Part I

Measurement of the EAP

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1. INTRODUCTION

1.1 USES

Statistics on the EAP and its components, including indicators derived from them, have both economic and social uses (see Figure 1). They are used to describe and analyse the supply of labour (a) towards the formulation, implementation and monitoring of macro-economic and micro-economic policies and programmes and (b) in human resource development planning. These statistics provide measures of the supply side of the labour market such as the size and characteristics of the EAP, of labour input into production, of the structure and conditions of employment, and of the extent of utilisation of available labour resources (volume and persons). They include statistics on:

A. The EAP, including the size of its components (employment, unemployment and not economically active) and its socio-demographic characteristics, such as age, sex, geographical location, educational attainment, residency, and race (where applicable);

B. The characteristics of the employed population as measured through their various jobs, including their occupation, industry, SE, institutional sector, working conditions (such as employment income, working time, job security and safety, training, participation in decision making), as well as employment in the informal sector and informal employment;

C. The characteristics of the unemployed population including duration of unemployment, job search methods, access to social benefits, and the characteristics of previous jobs they may have had; and

D. The characteristics of those not economically active, including their reasons for not being active and the extent of their labour market attachment, as well as characteristics of previous jobs they may have had.

NB: the above terms are as defined in various resolutions and guidelines of the International Conference of Labour Statisticians (ICLS).

The analysis of these statistics over time provides a basis for monitoring trends in the economy and the employment situation. For example, the unemployment rate is widely used...
in developed economies to assess the current performance of the economy. These statistics along with labour demand statistics (such as filled jobs, vacancies, labour costs, compensation and training needs) and contextual statistics (such as economic growth, investment, population growth and skills training) are essential in the analysis of the labour market. Also, when used in conjunction with other relevant statistics, they are useful in understanding other economic phenomena and evaluating corresponding policies, such as the possible impact of a specific fiscal policy on employment.

Statistics on the EAP and its components play a key role in the design and evaluation of government socio-economic policies and programmes relating to welfare, migration, education and health, including income maintenance, poverty, social exclusion, job creation, vocational training and so on. The analysis of statistics on employment, income and other socio-economic variables provides information on the income-generating capacity of different economic activities, the extent to which there is decent work, the adequacy of employment income for welfare objectives, the existence of group inequalities in access to employment opportunities and so on.\(^2\)

1.2 SOURCES

The best source for these statistics is labour force surveys. Other household surveys and population censuses could also be used. Statistics on employment are available from establishment/enterprise surveys and censuses as well as from administrative systems such as social security records, tax records, and public-sector payrolls. Unemployment statistics are obtainable from records of employment agencies on registered jobseekers and from those of social security/benefits schemes on recipients of unemployment benefits. These sources all have their relative merits\(^3\) (see Figures 2, 3 and 4). They may be used together to obtain a comprehensive picture of the employment situation and to mutually improve the quality of their data. It should be noted that they could genuinely produce different estimates for the same phenomenon, for example, different estimates of employment from a labour force survey and from an establishment survey.

It is important to appreciate that statistics on the EAP and its components, on their own, cannot respond to questions on all the above issues. They can only do so in tandem with other relevant statistics. For example, in order to properly assess labour productivity, statistics are required on production as well as on labour

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**FIGURE 2**

**LABOUR FORCE SURVEYS: ADVANTAGES AND LIMITATIONS**

<table>
<thead>
<tr>
<th>ADVANTAGES</th>
<th>LIMITATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>› Comprehensive coverage</td>
<td>› Relatively costly, especially if conducted with high frequency</td>
</tr>
<tr>
<td>› Independent measurement in line with international standards</td>
<td>› Subject to sampling and response errors</td>
</tr>
<tr>
<td>› Joint data on employment, unemployment and economic inactivity</td>
<td>› Requires statistical infrastructure</td>
</tr>
<tr>
<td>› Possibility of other data on labour slack, etc.</td>
<td>› Limited geographic and other disaggregations</td>
</tr>
</tbody>
</table>

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\(^2\) See United Nations & ILO (2009) for additional information on the uses of these statistics.

input. Also, for analysis of the working poor, statistics are required on the employment and poverty situation of each person. Moreover, challenges relating to coverage, concepts, definitions, classifications, units, and so on could have a bearing on the combination or use of statistics from different sources. Producers and users of these statistics should therefore be aware of the issues raised in this sub-section.

