

Session 2B New labour market output

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Persons working in atypical forms of employment, including quasi- self-employed persons

Introduction

The phenomenon of work within the scope of atypical forms of employment is becoming increasingly more popular. The Polish public statistics had already carried out the preliminary estimates of its scope. Nevertheless, it was not hitherto possible to extend this information to the characteristics of persons taking up employment outside the contracts regulated by the *Labour Code* or to recognize the reason for the phenomenon. In order to meet the data users' expectations, the Central Statistical Office of Poland, carrying out in the fourth quarter of 2014 the successive edition of the module survey on unregistered employment with the Labour Force Survey, made an attempt to obtain a larger scope of information on atypical forms of work and introduced additional questions regarding this issue. The presented note comprises the information about this survey and its results.

Basic methodological notes

An additional questionnaire (see the appendix) addressed to respondents at the age 15 years and more who participated in the core LFS was used in the module. However, the survey did not include the entire quarterly sample participating in the core survey, but only ¼ of this sample (such assumptions are applied in the module survey on unregistered employment because of a sensitive character of the survey topic and reduction of burden to the respondents).

Atypical forms of employment, which were the objective of the module survey, should be understood as the forms of employment other than work contracts based on the Labour Code provisions. It concerns civil law contracts, i.e. the forms of contracting work which are regulated by provisions of the Civil Law Code (order agreement, contract for specific task/work, management contract, and other civil law contracts were specified here), and the so-called quasi-self-employment, i.e. providing services by a person carrying out own economic activity. In this form of self-employment, despite the fact that the self-employed person acts as the entity conducting economic activity, the forms of performed work is an alternative of paid employment. The characteristic feature of such forms of self-employment is performing work personally by the self-employed person.

Questions included in the module questionnaire on atypical forms of employment were supposed to determine whether the respondent performed any work within the scope of atypical forms of employment and in case of "yes" answer - to recognize the work character (the main or additional job), the kind of a contract, whether the work was the only one performed at the same time, and whether the respondent made the decision concerning taking up work in such form him/herself, or whether the decision was imposed (he/she did not have a choice).

The reference period applied in the module survey was the situation **between January and September of 2014**. The respondents who declared performing work within the scope of atypical forms of employment in the surveyed period exclusively as additional work, did not answer the further questions in that scope. Successive questions were addressed only to the respondents who declared performing this work as the **main job**. In addition, if in the reference period the respondent performed work within the scope of a few (different) contracts, the further questions referred to the work which he/she **performed as the last one**.

The results obtained on the basis of the module survey concerning persons working in atypical forms of employment show figures lower as compared with the CSO estimates based on the data from the enterprises' reporting and the data from administrative systems (the Ministry of Finance and Social Insurance Institution)¹. The reason for this underestimation is the specific character of the module survey – the survey is based on a sample, while the administrative data allow obtaining information covering a larger

¹ The data are published on the CSO website: <http://stat.gov.pl/obszary-tematyczne/rynek-pracy/pracujacy-zatrudnieni-wynagrodzenia-koszty-pracy/wybrane-zagadnienia-ryнку-pracy-dane-za-2014-rok,9,3.html>

population. The use of additional restrictions imposed on the survey, such as the above described sample size limited to $\frac{1}{4}$ and obligation to obtain answers directly from the respondent (which decreases the response rate, and in the consequence the quality of the estimates obtained on the basis of the survey results), is also significant. When comparing the results of the module survey with estimates published by the CSO based on the above-mentioned administrative sources and enterprises' reporting, it should be indicated that the shorter reference period is applied in the module survey – the first 9 months of a year, while in the second case it is a whole year. Lack of information concerning the last quarter of a year, which characterise a large number of concluded civil law contracts, certainly influences underestimation of the results obtained through the module survey. Moreover, we should also bear in mind the fact that the results of the questionnaire surveys carried out through households, depend also on the respondent's memory, while the reference period used in the module survey is relatively long, so the respondent may not remember contracts concluded at the beginning of a year (particularly in case of the short-term ones), thus he/she may omit them in such survey, albeit they were recorded in the administrative data.

Despite the underestimated scale of the phenomenon, the module survey allowed the analysis on the population of persons working within the scope of atypical contracts in respect to their socio-demographic characteristics, as well as finding the reasons for taking up such employment. Whereas, such information is not available from the data obtained through administrative sources or from the enterprises' reporting.

