



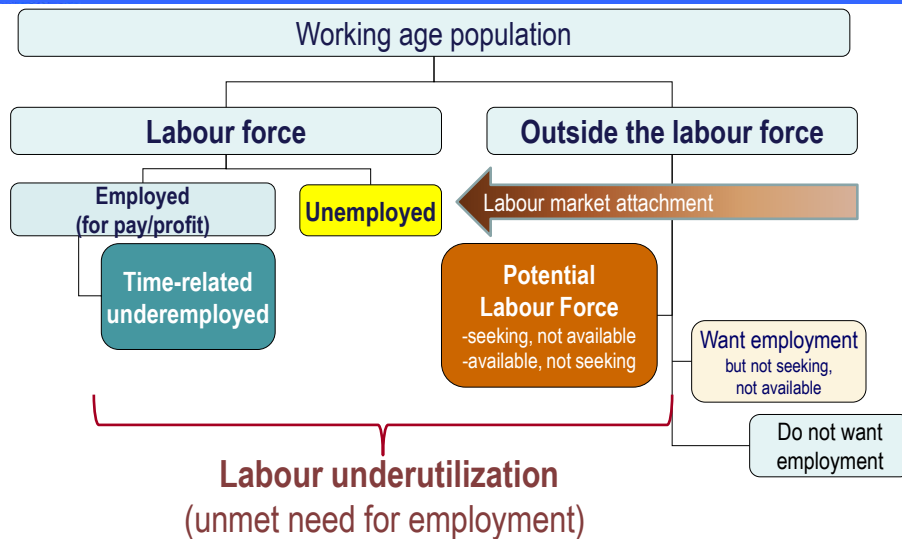
Unemployment and Potential labour force: Measurement & dissemination issues

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Labour underutilization: 3 main components





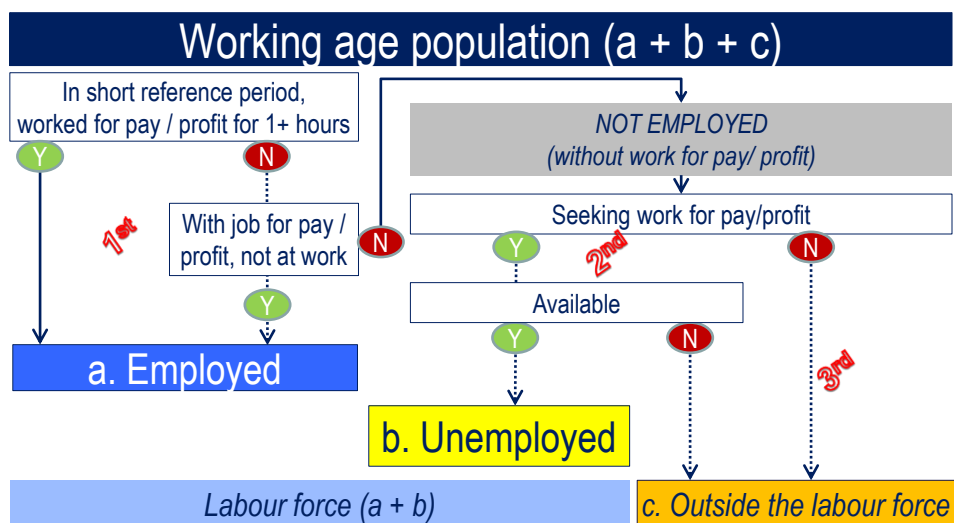
Contents

- Unemployment
 - Operational definition
- Potential labour force
 - Operational definition
 - Components
 - Discouraged job seekers
- Measurement in labour force surveys



