



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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Contents

- Decent Work as a global goal and its measurement
- Overview of Work and Labour force statistics: Objectives, scope, use and relevance
- International Conference of Labour Statisticians (ICLS) and ILO Mandate to modify and expand existing standards on employment
- New standards on work statistics: 19th ICLS Resolution Concerning Statistics of Work, Employment and Labour Underutilization
 - 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



Concept of decent work

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.”

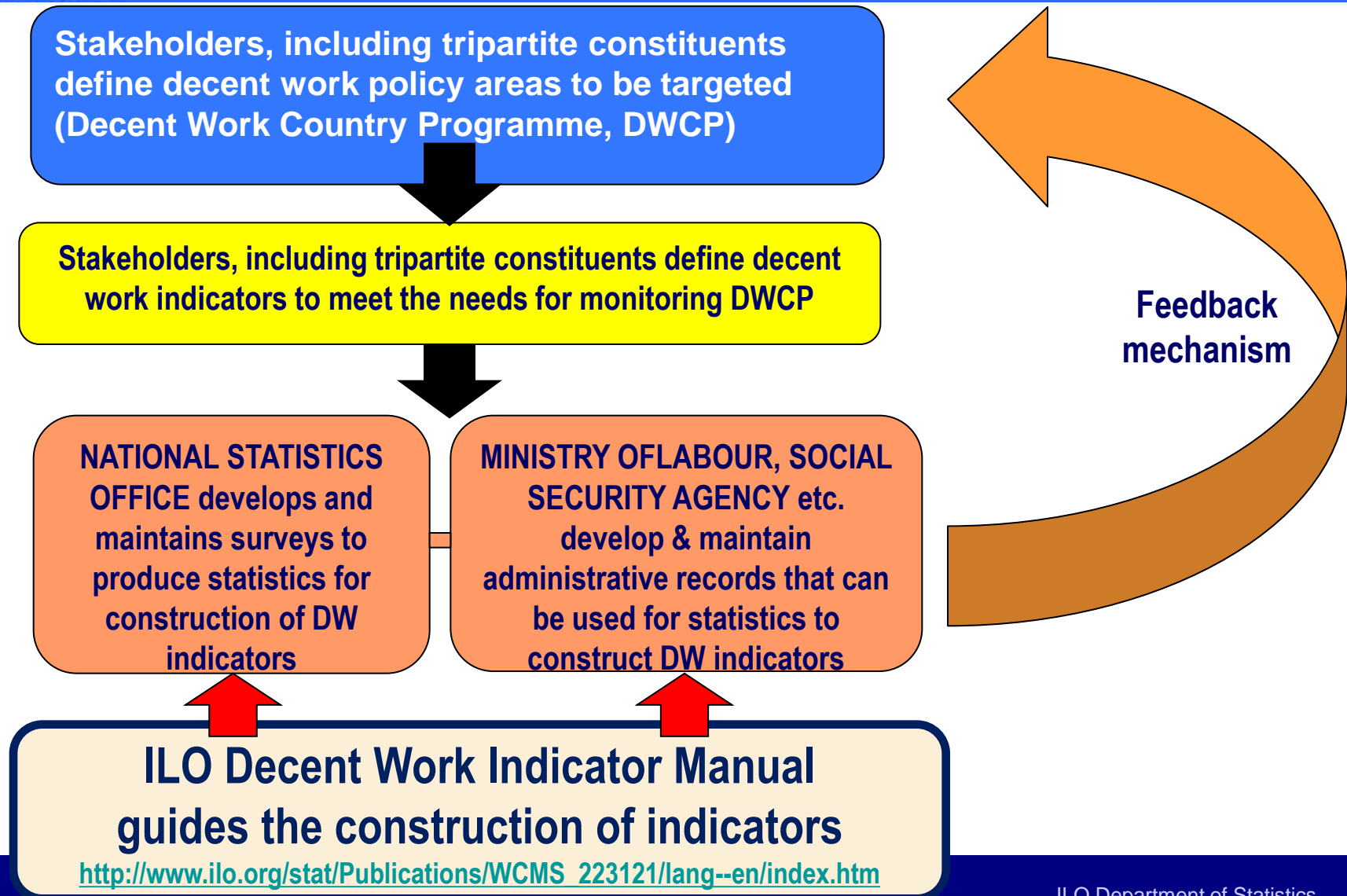
1999 International Labour Conference Report



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





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)

6. Stability and security of work (1, 2 + 3)

2. Adequate earnings and productive work (1 + 3)

7. Equal opportunity and treatment in employment
(1, 2 + 3)

3. Decent working time* (1 + 3)

8. Safe work environment (1 + 3)

4. Combining work, family and personal life (1 + 3)

9. Social security (1 + 3)

5. Work that should be abolished (1 + 3)

10. Social dialogue, workers' and employers' representation (1 + 4)

Plus one area on economic
and social context

11. Economic and social context for decent work

Note: 1 = Rights at work, 2 = Employment opportunities, 3 = Social Protection, 4 = Social Dialogue

