

AN APPROACH TO THE INTERNATIONAL RECOMMENDATIONS CONCERNING
ECONOMICALLY ACTIVE POPULATION, EMPLOYMENT AND
UNEMPLOYMENT STATISTICS
AN ACCOUNT OF THE BRAZILIAN EXPERIENCE

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¹ Marcia Quintslr coordinates, in the Instituto Brasileiro de Geografia Estatística - IBGE, the Brazilian national statistical office, the project of the development of the Integrated System of Household Surveys, the proposal of reformulation of the household surveys to be implemented in the next years. This paper reflects the experience of the team of the project. Teresa Maria Cristina de la Riva, technologist in IBGE, translated the original paper from Portuguese to English. The omissions, mistakes or imprecise conclusions, which eventually remained, are completely under the responsibility of the author.

INTRODUCTION

This document tackles the applicability of the basic concepts concerning the study of the economically active population and the measurement of employment, unemployment and underemployment, taking into account the pacts, recommendations and resolutions generated in the scope of the International Labour Conferences and the Conferences of Labour Statistician, together with some aspects of the recommendations for the 2010 Censuses of Population and Housing. The insights and evaluations presented here refer to an empirical approach associated with, above all, the household sample surveys and, in some cases, they consider our recent experience in designing the 2010 Brazilian Demographic Census.

Particularly, Brazil, by means of the Brazilian Institute of Geography and Statistics – IBGE, intends to redesign its set of household surveys, especially improving and updating the labour force and income survey. Nowadays, the Institute carries out two surveys about these topics: a national survey, which has been carried out since 1967, providing annual data and the other one, a monthly survey that covers the main metropolises and that was broadly revised in 2002. The current project of revision of the household surveys aims to substitute the two surveys for the quarterly publication of data regarding the economically active population, employment, unemployment, underemployment and income.

The aspects of the international recommendations that led and still lead to a greater discussion about their interpretation and operational applicability are analyzed below. Therefore, some topics have been selected: the definition of the economically active population in accordance with the concept of the 1993 System of National Accounts; the minimum age for the establishment of the economically active population; the criterion of minimum time to define “some work”, in order to, in a determined reference period, establish the operational limitation of the employed population; the concept of main job; the rule of job search for the people classified as economically active in the unemployed category. These issues, how considered in this paper, deal with the current economic active population (the labour force). However, many topics presented could be applied for the usually economic active population too. Also, periodicity aspects for the publication of the main indicators and for improving the surveys about labour force are discussed.

Before going on, it is important to point out the challenge caused by the reformulation of the labour force survey by IBGE, presenting some general characteristics of the current surveys and of the one to be produced in the future.

The annual survey, called the National Household Sample Survey – PNAD enables data for Brazil, the major regions and states. Every final quarter of the year, 140,000 households are visited and the data are disclosed and published in September of the following year. Besides labour force data, employment-related income and income from other sources, other topics are investigated, such as: education, housing, fertility and information technology. This survey has been carried out for 40 years. In 2007, the data started to be collected by means of electronic hand held equipment. The most important element to be improved is the availability of the short-term information about work on a national basis. The survey associates different topics every year, according to the demand of public policies in the areas of education, health, income transference programs, child labour, among others.

The Monthly Employment Survey collects data in six Metropolitan Regions, where about 30% of the Brazilian urban population reside. It deals with labour force data and employment-related income and, every month, 40,000 households are visited. This survey was fully revised in terms of concept in 2002 and it has used electronic hand held equipment for data collection since its last reformulation. The main element to be improved is the geographic range, as the survey generates short-term information that does not completely portray the different contexts of the Brazilian labour market.

The fundamental characteristics of the new survey, called Continuous National Household Sample Survey - Continuous PNAD, are presented below. In the years to come, it is supposed to substitute for the annual survey as well as the monthly employment survey. The Continuous PNAD is being planned in an Integrated System of Household Surveys context and aims to meet the demands of variable subjects by means of supplementary investigations, as carried out in the current survey.

CONTINUOUS NATIONAL HOUSEHOLD SAMPLE SURVEY - CONTINUOUS PNAD

General Objectives

Produce basic information for the study of the socioeconomic development of the country and enable the continuous investigation of the labour and income indicators.

Geographical desaggregation of results

Brazil, Major Regions and States, Metropolitan Regions that include the capital cities of the States.

Sample

Brazil will adopt the master sample infrastructure and, in order to carry out the Continuous PNAD, about 170,000 households will be visited every quarter.

