# Measuring New forms of employment in Labour Force Survey in Mexico

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## Abstract

This document aims to summarize the conceptual and methodological design and results of measuring dependent contractors (DC) and digital platform work through the Labour Force Survey (EFL by its acronym in Spanish) 2019, an experimental statistic carried out by Mexico's NSO, INEGI, to implement the conceptual framework aligned with the resolutions adopted by the 19th and 20th International Conference of Labour Statisticians (ICLS). EFL made it possible to measure new forms of employment based on the International Classification of Status in Employment (ICSE-18) and work related to the use of digital platforms.

The EFL 2019 was meticulously designed based on six previous cognitive tests, which provided the statistical test questionnaire's wording, structure, and thematic sequence. The units subject to analysis are the dwelling, household, the usual residents, and the selected person. The target population is individuals aged 15 and over. The collection method was a direct interview (face-to-face) with a paper questionnaire. The survey period was from November 4 through 29, 2019, and included a sample of 11,998 dwellings.

The EFL considers DC nominally self-employed workers (not employees) who are operators of a third entity. This firm or company determines the entire market policy, for example, the final price of the product or service. Measuring this category makes it possible to make visible forms of work that combine dependent and independent work features. This has implications for access to contingency protection and retirement and pension schemes. On the other hand, platform workers in the EFL were identified as workers in any status in employment who responded if they usually use an app or website to promote or sell products or services, to respond to requests for services, to provide monitoring to the service given to the client, and others.

This contributes to understanding the quality of employment concerning the occupation diversity regarding safety versus economic risk, operational autonomy versus lack thereof, and stability versus flexibility in employment relationships. In addition, the new insertion modalities through digital platforms give rise to the whole range of on-demand and gig economy works.

## Introduction

In Mexico, the National Survey of Occupation and Employment (ENOE, by its Spanish acronym) is the primary survey of the Mexican labour market. ENOE provides data on the workforce, informal labour, underemployment, unemployment, and the availability of the working-age population. Its conceptual design follows the international recommendations from the 13th, 14th, 15th, and 17th ICLS and documents from the Delhi Group and the ILO Manual of 2013 on the Informal Sector and Informal Employment to Measuring Informality.[1] Significant changes occurred in labour force statistics from the standards adopted at the 13th ICLS in 1982 until those adopted three decades later at the 19th. Then came the 20th and 21st ICLS in 2018 and 2023.

The Labour Force Survey (EFL) 2019 was an experimental exercise that included a revised and updated workforce framework. It incorporated the latest international recommendations, which allowed for the collection of statistical data on work, occupation, underutilization of the workforce, and the situation in employment by type of authority. This information made it possible to identify dependent contractors (DC). It

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[1] https://www.inegi.org.mx/programas/enoe/15ymas/

also addressed topics related to the workplace, employment on digital platforms, the quality of the work environment, initial and probationary training contracts, and training programs, among others.

EFL provides the following key findings regarding status in employment: 24.34% are independent workers, equivalent to 14.1 million. The remaining 75.25% are dependent workers, equivalent to 43.7 million persons. 6.6 million are DCs, representing 11.4% of total employment and 15.15% of dependent workers. 62.6% of DCs are men and 37.4% are women. 3.7% of employment use an app or a website to carry out activities such as promotion, customer support, and monitoring; among women, the share is 4.2% and 3.3% among men.

## Concepts and definitions

### New Forms of Employment (NFE):

The UNECE Working Paper Series on Statistics on New Forms of Employment examines new or newly prevalent employment forms, their statistical measurement, and their implications for official statistics (UNECE, 2021). NFE includes digital platform work, gig work, and other emerging employment types that deviate from traditional employment norms. The 2018 International Classification of Status in Employment (ICSE-18) is relevant to understanding the changing landscape of employment and the complexities of work relationships and modalities in today's digital and global economy. ICSE-18 defines employment based on work relationships and modalities, considering how work is coordinated, performed, and compensated. Economic risk and authority are key elements of employment status. To characterize NFE, the permanence and stability of employment are vital for understanding the security and reliability of different forms of work. Different employment forms are related to social protection systems and the quality of employment, impacting worker well-being. These concepts aim to provide a deeper understanding of how employment is evolving and to support the statistical tracking of these changes to inform policy and economic decision-making.

## Conceptual and methodological design of the EFL 2019

The conceptual design of the EFL 2019 was the result of experience and information gathered from six cognitive tests conducted over more than two years to adopt the resolutions from the 19th and 20th International Conference of Labour Statisticians (ICLS) on Labour Statistics and labour relations, and the incorporation of emerging topics in labour markets such as employment on digital platforms, the quality of the work environment, initial and probationary training contracts, training programs, among others. The EFL conceptual designing process began in April 2017. Unlike a conventional pilot test, these focused on qualitative content analysis using theoretical non-probability sampling. The ILO participated in planning and conducting the first of six cognitive tests. All were carried out with monitoring and feedback from the ILO. This process helped strengthen the development of items to measure labour phenomena discussed at international conferences. The model's design was meticulously documented, culminating in November 2019 with the EFL, an experimental exercise to evaluate the impact on crucial labour indicators of the conceptual update and the switch from indirect to direct informant. The main methodological characteristics are the following: the units of analysis were the dwelling, household, the usual residents, and the selected person; the target population was the population aged 15 and over; the data collection method was a direct interview conducted face-to-face through a paper questionnaire. The survey period was from November 4 through 29, 2019, and included a sample of 11,998 dwellings, with 10,168 effective dwellings with complete interviews, representing 84.7% of the total. The sampling was three-stage, probability-based, stratified, and clustered. The geographic breakdown is national.

