The Decent Work Measurement Framework and the 19th ICLS Resolution Concerning Statistics of Work, Employment and Labour Underutilization

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High-level Stakeholder Meeting to Discuss Objectives of the New Labour Force Survey of the Republic of Azerbaijan

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  – Reference concept of “work” and concepts of “forms of work”
  – Classifications of Working Age Population: (a) Labour force status and (b) Main form of work
  – Measures of labour underutilization
  – Indicators and national strategies for adoption
The concept of Decent Work has been defined by the ILO and endorsed by the international community as

“Opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity.”

1999 International Labour Conference Report
Decent work as a global goal

- **Endorsed by** ECOSOC, Presidential Summits and Head of State Summits in all regions, UN system, European Union, among others.

- **ILO Declaration on Social Justice for a Fair Globalization (2008)** endorses Decent Work Agenda and its 4 dimensions:
  
  (i) International labour standards and fundamental principles and rights at work  
  (ii) Employment creation  
  (iii) Social Protection  
  (iv) Social Dialogue and tripartism
Coherence between national policies on decent work and statistical planning

Stakeholders, including tripartite constituents define decent work policy areas to be targeted (Decent Work Country Programme, DWCP)

Stakeholders, including tripartite constituents define decent work indicators to meet the needs for monitoring DWCP

NATIONAL STATISTICS OFFICE develops and maintains surveys to produce statistics for construction of DW indicators

MINISTRY OF LABOUR, SOCIAL SECURITY AGENCY etc. develop & maintain administrative records that can be used for statistics to construct DW indicators

ILO Decent Work Indicator Manual guides the construction of indicators


ILO Department of Statistics
Principles and framework for measuring decent work – launched in 2008

- **Purpose:** to (i) assist constituents to assess progress towards decent work and (ii) offer comparable information for analysis and policy development.

- **NO ranking of countries & NO composite index**

- **Covers all four dimensions of Decent Work:**
  - Decent work measurement goes beyond traditional labour statistics

- **New framework:**
  - Developed by a Tripartite Meeting of Experts; presented to the ILO Governing Body and 18th ICLS in 2008
  - Groups statistical/legal framework indicators under 11 substantive elements
  - Includes 71 statistical (quantitative) and 21 legal framework (qualitative, textual) indicators
  - Layered approach to statistical indicators (main, additional, future, context) & by sex
  - Dynamic, international model that can adapt to national circumstances

- **Information is derived from various official sources:** household and establishment surveys, administrative records, qualitative legal framework information, among others
Structure of Decent Work Measurement Framework

Grouping of statistical and legal framework indicators under 10 substantive elements:

1. Employment opportunities (1 + 2)
2. Adequate earnings and productive work (1 + 3)
3. Decent working time* (1 + 3)
4. Combining work, family and personal life (1 + 3)
5. Work that should be abolished (1 + 3)
6. Stability and security of work (1, 2 + 3)
7. Equal opportunity and treatment in employment (1, 2 + 3)
8. Safe work environment (1 + 3)
9. Social security (1 + 3)
10. Social dialogue, workers’ and employers’ representation (1 + 4)
11. Economic and social context for decent work

Plus one area on economic and social context

Note: 1 = Rights at work, 2 = Employment opportunities, 3 = Social Protection, 4 = Social Dialogue
Objectives of Work & Labour force statistics

• Describe and monitor labour markets
  – Participation in employment, characteristics, working conditions
  – Extent of labour market access and integration

• Measure & participation in all forms of work (paid & unpaid)
  – Contribution to economy (national accounts / satellite accounts)
  – Contribution to household livelihoods and wellbeing

• Assess differences in participation
  – Urban / rural, women / men, youth / adults, etc.
Scope related to labour market focus

**ENTERPRISES**
- Ownership
- Size
- Industry
- Location

**Vacancies**
- Type
- Skills

**Jobs**
- Pay
- Labour costs
- Hours paid for

**PEOPLE**
- Age/Sex
- Education
- Location

**HOUSEHOLDS**
- Size
- Composition

**EMPLOYED**
- Status
- Occupation
- Industry
- Institutional sector
- Working time, patterns
- Income/benefits
- Injuries/diseases
- Social dialogue

**UNEMPLOYED**
- Search methods
- Duration
- Qualifications
- Previous work experience
- Previous occupation
- Previous industry
- Receipt benefits

**OUTSIDE THE LABOUR FORCE**
- Reasons
- Desire to work
- Availability
- Job search
- Qualifications
- Previous work experience
- Receipt benefits