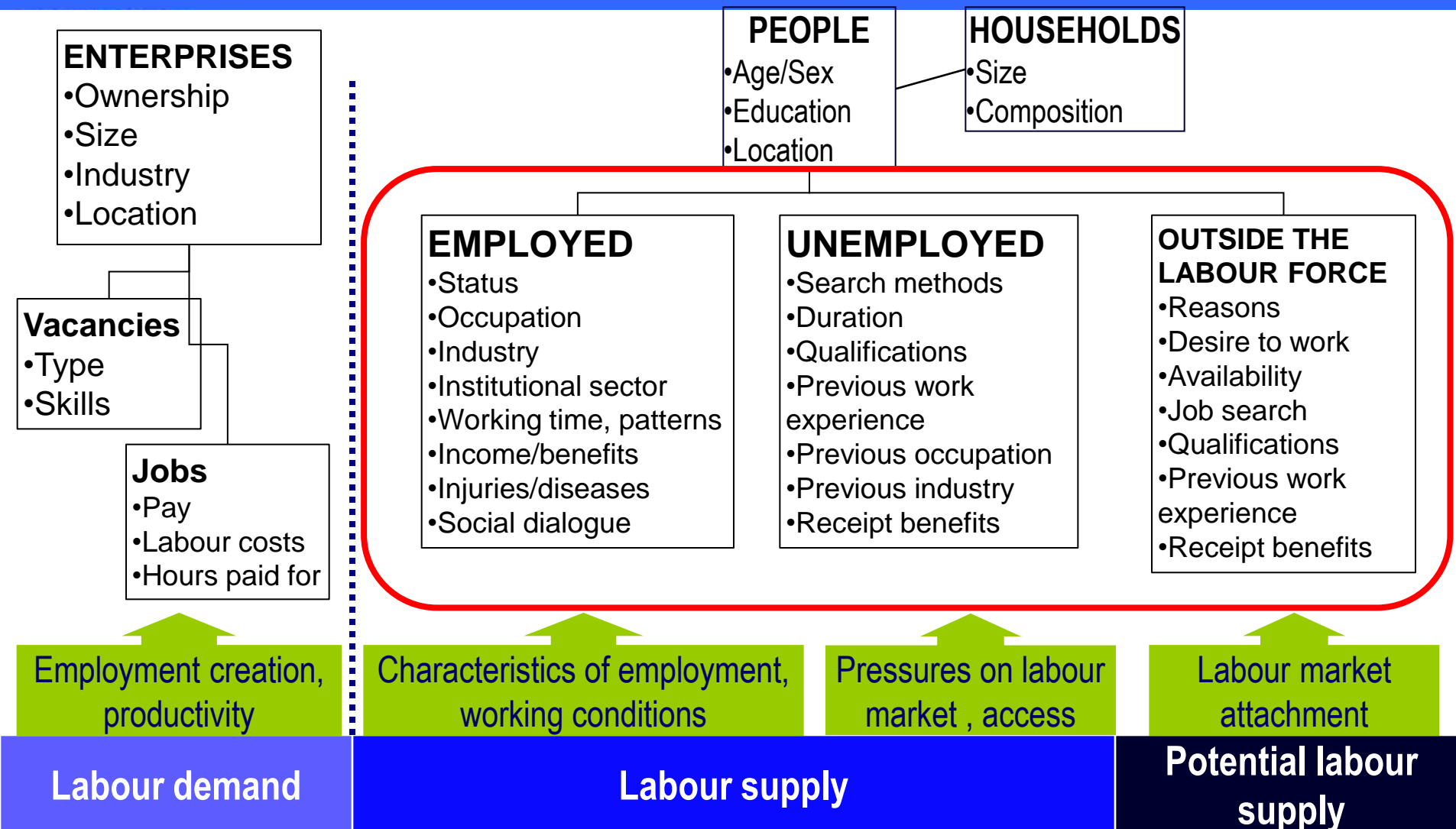


Objectives of Work & Labour force statistics

- **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





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

- 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 18th ICLS and UNSC, 39th 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, ...*)