Significant changes were implemented in the design to incorporate the contents of the 19 ICLS, including:

    a) Separated paths for market and non-market jobs and a time-use section at the end of the questionnaire.,

b) Following the perspective of the 19th ICLS, questions about the desire and availability for work were included for both employed and unemployed individuals, accompanied by control questions.

c) Focus on multiple job holding, considering various modes such as performing multiple trades, professions, or jobs and independent work, with special attention to distinguishing the time dedicated to each activity.

d) Implement detection strategies to avoid duplications in accounting for hours worked and overestimating time dedicated to activities without hindering the interview flow[2].

Significant changes were also incorporated regarding labour relations and labour market integration in the context of the 20th ICLS. The diversification of service markets and the flexibility in labour relations were recognized, which includes work modalities through online apps and platforms (gig economy). The consequences of access to protection and retirement schemes were highlighted. Four categories of salaried workers were identified, ranging from continuous labour relations to on-demand workers. Additionally, the DC category emerged, combining independent and dependent work features.

**Figure 1. Classifications of Employment Status. EFL 2019**
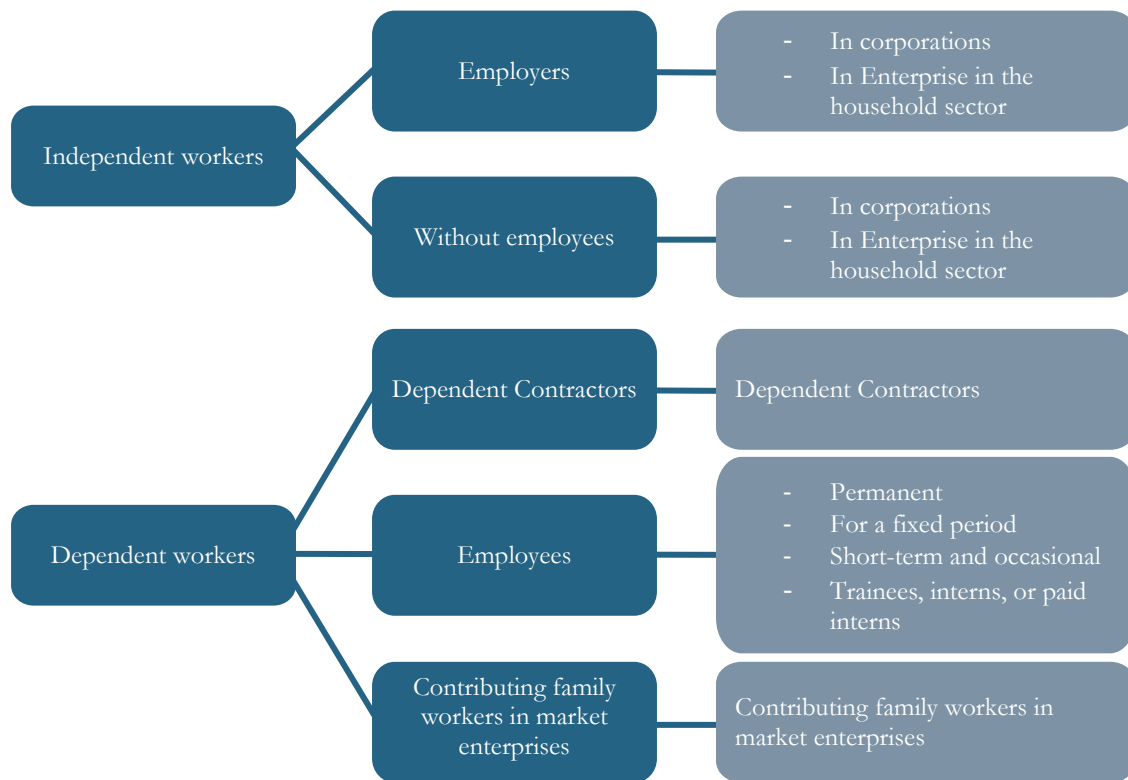


### DC the EFL 2019

This category refers to independent workers (who are not salaried employees) but operate under a third entity. The firm, company, or corporation determines all market policies, starting from the final price of the goods or services. Sometimes, it also provides access to customers through its applications; other times, it is the dependent contractor who must seek out customers but does not set the sales and customer service policy as would commission agents. It is common for the third entity (firm or company) to provide critical resources for

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[2] Labour force questionnaire of EFL is available in:
https://inegi.org.mx/contenidos/investigacion/efl/2019/doc/efl_2019_cuest_fuerza.pdf

an operation that might range from supplies not to be acquired from anyone else to technological platforms and some types of equipment. The DC's productivity directly impacts the third entity's productivity and profitability. It is not the case when the third entity rents resources for someone else to produce. In such cases, the third entity's concern is not the worker's performance or productivity, only receiving the rent and right on time. Thus, the EFL conceptualized and measured DC based on two subsets:

1. Employee analogues: workers who provide their labour to others but have contractual agreements akin to those of the self-employed.