Labour force status classification

Activity principle + priority rule + 1 hr. criterion





Unemployment

Definition

Reference periods

Methods of job search

Special cases



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



Unemployed persons Operational definition

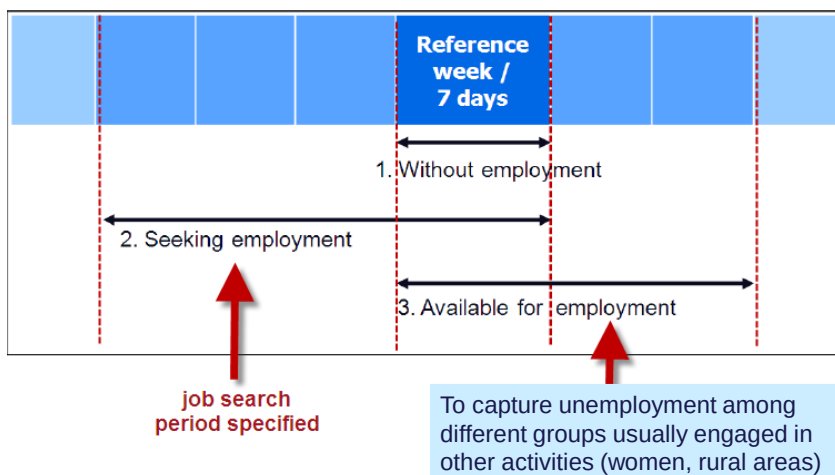
- Working age persons who were:
 1. **Not employed in**
 - last 7 days / reference week
 2. **Carried out activities to seek employment in**
 - last 4 weeks / reference month
 3. **Available to start job/business**
 - In reference week OR
 - In short subsequent period (up to 2 weeks)

Highlights potential matches between available labour supply (people) and available demand (jobs) at a given point in time

Must fulfil ALL three criteria to be classified as unemployed



Unemployment: Reference periods





Availability reference period Optional extension

- As per sensitivity tests
- To reduce differences across groups due to social/contextual factors

Unemployment rate under different reference periods for “availability”, Madagascar 2010.

	In ref. week	One week after	One month after
Men	6,0 %	6,6 %	6,6 %
Women	5,8 %	7,0 %	7,0 %
Total	5,9 %	6,8 %	6,8 %

Previous standards

Rise

No change after month



Job search activities

- Must create an **opportunity for a job match**
- Examples of **active search methods** (when to find a job opportunity):
 - Arranging for financial resources, applying for permits
 - Looking for land, premises, machinery, supplies, ...
 - Seeking assistance from friends, family, other intermediaries
 - Registering with or contacting public or private employment services
 - Applying to employers directly, checking at worksites, farms, factory gates, markets, etc
 - Placing / applying to newspaper or online job ads
 - Placing / updating resumes on professional sites online



Special cases: Unemployed or Not?

1. **Persons with job offer to start in the future**
 - Unemployed only if they are currently available to work
2. **Persons on indefinite layoff**
 - Not unemployed, they must seek work and be available
3. **Persons waiting results of a job application**
 - Not unemployed, they must seek work and be available
4. **Persons reading the job advertisement section of newspaper**
 - Not unemployed, they must apply to a job and be available



Potential labour force

Operational definition
Components
Discouraged job seekers



Potential labour force

- Sub-group of persons outside the labour force
- With expressed interest in employment
- 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



Persons outside the labour force 3 alternative classifications

- **By labour market attachment**
 - Do they express interest in employment?
- **By main reason for not being in the labour market**
 - Why are they not engaged in the labour market?
- **By main activity**
 - What is their main situation?