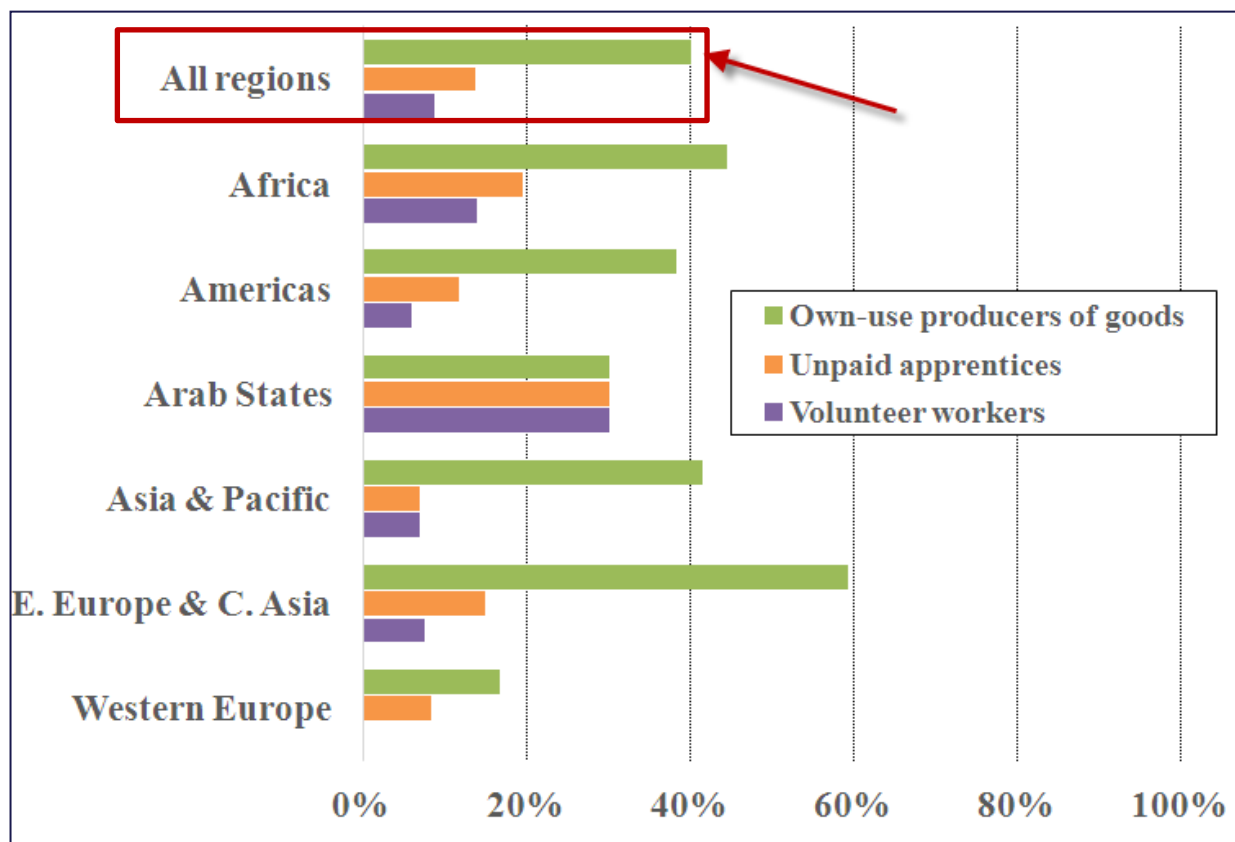
Implications of one-to-one correspondence in the previous standards between Employment Activity & the System of National Accounts (SNA) Production Boundary

- **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



National practice (160 countries): Labour force surveys (2000-2011)

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



First international statistical definition of “Work”

“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)