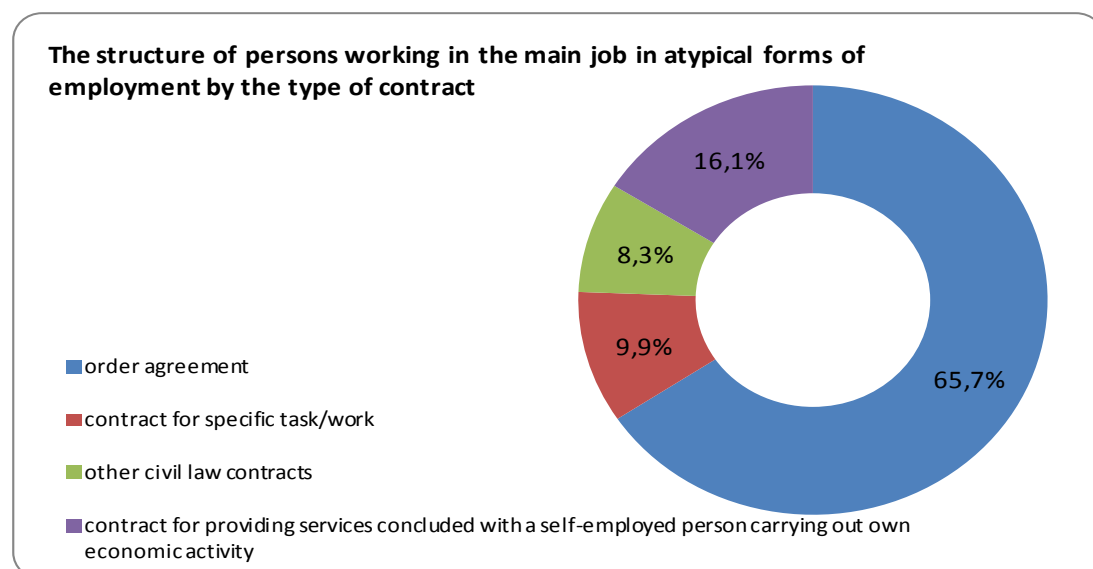
Persons working in atypical forms of employment

Due to the above described underestimation of the data regarding persons working in atypical forms of employment obtained from the module survey, presentation of the survey results will not include absolute figures (with the exception of the totals for populations), but only the data illustrating structures.

During the period covered by the survey, 1087 thousand persons declared performing any work within the scope of atypical forms of employment, which comprised 6.9% of the total number of the employed². The majority of persons declaring work within the scope of such forms constituted men – 55.4% (as compared to 44.6% of women); in respect to the place of residence employed urban residents decidedly dominated (79.4% as compared with 20.6% of rural residents).

In the entire population of persons performing any work within the scope of atypical forms of employment **700 thousand persons (4,4% of the total of the employed) performed such work as their main job.** Also in this population the majority comprised of men (53.1%) and employed urban residents (78.7%).

Due to the fact that the main questions in the part of the questionnaire regarding atypical forms of employment were answered only by persons who declared performing their main job in such form (which was described in the former part of the note), the further presentation of the module survey results refers exclusively to this population.



² The total number of the employed was calculated as the arithmetic mean of the number of the employed of the first three quarters of 2014 (in order to ensure compliance with the reference period applied in the LFS module survey). The same principle is used in the presented paper to present percentage shares in the employed divided into different categories (e.g. by sex, age groups). A person is considered as employed according to the definition used in the Labour Force Survey (in compliance with the criterion of the International Labour Organization and Eurosta

The analysis on the structure of persons working in atypical forms of employment (in the main job) indicates that the most popular form of atypical employment is order agreement contract, as 65.7% of all persons employed on the basis of contracts other than employment contract declared work based on such contract. Persons employed on the basis of order agreement contracts comprised 2.9% of the total number of the employed. Persons employed on the contracts for providing services by a self-employed person carrying out own economic activity, the second most often form of atypical employment, constituted 16.1% of all atypical forms of employment. They comprised 0.7% of the total number of the employed.

