. 	-
(vi) Accounting Services	<ul style="list-style-type: none"> (a) described as "sole practitioners and working partners of unincorporated practices" Employees <ul style="list-style-type: none"> Principals of incorporated practices Accountants (staff with tertiary qualifications in accounting) Other employees 	-

(vii) Computing Services	<ul style="list-style-type: none"> . (a) as above . (c) as above . Other employees <ul style="list-style-type: none"> - Computing and technical staff - Other staff eg. clerical, data entry staff 	-
(viii) Management Services Consulting and Market Research Services	<ul style="list-style-type: none"> . (a) as above . (c) as above . Other employees <ul style="list-style-type: none"> . Professional/consultancy staff . Interviewers . Other 	-
(ix) Cafe, Restaurants, Pubs, Taverns and Bars	<ul style="list-style-type: none"> . (a) as above . (c) as above . Employees entitled to paid holidays ("permanent" staff) (e) . Casual employees (f) 	-
(x) Licensed Clubs	<ul style="list-style-type: none"> . (e) as above . (f) as above <p>(Note: legal requirement results in "employees" only)</p>	-
(xi) Accommodation	<ul style="list-style-type: none"> . (a) as above . (c) as above . (e) as above . (f) as above 	-
(xii) Motor Vehicle Hire	<ul style="list-style-type: none"> . (a) as above . (c) as above . (e) as above . (f) as above 	-
(xiii) Amusement and Theme Parks	<ul style="list-style-type: none"> . (a) as above . (c) and (e) as above . (f) as above 	Total number of employees at end of each quarter in the year.
(xiv) Consultant Engineering Services	<ul style="list-style-type: none"> . (a) as above . (c) as above . (d) as above 	Number of staff engaged during the last pay period in June on a contract basis or through an agency.

- (xv) Film and Video Production
- . (a) as above
 - . (c) as above
 - . (d) as above

Total number of persons working at end of each month in the year.

Person weeks of effort by persons engaged in each production classified by paid employees and freelancers paid by an incorporated company and by type of personnel (producers, directors, actors, writers, technicians, editors, other).

- (xvi) Film and Video Distribution
- . (a) as above
 - . (c) as above
 - . (d) as above

- (xvii) Motion Picture Exhibition
- . (a) as above
 - . (c) as above
 - . (d) as above

- (xviii) Television Services
- . Persons predominantly engaged in production activity.
 - . Other employees.

26. This section of the paper has focused on the development of an employment module for inclusion in establishment surveys of services industries. Depending on specific requirements, data on employment and related topics may be obtained from either household sample surveys of the labour force (and population censuses) or establishment surveys. The differences between these two systems concern the population covered, the units of measurement and the scope of the information collection.

27. The strength of establishment surveys lies in their greater specificity, both in terms of coverage and content. When the interest is in specific industries, "establishment surveys, given an adequate sampling frame, can achieve more efficient sample designs and procedures than household surveys covering the whole population. More reliable and more detailed information on certain topics can be obtained in establishment surveys, especially where they can draw upon payrolls and other available records" ("Surveys of economically active population, employment, unemployment and underemployment", page 184).

28. While establishment surveys provide the opportunity to collect information on many other economic variables such as output, costs, investment, technological factors which can then be directly related to information on employment, it is apparent that reliable information on, for example, the qualifications held and the skills of persons employed in specific services industries, details of the occupational profile of workers in specific industries, and often the age and sex of workers, are either not held in the records of individual businesses or are not easily accessed. Consequently, the more reliable and detailed picture, for example, of the skills

profile of persons employed in a specific services industry may need to be obtained from a household survey of the labour force, if the collection possibilities permit, where individual service industries workers, or someone of their behalf, can directly provide the detail required. The major weakness of this approach, however, lies in the fact that household sample surveys of the labour force would most likely not support the production of reliable detailed industry (ie 4-digit SIC) or regional estimates. Such detail, however, could generally be collected in periodic population censuses, if judged to be of sufficient national importance.

5. Conclusion

29. This paper has outlined a conceptual and practical basis for the development of an employment module for inclusion in services sector model establishment surveys. It is argued that a "core", or minimum set of employment data items should be collected in respect of all service industries, where a basic distinction is drawn between persons in "paid employment" and those in "self employment". The details collected should be cross classified by "full-time/part-time" employment and "by sex" of persons employed. In respect of those service industries in which the numbers of owner-managers of small incorporated businesses are significant, it is suggested that the core set of data items should be extended to distinguish owner-managers of incorporated companies and trusts from other employees, thereby facilitating labour market analysis and international comparisons while conforming with the requirements of the 1993 SNA.

30. The paper also contends that individual national statistical agencies should determine what industry specific additional employment data items, including further disaggregations of "core" data items are required on the basis of the needs of users of the statistics and collection possibilities. Users' needs will vary considerably, reflecting the heterogeneous nature of service industries and could include, for example, separate details of the number of permanent and casual employees in a specific industry, a distinction between professional and other staff based on the qualifications of individual employees, or a dissection of employment by broad category of occupation.

31. The paper also recognises that in certain circumstances it may be possible to obtain data from periodic population censuses, or household surveys, which might provide users with greater detail than could otherwise be obtained of the persons employed in a particular industry. Users would however need to be aware that the two data sets would not be fully compatible.

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