



Regional Course on SDGs Indicators: Measuring decent work using microdata from labour force surveys

Defining and measuring key labour market indicators (employment and labour underutilization)

Chiba (Japan)
30 September – 4 October 2019

Frqwhqww

- 19th ICLS and concept of work
- Labour force classification
- Components of labour underutilization
- LU indicators

Resolution concerning statistics of Work, Employment & labour underutilization

- Adopted by 19th ICLS in October 2013
- Updates previous standards on “Statistics of the economically active population, employment, unemployment and underemployment” (13th ICLS, 1982)
- Sets new framework for work and labour market statistics
- Promotes progressive implementation
- Enables reconstruction of existing series
- Promotes greater international comparability

Work

1st international statistical definition

“Any activity performed by persons of any sex and age to produce goods or to provide services for use by others or for own use”

- Irrespective of legality, context and person status
- **Consistent** with the scope of productive activities
 - Within the SNA General production boundary
 - Complete accounts (“national” and “satellite” accounts)

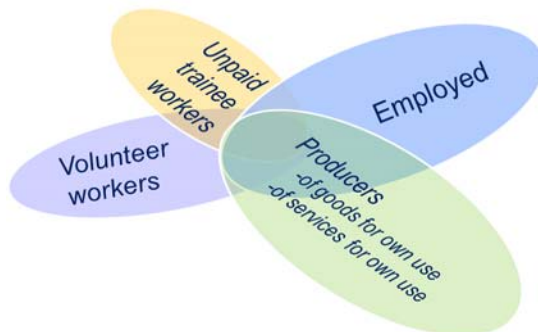
Work and the 2008 SNA

- **Aligned with General production boundary (2008 SNA)**
 - Activity must result in **production** of goods or services (e.g. stealing not included)
 - Activity must fulfill **3rd person criterion**: i.e. it must be possible for someone else to perform the activity on one's behalf (e.g. sleeping not included)
- **Can be performed in any kind of economic unit**
 - **Market units** (i.e. for profit units, such as corporations, quasi-corporations and household unincorporated market enterprises)
 - **Non-market units** (i.e. government & non-profit institutions)
 - **Households producing goods or services for own final use**
- **Irrespective of formal, informal nature or legality of activity**

Enables coherence between work statistics and economic statistics

Forms of work framework

- **People can be engaged in multiple types of work activities at the same time**
 - E.g. Employed but also engaged in volunteer work
 - Under previous framework you were employed or not employed



Forms of work : Employment



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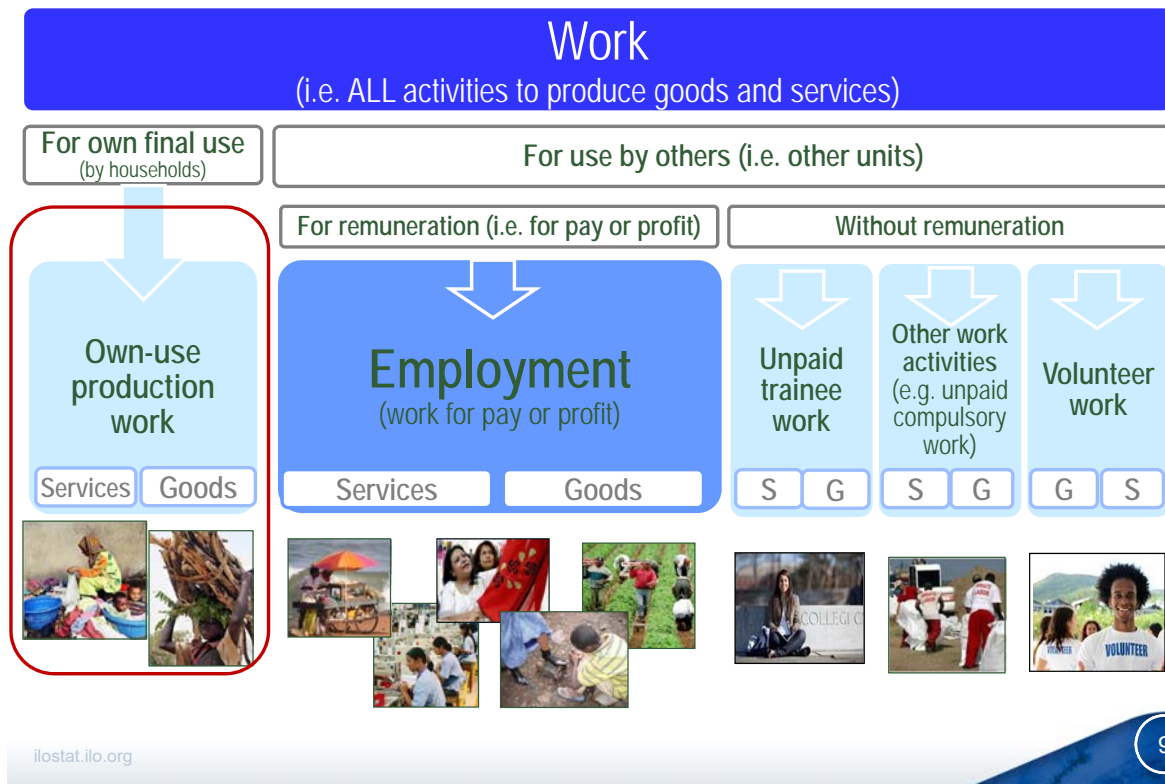
Employment in 19th ICLS

