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Seminar: Employment and unemployment statistics

**The concepts of employment and unemployment as
set out by the 13th ICLS – Is there a need for revision?
Some remarks from a European perspective**

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Outline of the presentation

- Questions
- General assessment of the ILO employment and unemployment concepts
- Assessment in the light of potential reasons for a revision
- Answers + way forward

Relevance

The degree to which statistics meet current and potential user needs

Questions on the ILO employment and unemployment concepts

- Are they are still adequate?

If not, is there a need for

- a revision?
- only for a fine-tuning?
- just for targeted supplementary indicators, leaving the present concepts unchanged?

Employment definitional criteria - overview

- Underlying paradigm: the macro-economic national accounts paradigm
 - Concerning labour, it aims at measuring the input to GDP and the corresponding factor income
- Link to national accounts
 - Link to the SNA production boundary
 - Extensive definition of employment, i.e. the one-hour criterion

Employment definitional criteria – general assessment

- The direct link with national accounts ensures consistency of two of the most important reporting frameworks
 - The one-hour criterion is indispensable for a complete coverage of even the smallest input of labour
- More on the one-hour criterion
 - Contributed to improve international comparability of labour market statistics
 - Largely accepted across countries

Unemployment definitional criteria – overview

- The definition of unemployment moves within the same paradigm as employment and is consistent with it
 - Mutually exclusive aggregates

- Unemployed:
 - Those not employed (by the 1 hour criterion)
 - With proven attachment to the labour market (active search & current availability)

Unemployment definitional criteria – general assessment

ILO concept often perceived as too restrictive on both borders, with employment and with inactivity

■ The one hour criterion

- It refers to an accepted comprehensive measurement framework (SNA)
- Any other threshold would be arbitrary and questionable
- It ensures a consistent measurement of employment and unemployment while keeping the link to NA

■ Criteria to define attachment to the labour market

- Persons without work who are not classified as unemployed in the ILO sense can still be potential workers

Potential reasons for a revision

- Statistical needs of users have changed substantially since the 1980s
- The structure and functioning of labour markets have significantly changed since the 1980s
- Concepts pose serious measurement problems

The ILO framework & users needs

- Dual nature of the labour market: the place where the economic and the social spheres overlap
- The ILO framework reflects the economic view, while it's less appropriate for social/behavioural analysis



Additional concepts or even a proper parallel framework

- e.g. Main status, i.e. own perception of his/her labour status

ESS initiative for a more comprehensive picture of unmet labour supply

Dedicated Task Force (in 2009)

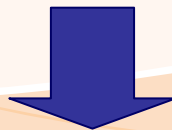
- Supplementing the existing concept with additional indicators
- Starting from the existing
 - Distinction between voluntary and involuntary small jobs
 - Under-employment
 - Labour reserve
 - Main status

Main changes in European labour markets

- Growing importance of marginal employment
- Increasing labour mobility and dynamics
- New pathways to retirement
- Higher flexibility

Challenges from these changes

- Borderline between employment and unemployment and between activity and inactivity much less clear-cut
- Being employed according to the ILO definition while feeling outside the labour market is more frequent than in the past
- Increasing geographical mobility magnifies problems of allocation of the workforce
- The static approach of the current framework has limitations when the focus is on movements



Need for common approaches to capture the new phenomena, in particular **labour market dynamics** (transitions, flows)

Measurability issues

- The one-hour-criterion
 - Questions on specific steps taken to find a paid employment and on current availability
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- The ESS way: principles for the formulation of questions on the labour status for the EU-LFS
 - This enhances cross-country comparability
 - Still, their strict application does not prevent inaccurate measurements
 - Not a reason for revising the ILO concepts
 - Measurability issues arise for all statistical concepts
 - A lot of experience accumulated in measuring the ILO concepts would be lost (should the core concepts be revised)

Clarification and guidance on border cases

- Minor agricultural activities
- Borderline between working life and retirement
- Entitlement to social benefits increasingly conditioned to participation in a range of integration activities
- Unpaid traineeship

Their importance varies between countries/regions.
However, a common view by the ILO Community on the relevant features would be helpful

Answers and way forward from a European perspective

- Current employment and unemployment concepts are still relevant, especially for economic analysis and the link with the SNA
- Need for supplementary indicators to shed light on the borderlines between employment/unemployment and unemployment/inactivity
- Need for appropriate concepts and a related framework for the social dimension of the labour market
- Need for common approaches to analyze increasingly dynamic labour markets (transition statistics)
- Importance of good communication
 - of labour market statistics in general
 - of the ILO concepts in particular (background and purpose which they are fit for)

Thank you for your attention

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