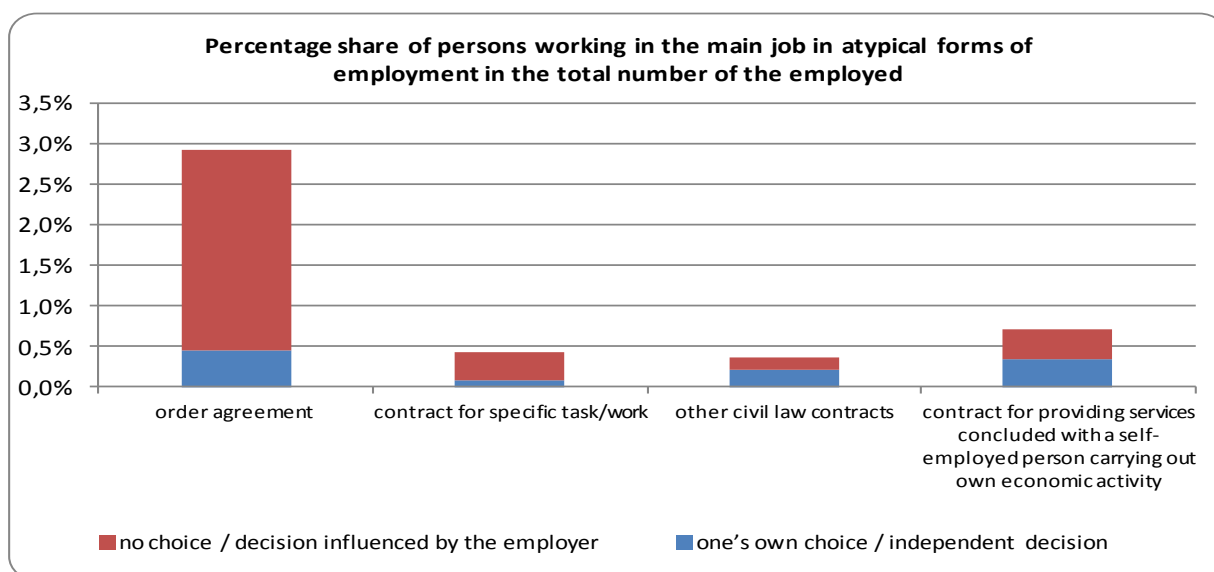
For 92.5% of persons employed in the main job on civil law contracts it was their **only job** performed at this time. Considering the particular types of contracts the shares were as follows:

- 93.5% – for persons employed on the basis of order agreement,
- 91.3% – contracts for performing particular task/work,
- 86.2% – other civil law contracts (management contracts, mixed forms, other)

For the majority of persons employed in the main job on civil law contracts (80.2%) **choosing such form of employment was not their own decision**. This percentage share was highest for persons employed on the basis of order agreement (84.3%). Among persons employed on the basis of other civil law contracts, the respective share was significantly lower, albeit still high (65.4%).

Regarding the self-employed, 51.3% of this group declared that their decision had been influenced by the employer, while the other 48.7% of them made decision concerning such form of employment independently (the employer did not require them to set up their own business or such form was more profitable for them than any other form of employment);.