*Essential to identify
potential labour force*



Population outside labour force by labour market attachment

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

Discouraged

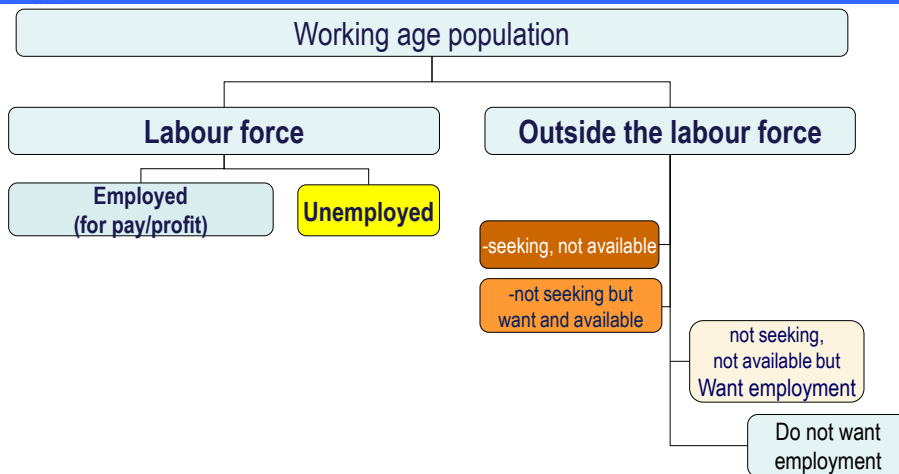
3. Not seeking, Not available but want employment
4. Does not want employment



Based on SAME questions used to identify the unemployed



Classification of POLF by labour market attachment





Potential labour force

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

Discouraged

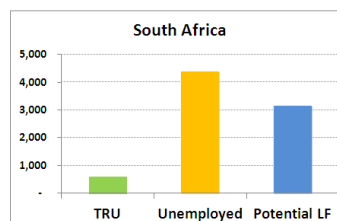
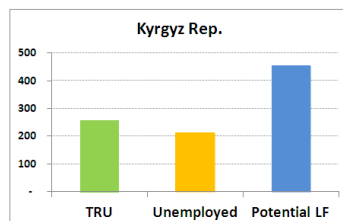
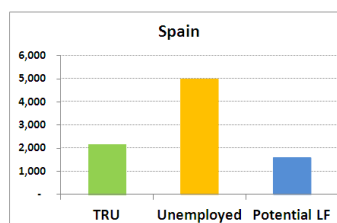
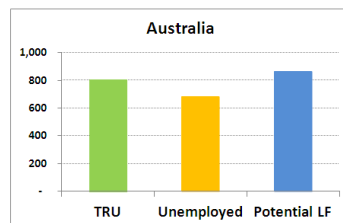
Unavailable
job seekers

Available
non-job seekers

- Comprises two sub-groups of persons outside the labour force
 - Unavailable job seekers
 - Available, but not seeking employment



Potential labour force





Discouraged job seekers

- Sub-group of potential labour force
- Identified by cross-classification of population outside labour force by
 - Labour market attachment
 - Reasons for not being in labour market

Definition

- Working age persons, not in employment, who were
 - Not seeking employment due to labour market reasons
 - But available and wanting employment



Classification by Main reason for not being in labour market

- Personal reasons
 - Own illness, disability
 - Studies, training
- Family related reasons
 - Pregnancy, family or household responsibilities
 - Refusal by family
- Labour market reasons
 - Past failure in finding a job, gave up looking for jobs
 - Lack of experience, qualifications or jobs matching skills
 - Lack of jobs in the area
 - Considered too young or too old by prospective employers
- Lack of infrastructure
 - No roads, transport, employment services in the area
- Other sources of income
 - Pensions, rents

Serves to identify
discouraged job
seekers



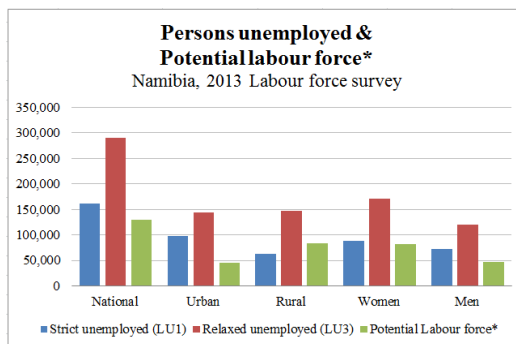
Example: Discouraged (% of Persons outside the labour force)