2. Independent analogues: workers who have committed significant financial or material assets to a company not constituted as a partnership that they own and operate but over which they do not have complete control or authority over their work or the activities of the company. These are classified into:

    a. Dependency on a single client. Dependent contractors may rely on a single client or company for most of their income, significantly limiting their ability to operate independently in the market.

    b. Clients provided by a third entity. Sometimes, a platform or third party provides the clients with controlling interactions and transactions, restricting the contractor's ability to engage with the market freely.

    c. Dependency on a single brand or platform. Contractors may be tied to a specific brand or platform, which dictates the terms of engagement and often the pricing, further restricting their market access.

**Figure 2. Dependent Contractors. EFL 2019**
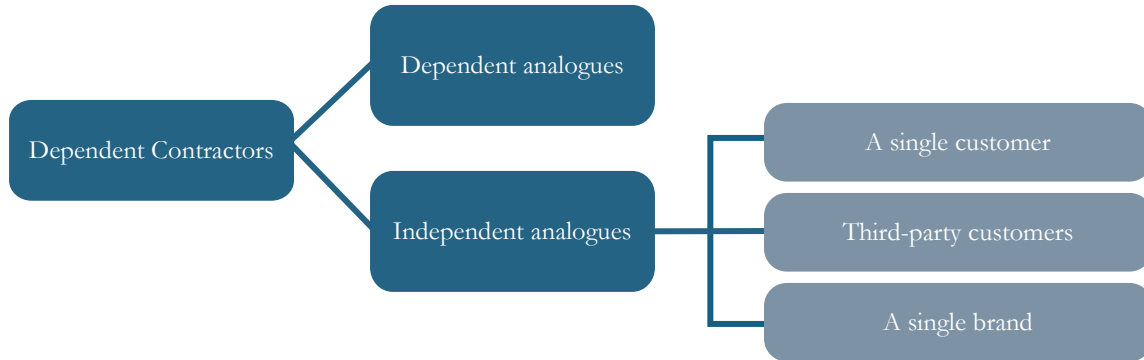


## Operationalization of DC

The introduction of greater complexity in the range of possible labour relations required significant design resources to prevent people from simply self-classifying as independent (on their own) or dependent, as this could lead to many misconceptions on the part of those interviewed, partly because many like to see themselves that way or because they adopt the idea that they are partners or entrepreneurs. Therefore, the questionnaire had to introduce questions and sequences to determine how much autonomy of time the interviewees have, i.e., whether they set their working schedules. Control over work schedules is a critical condition in identifying dependent contractors. DC typically do not have complete autonomy over their work schedules, a significant factor distinguishing them from independent contractors. Independent contractors usually have the freedom to set their hours and control the manner and timing of their work. In contrast, dependent contractors may have their schedules set by the entity they work for, reflecting dependency and lack of control over their working conditions.

Further questions were introduced among those who own their time to determine whether their market access is direct or indirect (if provided by a third entity) and to detect to what extent they have operational autonomy. DC typically do not have direct or autonomous access to the market; instead, their market access is mediated or controlled by another entity, such as a company or platform. This control or mediation can significantly limit their independence, making them dependent on the entity for their economic activities. For dependent contractors, market access is often restricted in the following ways: Single Client Dependency, Clients Provided by a Third Entity, or Brand or Platform Dependency (figure 2). These conditions typically limit the economic independence of contractors, aligning them more closely with dependent employment despite nominally being self-employed.

More precise questions about access to social security and their contributions were also introduced. DC typically only enjoys a portion of the full range of employment protections or benefits generally afforded to standard employees, including social security. Their classification as self-employees can affect their economic security and working conditions. The lack of employer-provided social security often highlights their precarious position between employees and independent contractors, as they might not have sufficient autonomy or control over their work to qualify as fully independent. Yet, they also lack the benefits and protections typically associated with employment. While access to social security is not the sole condition for classifying someone as a dependent contractor, it is a crucial aspect of their employment status that impacts their classification and the associated legal and social protections.

For those working as dependents or admitting they are supervised, questions were introduced to identify whether they are workers called or sent to provide services to other companies and how and by what entity they are supervised. Being called or sent to provide services to other companies under the supervision of an external entity highlights a form of economic dependence that characterizes DC. This setup typically involves workers who may appear independent but are substantially controlled by another company that directs their work, schedules, and how the services are delivered. This relationship differentiates dependent contractors from fully independent contractors who manage their clients, work methods, and business operations without external oversight. Finally, questions about whether they participate or not in employment promotion programs and more details about the nature of their contracts were also introduced.

**Questions used to identify a DC.**

The first step is to address a question of authority played by a boss or superior. Sometimes, interviewees hesitate to answer whether they have a boss or superior. In those cases, and when the person does not recognize to have a superior, the following direct question is whether the person works or operates on his own or runs an independent business. If the person works independently, knowing if they decide on their working schedule without any warning is the key to following the path of an independent worker (Section I in the EFL questionnaire) as if the worker is running an independent business.

> **H04. In this job, do you have a boss or superior?**
>
> **1** Yes → H07
> **2** No
> (**3**) Not certain in their answer

On the other hand, workers who recognize a boss or a superior who demands compliance with a daily schedule or decides on their working days are the key to following the path of a dependent worker (Section J in the EFL questionnaire).