- Employment is work **performed for others** in exchange for **pay or profit**
- Includes many types of people
 - Self employed people
 - Casual workers
 - Employees
 - Contributing family workers
 - Assisting family members
 - Etc.
- Type of pay is generally monetary but can be in kind

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Forms of work: Own use production work



Own-use production work in 19th ICLS

- Producers of goods for own final use
 - All persons of working age who, during a **short reference period**, performed **any activity** to **produce goods for own final use**
- Providers of services for own final use
 - All persons of working age who, during a **short reference period**, performed **any activity** to **provide services for own final use**

Unpaid trainee work

■ Unpaid trainee work

- Activities to produce goods & services for others performed **without pay in order to acquire workplace experience or skills**
- Quite substantial in many countries
- Some countries already have measurement practices through LFS
- No guidance yet on measuring this

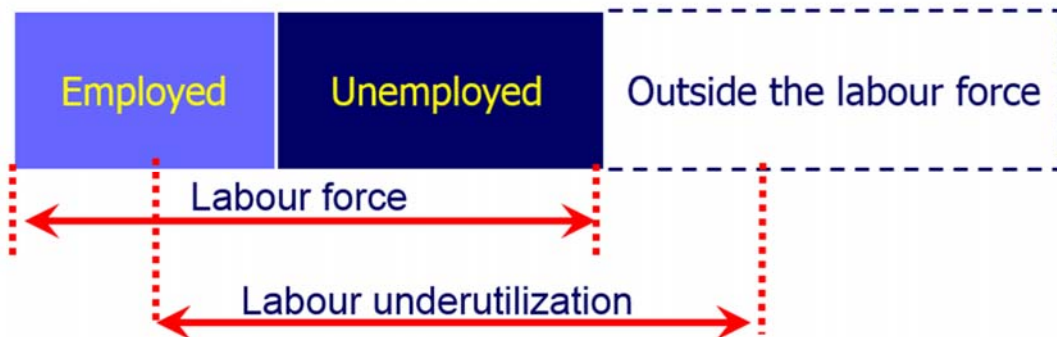
Volunteer work

■ Volunteer work

- **Non-compulsory** activities performed **without pay** to produce goods and services **for others**
- **Manual published by ILO**
 - Describes concepts, operational definitions
 - Includes recommendations for measurement
- Published before 19th ICLS
 - Some changes, e.g. scope of volunteer work in the manual was outside 'household', now it's outside 'family'
 - Further study and development needed to update guidance



Labour force & labour underutilization



Labour force concept

“Refers to the current supply of labour for the production of goods and services in exchange for pay or profit”

Para 11, Resol I. (19th ICLS, 2013)