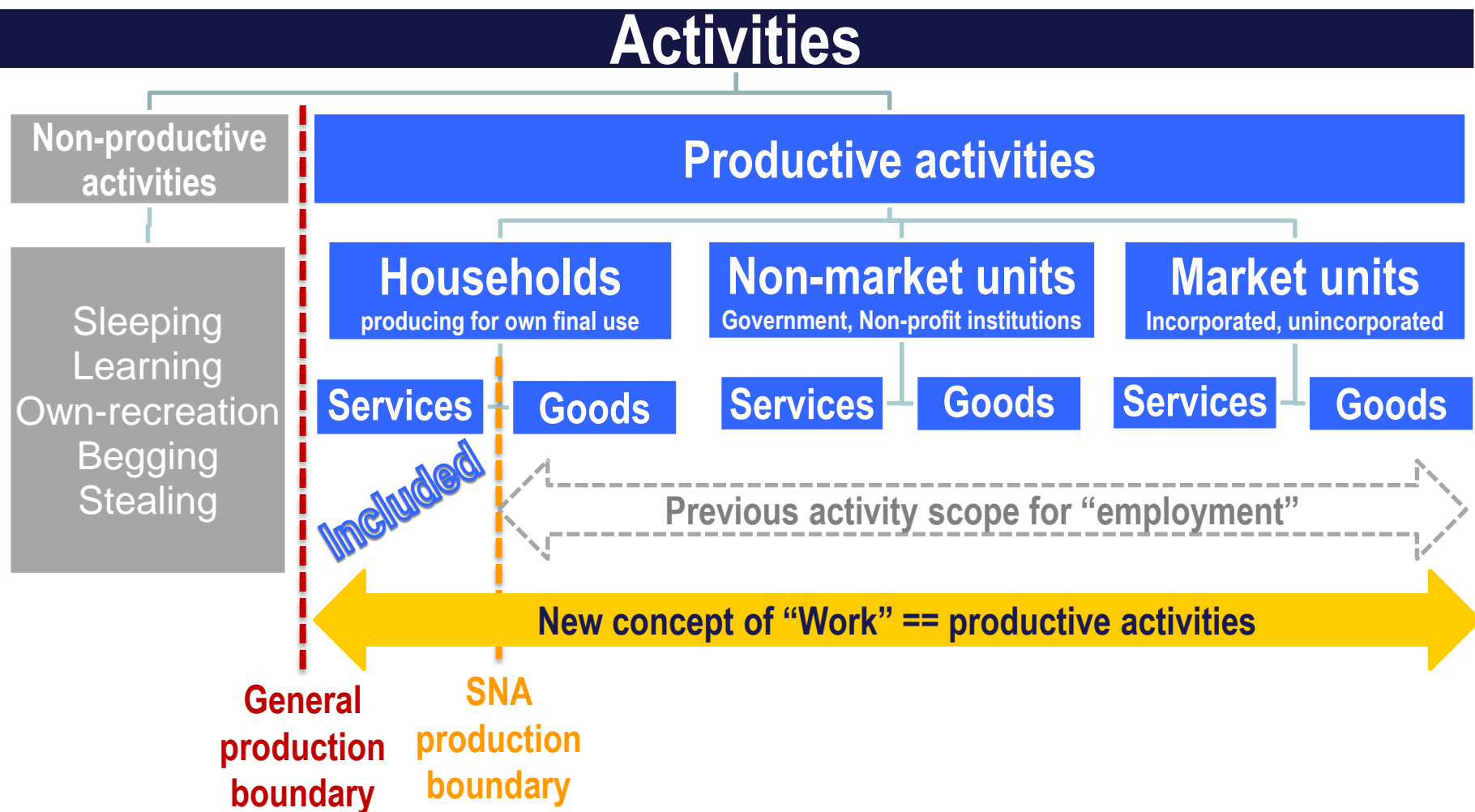
Recognizes all productive activities as work

Irrespective of formal, informal nature or legality of activity

Concept for reference purposes



“Work” and the System of National Accounts (SNA)





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)

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

For remuneration (i.e. for pay or profit)

Without remuneration

**Own-use
production
work**

Employment
(work for pay or profit)