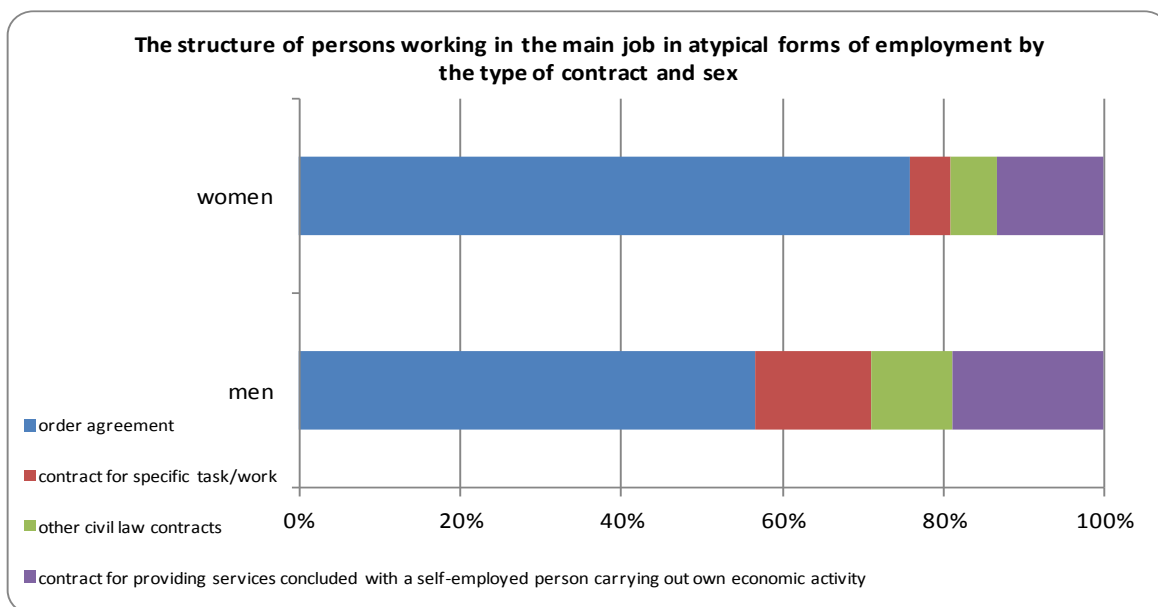
Overall, persons employed in the main job on civil law contracts without a possibility to choose any other form of employment and self-employed persons whose decision concerning taking such form of work was influenced by the employer, constituted 3.3% of the total number of the employed.



Who the most often works in atypical forms of employment?

Women or men?

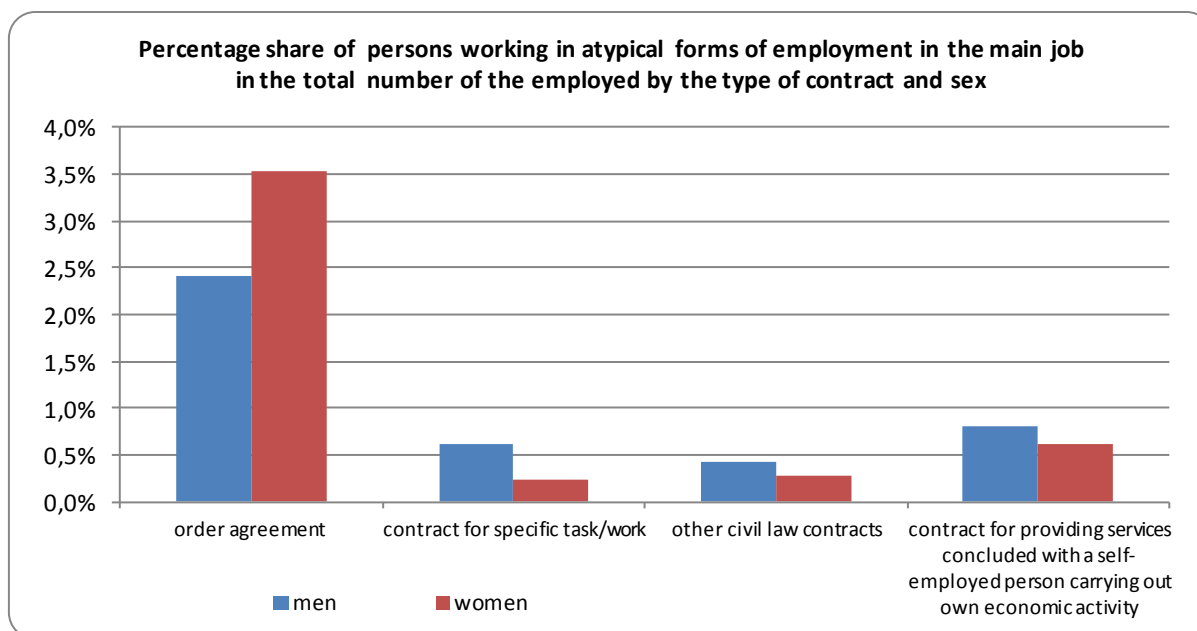
Among the total of the employed, women were more often employed on contracts other the ones based on the *Labour Code* regulations. The percentage share of atypical forms of work in the total number of employed women amounted to 4.6%, while for employed men the respective share was 4.3%. Whereas, as was mentioned before, in the population of persons employed in their main job on atypical job contracts (similarly to the entire population of the employed) dominated men.