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Labour demand

Labour supply

Potential labour supply

Scope related to labour market focus

Empirical research

Employment creation, productivity

Characteristics of employment, working conditions

Pressures on labour market, access

Labour market attachment
Scope related to forms of work: Examples

Examples of forms of work for pay/profit:

- Example 1: work for pay
  - Paid employee at a supermarket
- Example 2: work for profit
  - Entrepreneur in her own profit-oriented business

Examples of unpaid forms of work:

- Unpaid trainee getting work experience
- Unpaid volunteer at a local community project
- Subsistence farmer
- Mother providing unpaid services for the household
- Unpaid prison workers Ordered by a court
Uses

• Macro-economic monitoring

• Formulate, implement policies & programmes
  – Employment creation
  – Human resource development
  – Poverty reduction
  – Income support & social assistance programmes

• Monitor progress towards & attainment of goals
  – Decent Work Agenda
Relevance

Policy instruments
- Macro-economic Policies
- Poverty Reduction Strategy
- Labour Market Policies
- Employment policy
- Sectoral Policies
- Micro and Small Enterprise Development Policies
- Skill Development Policies
- Gender Policies
- Decent Work Country Programmes

Statistical planning
- National Strategies for Development of Statistics
- Statistical data collection plans
- Labour statistics & indicators
International Conference of Labour Statisticians (ICLS)

- ILO statistical standard-setting mechanism
- Meets every 5 years (since 1923)
- Tripartite structure: Governments (NSO, MoL) Employers’ and Workers’ representatives
- Observers: International & regional organizations, NGOs
ILO Mandate to modify and expand existing standards on employment by 18\textsuperscript{th} ICLS and UNSC, 39\textsuperscript{th} session (2008)

- In response to calls to address limitations of unemployment statistics (2003 job crisis; 2008 financial crisis)
- Provide broader measures of labour underutilization, beyond unemployment
- Recognize and provide common framework for measurement of all work, paid and unpaid
- Facilitate integration of labour statistics with other domains
- Respond to emerging social and economic information needs (labour market dynamics, job creation, household livelihoods, well-being, beyond GDP indicators, ...)

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Implications of one-to-one correspondence in the previous standards between Employment Activity & the System of National Accounts (SNA) Production Boundary

- **Why one-to-one correspondence between Employment activity & the SNA previously?**
  - To ensure that labour input = SNA production
  - Supports estimates of GDP & productivity

- **Employment concept previously too wide**
  - Covered diverse kinds of work activities in a single category

- **Not all productive activities captured**
  - Unpaid household services not recognized

- **Unemployment concept inadequate**
  - Not sufficient to capture range of responses to labour market downturns in different contexts

- **Not as useful to inform labour & social policy**
  - Did not capture differences in economic structures & work patterns across countries / groups / regions
  - Did not fully support monitoring labour market behaviour

Percentage of countries that include selected economic activities in Employment statistics (of 160 countries)

- <50% include own-use production of goods
- <20% include unpaid apprentice work
- <10% include work by volunteers

Source: ILO review of country practices (most recent LFS, period 2000-2011)
New standards on work statistics

“Resolution concerning statistics of work, employment and labour underutilization”

- Adopted by 19th ICLS (October 2013)
- Build on existing standards (1982) & good practice
- Provide expanded guidelines for countries
- Facilitate progressive implementation
- Enable reconstruction of existing series
- Promote international comparability
Scope of new standards

- **Forms of Work**
  - Employment, Own-use production work, Volunteer work, …
- **Measures of Labour underutilization**
  - Unemployment, underemployment, potential labour force
- **Classifications of the working age population**
  - By labour force status, main form of work
- **Classifications of population outside labour force**
  - By labour market attachment, by main activity
- **Indicators**
  - To select national set, including headline indicators
- **Data collection programmes**
  - Sources, frequency of collection and of reporting
  - Tabulation, analysis
Main changes in the international recommendations

- New reference concept of Work & Forms of Work framework
- Employment definition refined (as work for pay or profit)
- Forms of work other than employment identified for separate measurement
- Labour force framework (also current activity framework)
  - Terms currently active/inactive are no longer recommended
  - Terminology retained: Labour force & Outside the labour force
  - Principles to classify population by labour force status retained (but based on refined concept of employment)
- Usual activity framework
  - Removed due to data quality issues
  - Alternative recommendations to assess employment in long observation period
- New measures of labour underutilization introduced
- New indicator of subsistence foodstuff producers highlighted
“Any activity performed by persons of any sex and age to produce goods or provide services for use by others or for own use”