**Unpaid
trainee
work**

**Other work
activities (e.g.
unpaid
compulsory
work)**

Volunteer work

Services

Goods

Services

Goods

Services

Goods

Services

Goods

Goods and
Services,
excluding
Households
Producing
Services

In
Households
Producing
Services

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

Activities within the SNA General Production Boundary



Advances

1. Multiple activities of Persons



2. Household allocation of labour, contribution to livelihoods

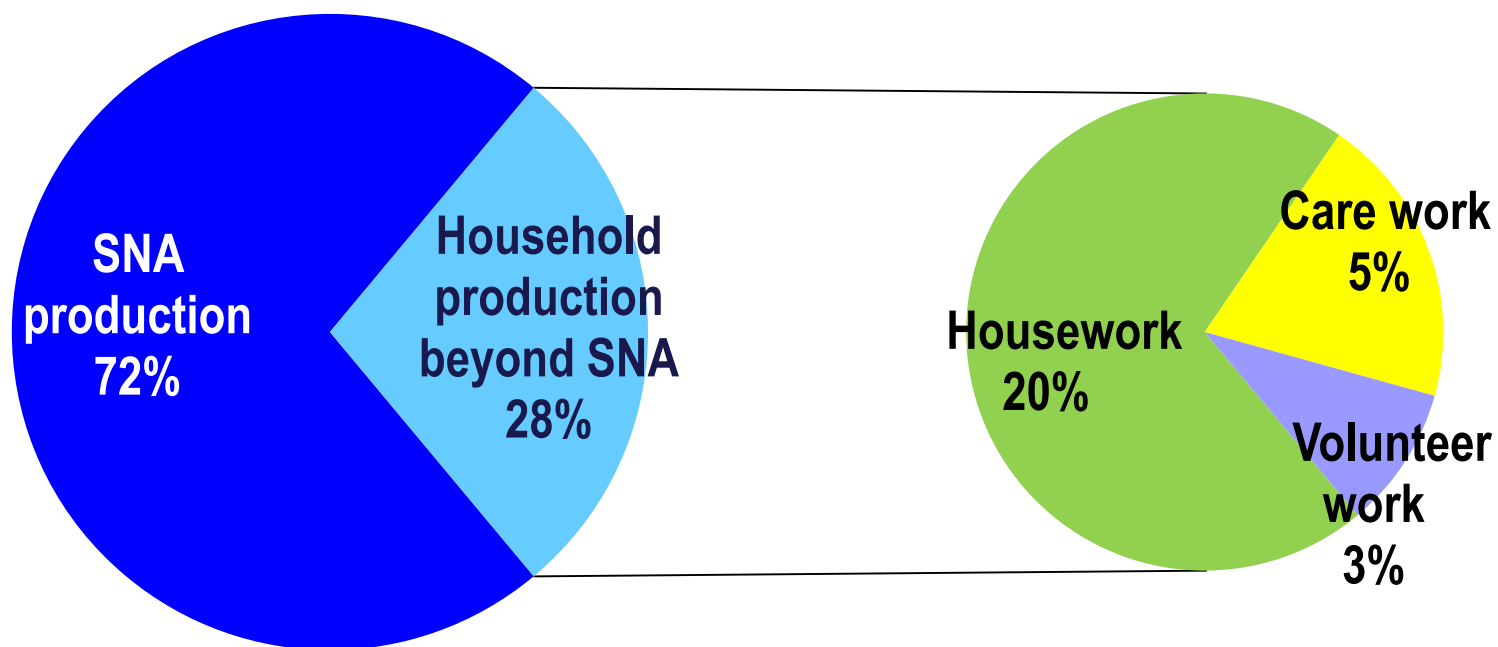


3. Assessment of labour market participation & integration by persons in forms of work other than employment



Illustration: Value added of unpaid household production in GDP

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