Periodicity

Quarterly periodicity for the Labour Force and Income indicators and annual periodicity for the remaining sociodemographic topics, presently investigated by the annual survey, such as: child labour, education, housing, fertility and migration.

Conceptual Framework

The concepts adopted in both current surveys are being revised to make them completely updated regarding the international recommendations. Adaptations may be necessary due to national context.

APPLICABILITY OF THE INTERNATIONAL RECOMMENDATIONS

Conceptual framework of National Accounts and the concept of work

In Brazil, in the context of official economic statistics, the orientation for the use of concepts coherent with the theoretical background of the construction of the System of National Accounts (United Nations publications) prevails, the 1993 framework being adopted in the most recent methodological review of the economic information sources. This is also a relevant principle to the statistics of the economically active population and to the concept of work associated to them. This issue constitutes one of the grounds for the planning of the new Brazilian labour force survey.

The Resolution about the statistics of the economically active population, employment, unemployment and underemployment adopted by the thirteenth International Conference of Labour Statisticians (XIII ICLS) defined as “economically active population” all the persons of either gender who do their job to produce goods and services, as defined by the System of National Accounts (United Nations publications), during a specified period. The XIII ICLS Resolution defined too as the share of the employed population of the economically active population, the workers who are employees or independent workers (employers and own-account workers), including in the latter the contributing family workers. The same ICLS enables the inclusion of the own consumption work, as far as it is relevant to the consumption of goods and services in the household.

Therefore, to a certain extent, it refers to the most generic definition of work of the System of National Accounts and, on the other hand, it only includes the workers who produce for their own final use under specific conditions what, strictly according to the System of National Accounts concept, could be considered a contradiction.

The United Nations recommendations for the 2010 Population Census round practically reproduce the text of the XIII ICLS resolution, pointing out, however, that the production of goods for own consumption must be investigated in order to be included in the concept of employment if it is seen as quantitatively important to the offer of a certain good in the country, whereas the XIII ICLS mentions the importance of the good for the household consumption.

The following text is in the recommendations United Nations Principles and Recommendations for Population and Housing Censuses Revision 2:

“In principle, the production of all goods falls within the SNA production boundary, irrespective of whether the goods are intended for supply to other units or for the producers’ own final use. In practice, however, the production of a good for own final use within households should be recorded only if the amount of the good produced by households for their own final use is believed to be quantitatively important in relation to the total supply of that good in a country.”

This topic is being discussed while planning the new national labour survey. In Brazil, the current national annual survey in its chapter about work account as employed people uniquely involved in activities for the production of food items and the construction for their own use. This procedure has been adopted in the Brazilian Population Censuses, and is supposed to be maintained in the one being planned for 2010.

Regarding the new survey, in the beginning, the exclusion of this contingent in the share of employed population was thought based, not only on the XIII ICLS resolution, but also on the observation of international practices, since many countries, in their labour force surveys, do not include the activities for the production of goods and services for own consumption as work. Taking into account the XIII ICLS orientation to consider the production for own final use as work only if it is important to the total household consumption, we evaluated that it was, in practice, impossible to include the required identification of that importance in the context of the labour force survey and it would limit the application of that ICLS resolution.

Another argument not to take into consideration the production for own consumption is the fact that one of the main objectives of the employed population indicators is to be the foundation for the public policies of employment generation. Moreover, this would lead to an international comparison of the economically active statistics.

Even not including the production for own consumption in the activities corresponding to the proposed concept of work, the Continuous PNAD would broaden the investigation of that type of activity, that is, it would be investigated among all interviewees, regardless of their status of employment.

However, this issue is being re-evaluated, since the 2010 Census and the Brazilian National Accounts System insert the production for own consumption in the concept of work. It is known from the 2002-2003 Family Budget Survey that the goods produced for own consumption account for about 15% of the total average consumption in the household of rural areas. That is, for certain areas in the country, this production has a relevant weight.

Therefore, the proposal being discussed has two advantages. There is an inconsistency in what is established in the Brazilian accountability of the national product. Besides, the involvement of children, adolescents and women in these activities is substantial and this fact is a reason to be questioned by public supervisors and experts in the statistics by gender and child labour.

Naturally, the alternative proposal, which is under evaluation, is to include this contingent in the concept of employed persons.