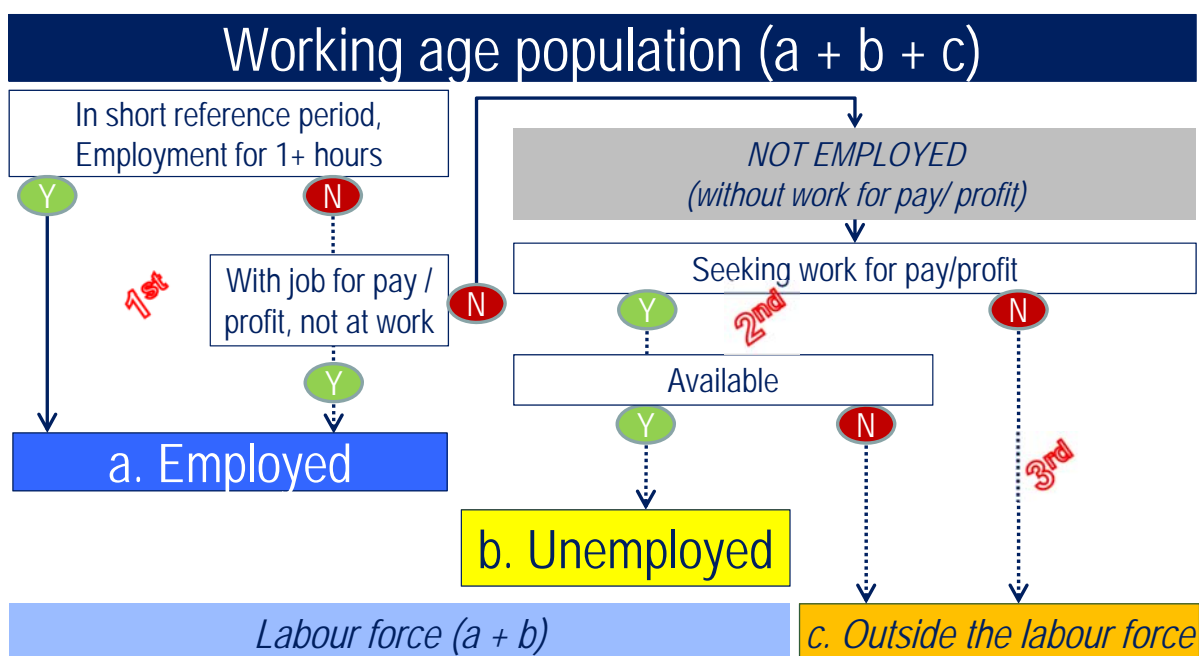
$$\text{Labour force} = \text{Employed} + \text{Unemployed}$$

- Now focuses on work transacted for pay or profit
- When measured over a short reference period, it provides snap-shot picture of labour market at a given point in time