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 OTHERS, whether or not:

ALL who work for pay

ALL who work for profit

ALL who work for training

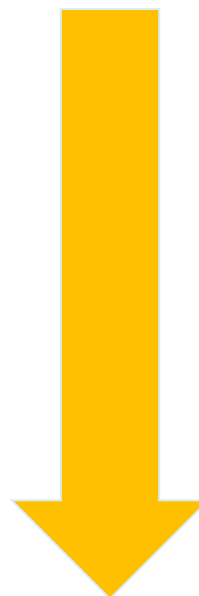
ALL who produce goods for own final use

ALL who volunteer for org.

ALL who volunteer to produce goods for households

-Provide services for own final use

-Volunteer providing services for households



Persons in employment

Not employed

Unemployed

Inactive

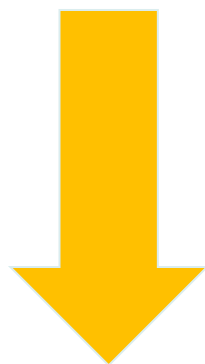


Labour force as per the NEW standards....

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



Persons in employment
(for pay / profit)

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

Not employed (for pay/profit)



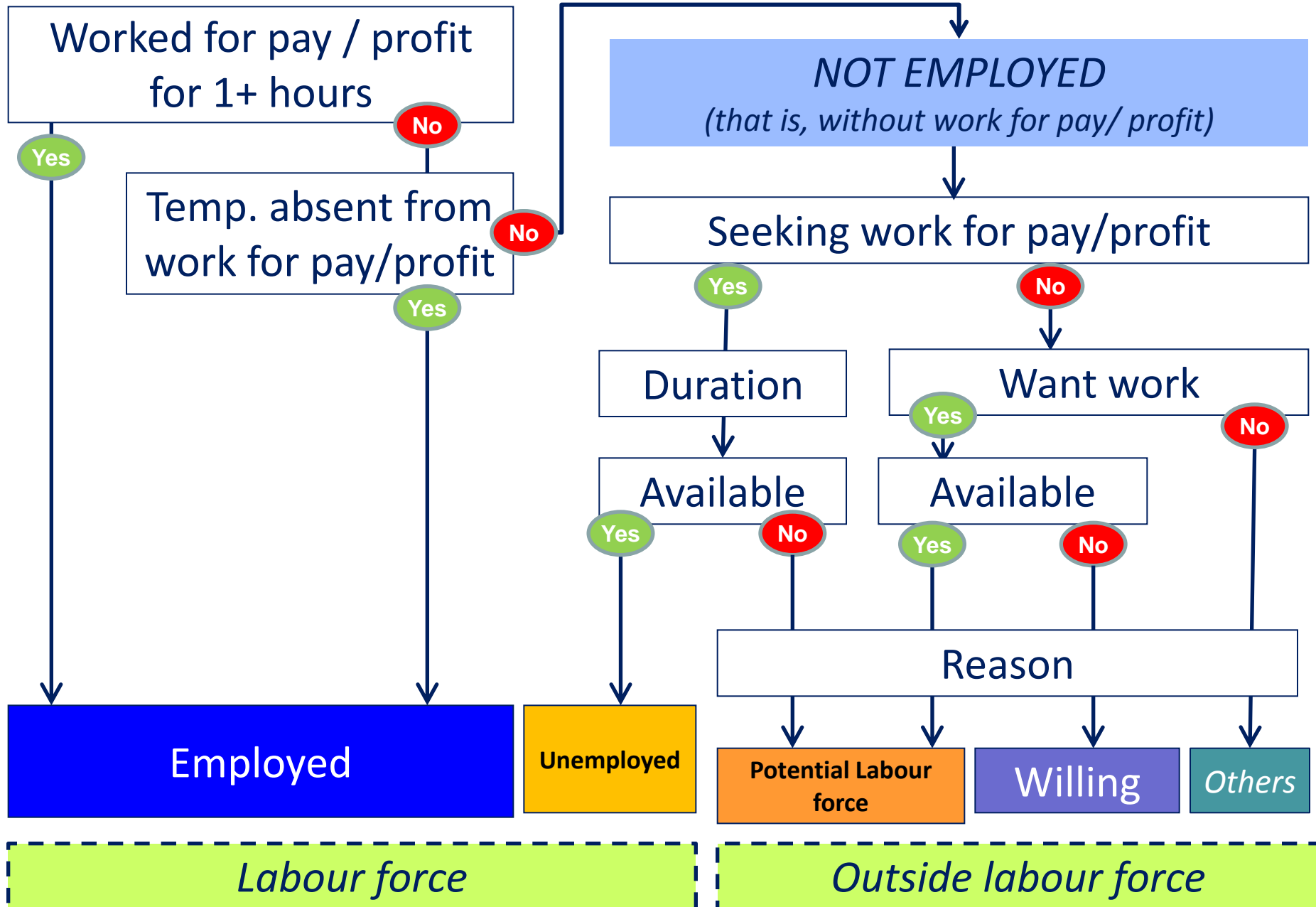
Unemployed
(seeking + available
for work for pay/profit)