The issue in this context is that the XIII ICLS recommendations enable this discussion because they indicate the National Accounts as a theoretical reference and also appoint the importance of the production for own consumption in the household to the definition of employed people. Is it about the conciliation of a conceptual demand, which is the inclusion, and a practical necessity to consider the different realities found in several countries? Adopting the importance of the investigation of the consumption in the household does not seem coherent with the objectives of the measurements. The suggestion at this point is that the importance of the good in the total consumption in the country should be made explicit, just like in the Population Censuses recommendations. That procedure would be more consistent with the identification of the priority degree in this production area, so that this priority must be the starting point to define the struggle to measure the economically active population and to classify the people involved in the own-consumption production, according to the status of activity. The analysis of the participation in the total consumption must be complemented by the evaluation of the theoretical and empirical consistency of the National Accountability itself, by the purity of the measurements of results of national policies for the generation of employment and income and by the need of measurement and analysis of the child or female labour contingent engaged in the production for own consumption. These factors altogether, also taking into account the national specifications, should define the way to collect and publish data about production for own consumption in the labour force surveys.

Minimum age to characterize the economically active population

The XIII ICLS resolution that contains the basic orientations for the definition of the economically active population mentions that this population includes “people who are over a certain age”. Besides, the same resolution does not indicate the minimum age and does not designate criteria to establish it.

The minimum age specified for the measurement of the economically active population is also mentioned in the XV ICLS about labour in the informal sector, which takes into account children and adolescents who work in this sector.

The resolutions mentioned above are not more detailed about the subject, although some clarification can be found in Surveys of economically active population, employment, unemployment and underemployment: An ILO manual on concepts and methods (Geneva, International Labour Office, 1992). Therefore, the countries have limited this minimum age according to their reality and taking into consideration the following parameters: the minimum age to finish the basic schooling years, or 15 years old. Many countries adopt 15 as the minimum age of the economically active population. However, in Latin America, age 10 prevails, as it is in Brazil, not only in the sample surveys but also in the Population Censuses.

This topic is mentioned more clearly in the United Nations recommendations for Population and Housing Censuses, pointing out that one should be extremely careful when applying the parameters above literally. The proposed text for the 2010 Censuses round is below:

“ The minimum school-leaving age should not automatically be taken as the lower age-limit for the collection of information on activity status. Countries in which many children participate in agriculture or other types of economic activity ... will need to select a lower minimum age than in countries where employment of young children is uncommon.”

In addition, the resolutions about the measurement of Child Labour to be discussed and approved in the current XVIII ICLS cover this issue when it is established that people who are 17 and under are regarded as children, when they present the concept of working-age population and when they propose that the minimum age be in accordance with the legislation concerning child labour of each country.

Still taking into account the international recommendations, another aspect to consider is how to use employment and unemployment data. In Brazil, as mentioned above, the official statistics about employment and unemployment are about people aged 10 and over, as the observation of the labour market prevailed in the choice of the minimum age, because there is an expressive number of children and teenagers in this age group who work (mainly in agricultural activities). Therefore, the results of Brazilian labour market synthesis join two measurement items: child labour and the performance of the labour market in relation to the working-age population. As a consequence, saying that the number of employed people aged 10 and over has increased may mean either that more people aged 15 and under are employed, or that child labour increases. It is obvious that the results are published by age group what enables the analysis of the employment and unemployment rates separately. However, what is pointed out here is the appropriate interpretation of the number that refers to the total contingents.

It should be taken into consideration that the establishment of new recommendations concerning child labour is a good opportunity to limit the economically active population in terms of minimum age. An adjustment of the recommendations about this topic would be relevant, making it clear what criteria were used to establish this limit and taking into account the aspects discussed above – separating child labour from employment of the working-age population.

Employment and the 1-hour criterion

The resolutions about the statistics of the economically active population, approved by the XIII ICLS say that, for practical reasons, the notion of “some work” is associated with at least one hour of work in the reference period.

Moreover, the Policies about the occurrences of programs to promote employment over the employment and unemployment measures adopted by the XIV ICLS (October-November 1987) indicate the importance of this criterion, since it guarantees the basic structure of the labour force landmark, implicit in the international regulations, which assure that employed and unemployed contingents complement each other, that is, their sum corresponds to the economically active population.

The limit of one hour comes from a priority rule to define labour force and guarantees that unemployment means a situation of total lack of work (zero hour of work). Besides, this criterion assures the consistency of the employment concept with the production data from the National Accounts.