**H13.** In this job, do you have an employer or supervisor who...

(Read the options until you get an affirmative answer)

**1** Demands you comply with a daily schedule?

**2** Decides how many and which days you should work?

**J01**

**3** None of the above

The next step for a dependent worker concerns the form of payment. Attention is focused on those without a regular salary. A DC is employed for benefits but often does not have the authority to negotiate terms that are favorable to them, reflecting a power imbalance in the contractual relationship.

**J02.** For this job, do you receive a salary, fixed or otherwise?

**1** Yes → **J04**

**2** No

**J03.** What do you call the earnings you receive for this job?

(Write down the answer and circle the appropriate option)

**1** Does not receive payment → **J12**

**2** Payment for fees

**3** Tips

**J05**

**4** Commission

**5** Placework payment

**6** Daily Payment

**7** Other

Finally, it is essential to know if the job makes the person a contributor to the social security/social protection system. Despite their economic dependency on one entity in DC, their lack of formal employment status can lead to gaps in social security coverage. DCs could be engaged under contractual terms that do not necessarily include employer contributions to social security because they are classified outside the traditional employment framework.

**J12.** For this job, quotes are paid to...

(Read the options until you get an affirmative answer)

**1** national social security?

**2** federal workers' social security?

**3** a state government institution?_____
Specify

**4** another public institution?_____
Specify

**5** the social security of another country → **J15**

**6** none of the above → **J14**

Regarding worker registration in the security system, the next question is whether the respondent or the employer's economic unit contributes directly. In many cases, DCs are responsible for making social security contributions, as they are considered self-employed or independent for legal and tax purposes.

**J13.** In this job, is your social security contribution...

(Read the options <u>until you get an affirmative answer</u>)

1 deducted from your salary by the company or institution you are working for?

2 paid by your boss or employer? ⎫

3 paid directly by yourself? ⎬ J15

4 paid by the guild or union you are a member of? ⎭

9 Does not know

### Identifying a Dependent Contractor operating an unincorporated enterprise

The self-employed track (Section I) is for respondents who indicate they don't have a boss or superior, are running an independent business, operate on their own, and have control over their work schedules. This control is a critical element of authority they have.

**H04.** In this job, do you have a boss or superior?

1 Yes → H07

2 No

3 Not certain in their answer

**H05.** So, in this job,

(Read the options <u>until you get an affirmative answer</u>)

1 Do you work or operate on your own? → H14

2 Do you run an independent business? → I01

3 Do you help in a family business?

4 Are you a member of a cooperative? ⎫

5 Are you a communal landholder? ⎬ I01

6 None of the above → I07

**H05.** So, in this job,

(Read the options <u>until you get an affirmative answer</u>)

1 Do you work or operate on your own?

2 Do you run an independent business?

3 Do you help in a family business?

4 Are you a member of a cooperative?

5 Are you a communal landholder?

6 None of the above

**H14.** Should you decide to stop working for two weeks, would you...

(Read the options <u>until you get an affirmative answer</u>)

1 need to ask for permission or authorization? → J01

2 just notify your workplace?

3 have no need to give notice?

This track has two-step approaches to determining the type of dependence. Conceptually, the first step aims to identify market access dependency; the second looks for economic or operational dependency signals. As mentioned above, the former step is a sufficient condition to identify a DC; the second is a complement and a sufficient one. Market access dependency encompasses three alternative possibilities:

1) Single client dependency.
2) Clients provided by a third entity.
3) Single brand or platform dependency.

*Single-client dependency* is a strong indicator that a worker is a dependent contractor and can be addressed straightforwardly. Alternatively, there is the case of a business manufacturing for another company, which entails dependency on a chain supplier.

Either

**I05. During the past four weeks, have you worked...**
(Read the options and circle the indicated one)

1 for a single client?
2 for more than one client? → I07
3 None aplicable, or did not have clients in that period → I08

**I06. Is this client...**
(Read the options until you get an affirmative answer)

1 A company or established business?
2 An institution or association?  } I09
3 An intermediary?
4 An individual? → I14

**I05. During the past four weeks, have you worked...**
(Read the options and circle the indicated one)

1 for a single client?
2 for more than one client? → I07
3 None aplicable, or did not have clients in that period → I08

**I08. Do any of the following features describe your business?**
(Read the options until you get an affirmative answer)

1 Promoting products or services from a single company?
2 Manufacturing products or services for other companies? → I10
3 None of the above? → I14

*Clients provided by a third entity:* An example occurs when an *app* or a platform owned by a third entity provides clients.

**I05. During the past four weeks, have you worked...**
(Read the options and circle the indicated one)

1 for a single client?
2 for more than one client? → I07
3 None aplicable, or did not have clients in that period → I08

**I07. Are your clients sent to you by any company or intermediary?**

1 Yes, all of them
2 Yes, some of them  } I09
3 No

*Single brand dependency*: In these cases, the worker could work for more than one client or look for clients in the name of a third entity. Insurance brokers are an example, promoters of a catalog of products building up a net of subscribers; a franchise operator could be another example if the dependent contractor does not engage paid employees regularly.