1.3 International Standards

As always, the production of statistics on a phenomenon of interest requires clarity and uniqueness in its concepts and definitions. In the case of the EAP, international standards on its concepts and definitions have been established through various resolutions and guidelines of the ICLS of the ILO. The main one is the Resolution concerning statistics of the economically active population, employment, unemployment and underemployment adopted by the 13th ICLS in 1982 (hereinafter referred to as the 13th ICLS Resolution). It has been amplified by the Guidelines on the implications of employment promotion schemes on the measurement of employment and unemployment adopted by the 14th ICLS (1987); Guidelines concerning the treatment in employment and unemployment statistics of persons on extended absences from work adopted by the 16th ICLS (1998); and the Resolution concerning the measurement of underemployment and inadequate employment situations adopted by the 16th ICLS (1998). The 18th ICLS (2008) adopted a Resolution amending one of the key paragraphs of

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**Figure 3: Establishment Surveys: Advantages and Limitations**

**Advantages**
- More accurate information based on establishment records
- Detailed industry data (and occupation at 3-digit codes)
- Varied types of wage data (wage rate, earnings, labour cost)
- Varied types of hours data (hours paid for, normal hours of work, overtime hours)

**Limitations**
- Coverage often limited to formal sector establishments certain size
- Double-counting of multiple jobholders
- Non-response relatively high
- Auxiliary information limited to items available in establishment record

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**Figure 4: Administrative Records: Advantages and Limitations**

**Advantages**
- Lower cost
- Full count
- No reporting burden
- Timeliness
- Possibility of deep geographical and other disaggregation

**Limitations**
- Dependence on current legislation
- Scope and coverage problems
- Instability over time
- False/inadequate reporting
- Limited auxiliary variables
- Confidentiality-
the 1982 Resolution to bring it in line with the most recent version of the System of National Accounts (SNA). Other supporting resolutions have been adopted in relation to classification of occupations (18th ICLS 2008), to classification of SE (15th ICLS 1993), to income from employment (16th ICLS 1998) and working time (18th ICLS 2008). The 15th ICLS in 1993 adopted the Resolution concerning statistics of employment in the informal sector and the 16th ICLS in 1998 adopted the Guidelines concerning a statistical definition of informal employment.

In response to a resolution adopted by the 18th ICLS in 2008 and recommendations from the review of labour statistics commissioned by the UN Statistics Commission, the ILO established the Working Group on the Advancement of Employment and Unemployment Statistics to consider proposals for revising the 13th ICLS Resolution (the ILO WG). The ILO WG is well advanced in its work and has reached some conclusions on the contents of the new resolution which are also referenced in this part of the Guide Book.

1.4 PURPOSE AND MAIN REFERENCES

This part of the Guide Book explores the basic concepts and definitions used in the production of statistics on the EAP and its components based on the above international standards, the ILO WG proposals and current best practices in countries. It draws from various published sources, including the following:


2. THE EAP

The intention is to determine a definition of activity status that would allow the mutually exclusive and exhaustive categorisation of the population of interest into:

A. Those ‘actively’ supplying labour;

B. Those not ‘actively’ supplying labour, but willing and looking to do so; and

C. Those not doing either of the above.

2.1 DEFINITION

The current approach is that the most important reason for determining the activity status of a person is economic. Therefore, statistics on the EAP should be produced in such a way that they are consistent with economic statistics, in particular the SNA. This then requires the ac-
The economically active population comprises all persons of either sex who furnish the supply of labour for the production of goods or services within the production boundary, as defined by the latest version of the SNA, during a specified time-reference period. According to the SNA 2008, the relevant production of goods and services includes all production of goods, the production of market and non-market services, and the production for own final consumption of household services by employing paid domestic staff.

Hence, a person is considered to be economically active if, and only if, that person contributes or is available and seeking to contribute to the production of goods and services that fall within the SNA production boundary. In any household survey, it is therefore crucial to be able to unambiguously identify which activities are economic in order to apply the above definition of EAP.

2.2 SNA PRODUCTION BOUNDARY

The SNA 2008 defines production in general terms to be any activity performed under the control, management and responsibility of an institutional unit (financial corporation, non-financial corporation, government, non-profit institution serving households, and household) that uses labour and assets to transform inputs of goods and services into outputs of other goods and services. Excluded as a result are:

I. activities that are not under any direct human intervention such as the unmanaged growth of fish stocks in international waters;

II. basic human activities such as eating, sleeping and doing exercise that cannot be performed by a third party for an individual; and

III. activities not producing any outputs such as begging or stealing (unless the goods so acquired are resold).

A. Furthermore, the SNA production boundary, the basis on which all measurements relating to production are made in the national accounts, includes only some of the activities that are production in the above general terms. These are:

B. the production of all goods or services that are supplied to units other than their producers, or intended to be so supplied;

C. the production of all goods that are retained by their producers for their own final consumption or gross fixed capital formation;

D. the production for own final consumption of housing services by owner-occupiers of dwellings (involves no labour input and so is not of any relevance in the measurement of the EAP); and

E. the production for own final consumption of domestic or personal services produced by employing paid domestic staff.

These are the activities that are defined as economic activities in the SNA and used in the above definition of the EAP (see Figure 5).