Distribution of persons not in the labour force by degree of labour market attachment

	National	Urban	Rural
	(%)	(%)	(%)
Seeking, not available	-	-	-
Available, not seeking	21.1	16.1	26.5
On layoff	0.1	0.2	0.1
Discouraged	14.8	11.2	18.6
<i>Past failure in finding a job</i>	0.9	1.4	0.3
<i>Real or perceived lack of suitable jobs</i>	13.9	9.9	18.3
Economic barriers / lack infrastructure	1.6	1.0	2.3
Social Barriers	2.6	2.2	2.9
Others available, not seeking	2.0	1.6	2.6
Others not in the LF	78.9	83.9	73.5
	100	100	100
Share in WAP	45.8	36.1	64.4



Quiz: Difference between LU3 & previous “relaxed unemployment”



(*) ILO calculation based on national data

QUIZ

What is the main difference between LU3 and the previous relaxed unemployment?

- Separate reporting of labour underutilization components enables greater understanding of differences in labour market conditions across regions (urban / rural) and groups (women / men) to inform policy
- Combined indicators (e.g. LU3, LU4) provide information of overall levels of labour underutilization



Willing non-job seekers

1. Seeking employment, but not available
2. Not seeking employment, but wanting & available
 - Discouraged

3. Wanting employment, not seeking, not available

4. Not wanting employment

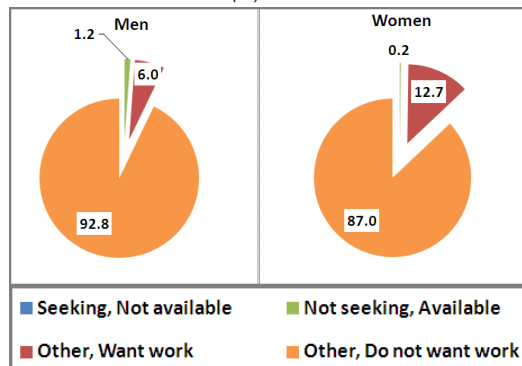
-Not a part of the potential labour force

-But recognized as relevant for social and labour policy



Illustration: Willing non-job seekers

Percentage of willing non-job seekers among persons outside the labour force (%)



Source: Enquête nationale sur l'Emploi, Morocco 2012



Measurement in labour force surveys

Basic survey structure
Essential question flow
Question formulation



Identification in labour force surveys

0+	Module I: Household Roster & Demographic Characteristics						
n+	Module II: Education & training						
W A P	Module III: Participation in the Labour Market						
	-Identification of persons in employment						
	<table border="1"><tr><td>Y</td><td>Persons in employment</td><td>N</td></tr><tr><td></td><td>-Characteristics of main job -Characteristics of other jobs</td><td>Persons NOT in employment -Job search & availability -Previous employment experience</td></tr></table>	Y	Persons in employment	N		-Characteristics of main job -Characteristics of other jobs	Persons NOT in employment -Job search & availability -Previous employment experience
	Y	Persons in employment	N				
	-Characteristics of main job -Characteristics of other jobs	Persons NOT in employment -Job search & availability -Previous employment experience					
	Module IV: Participation in Own use production of goods						
	Optional Work modules:						
	-Unpaid trainee work						
	-Volunteer work						
	-Provision of services for own final use						