**I05. During the past four weeks, have you worked...**
(Read the options and circle the indicated one)

1 for a single client?
2 for more than one client? → I07
3 None aplicable, or did not have clients in that period → I08

**I07. Are your clients sent to you by any company or intermediary?**
(Read the options and circle the indicated one)

1 Yes, all of them
2 Yes, some of them  } I09
3 No

**I08. Do any of the following feautres describe your business?**
(Read the options until you get an affirmative answer)

1 Promoting products or services from a single company?
2 Manufacturing products or services for other companies? → I10
3 None of the above? → I14

A specific sub-case in developing countries occurs when a person responds as self-employed but operates a guild or even a non-institutional entity. In Mexico, guilds often control a zone in an urban area and demand payments in exchange for no competition. This is true among shoe shiners, musicians, and even "unionized" taxi-cab drivers.
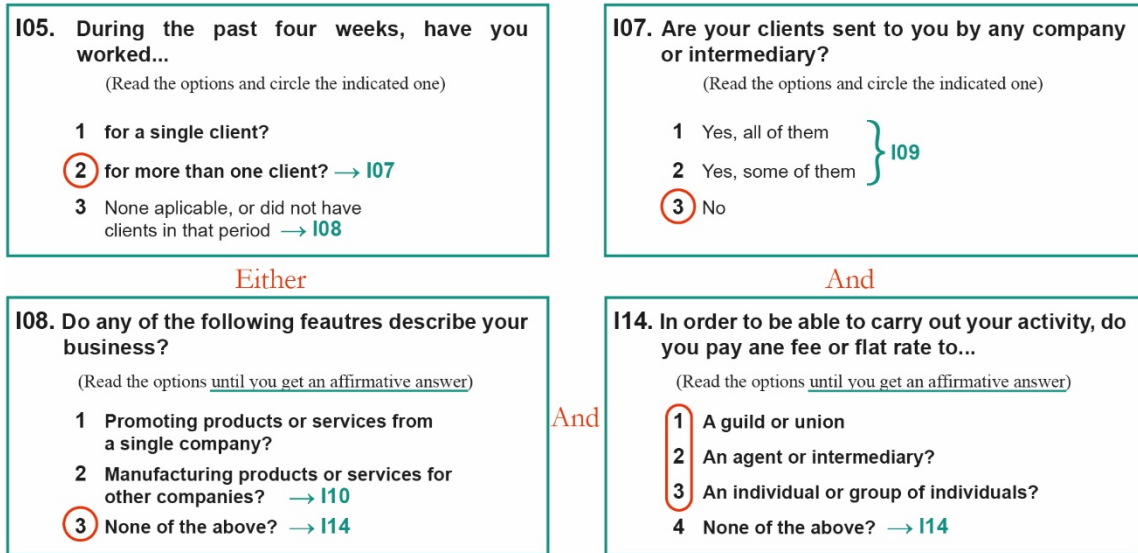


*Economic and/or Operational Dependency*
In the current algorithm in EFL, dependency status can be confirmed from the set of economic conditions that entail either economic or operational dependency.
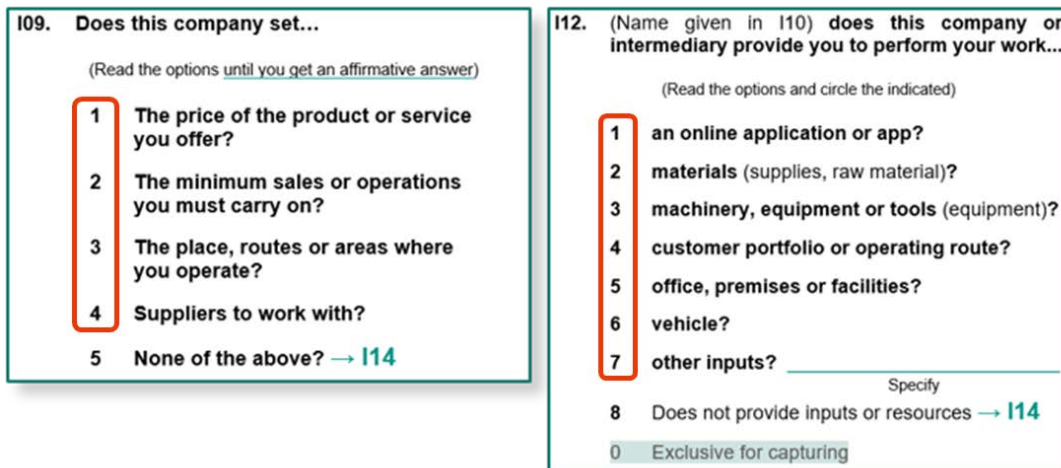


**Conceptualization of Digital Platform Workers in EFL 2019**

Digital platform workers, or workers in platform economies, typically provide services in exchange for compensation through a digital platform. In other words, using an app or a website to carry out activities such as promotion, customer support, and monitoring, among others, is considered platform work. Among the complexity and various components of digital platform employment highlight the use of digital means to mediate between service providers and clients and to organize and facilitate the execution of tasks, where digital platforms play a significant role in the work process, controlling and coordinating tasks and duties.

**Operationalization of Digital Platform Workers in EFL 2019**

The EFL 2019 identifies digital platform workers by inquiring about using electronic means and whether they regularly use an *app* or a website to carry out activities such as promotion, customer support, and monitoring, among others.