The production in bullet point (a) above is subdivided into market production and non-market production. The former is carried out by establishments, most of whose output is intended for sale at economically significant prices and typically includes corporations and unincorporated household enterprises. The latter, non-market production, is production by government units and non-profit institutions. Their output is either supplied free or at prices that are not economically significant. Activities relating to both these types of production typically involve some form of remuneration to those who participate in them, in the form of pay or profit. These activities may also be done on the basis of exchange of labour or barter of goods.

The production in bullet point (b), referred to as ‘production for own final use’, typically but not exclusively consists of:

- **B1** production of agricultural/primary products (e.g. milk, cereals, cotton, gathering of berries, forestry, wood-cutting, collection of firewood, hunting, fishing, mining salt, cutting peat, supply of water);
- **B2** processing of agricultural products (e.g. making butter, flour, wine, baskets, mats; preservation of meat, fish, fruits; curing of skins and making of leather; threshing of grain; etc.);
- **B3** other kinds of processing such as weaving cloth; making furniture, footwear, utensils, pottery; dress-making and tailoring; and
- **B4** construction, major renovation or extension of own dwellings, farm buildings, etc.\(^8\)

The activities relating to this type of production are to be included as economic activities.
provided the amount of the good produced is quantitatively important in relation to the total supply of that good in the country.³

Excluded from the SNA production boundary are the unpaid domestic and personal services produced by households for their own final consumption. These include services such as cleaning, decoration and minor maintenance of the dwelling occupied by the household; cleaning, servicing and repair of household durables or other goods; preparation and serving of meals; care, training and instruction of children; care of sick, infirm or old people; and transportation of household members or their goods. Whilst acknowledging that these activities are productive, in the above general terms, and have economic value, the SNA advances several reasons for excluding them from the definition of the SNA production boundary. Unlike corresponding goods produced in the same way, these services are consumed immediately on production and cannot be stored. This means there is no possibility to later decide to exchange them in the market. As they are also not produced for the market, no typical suitable market prices exist for use in valuing them. In addition, given the widespread performance of these activities by all old enough to do so and the definition of employment as engagement in production included within the SNA production boundary, the inclusion of these activities in this boundary would lead to virtually everyone being employed and so make nonsense of employment statistics.

However, although they are not included in the SNA production boundary, these activities should still be measured given their importance in gender analysis and in understanding the interaction between them and economic activities. For example, depending on the performance of the economy, households shift between outsourcing care activities and doing them as unpaid domestic services. Their measurement is therefore necessary to better understand trends that may be observed in the measurement of the EAP over time or for different countries.

The 13th ICLS Resolution, including its amendment in the 18th ICLS, is in the process of being revised. One of the current proposals is to no longer consider the activities in (b) above as employment activities even though they are economic activities within the SNA production boundary. Persons engaged in these activities along with those relating to household services for own final consumption, who are excluded from the SNA production boundary, will be treated as unemployed if they are looking for work or as ‘persons not in the labour force’ otherwise. It should be noted that in those countries where the activities in (b) are carried out by a significantly sizeable group of persons, this change could have a great impact on their employment size and unemployment rate.

### 2.3 AGE LIMITS

The above definition of the EAP refers to the economic activity of ‘all persons’. In reality, there are persons such as babies, infants and some young persons who are not in a position to perform any economic activity. There is therefore no need to ascertain their economic activity status when measuring the EAP. Moreover, for some older children and young persons, compulsory schooling and/or national labour legislation may prevent them from being involved in economic activities in any significant numbers. Thus, the cost and time wasted in identifying the very few with such activities may not be justifiable. The international guidelines therefore recommend that countries should specify a minimum age limit for the measurement of the EAP. Given the very different cultural, economic, legal and educational practices amongst countries, no universally applicable value was set in the guidelines. In practice, the values chosen vary between 14, 15 and 16 years of age depending on the educational system. Values such as 10 and even six

³ See Hussmanns et al (1990) for further examples.

⁹ The criterion adopted in the 13th ICLS Resolution is that the quantity should be an important contribution to the total consumption of the household.
years have also been used in some countries.\textsuperscript{10} The population above the chosen minimum age is referred to as the \textbf{working age population}.

Although not recommended by the international standards and not supported by the increasing tendency to abolish retirement age, some countries do apply a maximum age limit for defining the working age population.

\section*{2.4 REFERENCE PERIODS}

Measurement of the EAP based on the above definition also requires a specification of the period when the economic activity was done. The 13th ICLS Resolution distinguishes two such periods: a short reference period such as one day or one week and a long reference period such as a year. The EAP measured using the short reference period is referred to as the \textbf{currently active population (or the labour force)} whilst that based on the long reference period is called the \textbf{usually active population}.

\section*{3. THE CURRENT EAP (OR LABOUR FORCE)}

\subsection*{3.1 DEFINITION}

According to the 13th ICLS Resolution:

\begin{quote}
The currently active population, or the \textbf{labour force}, comprises all persons above a specified minimum age who, during a specified brief period of one day or one week, fulfil the requirements for inclusion among the employed or the unemployed.
\end{quote}

The definitions of employment and unemployment are treated later in Part I.

The measurement of the labour force thus requires the identification of persons who were employed and those who were unemployed, the rest of the population then being outside the labour force. The method by which this identification is carried out is referred to as the labour force framework.

\subsection*{3.2 LABOUR FORCE FRAMEWORK}

The framework classifies persons in the population into three groups – employed population, unemployed population and population outside the labour force – based on their activities during the short reference period. It uses a set of priority rules to ensure that these groups are mutually exclusive and exhaustive. The \textbf{priority rules} are that, within the short reference period:

\begin{itemize}
\item The economic activity status of employment takes precedence over all other economic activity statuses; and
\item For those who are not in employment, the activity status of unemployment takes precedence over the status of not being economically active.
\item Thus, in classifying the population according to the labour force framework, the following steps are applied sequentially:
\item First, identify persons who were employed amongst all those in the population above the minimum working age.
\item Next, from amongst the rest of the working age population, identify those who were unemployed.
\item Then the residual group in the population, including those below the minimum working age, constitute those outside the labour force (i.e. not currently active).
\end{itemize}

As a consequence, a person who was working and at the same time looking for other work is classified as employed whilst a student attending college and at the same time looking for work is classified as unemployed. A corollary of

\textsuperscript{10} See UN & ILO (2009), pp. 46–47 for further discussion on the choice of a minimum age.
the priority rules is that employment always takes precedence over other activities regardless of the amount of time devoted to it during the reference period, even if only one hour. As a result, unemployment is the state of total lack of work amongst those looking for and available to work.

Another key element in using the labour force framework is that the classification is based on the actual activity of the person during the specified short reference period. Thus, in general, persons are considered for inclusion in the labour force on the basis of whether they were engaged in economic activity or were looking for such an activity during the reference period. This is referred to as the activity principle. Some exceptions to the principle are allowed, however, such as the inclusion among the employed of persons who were temporarily away from work or the inclusion among the unemployed of persons waiting to start a specific activity.
job they already have, at a date subsequent to the reference period and so not looking for a job during this period.

3.3 APPLICATION OF THE LABOUR FORCE FRAMEWORK

The labour force framework enables the measurement of the current situation in a country with respect to employment, unemployment and the employment characteristics of the population. The choice of one day or one week as the reference period has important consequences for the labour force status of individuals. Most countries use the labour force as their preferred measure of the EAP, basing it on a one-week reference period. It is particularly suited to situations where the dominant type of employment is regular, full-time paid employment.

4. THE EMPLOYED POPULATION

4.1 DEFINITION

An employed person is, broadly speaking, a person in the working age population who, during the short reference period, performed some economic activity or who would have performed such an activity had they not been temporarily absent from work. The employed population can be described as all persons in the working age population who, during a specified short reference period of one week or one day, met any one of the following conditions:

A. performed some work for wage, salary, profit or family gain, in cash or in kind;
B. were temporarily absent from a job in which they had already worked and to which they maintained a formal attachment; or
C. were temporarily absent from work in an enterprise they own (such as a business enterprise, a farm or a service undertaking), for some specific reason.

According to the 13th ICLS definition:

... the employed comprise all persons above the age specified for measuring the economically active population who, during a specified short reference period of either one week or one day, were in the following categories:

Paid employment:
A. at work: persons who, during the reference period, performed some work for wage or salary, in cash or in kind;
B. with a job but not at work: persons who, having already worked in their present job, were temporarily not at work during the reference period and had a formal attachment to their job;

Self-employment:
A. at work: persons who, during the reference period, performed some work for profit or family gain, in cash or in kind;
B. with an enterprise but not at work: persons with an enterprise (which may be a business enterprise, a farm or a service undertaking) who were temporarily not at work during the reference period for any specific reason.

... For operational reasons, the notion of “some work” may be interpreted as work for at least one hour.

Thus, the international definition distinguishes between “paid employment (employees including apprentices and members of the armed forces) and “self-employment” (employers and own-account workers including members of producers’ cooperatives, contributing family workers and producers of goods for own final use), providing separate criteria for their measurement (See Figure 7).

4.2 OPERATIONAL ISSUES

The concept of work in the definition is the same as the concept of economic activity in the SNA.
Part I: Measurement of the EAP

The 13th ICLS resolution identifies for inclusion as employed some specific groups of persons who were not at work during the reference period. These are persons who were temporarily absent from their work for reasons such as illness, injury, holiday, strike or lockout, educational or training leave, maternity or parental leave, temporary reduction in economic activity, temporary disorganisation or suspension of work due to bad weather, mechanical or electrical breakdown, shortage of raw materials or fuels, etc. or other temporary absences with or without leave.

Amongst the others who were not at work during the reference period, the international definition gives specific criteria for assessing absence from paid employment. These are based on the notion of “formal job attachment”, which is to be determined in the light of national circumstances according to one or more of the following: (i) the continued receipt of wage or salary; (ii) an assurance of a return to work (with the same employer) following the end of the contingency or an agreement as to the date of return; and (iii)

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**Figure 7**

International Definition of Employment

![Diagram of employment categories](image)

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production boundary. Furthermore, the definition interprets the notion of “some work” as work for at least one hour during the reference period (the one-hour criterion). There are several inter-related reasons\textsuperscript{13} for the use of this criterion in the definition of employment, including:

A. the priority rule of the labour force framework which gives precedence to any employment activity, even if only for one hour, over other economic activity statuses (hence unemployment is total lack of work);

B. the need to make the definition of employment as broad as possible to cover all types of employment situations such as short-term, part-time, casual and temporary work; and

C. ensuring that at the macro-level total labour input corresponds to total production in the economy.

Another operational issue arising out of the definition is the notion of “temporary absence” from a job or an enterprise. The 13th ICLS resolution identifies for inclusion as employed some specific groups of persons who were not at work during the reference period. These are persons who were temporarily absent from their work for reasons such as illness, injury, holiday, strike or lockout, educational or training leave, maternity or parental leave, temporary reduction in economic activity, temporary disorganisation or suspension of work due to bad weather, mechanical or electrical breakdown, shortage of raw materials or fuels, etc. or other temporary absences with or without leave.

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\textsuperscript{13} See Hussmanns (2007) for a full discussion.
the elapsed duration of absence from the job, which may be that duration for which workers can receive compensation benefits without obligations to accept other jobs. There are, however, borderline situations in the treatment of certain categories of persons absent from work such as persons temporarily laid off, non-regular employees, seasonal employees, women on maternity leave, employees on unpaid leave initiated by the employer, employees on other extended leave such as parental leave and educational or training leave. Guidelines on their treatment were endorsed by the 16th ICLS\textsuperscript{14} and discussed in ILO (2003) and Hussmanns (2007).

Due to the heterogeneity of working patterns amongst the self-employed, the international definition does not give specific guidelines for the treatment of persons temporarily absent from self-employment. In practice, however, the criterion used for inclusion as employed of persons temporarily absent from self-employment is the continued existence of their enterprise during their absence. The duration of absence, determined according to national circumstances, can be used to ascertain that the absence is temporary. For certain categories of self-employed workers, it can be deduced that their enterprise does not continue to exist in their absence. This is the case for casual own-account workers, like itinerant shoe-shiners or street vendors, when they are absent from work. It also applies to most seasonal employers, own-account workers and members of producers’ cooperatives during the off-season. These otherwise self-employed persons should therefore not be classified as employed during the off-season. However, some enterprises do continue to exist in the off-season and their owners continue to do some work in them even during the off-season (e.g. farms which are maintained even during the off-season although the bulk of their activities are seasonal). In this case, the self-employed person not at work during the off-season could be classified as employed provided the duration of absence is within an acceptable limit. Contributing family workers, even though they participate in activities in a household enterprise, are not considered as owning or operating the enterprise. They cannot therefore be “with an enterprise but not at work”. Thus, contributing family workers not at work during the reference period should not be included among the employed. Those in the above groups who are not included as employed should be classified as unemployed or not in the labour force according to their search activities and availability for work during the reference period.

4.3 SPECIAL GROUPS

The following groups of workers were given explicit attention in the 13th ICLS Resolution for inclusion among the employed: contributing family workers at work; persons engaged in the production of goods for own final use within their household; paid apprentices; working students, volunteer workers, homemakers, etc.; and members of the armed forces.

Contributing family workers are persons who work for family gain in an unincorporated market enterprise operated by a related person living in the same household.\textsuperscript{15} Such persons are to be considered employed if at work in the same way as for other self-employed persons, irrespective of the number of hours worked during the reference period. Countries that choose for special reasons to set a minimum time criterion higher than one hour for the inclusion of contributing family workers among the employed should identify and separately classify those who worked less than the prescribed time.

Persons engaged in the production of goods for own final use by their household should be considered for inclusion as employed provided the production constitutes an important contribution to the total consumption of the household. The intention in the proviso is to exclude from consideration production that does not really have a significant impact on the subsistence of the household and which is done more as a leisure activity. This is similar to the macro-level exclusion of negligible production activities for

\textsuperscript{14} Guidelines concerning the treatment in employment and unemployment statistics of persons on extended absences from work, 16th ICLS, 1998, \url{http://www.ilo.org/public/english/bureau/stat/download/guidelines/exleave.pdf}

\textsuperscript{15} See Resolution concerning the International Classification of Status in Employment (ICSE), ILO (2000) pp. 20-23 for the full definition of contributing family workers and paid apprentices.
own final use from the national accounts. The implementation of the proviso in labour force surveys and population censuses is, however, problematic. Therefore, some countries use the volume of labour input into this production to assess its importance whilst others simply ignore it and include all of them as employed. As mentioned earlier, under the current proposals for revising the 13th ICLS Resolution, such persons will no longer be considered as employed.

Apprentices and trainees who receive pay in cash or kind should be considered in employment and treated in the same way as other persons in paid employment. The treatment of unpaid apprentices was not specified in the 13th ICLS Resolution, but it could be deduced on the basis of general principles. When at work they should be considered as employed if they fulfil the conditions for inclusion as contributing family workers. Otherwise, their inclusion as employed should depend on their contribution to the production of goods and services of the enterprise.

According to Guidelines agreed in the 14th ICLS, participants in job training schemes are to be included as employed if the training takes place within the context of the enterprise and in connection with its production, irrespective of whether or not they were paid by the employer. If the training takes place outside the context of the enterprise or without connection to its production, the participants are considered as employed if they retain a formal job attachment to the enterprise in which they had formerly worked.

Based on SNA 08 and the 18th ICLS, volunteers providing labour inputs for the production of goods should be included as employed, irrespective of whether the goods are intended as market outputs, non-market outputs or outputs for own final use. Volunteers contributing to the production of market or non-market services are also considered as employed. However, volunteers contributing to the production of services for own final consumption by other households are not to be considered as employed, since this production is outside the SNA production boundary.

In line with the priority rules of the labour force framework, students, homemakers, pensioners and those engaged mainly in non-economic activities during the reference period, but who were at the same time in paid employment or self-employment, should be considered as employed on the same basis as other categories of employed persons (and be identified separately, if possible).

Finally, all members of the armed forces are to be included as employed, according to the 13th ICLS Resolution. The statistics should include both regular and temporary members of the armed forces as well as persons performing civilian services as an alternative to compulsory military services.

5 THE UNEMPLOYED POPULATION

5.1 DEFINITION

According to the international standards adopted by the 13th ICLS:

The unemployed population consists of those in the working age population who during the reference period were simultaneously:

1. "without work", i.e. not employed, where employment is as defined above;
2. "currently available to work", i.e. were available for employment during the reference period; and


17 See Hussmanns (2007) for a full discussion.
5.2 THE “WITHOUT WORK” CRITERION

The “without work” criterion follows from the priority rule of the labour force framework in which any employment takes precedence over other activity statuses. The criterion thus distinguishes clearly between employment and non-employment, also ensuring that the two categories are mutually exclusive. Therefore, an unemployed person has to be totally without work, i.e. did not work at all during the reference period (not even for one hour) and was not temporarily absent from work. The other two criteria serve to draw the distinction between the unemployed and those not economically active among the non-employed population.

5.3 THE “SEEKING WORK” CRITERION

The second criterion requires that specific action should have been taken in the recent past to look for work, in keeping with the activity principle of the labour force framework. The 13th ICLS Resolution gives as examples of specific formal steps to seek work: registration at an employment exchange; application to prospective employers; checking at work sites, farms, factory gates, market or other assembly places; placing or answering newspaper advertisements; looking for land, buildings, machinery or equipment to establish one’s own enterprise; arranging for financial resources; applying for permits and licences, etc. It also suggests informal methods such as seeking the assistance of friends or relatives. With respect to registration at employment centres, the 14th ICLS further specified that this is allowable only if it is done for the purpose of finding a job and not for administrative purposes relating to the receipt of certain social benefits. Advertisements would now extend to include those on the internet and other e-media, but simply looking at them without responding to them is not considered as actively seeking work. The duration of the recent past for seeking work was not specified by the 13th ICLS Resolution but it is usually assumed that it could extend beyond the basic survey reference period of one day or one week. The trend is in fact to use the last month or the past four weeks as the search period.

5.4 THE “AVAILABLE FOR WORK” CRITERION

According to the international standards, to be considered unemployed a person should be available to take up employment during the reference period if such an opportunity arose. In practice, some countries extend the period to take into account that some persons seeking work are not expected to take it up immediately it is offered. They may need to make arrangements to cope with previous commitments (for example, childcare), may be sick on the start day or are required to start work on a particular date, e.g. 1st of the month. For example, the availability period for countries in the European Union is the reference week plus the subsequent two weeks. The availability criterion serves to exclude from unemployment persons who may be seeking work to start at a much later date, like students looking for work to start at the end of the school year, and persons who cannot take up work due to family responsibilities, illness, community responsibilities, and so on.

5.5 FUTURE STARTERS

The current standards give guidelines on the treatment of persons who are not employed but are not looking for work because they have already made arrangements to take up a job or start an enterprise at a date subsequent to the reference period (future starters). Such persons, if currently available for work, should be classified as unemployed even though they
did not look for work. This is one instance where an exception is made from the requirements that all three criteria should be applied simultaneously.

