International
Labour
Office
Geneva

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National employment policies: A guide for workers' organisations

Some key terms and what they mean

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First published 2015

NATIONAL EMPLOYMENT POLICIES - A guide for workers' organisations

International Labour Office. – Geneva: ILO, 2015

ISBN: 978-92-2-129343-9 (print)

ISBN: 978-92-2-129344-6 web pdf

International Labour Office

employment policy / trade union role / promotion of employment / plan of action / data collecting / labour force / informal economy / labour market

13.01.3

ILO Cataloguing in Publication Data

This publication was produced by the Document and Publications Production,

Printing and Distribution Branch (PRODOC) of the ILO.

Graphic and typographic design, manuscript preparation, copy editing, layout

and composition, proofreading, printing, electronic publishing and distribution.

PRODOC endeavours to use paper sourced from forests managed

in an environmentally sustainable and socially responsible manner.

Code: CMD - STA

Photos: UN Photo; The World Bank; UNDP; CMD;ILO; Zabara.org; Vyacheslav Oseledko; Dmitry Ryzhkov; IMB Photo; Nick Story; CIMMYT;

A-Z

Active labour market policies: Labour market policies that focus on stimulating employment and job creation through, for example, public works schemes, hiring subsidies, vocational training and retraining, and the promotion of small and medium enterprises and self-employment.

Backward and forward linkages: Ways that one part of the economy benefits another. For example, there are backward and forward linkages between sectors in an economy, where goods produced in one sector are components in the production of goods in another sector.

Collective bargaining: Free and voluntary negotiations for regulating relations between employers and workers. Collective bargaining determines working conditions and terms of employment. Employers may bargain individually or as a group, and one or more employee organizations may bargain together as well. Bargaining can take place in a unit within an enterprise, at the enterprise level, across a sector, regionally, or nationally.

Contributing family workers: Workers who are family members or live with someone who is self-employed and help out with the business, sometimes without pay. Examples might be a small family business or a small family farm.

Counter-cyclical policy: A macroeconomic policy where government stimulates spending during downturns and builds up 'fiscal space' during booms and normal periods of economic growth.

Decent work: Productive work in which rights are protected, which generates an adequate income, with adequate social protection. Also means sufficient work, in the sense that all should have full access to income-earning opportunities.

Discouraged workers: People who want to work, but are not seeking work because they believe no suitable job is available for them. Under current international statistical standards, discouraged workers are counted as not economically active and outside the labour force. They do not show up in unemployment statistics.

Employability: Portable skills and qualifications that enable a person to make use of education and training opportunities in order to secure decent work.

Employment and income multipliers: Indicators of the number of jobs and revenue that will be created as a result of a change in a particular sector.

Employment diagnostic: A research-based statement that identifies the opportunities for and constraints preventing the creation of decent work in the economy and the labour market.

Employment elasticity: A numerical measure of how employment growth varies with growth in output. An employment elasticity is defined as the average percentage point change in employment for a given population group when there is a one per cent change in output over a selected period. Knowing the employment elasticity for a sector allows analysts to calculate how much employment can be created by developing this sector.

Employment protection legislation: A labour market institution aimed at increasing job security. Almost every country has at least basic employment protection legislation in place. Well known examples are hiring and firing rules or restrictions on the use of temporary workers.

Employment target: An explicit political commitment at the highest level to achieve an employment outcome within a specified time period. Often, the time period for attaining an employment target falls within a political cycle, such as an election cycle.

Employment-to-population ratio: A basic yardstick for understanding the overall demand for labour in an economy. It provides information on the ability of an economy to generate employment. It is defined as the percentage of employed persons in the working-age population.

EmPol Gateway: An ILO database that gives information about employment policies across the world.

Exchange-rate regime: The way a government manages its currency in relation to other currencies and the foreign exchange market. It is closely related to monetary policy and the two are dependent on many of the same factors.

Fiscal policy: The measures a government uses to influence the economy. The main instruments of fiscal policy are government spending (expenditure), taxation (revenue) and borrowing. Changes in taxation and government spending can affect things like economic activity and the distribution of income.

Gender gap: In the context of economic inequality, gender gap refers to the systemic differences in the social and economic roles and wages of women and men. There is a debate about how much of this is the result of gender differences, lifestyle choices, or discrimination.