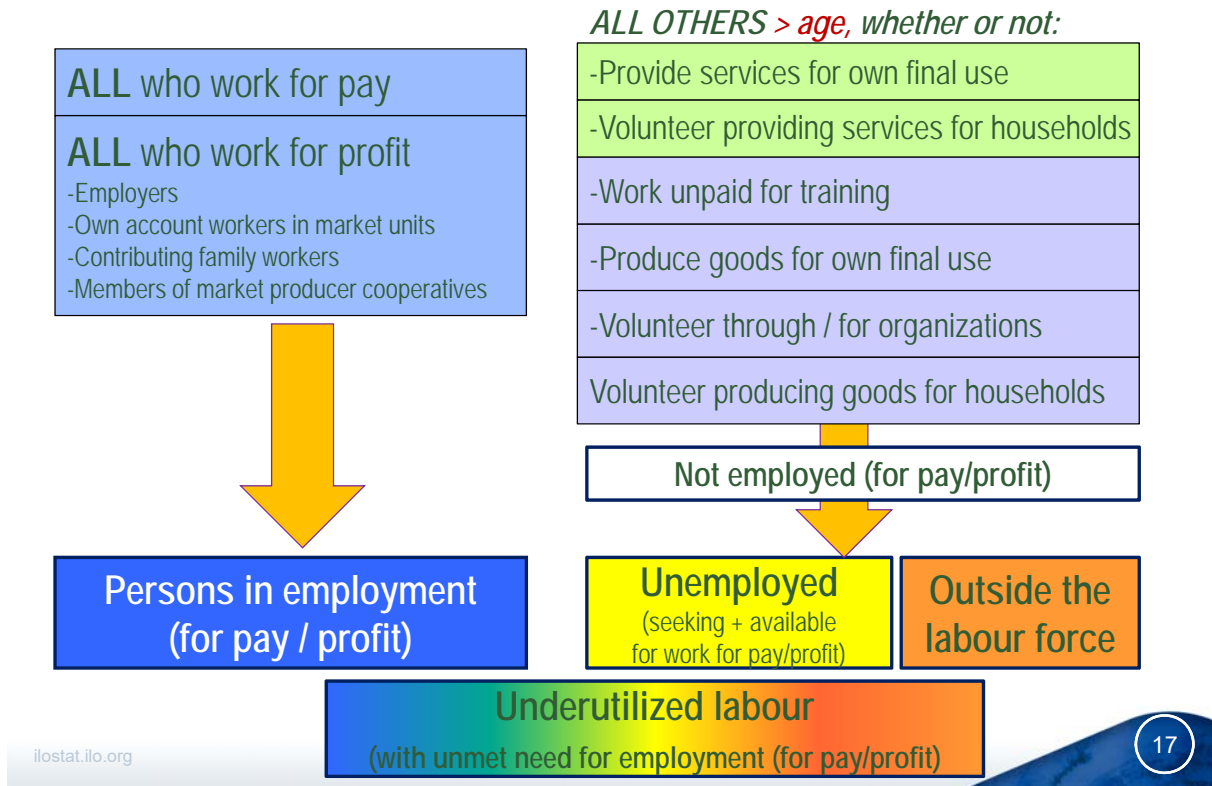
Labour force status classification

- Classifies the population of working age (15+)
 - According to its relation to the labour market
 - In short reference period
- Based on
 - **Activity principle**
 - What the person did
 - **Priority rule**
 - Employment over other activity
 - Employment over unemployment
 - Unemployment over outside the labour force
 - **1-hour criterion**

Labour force status classification Activity principle + priority rule + 1 hr. criterion



Labour force as per the NEW standards...



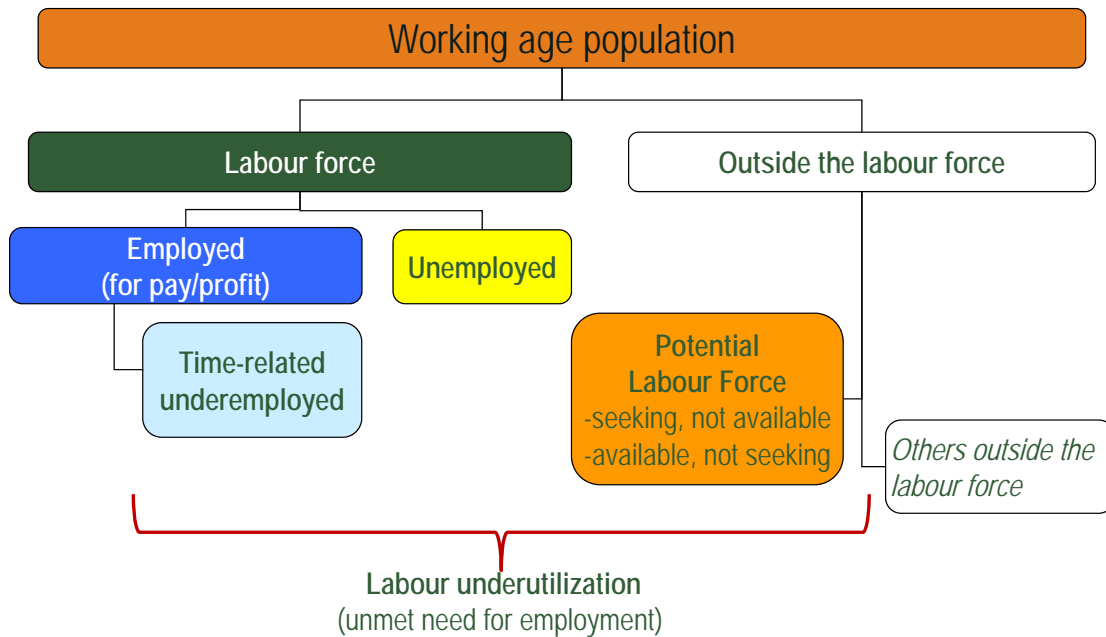
Labour underutilization

“Refers to mismatches between labour supply and demand, which translate into an unmet need for employment among the population”

Para 40, Resol I. (19th ICLS, 2013)

- In reference to employment (work for pay or profit)
- Focuses on issues of insufficient labour absorption
- For monitoring labour markets

Labour underutilization: Components



Labour underutilization – Changes from previous standards

- Old standards referred to time related underemployment but not the potential labour force
- Unemployment rate was typically the only underutilization indicator published and the main focus of the standards
- New standards recognise the need to extend the range of indicators while retaining unemployment

Unemployment: Scope

- **Indicator of current unused supply of labour**
- **Different from beneficiaries of unemployment insurance**
- **Emphasis on monitoring labour markets**
 - Captures persons without employment, putting pressure on labour market
 - Signals situations of potential match between available labour supply (people) and available demand (jobs)
- **May be engaged in other activities, or receive government benefits**
 - Unemployed housewife, unemployed student, unemployed subsistence farmer, unemployed pensioner
- **Measured only through household surveys**
 - Need to establish person's job search and availability