**Outside the
labour force**

Underutilized labour

(with unmet need for employment (for pay/profit))

WORKING AGE POPULATION





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:
$$[\text{persons in unemployment} / \text{labour force}] \times 100$$

Note: extended LF =
LF + potential labour force
- **LU2:** Combined rate of time-related underemployment and unemployment:
$$[(\text{persons in time-related underemployment} + \text{persons in unemployment}) / \text{labour force}] \times 100$$
- **LU3:** Combined rate of unemployment and potential labour force: 3
$$[(\text{persons in unemployment} + \text{potential labour force}) / (\text{extended labour force})] \times 100$$
- **LU4:** Composite measure of labour underutilization:
$$[(\text{persons in time-related underemployment} + \text{persons in unemployment} + \text{potential labour force}) / (\text{extended labour force})] \times 100$$



LU1-LU4: Composite measures of labour underutilization

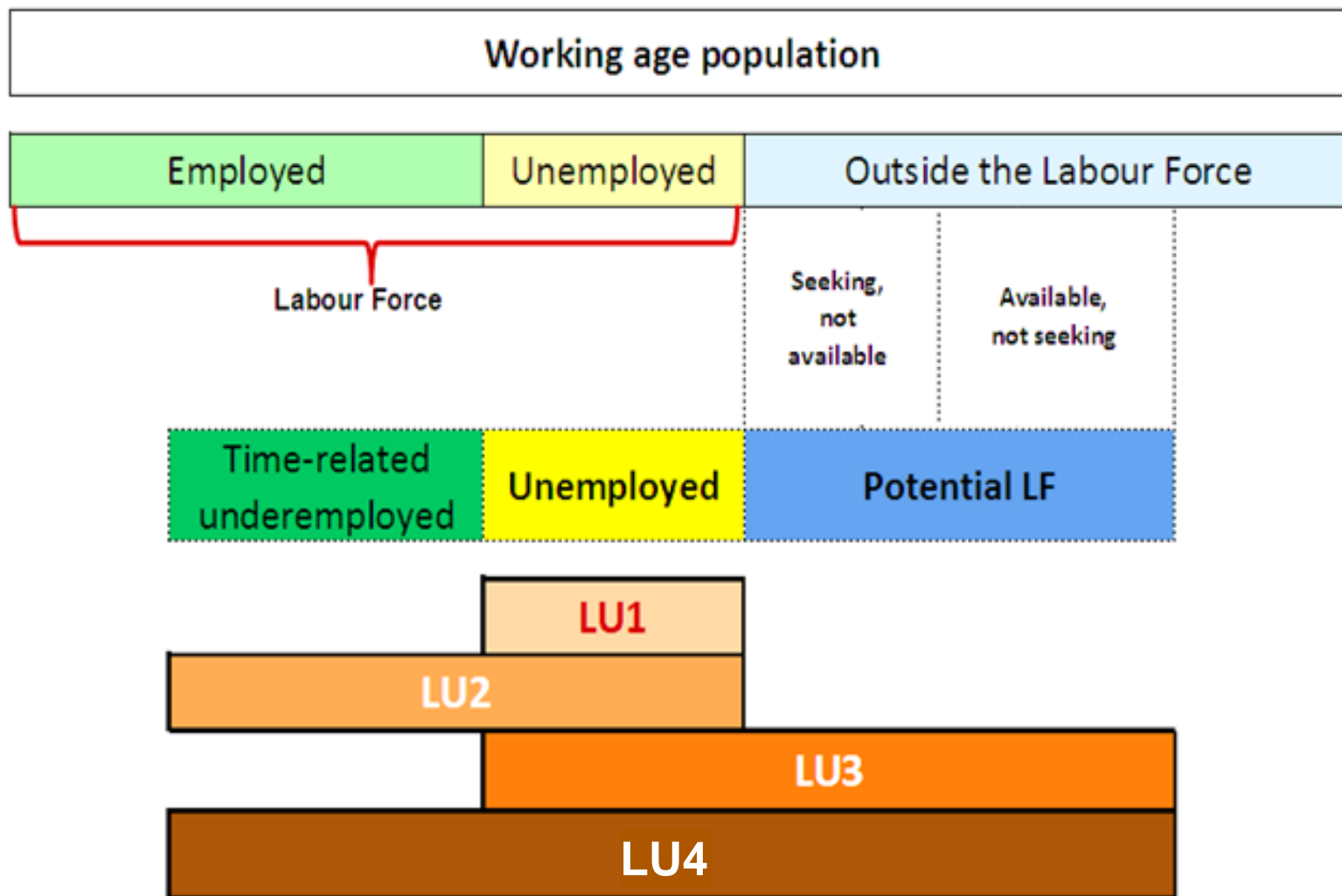
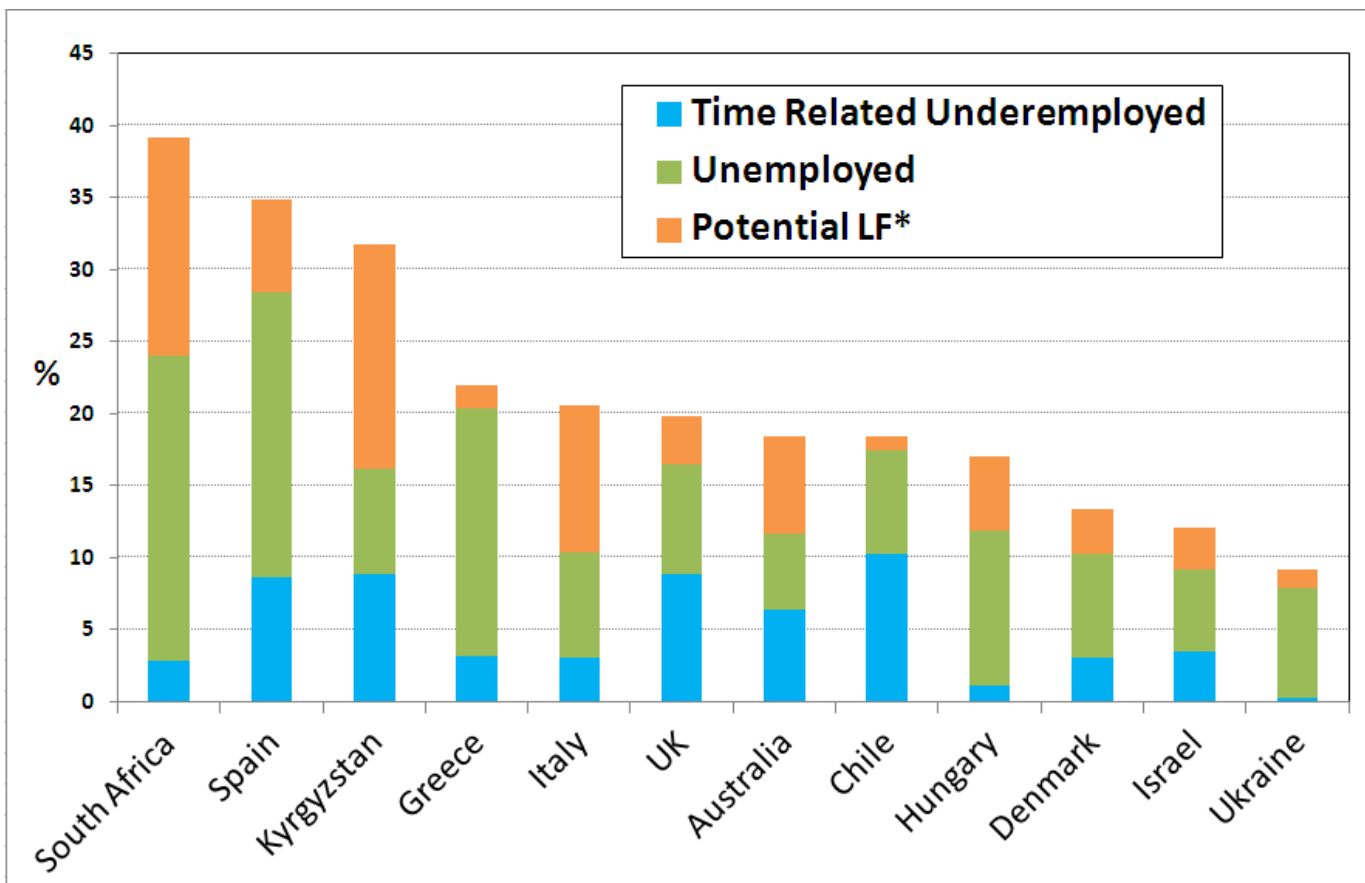