Green jobs and green economy: Employment that benefits the economy while it contributes substantially to preserving or restoring environmental quality. Green jobs are decent jobs that reduce consumption of energy and raw materials, limit greenhouse gas emissions, minimize waste and pollution, and protect and restore ecosystems.

Gross Domestic Product (GDP): GDP is the main measure of a country's national economic output. It is the total value of all final goods and services produced in a particular economy.

GDP per capita: A measure of the total output of a country that takes the gross domestic product (GDP) and divides it by the number of people in the country.

Indicator: A statistical value (such as level of employment) that indicates the health of the economy or of the employment situation. Indicators allow us to analyse economic performance and predict future performance. Some examples of indicators are: unemployment rate, Consumer Price Index and Gross Domestic Product.

Inflation and deflation: A general increase in prices across the entire economy is called inflation. When prices decrease, there is deflation. Economists measure these changes in prices with price indexes. Inflation can occur when an economy grows too quickly. A declining economy can lead to deflation.

Inflation targeting: A monetary policy in which a central bank attempts to keep inflation in a declared target range —usually by adjusting interest rates. The theory is that inflation is an indication of growth in money supply and adjusting interest rates will increase or decrease money supply and therefore inflation.

Informal economy: All activities that are, in law or practice, not covered or not sufficiently covered by formal arrangements, such as labour law protection, formal wages and benefits, and paying taxes. This term also refers to the nature of the production unit, such as an informal enterprise or household, where economic activity is taking place without formal regulation as a business.

Informal employment: Work that lacks social and legal protections and employment benefits. These jobs may be found in the formal sector, the informal sector or in households.

Informal sector: The informal sector consists of unregistered and small, unincorporated private enterprises engaged, at least partly, in producing goods and services for the market. An enterprise is unregistered when it is not registered under national laws, such as commercial acts, tax or social security laws, or professional associations' regulatory acts. An enterprise is considered small when it has fewer permanent employees than a certain number (for instance five employees). The number is set in the national context. An enterprise is unincorporated if it is not a legal entity set up separately from its owners. This usually means that no complete set of accounts is kept. When people produce goods or services just for their own household's consumption, such as food or childcare, this is not counted as an informal sector activity.

Labour institutions: The "rules, practices and policies—whether formal or informal, written or unwritten – all of which affect how the labour market works. They are as explicit and long-standing as certain labour laws that we have come to consider as universal rights, but also span the scope of informal practices that reflect the views of society, as well as short-term policies that fade and resurge depending on the policy mood" (Berg, J. and Kucera, D. 2008. In defence of labour market institutions: Cultivating justice in the developing world (Geneva and London, ILO and Palgrave Macmillan), p. 11).

Labour productivity: Represents the total volume of output (measured in terms of Gross Domestic Product) achieved per unit of labour (measured in terms of employed persons).

Long-term unemployment: Usually defined as continuous unemployment for twelve months or more.

Low-wage employment: The rate of low-wage employment is defined as the number of paid employees whose total hourly wages at all jobs equal less than two thirds of the country's median hourly wage.

Macroeconomics: The branch of economics that studies the overall aspects and workings of a national, regional or global economy. Macroeconomic models and their forecasts are used by governments to develop and evaluate economic policy and by large corporations to aid in formulating business strategies.

Macroeconomic theory: The study of the economy as a whole. It is concerned with large-scale or general economic factors, such as interest rates and national productivity.

Macroeconomic policy: Government policy aimed at the whole economy to promote overarching goals such as full employment, price stability and economic growth. The main instruments of macroeconomic policy are changes in the rate of interest and money supply, known as monetary policy, and changes in taxation and public spending, known as fiscal policy.

Monetary policy: The process by which the monetary authority of a country, such as a central bank, controls the supply of money. This is often done by targeting a rate of interest to promote economic growth and stability. The goals of a monetary policy usually include stable prices and low unemployment.

Multiplier effect: See employment and income multipliers.

National development framework: A country's policy and strategy plan that sets out its priorities for development over a set period of time.

National employment policy: a vision and a practical, comprehensive plan for achieving a country's employment goals. It creates a framework that involves and links all the stakeholders – government, international financial institutions, industry and social partners such as trade unions and civil society groups.

Objective: A brief, clear and specific statement that describes what a policy will achieve. Objectives are broad, formal, long-term problem-solving achievements.

Outcome: A concrete statement about the desired effects of a policy. An outcome describes a measurable change expected to happen within a given timeframe. An outcome is always linked to an objective.