Time-related underemployment

“Reflects a situation when the working time of persons in employment is insufficient in relation to alternative employment situations they are willing and available to engage”

Para 40. Resol. 1, (19th ICLS, 2013)

- Significant component of labour underutilization
- To be disseminated together with unemployment rate
- Does not capture other dimensions of underemployment due to skills mismatches or low remuneration

Potential labour force

- Sub-group of persons outside the labour force
- With expressed interest in employment (desire to work)
- Relevant in contexts with
 - Limited labour market, job opportunities
 - Limited channels to seek employment
- Relevant for groups
 - With other responsibilities (women, students)
 - Environment limits their capacity to seek / be available for work

Population outside labour force by labour market attachment

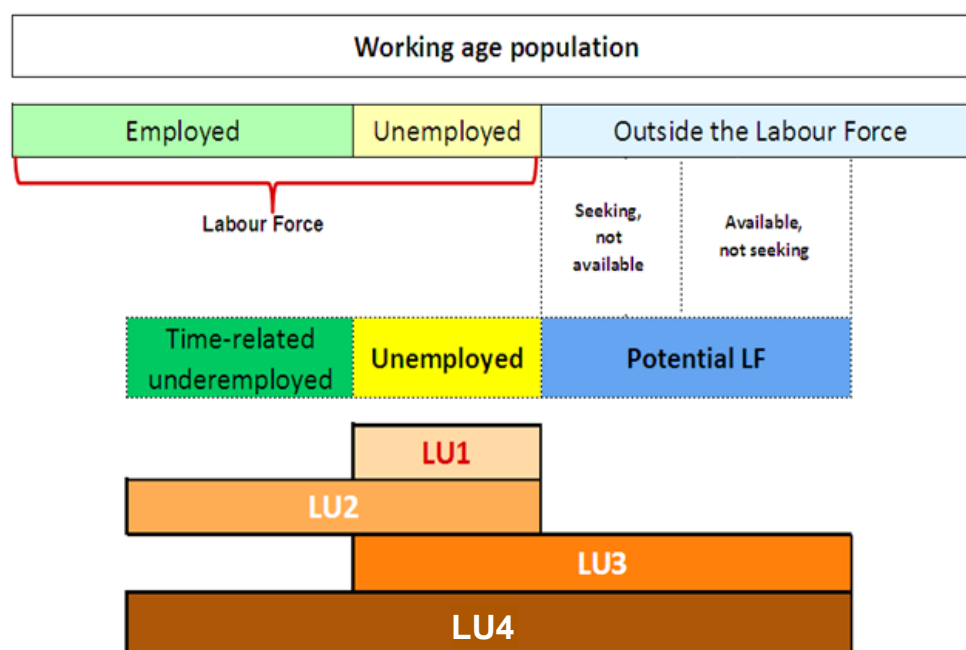
1. Seeking employment, but not available
2. Not seeking employment, but want and available to work
3. Not seeking, Not available but want employment
4. Does not want employment

Labour market attachment



Based on SAME questions used to identify the unemployed

LU1-LU4: Composite measures of labour underutilization



Indicators of labour underutilization

Four indicators: to assess the nature of LU throughout the business cycle:

- LU1:** Unemployment rate (SDG 8.5.2):

$$\left[\frac{\text{persons in unemployment}}{\text{labour force}} \right] \times 100$$
- LU2:** Combined rate of time-related underemployment and unemployment:

$$\left[\frac{\text{persons in time-related underemployment} + \text{persons in unemployment}}{\text{labour force}} \right] \times 100$$
- LU3:** Combined rate of unemployment and potential labour force:

$$\left[\frac{\text{persons in unemployment} + \text{potential labour force}}{\text{extended labour force}} \right] \times 100$$
- LU4:** Composite measure of labour underutilization:

$$\left[\frac{\text{persons in time-related underemployment} + \text{persons in unemployment} + \text{potential labour force}}{\text{extended labour force}} \right] \times 100$$

Note: extended LF = LF + potential labour force

Discouraged workers

- A particular group of interest
- People who want, are available but are not looking because they don't believe the work is available
 - Education related reasons (don't think they are qualified enough)
 - Age related reasons (employers don't want people their age)
 - Geographic reasons (no jobs available in the area)
- Measured by including a question on reasons for not seeking work

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