Para 6, Resol I. (19th ICLS, 2013)

Recognizes all productive activities as work
Irrespective of formal, informal nature or legality of activity
Concept for reference purposes
“Work” and the System of National Accounts (SNA)

Activities

Non-productive activities

Productive activities

Households
- Goods: producing for own final use

Non-market units
- Government, Non-profit institutions
- Services
- Goods

Market units
- Incorporated, unincorporated
- Services
- Goods

Previous activity scope for “employment”

New concept of “Work” == productive activities

General production boundary

SNA production boundary

Non-productive activities

Sleeping
Learning
Own-recreation
Begging
Stealing

Included
Forms of work framework

- **Distinguishes different “types” of work** (i.e. productive activities)
  - Main intended destination of production (own final use / use by others)
  - Type of transaction (for remuneration / without remuneration)

- **Enables their separate measurement in full**

- **Supports more targeted monitoring to inform policymaking**

- **Permits coherence with national accounts**
  - National production & satellite accounts
Forms of work: Concepts

• **Own-use production work**
  – Activities to produce goods & services for own final use (by households)

• **Employment work**
  – Activities to produce goods & services [for others in exchange] for pay or profit

• **Unpaid trainee work**
  – Activities to produce goods & services for others performed without pay in order to acquire workplace experience or skills

• **Volunteer work**
  – Non-compulsory activities performed without pay to produce goods and services for others

• **Other work activities**
  – E.g. Compulsory activities performed without pay to produce goods & services for others
Five Forms of Work distinguished:
To be measured separately

Work
(i.e. ALL activities to produce goods and services)

For own final use
(by households)

- Own-use production work
  (work for pay or profit)

For use by others (i.e. other units)

- For remuneration (i.e. for pay or profit)
- Without remuneration

- Employment
  (work for pay or profit)
- Unpaid trainee work
- Other work activities (e.g. unpaid compulsory work)
- Volunteer work

Activities within the System of National Accounts (SNA) Production Boundary

Activities within the SNA General Production Boundary

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1. Multiple activities of Persons

2. Household allocation of labour, contribution to livelihoods

3. Assessment of labour market participation & integration by persons in forms of work other than employment
Illustration: Value added of unpaid household production in GDP

Share of household gross value added in total expanded economy (Switzerland, 2010)

- SNA production: 72%
- Housework production beyond SNA: 28%
- Housework: 20%
- Care work: 5%
- Volunteer work: 3%

Source: Swiss Federal Statistical Office
Classifications of Working Age Population: Two alternative classifications

- **Labour force status**
  - For labour market monitoring
  - In short reference period
  - Activity principle, 1-hr criterion, priority rule

- **Main form of work**
  - For social analysis
  - As self-declared
Labour force as per the previous standards....

**ALL** who work for pay

**ALL** who work for profit

**ALL** who work for training

**ALL** who produce goods for own final use

**ALL** who volunteer for org.

**ALL** who volunteer to produce goods for households

**ALL OTHERS, whether or not:**

- Provide services for own final use
- Volunteer providing services for households

**Persons in employment**

**Not employed**

**Unemployed**

**Inactive**
Labour force as per the NEW standards....

**ALL** who work for pay

**ALL** who work for profit
- Employers
- Own account workers in market units
- Contributing family workers
- Members of market producer cooperatives

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**ALL OTHERS > age, whether or not:**

- Provide services for own final use
- Volunteer providing services for households
- Work unpaid for training
- Produce goods for own final use
- Volunteer through / for organizations

Volunteer producing goods for households

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**Persons in employment** (for pay / profit)

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**Unemployed** (seeking + available for work for pay/profit)

**Outside the labour force**

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**Underutilized labour** (with unmet need for employment (for pay/profit)

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Definition: Persons in employment

- Working-age persons who in ref. week / last 7 days
- Were engaged in any activity to produce goods or provide service for pay or profit
  - At work: worked for at least 1+ hour
  - Not at work:
    - Due to working time arrangement (shift work, flexitime)
    - On temporary absence from job for pay /profit
      - Based on reason
      - For certain reasons: duration < 3months (in general)
        and/or continued receipt of income
Time Related Underemployment