**Identifying platform work**



| K02. To carry out your job, do you use... |
| --- |
| (Read the options, circle the indicated ones and ask for the ownership of the equipment) |
| **Is the equipment yours?** 1 Yes  2 No |
| 1  Desktop computer?  |___| |
| 2  Laptop or notebook?  |___| |
| 3  IPad, tablet?  |___| |
| 4  Cellular phone?  |___| |
| 5  None of the above → **K05** |
| 0  Exclusive for capturing |

| K03. In your job, do you usually use an app or a website to... |
| --- |
| (Read the options, circle the indicated ones and identify app/website) |
| **App or website known as...** |
| 1  Promote or sell products or services?  _____ |
| 2  Attend service requests?  _____ |
| 3  Follow up on the service given to the client?  _____ |
| 4  Other used?  _____ |
| _____ |
| Specify use |
| 5  Do not use apps or websites for your work |
| 0  Exclusive for capturing |

## Results

The share of the population in employment according to status in employment shows that 24.3% are independent workers, equivalent to 14.1 million. The remaining 75.2% are dependent workers, equivalent to 43.7 million. Within this latter group are 6.6 million dependent contractors, representing 11.4% of total employment (15.15% of dependent workers). Among 6.6 million DC, 4.1 million are men and 2.4 are women, representing 62.6% and 37.4%, respectively.

Table 1. Total employment and distribution by status in employment

| Status in employment | Total | % |
|---|---|---|
| **Total** | **58 094 211** | **100.0** |
| **Independent workers** | **14 138 325** | **24.3** |
| Employers | 1 925 256 | 3.3 |
| Without employees | 12 213 069 | 21.0 |
| | | 0.0 |
| **Dependent workers** | **43 713 655** | **75.2** |
| Dependent contractors | 6 621 145 | 11.4 |
| Employees | 35 655 199 | 61.4 |
| Contributing family workers | 1 437 311 | 2.5 |
| | | 0.0 |
| **Not specify** | 242 231 | 0.4 |

Source: INEGI (2023). Labour Force Survey (EFL) 2019

As mentioned above, the group of dependent contractors consists of two subcategories: independent analogs and dependent analogs. Most of DC are dependent analogs (67.02%). Among men, dependent analogs are 72.7%, and among women, the share is 57.4%. (Almost half of DC are men identified as dependent analogs, 45.5%).

Figure 3. Subcategory of dependent contractor by sex (%)
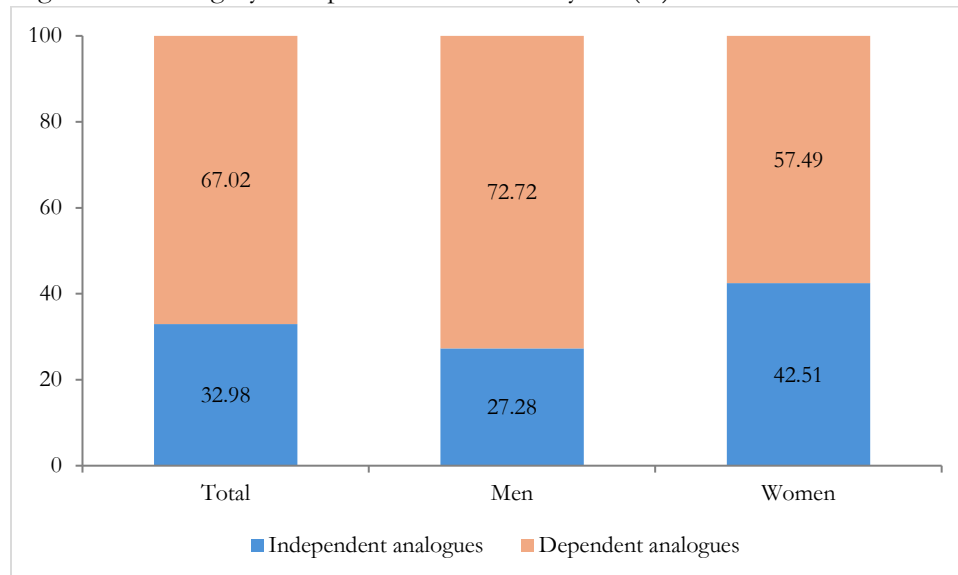


Source: INEGI (2023). Labour Force Survey (EFL) 2019

**DC in underutilization condition**

Time-related underemployment exists when the total hours of work of an employed person is less than 35 hours a week; this is a threshold defined for Mexico. When analyzing this condition, time-related underemployment among dependent contractors and comparing it with the other four employment statuses. Among DC, the share of time-related underemployment is 12.2%, more similar among independent workers without employees (13.55) than among employers (6.6%) and employees (4.9%). Among women in DC status, the share of time-related underemployment is more significant than among men in DC status, reaching 19.4%, while this condition is 7.9 percent among men.