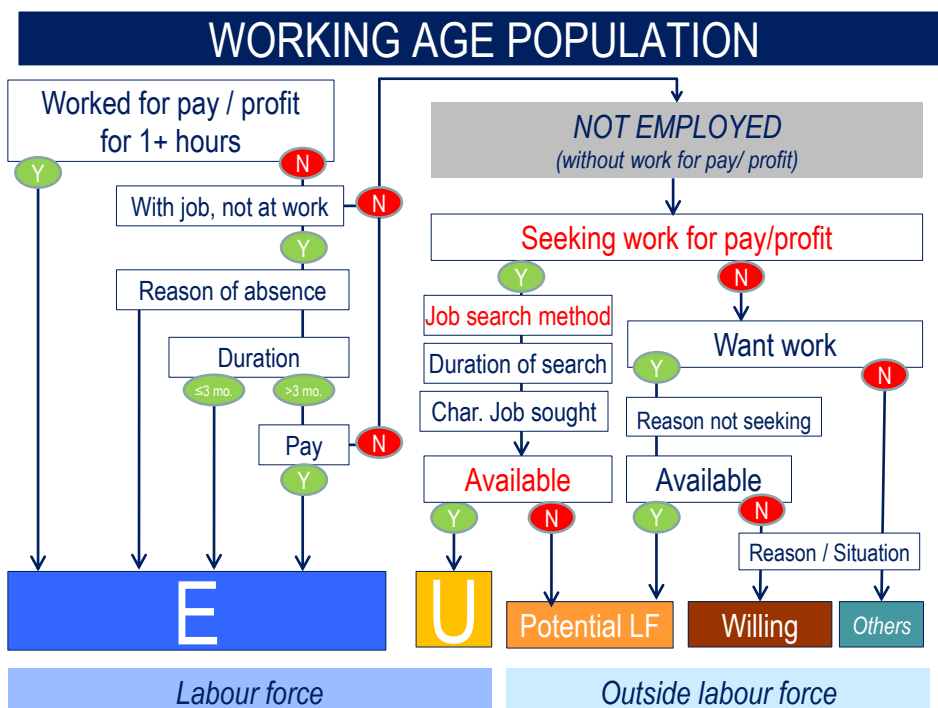


Implementation issues

- **Emphasis on active job search**
 - Sequence should start with question on job search
 - Methods of job search serve as test of active search
- Questions should be appropriate for **all types of jobs**
 - Search for self-employment jobs and paid employment, part-time work, paid apprentice type work, etc.
- Requires new question on **desire to work for pay or profit**
 - Asked only to persons who did not carry out job search activities
- **Availability** serves to determine readiness in terms of time
 - Should be asked to all persons who seek or want to work for pay or profit
 - Question should clarify this (i.e. how soon can person start working)
 - Includes availability to work part-time or full-time

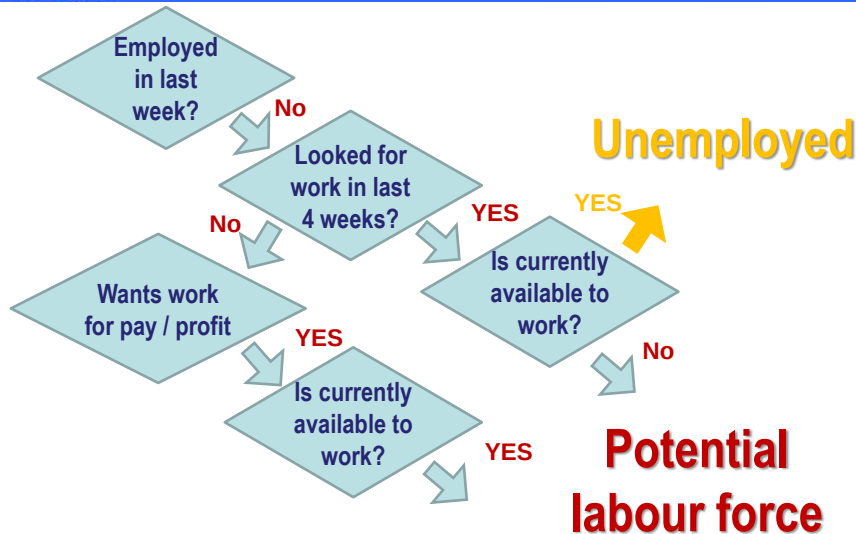
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Computation of derived variables: Unemployed & Potential labour force