Definition

• Employed persons who in the reference period:
  – **Wanted to work additional hours**
  – **Working time in all jobs < threshold**
    • Actual or usual hours based on objective
    • Threshold: median or modal value hours usually worked, full/part-time boundary
  – **Available to work additional hours in subsequent period**
    • **Short** as per national circumstances
    • To take account of time required to change jobs
Definition: Persons in unemployment

- Working age persons
  - Not employed in last 7 days / reference week
  - Carried out *activities* to seek employment for pay/profit in last 4 weeks / reference month
  - Available to start job/business
    - In reference week or
    - short subsequent period (up to 2 weeks)
Persons outside labour force
Classification by labour market attachment

• Based on same questions used to identify the unemployed.
  1. Seeking work for pay/profit, but not available
  2. Not seeking, but wanting and available
      • Discouraged
  3. Wanting employment, not seeking, not available
  4. Wanting employment

• Useful for analysis of labour underutilization and to inform employment policies
Definition: Potential labour force

- Based on 2 groups of persons outside labour force
  - **Unavailable jobseekers**
    - Seeking employment but not available (within specified period)
  - **Available non-jobseekers**
    - Not seeking, but wanting and available for employment

- In household-based surveys:
  - Measured at same time as unemployment
  - Requires asking about **job search** and **availability** to ALL persons not in employment
Discouraged job seekers

• Sub-group of potential labour force:

• **Available, not seeking for labour market reasons**
  – Past unsuccessful job search
  – Lack experience, qualifications, jobs-matched to skills
  – Considered too young or too old by employers
  – Lack of jobs in area
  – Recent job loss
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
Indicators of labour underutilization

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

• **LU1:** Unemployment rate:
  \[
  \text{Unemployment rate} = \left( \frac{\text{persons in unemployment}}{\text{labour force}} \right) \times 100
  \]

• **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: 3
  \[
  \left( \frac{\text{persons in unemployment} + \text{potential labour force}}{\text{extended labour force}} \right) \times 100
  \]

• **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
LU1-LU4: Composite measures of labour underutilization
Illustration: Labour underutilization
Composite indicator (LU4)

Source: ILO calculations based on national data (2011)
Indicators highlighted in the 19th ICLS Resolution on work statistics

- **As headline measures**
  - Employment to population ratio (%)
  - Labour force participation rate (%)
  - Measures of labour underutilization (LU1-LU4)
  - Subsistence foodstuff producers (%)
- **For wider labour market monitoring**
  - Inadequate employment due to skills, income
  - Job search among employed
  - Long term unemployment
  - Employment in informal economy
- **To assess links between employment & poverty**
  - Low pay, working poor
- **Measures for other forms of work (%)**
Data collection strategy
As per national needs and uses

Sub-Annual
High/low season quarter

Annual

Less frequent

MAIN AGGREGATES ONLY
Employment
Labour force
Labour underutilization
Subsistence food producers

Detailed labour force statistics
Labour input to SNA production

For benchmarking
Special topics
Design to support monitoring labour market dynamics

- For analysis at individual & economy level
  - Gross labour market flows,
  - Changes LFS statuses, status in employment
  - Job stability
- Recommends use of
  - Panel design + short reference periods + frequent data collection
- As per policy priorities
  - Changes between consecutive periods
  - Changes between same period, one year apart
National implementation of 19th ICLS Resolution on work statistics requires a coordinated strategy

- Implementation will take time
- Tailored depending on expected impact
  - Several countries already assessing & planning implementation
  - Evaluation of new indicators for a period of time before public release
  - Early communication with stakeholders & users
- Coherent implementation across sources
  - Population Census (2020 Round –starts in 2015!)
  - Labour force surveys (main data source for labour market monitoring)
- With support from ILO & regional / international partners
Broader implications of 19th ICLS Resolution on Work Statistics

• To become reference framework
  – For work and labour market statistics in decades to come

• Address gender bias in recognition of all forms of work
  – Make visible participation patterns & quantify contributions

• Inform policies targeting different forms of work, paid & unpaid
  – Working conditions, remuneration, social protection, work life balance, social inclusion & cohesion

• Contribute to post 2015 development agenda
  – Inclusive, sustainable development policies
  – Job growth
  – Data revolution
Resources and Contact Information

• 19th International Conference of labour statisticians:
  
  http://www.ilo.org/19thicls

• ICLS Resolutions and Guidelines:
  

• ILO Department of Statistics contact:
  
  statistics@ilo.org
Thanks for your attention!

Please visit the ILO Department of Statistics website: