

## Report of the Seminar\*

“Employment and unemployment: Revisiting the relevance and conceptual basis of the statistics”

Geneva, 4 – 5 December 2008

\*Seminar held in conjunction with the 18th International Conference of Labour Statisticians (Geneva, 24 November – 5 December 2008).



## Background

1. The Seminar took place as a side event to the 18<sup>th</sup> International Conference of Labour Statisticians (ICLS). It was attended by participants from more than 100 countries or territories, employers' and workers' representatives and various observers. The overarching objective of the Seminar was to reflect upon and stimulate discussion regarding a possible revision, update or supplementation of the 13<sup>th</sup> ICLS *Resolution concerning statistics of the economically active population, employment, unemployment and underemployment*, in particular with regard to employment and unemployment statistics.
2. A selected number of authors covering the world's major regions had been asked to prepare invited papers for the seminar. The invited papers were presented by Ms. Marcia Quintslr, Instituto Brasileiro de Geografia e Estatística (IBGE), Brazil; Ms. Editha B. Rivera, Department of Labor and Employment (DOLE), Philippines; Ms. Lucy Eldridge, Bureau of Labor Statistics (BLS), United States of America; Mr. Ousman Koriko, AFRISTAT; and Mr. Nicola Massarelli, EUROSTAT (see Appendix: Agenda). The papers and presentations are available at [http://www.ilo.org/global/What\\_we\\_do/Statistics/events/lang--en/WCMS\\_099694/index/htm](http://www.ilo.org/global/What_we_do/Statistics/events/lang--en/WCMS_099694/index/htm).
3. Additional papers had been submitted by representatives from seven countries or territories (Afghanistan, Croatia, Hungary, Iran, Malaysia, West Bank and Gaza Strip, and Saint Lucia).
4. The seminar was chaired by Mr. Geoff Bascand (New Zealand). Mr. Olivier Marchand (France) acted as discussant of the papers and facilitated the ensuing discussion.
5. The representative of the Secretary-General of the ICLS, Mr. Ralf Hussmanns, explained the purpose of the seminar and introduced the issue at hand. He recalled that the parts of the 13<sup>th</sup> Resolution dealing with underemployment had already been substituted by the *Resolution concerning the measurement of underemployment and inadequate employment situations* adopted by the 16<sup>th</sup> ICLS (1998). Other parts of the 13<sup>th</sup> Resolution had been supplemented with *Guidelines on the implications of employment promotion schemes on the measurement of employment and unemployment* endorsed by the 14<sup>th</sup> ICLS (1987) and *Guidelines concerning the treatment in employment and unemployment statistics of persons on extended absences from work* endorsed by the 16<sup>th</sup> ICLS (1998).
6. Mr. Hussmanns indicated that 26 years after the adoption of the 13<sup>th</sup> ICLS Resolution, there was a need to take stock of the experiences accumulated in the implementation of the labour force framework, in general, and of the concepts of employment and unemployment, in particular, as the basis for the production of labour force statistics at the national and international levels. Issues requiring reflection included:

- (i) the adequacy of the conceptual framework embedded in the Resolution as the basis for the description of labour markets and its continued relevance for the development of economic and social policies;
- (ii) correspondence between the definitions of employment and unemployment and the perceptions of data users and the public at large regarding what is employment and unemployment;
- (iii) desirability of maintaining the link between the concept of work and the SNA production boundary;
- (iv) usefulness and limitations of key elements of the labour force framework such as the priority rules and the one-hour criterion in the definition of employment, the criteria of active search and current availability for work in the definition of unemployment, and the relaxation of the seeking work criterion (expanded definition of unemployment);
- (v) need for the development of supplementary measures to employment, unemployment, and economic inactivity; and
- (vi) continued applicability of some concepts such as the usually active population and its components.

### **Summary of presentations**

7. Drawing from national and regional experiences in the implementation of the guidelines contained in the 13<sup>th</sup> ICLS Resolution, the presentations reflected upon their continued relevance and applicability and highlighted various conceptual and methodological issues requiring further consideration.
8. The presentation by Ms. Quintslr, Brazilian Institute of Geography and Statistics (IBGE)<sup>1</sup>, underscored the important role played by the resolutions on labour statistics adopted by the ICLS, in general, and by the 13<sup>th</sup> ICLS Resolution, in particular, in guiding the production of labour market statistics and indicators in Brazil. Ms. Quintslr identified some key elements of the Resolution that continued to be relevant and that, in the Brazilian view, should be maintained such as (i) the link between the definition of the economically active population and the SNA production boundary and (ii) the one-hour criterion to define employment.
9. At the same time, Ms. Quintslr pointed out some areas of the labour force framework requiring further elaboration, revision or development. In particular, the need for guidelines on the minimum age to define the economically active population and on the distinction of child labour from employment of the working age population was noted. There was also a need to clarify the purpose of the seeking-work criterion in the definition of unemployment (i.e. whether the objective was to measure the general pressure on the job market or to evaluate the success or failure of a job search). Further elaboration on the definition of main

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<sup>1</sup> Quintslr, M. 2008. *An approach to the International Recommendations concerning economically active population, employment and unemployment statistics: An account of the Brazilian experience*. Seminar on Employment and unemployment: Revisiting the relevance and conceptual basis of the statistics, International Labour Organization, Room document No. 20, Geneva, Switzerland, 4-5 December.

job was suggested as were recommendations on the appropriate periodicity of the indicators to be produced at the national level and on the time-frame for the introduction of conceptual changes so as to limit their impact on the comparability of time series data. Ms. Quintslr concluded her presentation by noting that an updated version of the ILO publication *Current International Recommendations on Labour Statistics: 2000 edition* was urgently needed.

10. In her presentation, Ms. Rivera, Department of Labor and Employment (DOLE) of the Philippines<sup>2</sup>, similarly acknowledged the centrality of the labour force framework and of the 13<sup>th</sup> ICLS Resolution to the development of national labour statistics. In reflecting upon the areas requiring revision or development, Ms. Rivera highlighted certain characteristics of the labour market in the Philippines that were not fully captured by the current guidelines. These included the large proportion of inactive unemployed and underemployed persons in the population, the low participation of women in the labour force as currently defined, and the high incidence of international labour migration. To address these issues, Ms. Rivera voiced the need for the development of supplementary indicators to the unemployment rate, and the consideration of international migration in a future revision of the labour force framework. Her presentation also underscored the importance of technical assistance to countries in the event of a revision to the labour force framework.
11. Ms. Eldridge presented a paper prepared by Mr. Steven Haugen, Bureau of Labor Statistics (BLS), United States of America<sup>3</sup>. She focused her presentation on the development of measures of labour underutilization to supplement the unemployment rate. At the outset, Ms. Eldridge stated that the unemployment rate as currently defined continued to be the most objective and best overall cyclical indicator of labour underutilization. However, there was a need to develop a range of alternative measures of unemployment in order to meet the multiple needs of labour market analysts and other users. To this end, the BLS had developed a range of unemployment indicators (U-1 through U-6) that were being published regularly since 1996. Ms. Eldridge explained the differences between the indicators noting that, although the indicators captured different levels of labour underutilization, their cyclical trends were very similar. She concluded by emphasizing that, while supplementary measures of labour underutilization were needed in order to address the various user needs, the unemployment rate should continue to be disseminated as the key indicator of labour market performance.

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<sup>2</sup> Rivera, E. B. 2008. *Redefining the labour force framework: Some inputs from the Philippine experience*. Seminar on Employment and unemployment: Revisiting the relevance and conceptual basis of the statistics, International Labour Organization, Room document No. 21, Geneva, Switzerland, 4-5 December.

<sup>3</sup> Haugen, S. 2008. *Measures of labour underutilization from the Current Population Survey*. Seminar on Employment and unemployment: Revisiting the relevance and conceptual basis of the statistics, International Labour Organization, Room document No. 22, Geneva, Switzerland, 4-5 December.

12. Mr. Koriko, AFRISTAT<sup>4</sup>, presented a review of Phase 1 of the 1-2-3 surveys conducted in countries covered by AFRISTAT during the period 2001-2003 to collect information on employment and unemployment, employment and production in the informal sector, and household consumption. The review focused on the adequacy of the methods, including concepts, definitions and questionnaire design, used in the surveys to capture key aspects of the labour market conditions of the countries in question. Mr. Koriko recognized the role played by the international guidelines and recommendations on labour statistics in the steady improvement observed in the collection, processing and analysis of labour statistics in Africa. However, their current applicability in the region was hampered by the significant presence of children in the labour market, lack of formal channels for seeking work, and national legislations regarding availability to start work. He made various suggestions to improve the survey instrument and to enhance measures of the economically active population, employment and unemployment for the countries of the region.
13. The presentation by Mr. Massarelli, EUROSTAT<sup>5</sup>, stressed that a review of the existing framework and guidelines would need to be based on an assessment of the degree to which labour market statistics met current and potential user needs. In particular, whether there had been substantial changes since the 1980s in the needs of users or in the structuring and functioning of labour markets, and whether after more than two decades of implementation it had become apparent that the concepts posed serious measurement problems. In his assessment, Mr. Massarelli noted that the current framework reflected primarily the economic dimensions of the labour market. He suggested that additional concepts, or even a parallel but related framework, might be needed to address the social dimensions of the labour market.
14. Similarly, the presentation reviewed key changes in European labour markets that called for further methodological developments including: (i) the growing importance of marginal employment; (ii) increasing labour mobility and dynamics; (iii) new pathways to retirement; and (iv) higher labour flexibility. These changes pointed to the need for the development of methods to capture labour market dynamics (i.e. flows between labour force categories). At the same time, Mr. Massarelli noted that the existing concepts and definitions of employment and unemployment remained relevant and that their measurement did not require revision; however, clarification and guidance might be needed on borderline cases such as engagement in minor agricultural activities, treatment of unpaid traineeship schemes, and distinction between working life and retirement. He concluded his presentation by highlighting the importance of good

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<sup>4</sup> Koriko, O. 2008. *Quality of labour market indicator measurement tools: Case study of UEMOA Member States –Analysis and Proposals*. Seminar on Employment and unemployment: Revisiting the relevance and conceptual basis of the statistics, International Labour Organization, Room document No. 23, Geneva, Switzerland, 4-5 December.

<sup>5</sup> EUROSTAT. 2008. *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*. Seminar on Employment and unemployment: Revisiting the relevance and conceptual basis of the statistics, International Labour Organization, Room document No. 24, Geneva, Switzerland, 4-5 December.

communication of labour market statistics, and of ILO guidelines and recommendations, in order to improve their use and understanding.

### **Summary of discussions**

15. Mr. Marchand summarized the key issues raised by the presenters and put forward a set of ten questions to structure the ensuing discussion:

- (i) Is there a need to change the main categories in the 13th ICLS Resolution?
- (ii) If yes, how do we maintain the link with the System of National Accounts (SNA)?
- (iii) If no, how could we add other concepts or new categories (e.g. inactive unemployment)?
- (iv) Should we develop a social framework of the labour market in parallel to the economic framework?
- (v) How can we incorporate the measurement of underemployment, quality of employment and decent work?
- (vi) How do we integrate economically active children in measures of the labour force?
- (vii) How do we address employment outside the SNA?
- (viii) How do we take account of labour market dynamics?
- (ix) Should ILO standards be more specific in order to enhance the international comparability of definitions and measurement approaches?
- (x) How can we organize further work on these questions for the next ICLS?

16. In discussing the continued relevance of the SNA production boundary to define the economically active population, some countries noted the importance of activities such as volunteer work and unpaid household services for own final consumption in their national economies and questioned whether these should be included within the definition of work. It was mentioned that measurement of these types of activities was important not only to develop more comprehensive measures of production and to better capture activities predominantly performed by women (in the case of unpaid household services), but also because of their broader social significance.

17. At the same time, however, some participants underscored the importance and desirability of maintaining the existing links between labour statistics and national accounts. It was noted that linking the concept of work to the general production boundary would render meaningless the concept of unemployment. In addition, a framework for the measurement of volunteer work and its linkages with the labour force framework had been discussed at the 18<sup>th</sup> ICLS with a view to developing standards in this area. Likewise, time use methodology was being used to measure time spent in unpaid household services for own final consumption. Furthermore, satellite accounts could be developed to value the contribution of these activities to the national economy in ways that complemented the measurement of labour inputs without requiring changes to the labour force framework.

18. In general, participants felt that rather than changing the existing labour force framework, there was a need to revisit and/or clarify certain criteria and categories and develop new supplementary measures to address emerging labour market issues. It was also acknowledged that a parallel framework for a more social analysis of the labour market may be needed to complement the existing framework developed for economic analysis. The difficulties in developing such a parallel framework were, nonetheless, recognized, and the usefulness of a unique framework incorporating both economic and social aspects was emphasized.
19. Some participants called for further clarification of the international guidelines regarding the inclusion of activities devoted to the production of goods for own final use within the definition of the economically active population. It was noted that the current recommendations stemming from the 13th ICLS Resolution, on the one hand, and from the SNA, on the other, were conflicting as they cited different criteria to be used by countries when deciding whether or not to count those types of activities as work. It was noted that for the production of labour statistics, countries should follow the ICLS recommendation requiring production of goods for own final use to comprise an important contribution to the total consumption of the household. At the same time, further guidelines on how to make the recommendation operational and implement it in the field were requested with a view to improving the consistency and international comparability of labour statistics.
20. A call was also made for the inclusion of guidelines on the determination of age limits for the measurement of the economically active population. The Secretariat reiterated that the international guidelines did not specify a minimum age limit as this may have to vary according to national circumstances. Nonetheless, the importance of reporting labour force statistics for the population aged 15+ years was stressed, noting its relevance to promoting the international comparability of the statistics.
21. Questions were raised about the desirability of lowering the minimum age limit for measurement of the economically active population in order to capture child labour in countries where it was significant. In this regard, it was pointed out that the 18<sup>th</sup> ICLS had discussed and adopted a resolution on the measurement of child labour separately from the economically active population. It was agreed that separate measurement of these two concepts was advisable for various reasons including: (i) greater conceptual clarity, (ii) the methodological difficulties involved in the measurement of each concept, and (iii) usefulness for policy-making purposes.
22. In discussing the basic concepts of employment, unemployment and economic inactivity, participants recognized their continued relevance as currently defined. There was a broad consensus that these concepts should, therefore, be maintained. Specifically, the one-hour criterion was viewed as a clear, operational and necessary component of the definition of employment. The usefulness of the definition of unemployment as a measure of total lack of work was likewise recognized. Participants, however, stressed the importance of promoting better understanding among data producers of the one-hour criterion. To this end, a

suggestion was made to explicitly list its essential objectives in the international recommendations on this matter (i.e. to capture all types of employment including non-regular, atypical and casual forms of employment, and to ensure that unemployment referred to a situation of total lack of work). In addition, it was recognized that greater promotional efforts were needed at the national and international levels to ensure proper understanding and use of the statistics on employment and unemployment by the public in general.

23. Some participants noted that the current definitions of employment and unemployment addressed primarily the needs of economic uses of the statistics and that there was a need to develop supplementary measures to address the social dimensions of the labour market. Specifically, measures that shed light on the borderlines between employment and unemployment, between employment and economic inactivity, and between unemployment and economic inactivity were needed. In particular, there was a need to develop, in consultation with users, indicators from a decent work perspective that measured more comprehensively the inadequate use of labour resources or unmet labour supply as well as precarious and inadequate employment situations.
24. In this regard, participants welcomed the work presented by the U.S Bureau of Labor Statistics on measures of labour underutilization. Various participants shared their own national experiences with the development and dissemination of similar measures of labour underutilization. Participants also commended the work presented by the ILO Bureau of Statistics during the 18<sup>th</sup> ICLS to develop complementary measures of labour underutilization, noting the need for further work in this area. It was emphasized that the development of a series of indicators on this topic would be preferable to a single composite indicator.
25. The need for measures that addressed emerging issues in the labour market which blurred the conceptual distinctions between employment, unemployment and economic inactivity and between status in employment categories was also stressed, as was the need for qualitative indicators that would address other aspects of decent employment such as social dialogue. Examples of emerging issues in the labour market demanding new measures included: new forms of hidden unemployment where there was a coexistence between work and job search as individuals could not afford to be unemployed; cases of persons available for work who, during the last four weeks, sought and found work, worked, and stopped working, and no longer seek work during the reference week; transitions between working life and retirement; growing diversification of traineeships as mechanisms for entry or re-entry into the labour market; new forms of allocation of social benefits; etc.
26. In addition, some participants stressed the need to move beyond a static framework of the labour market to one that captured labour market dynamics. In this regard, some presenters pointed to the growing significance of international labour migration and, more generally, of geographical mobility in shaping labour markets. Such movements raised issues regarding the use of national versus domestic concepts to define the work force and the determination of the appropriate base population for the calculation of indicators such as activity, employment and unemployment rates. In addition, the growing flexibility and