Regarding the type of contract, among both men and women employed in the main job on the basis of atypical forms of employment, the highest percentage share characterized persons employed on order agreement contracts. This indicator was significantly higher for women than for men and comprised 75.9% (respective rate for men was 56.7%). The share of women employed in such form in the total number of employed women comprised 3.5%. The respective share for men constituted 2.4%.

Similarly to the total number of the employed on contracts other than employment contract, the second most often taken work, both among men as well as women, was self-employment. The percentage share of persons employed in this form was higher for men than for women (it comprised respectively 18,8% and 13,4%). The percentage share of men employed in such form in the total of the employed men was 0.8%. Among women, the respective percentage share was at the level of 0,6%.

Men performing work within the scope of atypical forms of employment more often than women were employed on contracts for performing specific task/work (14.2% vs. 4.9%). Also, more often than women men were employed on other civil law contracts (10.2% vs. 5.8%).



Among men working in the main job on civil law contracts the percentage share of those who indicated that it was their sole work performed in the reference period comprised 90.8%, while the respective percentage share in the population of women was slightly higher and constituted 93.3%.

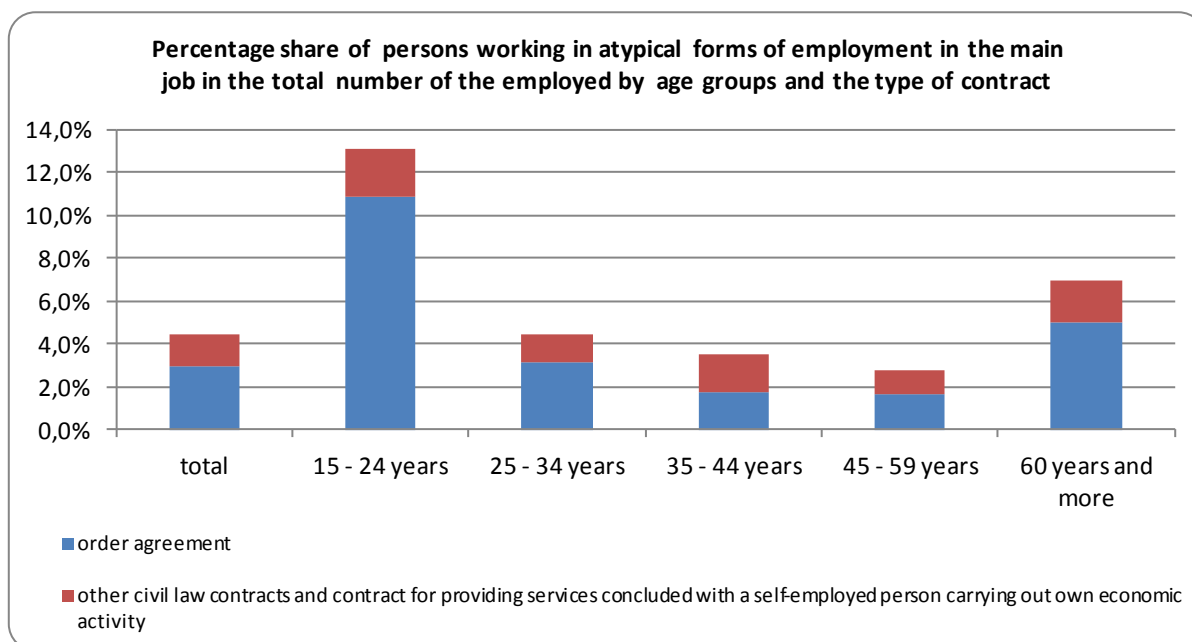
In the population of women employed on civil law contracts the percentage share of the ones who had not made the decision regarding atypical employment independently was slightly higher (81.4%) than among

men (79.1%). However, taking into account just order agreement contracts, the percentage share of men employed in such form not of their own choice was slightly higher (86.3%) than among women (82.8%). Self-employed women more often (58,1%) than self-employed men (47.1%) took up such form of employment under the pressure of the employer (it was not directly their decision).

Young or old?