The application of the criterion to identify work in a recent reference period is not a problem according to our experience in Brazilian sample surveys. The new labour force survey intends to adopt this recommendation. Nevertheless, the operational and logical adjustment of the criterion, for disregarding the less than one hour works even if they are paid, was discussed during the pilot test phase of the 2010 Brazilian Census of Population. The following question arose: since the workers employed in paid activities who are attached to their jobs are considered employed irrespective of the fact that they did not work in the reference week, wouldn't it be valid to make an exception to the ones who usually work less than one hour? What should the priority be? Is it the coherence with the balance between the employment and unemployment concept and the adoption of a strict limit of one hour? Is it acceptable made an exception?

The one-hour-work criterion, on an operational basis, enables a better collection of no regular jobs that common sense might not regard as work. Thus, the use of this time landmark, besides the so-called balance between the employed and unemployed contingents in the formation of the economically active population supports the capture of all the jobs, including the no regular, as mentioned, and secondary ones.

However, the text of international recommendations, which establish and justify this criterion, requires some additional explanation about their essential objectives.

Unemployment and job search

Concerning seeking work in the unemployment context, the XIII ICLS resolution establishes the following:

“The unemployed population comprises all persons above the minimum age specified for measurement of the economically active population who during the reference period were:

...

(c) Seeking work, in other words, had taken specific steps in a specified recent period to seek paid employment or self-employment.”

“Persons without work and currently available for work who had made arrangements to take up paid employment or undertake self-employment activity at a date subsequent to the reference period should be considered unemployed, irrespective of whether or not they recently sought work.”

A common situation in Brazil refers to the case of a person who is unemployed, available for work in the reference week, who sought work in a 30-day period, but that search results in a job that the person does not keep and after that, does not make any arrangements to take up another job.

Two evaluations of this situation are being discussed:

- 1) Regard this person as inactive because he/she did not seek work after quitting the job he/she had for some days.
- 2) Regard this person as unemployed because he/she had taken specific steps to seek paid employment in the specified 30-day period for this action.

The first alternative considers the job search as a specific act. The initiative of seeking work, which resulted in a job, and the fact that the person did not seek work after that resignation is regarded as lack of pressure against the not-working situation, which is maintained in the reference week.

The second alternative interprets the job search as an effective intention to pressure the market during a period of time established for this purpose and it is irrelevant if the person found work that they did not have anymore during the reference week. A person who sought work, found it and worked for a very short period of time and who, during the reference week has no job and states that is available for work is, essentially, someone inserted in the economically active population, since they explicitly declared they had recently pressured the labour market.

The essential part of this discussion is: does the seeking-work concept that composes the unemployment characterization evaluate the general pressure on the market or does this concept exist to be associated with the success or failure of a job search? The related Brazilian example imposes that this point should be clarified in the international recommendations.

The concept of main job

In the labour surveys and also in the Censuses of Population, it is common to be interested in identifying the main job about which, when elected, a more detailed investigation is carried out as well as some studies about the status of employment are considered necessary. For this last reason, this topic is pointed out in the recommendations concerning the international classification about the status of employment adopted by the XV ICLS.

For the new Brazilian survey, following the 2010 Population Census recommendations, the indications of the above-mentioned document are being adopted. We understand that the priority given to the larger number of hours normally dedicated to work is coherent with the conceptual structure established for the classification of employed and unemployed persons

besides the production of the National Accounts System. The second criterion will be adopted by the new Brazilian survey is the highest income and, at last, how long the person has been in that work.

We suggest that this definition, during the revision of the general recommendations, be placed in the context of basic recommendations about the economically active population.

Periodicity of publication of basic indicators and of the introduction to the conceptual changes

Regarding the recommendation updates of the labour statistics, we suggest a chapter indicating the maximum suitable periodicity for the publication of some basic selected indicators. This topic can be found in several recommendations about different subjects, but the discussion and the consolidation of this approach would be useful.

In relation to the commitment of the countries aiming periodic introduction of conceptual improvements, as seen in Labour Statistics Convention, 1985 (No.160), and Recommendation, 1985(No.170), it would be useful to propose a reference to the maximum time frame elapsed from two conceptual updates. This reference would be positive because such methodological adjustments must be made in order to guarantee precision and loyalty to the statistics. Especially, when the update of the recommendations is proposed to represent new situations of the real world more appropriately, even if historic series must be broken.

FINAL REMARKS

The Brazilian experience in the production of work indicators in IBGE points out, in the first place, the relevant role of the vast documentation from the International Labour Organization-ILO, originated from the ICLS discussions and decisions, from the several seminars, expert meetings and work groups structured with the leadership of ILO too. However, a new compilation and adjustments of the recommendations about basic subjects, such as the ones presented here, are urgently needed. Especially, the arrangement of the recommendations by subject would be more than welcome.

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