Figure 4. Share of time-related underemployment by status in employment and sex.
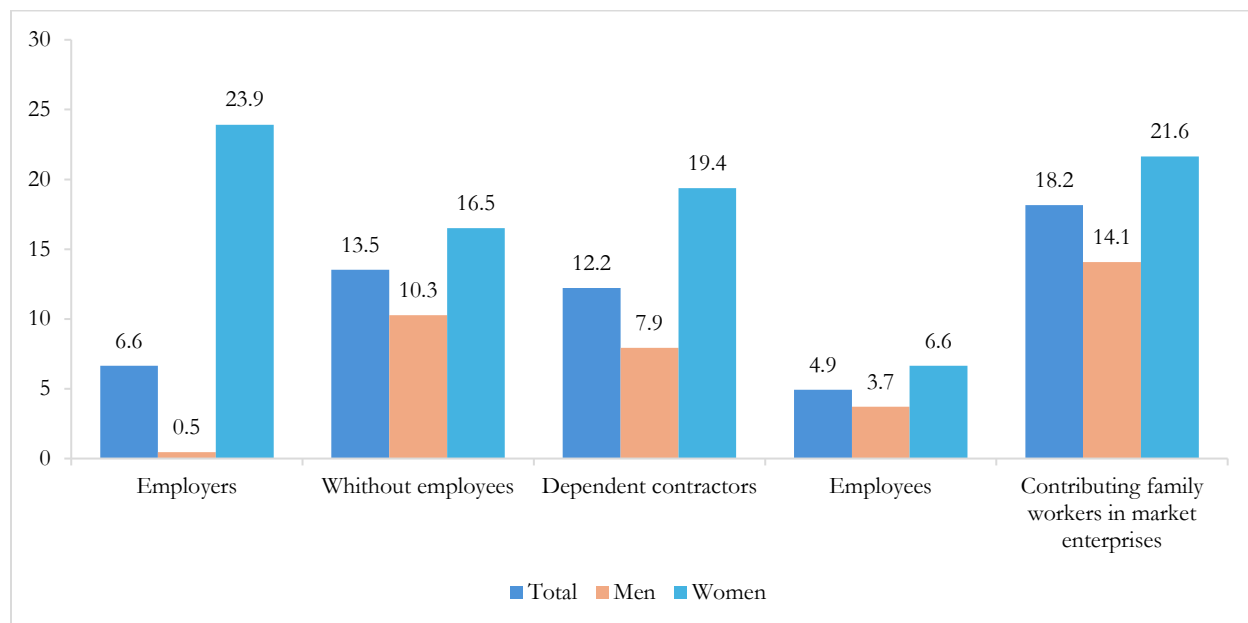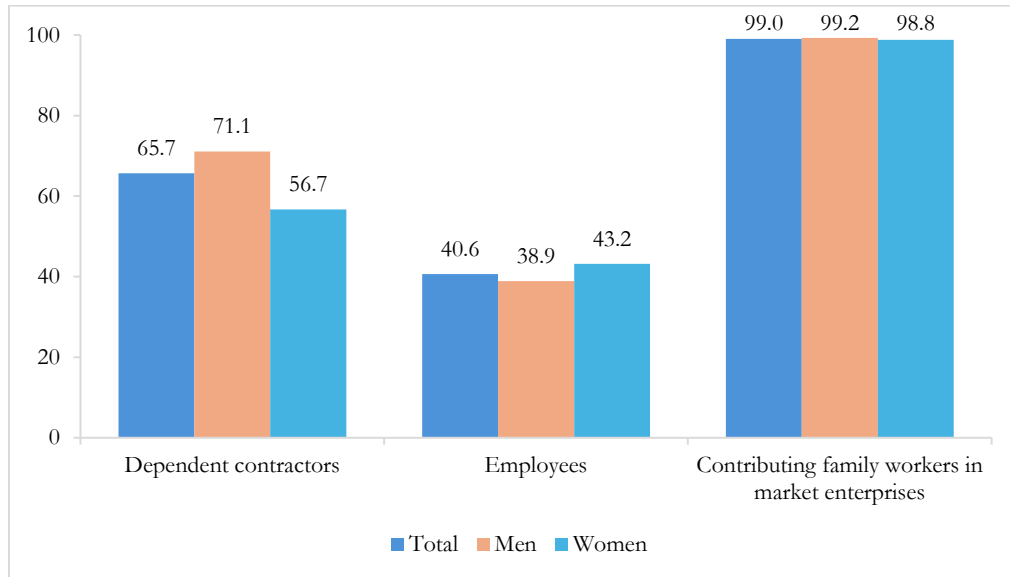


Source: INEGI (2023). Labour Force Survey (EFL) 2019

**Lack of access to social protection systems given by the enterprise.**

According to the 21st ICLS Resolution I, dependent contractors who own and operate a formal enterprise or are registered for tax are workers in the formal sector. At the same time, informal employment comprises activities carried out in relation to informal jobs held by dependent contractors who do not have a formal status in relation to the legal administrative framework or whose activities are not effectively covered by formal arrangements.

Among DC, 65.7% are not covered by any social protection system (or this contribution is paid directly by the workers themselves); by sex, 71.1% of men in DC status and 56.7% of women in DC status are in this condition. The prevalence of lack of protection is greater than among employees.