Regarding age groups, the most often atypical forms of employment were observed for employed **aged 15-24 years**. The percentage share of such type of employment in the main job in the total of the employed at this age comprised 13.1% (for the entire employed population it was 4.4%). The next group characterized the highest percentage of employment in atypical forms of employment (7.0% the employed in this age group) were persons **aged 60 years and more**. However, in both cases the observation concerns mainly **order agreement contracts** or **contracts for performing particular task/work**. Within the scope of the youngest age category, the employed on order agreement contracts constituted 10.9%, while in the oldest age group - 5.0% (whereas the percentage share for the entire employed population amounted to 2.9%); then, the employed on contracts for performing particular task/work comprised respectively – 1.8% and 0.7% (the percentage share for the entire employed population – 0.4%).

The lowest percentage share of the employed in the main job in atypical forms of employment, i.e. 2.8%, was observed among the employed at the age 45-59.



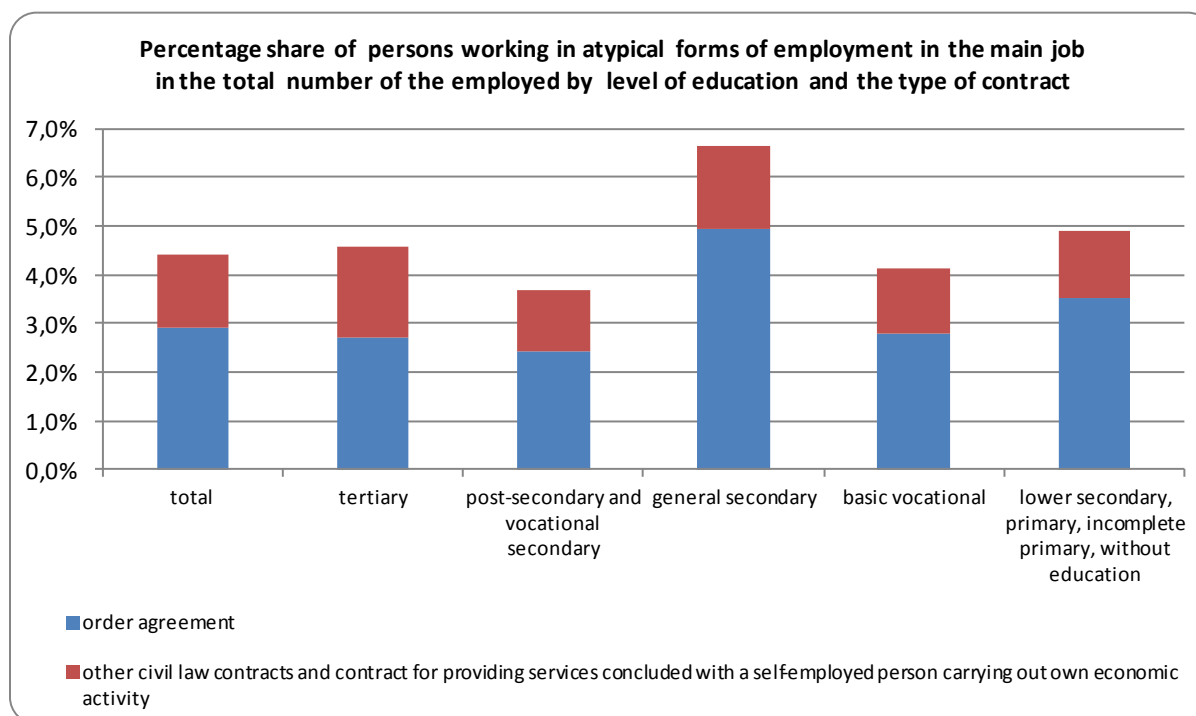
Work on the basis of civil law contracts being the sole job at this time, most often performed persons aged 60 years and more (94.9%). In particular, it concerned order agreement contracts - in this age group it was indicated as the only job by 78.0%. The lowest (even though still a high one) percentage share of people indicating civil law contracts as the sole form of employment was observed among persons aged 25-34 years - 91.4%.

With vocational or general education?

The most often work in atypical forms of employment was performed by persons with general secondary education. The share of persons working on the basis of such type of employment in the population of the employed with this level of education amounted to 6.7%. As before, it concerned mainly order agreement contracts and contracts for particular task/work. The percentage share of persons employed on order agreement contracts among the total of the employed with general secondary education comprised 5.0%, while 1.2% declared performing work within the scope of contract for particular task/work.

The lowest percentage share of atypical forms of employment was observed among the employed with post-secondary and vocational secondary education (3.7%).