5.6 **THE “RELAXED DEFINITION”**

The current international standards recognise that in certain circumstances the “seeking work” criterion, as a means of identifying those searching for information on the labour market, may not be meaningful. They allow for the relaxation of the use of the criterion in situations:

“This is likely to be the case in rural areas of developing countries where self-employment prevails and no institutions are properly developed to provide information on the availability of jobs. Moreover, most workers in these areas, as well as in agriculture, do not actively seek work at certain periods of the year since they already have a more or less complete knowledge of the employment opportunities that exist at various times of the year. Even in urban areas of these countries and in some industrialized countries, particular groups of workers may not actively seek work because they believe no work suitable to their skills is available in their areas. In these instances when the “seeking work” criterion is relaxed, the use of the “available for work” criterion becomes critical. Thus, the standards recommend that appropriate objective tests should be applied when assessing availability to work in these circumstances. The measure of unemployment under the relaxation provision is referred to as the relaxed definition of unemployment.”

5.7 **CURRENT PROPOSALS FOR REVISION**

One of the proposals relating to the revision of the 13th ICLS resolution is to abandon the use of the relaxed definition of unemployment. In many countries, the production of multiple unemployment rates has caused confusion and loss of credibility in the statistics being produced as well as misunderstandings in public debates. Moreover, with the proposal to produce supplementary indicators of labour slack in the new resolution, the relaxation provision will no longer be necessary.

As mentioned earlier, another proposed revision is the exclusion of persons producing output exclusively for own final use from the employed population. Those amongst them who satisfy the above three unemployment criteria would now be included amongst the unemployed population. If their number is significant, this change could lead to a sizeable increase in the unemployed population and so create a break in the historical series of unemployment rates. Those who fail one or more of the three unemployment criteria would be placed in the population outside the labour force.

6 **POPULATION OUTSIDE THE LABOUR FORCE**

6.1 **DEFINITION**

According to the international standards adopted by the 13th ICLS:

“The population outside the labour force (or the population not currently active) comprises all persons in the population who, during the short reference period of one day or one week, were neither employed nor unemployed.”
It should be noted that persons below the minimum working age specified for measurement of the EAP are included in this population.

6.2 CLASSIFICATIONS

The current international standards recommend that this population should be classified in terms of their reason for not being active during the specified short reference period, in order to assist governments in designing their human resources and development policies. The proposed groups consist of: (a) those attending educational institutions; (b) those performing household duties; (c) those who are retired or too old and are living on pension or capital income; and (d) those with other reasons. The 13th ICLS further proposed separating out those who were available for work but did not seek work during the reference period from the others in this population. The resolution also recommended the development of classifications reflecting the relative strength of attachment to the labour market of persons in this population.

The ILO WG is considering the following proposals for such a classification to be included in the new resolution:

A. Persons outside the labour force who looked for work (during the seeking work reference period) but were not available (during the availability reference period) to take up work;

B. Persons outside the labour force who wanted and were available to work (during the availability reference period) but did not seek work (during the seeking work reference period) because they were:

   I. Discouraged jobseekers: past failure to find suitable jobs, real or perceived lack of suitable jobs, real or perceived social barriers, real or perceived economic barriers, lack of infrastructure;

   II. Others: workers on lay-off without formal job attachment, workers in training, others;

C. Persons outside the labour force who wanted to work, but were neither seeking nor available for work during the respective periods for seeking and being available for work;

D. Persons outside the labour force who did not want to work.

7 EMPLOYMENT IN THE INFORMAL SECTOR AND INFORMAL EMPLOYMENT

7.1 USES

In many developing countries, especially countries in Africa, the informal sector has long played a significant role in employment creation, income generation and in the development debate. Increasingly, it is also becoming relevant in developed economies. Due to various factors, but especially in the wake of the global financial and economic crisis, employed persons are going into informal sector activities rather than into outright unemployment. Statistics are required on:

A. the number of persons employed in the informal sector, their socio-demographic and other characteristics as well as their conditions of work and employment;

B. the number and structural characteristics of the informal sector enterprises;

C. the production and incomes generated by these enterprises; and

D. other characteristics relating to the birth and death of these enterprises and their relationship with other production units.
7.2 INTERNATIONAL STANDARDS (EMPLOYMENT IN THE INFORMAL SECTOR)

Recognising the importance of the informal sector, the 15th ICLS adopted in 1993 the Resolution concerning statistics of employment in the informal sector. According to the international standards:

Thus, employment in the informal sector is determined by the characteristics of the enterprise in which a person is employed. According to the above, the identification of the enterprise as an informal sector enterprise is based on its size or the registration of the enterprise or that of its employees, depending on the SE of the employed person. The Delhi Group on Informal Sector Statistics recommends that, for international reporting, a limit of ‘less than five’ should be used as the size cut-off.