high turnover of the labour market called for the development of common methodological tools to capture flows between labour force categories.

27. Recognizing the complexity of labour markets, participants stressed the importance of building capacity among users to utilize a set of indicators in unison instead of each indicator in isolation when analysing the labour market. The importance of good communication and promotion of labour statistics standards and guidelines was underscored, noting that proper understanding of the meaning of indicators and their interpretation depended on such communication.
28. In his final remarks, the Chair of the Seminar acknowledged the challenges faced by countries in the implementation of the international standards on labour statistics. He thanked the presenters and participants for sharing their experiences, noting that such exchange greatly facilitated the development and refinement of international standards on labour statistics. The challenges ahead included not only providing further guidance, clarification and refinement of the existing labour force framework but also responding to the need for labour statistics that addressed key social dimensions of the world of work. Moreover, the framework needed to be further elaborated to allow the measurement, with a common approach, of labour market dynamics, including flows between labour force categories, as well as the effects of globalization, labour market flexibility and geographic mobility on labour markets. To conclude, he noted the need to set up processes and mechanisms (including working groups, city groups and expert group meetings) to advance the development of the requisite methodologies.

## Appendix

### Seminar on ‘Employment and unemployment: Revisiting the relevance and conceptual basis of the statistics’

(4-5 December 2008)

#### Agenda

Thursday, 4 December 2008

#### **Review of experiences acquired since 1982**

- 14:30-14:45 Openings remarks by the Secretariat
- 14:45-15:05 Presentation, Room Document No. 20: ‘An approach to the International Recommendations concerning economically active population, employment and unemployment statistics: An account of the Brazilian experience’  
*Ms. Marcia Quintslr, Instituto Brasileiro de Geografia e Estatística (IBGE), Brazil*
- 15:05-15:25 Presentation, Room Document No. 21: ‘Redefining the labour force framework: Some inputs from the Philippine experience’  
*Ms. Editha B. Rivera, Department of Labor and Employment (DOLE), Philippines*
- 15:25-15:45 Presentation, Room Document No. 22: ‘Measures of labour underutilization from the Current Population Survey’  
*Ms. Lucy Eldridge, Bureau of Labor Statistics (BLS), United States of America*
- 15:45-16:00 Coffee break
- 16:00-16:15 Presentation: Summary of additional papers and introduction to the general discussion  
*Mr. Olivier Marchand, Institut National de la Statistique et des Etudes Economiques (INSEE), France*
- 16.15-17:30 Discussion

Friday, 5 December 2008:

**Towards a new conceptual framework?**

- 09:30-09:50 Presentation, Room Document No. 23: 'Quality of labour market indicator measurement tools: Case study of UEMOA Member States – Analysis and Proposals'  
*Mr. Ousman Koriko, AFRISTAT*
- 09:50-10:10 Presentation, Room Document No. 24: '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'  
*Mr. Nicola Massarelli, EUROSTAT*
- 10:10-10:25 Presentation: Summary of additional papers and introduction to the general discussion  
*Mr. Olivier Marchand, INSEE, France*
- 10:25-10:40 Coffee break
- 10:40-12:15 Discussion
- 12:15-12:30 Conclusions and final remarks by Chairperson