Illustration: Labour underutilization Composite indicator (LU4)



Source: ILO calculations based on national data (2011)



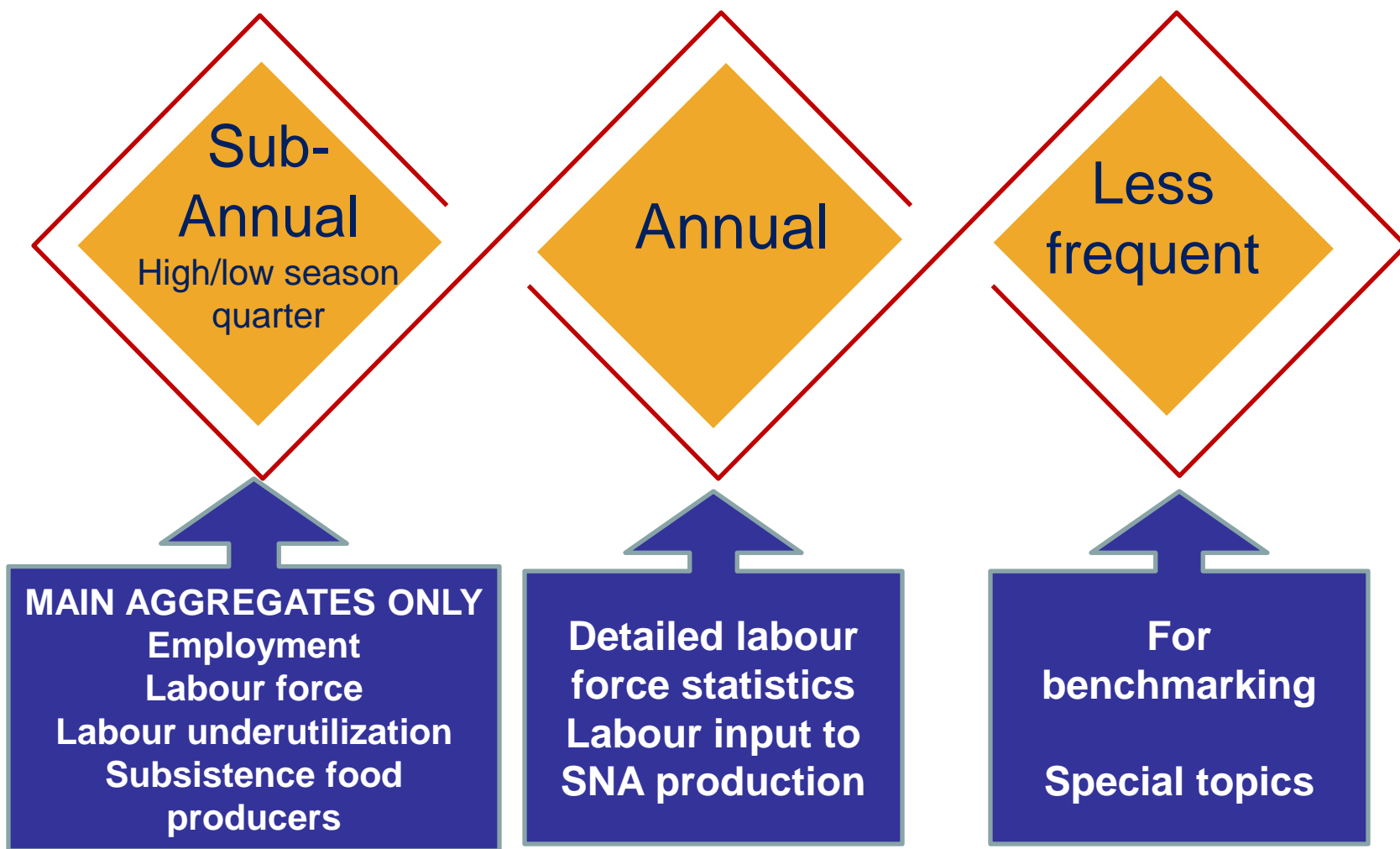
Indicators highlighted in the 19th ICLS Resolution on work statistics

- **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





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:

<http://www.ilo.org/global/statistics-and-databases/standards-and-guidelines/>

- ILO Department of Statistics contact:

statistics@ilo.org



Thanks for your attention!

***Please visit the ILO Department of
Statistics website:***

<http://www.ilo.org/stat/lang--en/index.htm>