All persons with general secondary education who worked on civil law contracts in the main job declared that this job was their sole work performed at this time. Whereas, the lowest share of persons employed within the scope of civil law contracts in the main job who declared that this job was the only one they performed at this time was observed among the employed with tertiary education.



Recapitulation

The above analysis indicates that assessing the scale of the phenomenon of performing work on the basis of legal contracts other than the ones concluded in accordance with the *Labour Code* provisions, is not easy. Such contracts (mainly civil law contracts, albeit not exclusively) may be concluded within some time framework as the only work of a given person, although they may be also carried out simultaneously with other (employment contract or other civil law contract, as well as with self-employment; including also contract for providing services by a self-employed person). In case when an employed person performs more than one job at the same time, the work on the contract not covered with the *Labour Code* provisions may be either the main one or additional. Such kind of “multiplicity” causes additional “traps” in assessment of the phenomenon and formulating conclusions.

The described module survey carried out on the sample of the respondents from the core LFS survey, even taking into consideration all mentioned stipulations, leads to conclusion that in the period of the first 9 months of 2014 at least a million people (no less than 6.9% of the total number of the employed) performed paid work on the basis of the contract for performing work other than the one in compliance with the *Labour Code*. For about 2/3 of this population, the performed work was their main job, while in a decided majority it was a sole paid work performed at this time. In case of most people, working on such contracts was not their own, independent choice. The survey results confirmed the general opinion that formally legal contracts for performing work (other than the ones included in the *Labour Code*) more often are concluded by young people for whom it is also usually their first contact with paid work, albeit such contract are also concluded by elderly persons in case of whom such form of contract is possible simultaneously with receiving retirement pay. Almost 2/3 of the total of persons employed on contracts other than the employment contract comprise persons performing order agreement contracts.

On the basis of the experience from the module an additional question concerning atypical forms of work has been implemented in the core Polish LFS since the first quarter 2016.

ATYPICAL FORMS OF WORK AND UNREGISTERED EMPLOYMENT

Part A. ATYPICAL FORMS OF EMPLOYMENT

The standard form of forging employment relationship between the employer and employee is employment contract. However, increasingly more often employers conclude other types of contracts with employees, e.g. civil law contracts, or they propose the so-called self-employment. The most popular among atypical forms of employment are: **order agreement, contract for performing specific task/work, management contract, contract for providing services by a self-employed person carrying out own economic activity**. We would like you to answer a few questions regarding atypical forms of employment.

<p>1. Have you performed any work within the scope of the previously mentioned atypical forms of employment in the current year?</p> <p>• yes 1 →2</p> <p>• no 2 → Part B.</p>	<p>4. Was the work performed within the scope of this contract your sole job at that time?</p> <p>• yes 1 →5</p> <p>• no 2</p>
<p>2. Was the work that you performed within the scope of atypical form of employment your main or/and additional job?</p> <p>• main job 1</p> <p>• main job and additional job 2</p> <p>• additional job 3 → Part B.</p>	<p>5. What was the reason for performing work within the scope of atypical forms of employment?</p> <p>• it was my decision, such form of employment is more profitable for me. 1 → Part B</p> <p>• I did not have a choice, the employer offered me only such a form of employment 2</p>
<p>3. Please, do indicate the contract on which you have been employed in the main job in the current year (in case of a few different contracts, please do indicate the last one, i.e. the one which was the latest concluded)</p> <p>• order agreement 1</p> <p>• contract for performing specific task/work 2</p> <p>• management contract 3 →4</p> <p>• mixed form, i.e. simultaneous concluding employment contract and, e.g. order agreement with the same employer. 4</p> <p>• other civil law contract 5</p> <p>• contract for providing services by a self-employed persons carrying out own economic activity 6 →6</p>	<p>6. What was the reason for performing work in a form of self-employment?</p> <p>• The employer offered me employment on condition that I would set up my own economic activity, rejecting a possibility to employ me on the employment contract or on the basis of other contracts, e.g. civil law contracts 1 → Part B</p> <p>• I made a decision regarding self-employment independently (the employer did not demand that I would set up my own economic activity, I was also offered other forms of employment); performing work in such form is more profitable than in case of employment contract or employment on other civil law contract 2</p>