Figure 5. Share of employment without contribution to social protection pay by the enterprise, by status in employment and sex.
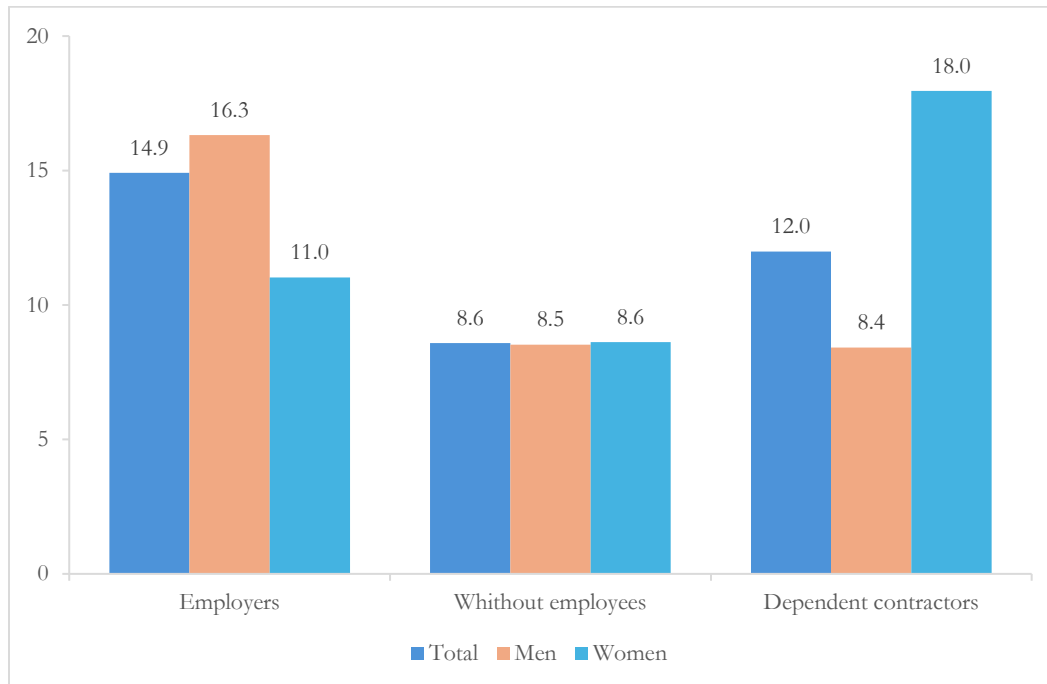
**Platform work**

12.0% of the dependent contractors are related to platform work. Women in DC status have the highest share in this condition, 18.0%, while among men in DC status, the share of platform work is 8.4%.
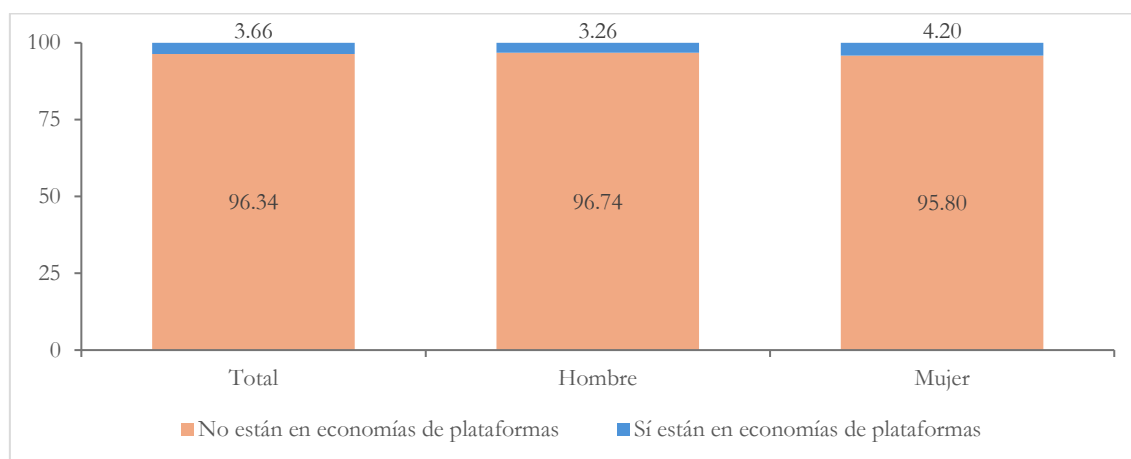
Figure 6. Share of employment in platform work by status in employment and sex

Platform work accounts for 3.66% of total employment, equivalent to 2.1 million people. By gender, 3.26% of men in employment are related to platform work, and 4.20% of women in employment work in the platform economy.

Figure 7. Distribution of employment by status of platform work by sex



Source: INEGI (2023). Labour Force Survey (EFL) 2019

## Final remarks

The design of the EFL 2019 was based on recent international recommendations and addressed innovative topics regarding labour market transformations. This has allowed Mexico to have an updated model to characterize its labour market reality better, meeting uncovered information needs and fulfilling demands for international indicators from the ILO and OECD.

Dependent contractors constitute 15.15% of the total dependent workers, representing 6.6 million people and 11.4% of total employment. Most are analogous to dependents (67.02%). Among DCs, the share of time-related underemployment is 12.2%. Among women in DC status, the share of time-related underemployment is greater than among men in DC status, reaching 19.4%, while this condition is 7.9% among men. 3.66% of total employment is related to platform work, equivalent to 2.1 million people, and 12.0% of the dependent contractors work in this situation.

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