Outputs: In action planning, outputs are the direct products of actions taken to pursue policy outcomes.

Own-account workers: Workers who are self-employed, with no formal work arrangement and no employees except for family members who contribute without receiving wages.

Policy: A set of related decisions taken by a public authority to achieve a selected goal.

Policy coherence. Policies that are well-synchronized and work together to achieve a particular goal. The International Labour Organization promotes policy coherence. For example, its Policy Coherence Initiative for growth, employment and decent work helps countries to formulate and adopt policy portfolios that support coherence between the objectives of economic growth and the generation of decent work for all.

Policy formulation: The process of identifying, researching and analysing issues to shape the policy agenda, drafting the policy, and setting out how the policy will be implemented, monitored and evaluated.

Poverty reduction strategy: An assessment of a country's poverty prepared by governments in low-income countries through a participatory process involving domestic stakeholders and external development partners, including the International Monetary Fund and the World Bank. A poverty reduction strategy describes the macroeconomic, structural and social policies that a country will pursue over several years to promote growth and reduce poverty, as well as external financing needs and the sources of financing.

Precarious employment: A work relation where employment security, which is considered one of the principal elements of the labour contract, is lacking. This includes temporary and fixed term labour contracts, involuntary part-time work and subcontracting. This term is used to describe the shift in the developed world away from the norm or full-time, secure work.

Pro-employment budgeting. Preparation of the national budget in a way that prioritizes employment by setting employment objectives and targets. Pro-employment budgeting also means integrating employment into the national budget by looking at all government revenue and expenditure through an employment lens.

Productive employment: Employment that pays enough to satisfy the basic needs of workers and their dependents.

Public expenditure review: A study analysing government spending.

Social dialogue: All types of negotiation, consultation or exchange of information among representatives of governments, employers and workers, on issues of common interest relating to economic and social policy. The definition and concept of social dialogue varies from country to country and from region to region and it is still evolving.

Social European model: This model promotes sustainable economic growth and high living standards and working conditions. The big objective must be to create a more equal society: ending poverty and poverty wages, guaranteeing fundamental human rights, essential services and an income that enables every individual to live in dignity. The model includes a commitment to full employment, social protections for all citizens, social inclusion and democracy.

Social protection: Social protection is a country's system of benefits for people and families when they are poor, sick, disabled, out of work, elderly or young and dependent on others. The benefits may be provided by the state's social security system, through private insurance, through personal savings, through various social customs and relief organizations, or through some combination of these sources.

Social protection floors: Nationally defined sets of basic social security guarantees aimed at preventing or alleviating poverty, vulnerability and social exclusion. These guarantees should ensure at a minimum that, over the life cycle, all in need have access to essential health care and basic income security. They should have the following four social security guarantees:

- access to essential health care, including maternity care
- basic income security for children, providing access to nutrition, education, care and any other necessary goods and services
- basic income security for people who are unable to earn sufficient income because of sickness, unemployment, maternity and disability
- basic income security for older persons.

Structural change: A long-term shift in the structure of an economy, from low- to higher-productivity activities across broad economic sectors. For example, parts of a subsistence economy may transformed into a manufacturing economy.

Supply-side economics: An economic theory that rose to prominence in the 1970s. It argues that bolstering an economy's ability to supply more goods is the most effective way to stimulate economic growth. It seeks to augment demand by cutting taxes, reducing regulations on businesses and lowering prices through increased production.

Target: A measurable level that is expected to be achieved by a given date. The achievement of targets can be monitored through the use of indicators.

Trade liberalization: The reduction of tariffs and other measures that regulate commerce across borders.

Tripartite: Consultations that involve three partners, such as consultation that involves government, employers' organizations and trade unions.

Underemployment: This term describes workers who, when asked, say they are willing and able to work more than they are currently working, according to a defined threshold of working time.

Vulnerable employment: The International Labour Organization refers to own-account and contributing family workers as being in vulnerable employment. The scale of vulnerable employment is far greater than that of unemployment. For example, there are 14 times more vulnerable workers in South Asia and East Asia than unemployed workers. In 2007, five out of ten people who worked were either contributing family workers or own-account workers.

Working-age population: People age 15 and older, although this may vary slightly from country to country. The ILO standard for the lower age limit is 15 years.

Working poor: Employed people who cannot bring themselves and their household out of poverty, either because their incomes are too low or because they cannot get enough work, or for both reasons.

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ISBN 978-92-2-129343-9