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Sample questions (I): Active job search

Section F. Job search and availability				
FOR PERSONS NOT IN EMPLOYMENT, AGED n+ YEARS				
F01	During the [last 4 weeks], did (NAME) look for any kind of paid job or try to start any kind of business?	01 ☐ Yes 02 ☐ No	→ F04	Job search
F04	What did (NAME) do in the [last 4 weeks] to find a job or start a business?	01 ☐ Applied to prospective employers 02 ☐ Placed/answered job advertisements 03 ☐ Registered with [Employment Center] 04 ☐ Registered with private recruitment offices 05 ☐ Took a test or interview 06 ☐ Sought help from relatives, friends, others 07 ☐ Checked at factories, work sites 08 ☐ Waited on the street to be recruited 09 ☐ Sought financial help to start a business 10 ☐ Looked for land, building, equipment, materials to start a business 11 ☐ Applied for permit or license to start a business 12 ☐ Other (specify): _____ 13 ☐ No method	→ F06	Active method of job search

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Sample questions (II): Duration of job search

F05	For how long has (NAME) been without work and trying to find a paid job or start a business?	01 ☐	Less than 1 month	→F08
		02 ☐	1 month to less than 3 months	→F08
		03 ☐	3 months to less than 6 months	→F08
		04 ☐	6 months to less than 12 months	→F08
		05 ☐	1 year to less than 2 years	→F08
		06 ☐	2 years or more	→F08

- Comprises the period from when the person last stop working or when started seeking work up to the interview date, whichever is the shortest
- For future starters, it ends when the person got the job/business opportunity

Serves to identify persons in long-term unemployment, defined as:

"Unemployed persons who have been without work and seeking work for 12 months or more"



Sample questions (III) Desire, Reasons & Availability

F06	Would (NAME) want to work if a job or business opportunity became available?	01 ☐ Yes 02 ☐ No	→F09	Desire to work for pay / profit
F07	What is the main reason why (NAME) did not try to find a paid job or start a business in the [last 4 weeks]?	01 ☐ Waiting for results of a previous search 02 ☐ Waiting for season to work 03 ☐ Waiting to be recalled to former job 04 ☐ Tired of looking for work, no jobs in area 05 ☐ No jobs matching skills, lacks experience 06 ☐ Considered too young/old by employers 07 ☐ In studies, training 08 ☐ Family / household responsibilities 09 ☐ In agriculture / fishing for family use 10 ☐ Disability, injury, illness 11 ☐ Other sources of income 12 ☐ Other (specify)		Reason for not seeking work for pay / profit
F08 (*)	If (a/the) job or business opportunity became available, could (NAME) (have) start(ed) working...?	01 ☐ <i>READ</i> 02 ☐ Last week? 03 ☐ Within the next two weeks? 04 ☐ Not available	→G01 →G01	Availability to start working
F09	What is (NAME)'s main situation?	01 ☐ In studies, training 02 ☐ Family / household responsibilities 03 ☐ In agriculture / fishing for family use 04 ☐ Disability, injury, illness 05 ☐ Pensioner, rentier 06 ☐ Other (specify)		Main situation

(*) As per national context.



THANK YOU!
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Group exercise: Unemployment and Potential Labour Force

- **Review the relevant sections of the national LFS questionnaires**
- **Compare the questionnaires and reply to the following questions:**
 - 1. Is Unemployment measured...?**
 - Identify the relevant questions in each LFS
 - As per the 19th ICLS standards? If no, what are the main differences?
 - Are the questions on job search & seeking methods suitable for all types of jobs?
 - Identify a good practice, identify a common concern in measurement
 - 2. Can the potential labour force be identified?**
 - If Yes, relevant questions in each LFS; If no, why?
 - Are there any differences in measurement across countries? Explain
 - Is it possible to identify discouraged job seekers? Reasons used?
 - 3. Are “Willing non-job seekers” relevant in your country?**