In practice some other additional criteria are used, such as the keeping of separate accounts for the enterprise and the type of workplace of the enterprise. The former comes from the conceptual definition of the informal sector and the latter from the fact that informal sector enterprises tend to operate from or close to the entrepreneur’s home, from a market stall, or from some temporary location.

Operationally, persons employed in the informal sector can be identified as follows:

A. An employee or contributing family worker is employed in the informal sector if:

1. the number of persons working in the enterprise where that person works is less than some specified cut-off (e.g. five); and

II. either the enterprise is not formally registered (for purposes of tax, social security or some form of trade licence) or it operates in certain types of informal places such as at or near the home, in the street or in some moveable location.

B. An employer, own-account worker or member of a producers’ cooperative is employed in the informal sector if the enterprise they own is not formally registered (for purposes of tax, social security or some form of trade licence) or does not have a bank account separate from the personal account of the owner.

where,

Further, the Resolution specified that:

The population employed in the informal sector comprises all persons who, during a given reference period, were employed in at least one informal sector unit irrespective of their status in employment and whether it is their main or secondary job.

... the informal sector is regarded as a group of ... household enterprises or, equivalently, unincorporated enterprises owned by households and comprise (i) “informal own-account enterprises” ... and (ii) ... “enterprises of informal employers” ...

... informal own-account enterprises may comprise, depending on national circumstances, either all own-account enterprises or only those which are not registered under specific forms of national legislation.

... enterprises of informal employers may be defined, depending on national circumstances, in terms of one or more of the following criteria:

I. size of the unit below a specified level of employment;

II. non-registration of the enterprise or its employees.

Further, the Resolution specified that:

19 See http://mospi.nic.in/report_3.htm
C. Persons employed in government and para-statal bodies, cooperatives, incorporated enterprises and quasi-corporate enterprises are excluded.

D. Also excluded are persons employed in agricultural activities, for practical reasons, and those employed in households as domestic workers.

It should be noted that a person may be employed in the informal sector through their main, secondary or other jobs. For analysis linking employment in the informal sector with the characteristics of jobs, a person may be counted as many times as that person has a job in the informal sector.

7.3 INTERNATIONAL STANDARDS (INFORMAL EMPLOYMENT)

The 17th ICLS, 2003, adopted the Guidelines concerning a statistical definition of informal employment. In them, informal employment is determined by the characteristics of the job the person does, unlike the previous concept of employment in the informal sector, which was based on the characteristics of the enterprise. The concept of informal employment was introduced to complement that of employment in the informal sector and in response to requests from the Delhi City Group on Informal Sector and the International Labour Conference.

According to the international guidelines:

1. Informal employment comprises the total number of informal jobs as defined below, whether carried out in formal sector enterprises, informal sector enterprises, or households, during a given reference period.

2. ... informal employment includes the following jobs:

A. Own-account workers and employers employed in their own informal sector enterprises;

B. Contributing family workers irrespective of whether they work in formal or informal sector enterprises;

C. Members of informal producers’ cooperative;

D. Employees holding informal jobs in formal sector enterprises, informal sector enterprises, or as paid domestic workers employed by households. Employees are considered to have informal jobs if their employment relationship is, in law or in practice, not subject to national labour legislation, income taxation, social protection or entitlement to certain employment benefits (advance notice of dismissal, severance pay, paid annual or sick leave, etc.).

E. Own-account workers engaged in production of goods exclusively for own final use by their household.

Operationally, persons employed in informal jobs are identified as follows:

E. An employee is in informal employment with respect to that person’s job (main, secondary or other job) if in that job the person does not have a written contract, is not entitled to paid (annual, sick or maternity) leave or does not have social security protection. Note that in this case employees in agricultural activities or those employed in private households as domestic workers are included, if their jobs have these characteristics.

F. A contributing family worker is always in informal employment.

G. An employer, own-account worker or member of a producers’ cooperative is in informal employment if the enterprise they own is an informal sector enterprise.
8 WORKING TIME MEASUREMENT

8.1 USES

Statistics on working time (i.e. ‘hours of work’) are useful in the analysis of both economic and social issues. They serve to:

- derive a complete assessment of labour input into production;
- analyse employment statistics in depth, given that employment is defined as work even for just one hour in a week;
- measure time-related underemployment, an important component of labour underutilisation as well as labour productivity, wage rates, rates of occupational injuries, etc.;
- compute indicators on time-related over-employment and work–family balance, key indicators in the measurement of decent work; and
- facilitate negotiations in social dialogue relating to collective bargaining, etc.

8.2 INTERNATIONAL STANDARDS

The current international standards on the measurement of working time are the Resolution concerning the measurement of working time adopted by the 18th ICLS in 2008. It recognises seven concepts of working time, each serving a specific objective. They include hours actually worked, hours paid for, normal hours of work, contractual hours of work, hours usually worked, overtime hours of work and absence from work hours.

8.3 HOURS ACTUALLY WORKED

According to the 18th ICLS Resolution:

侪 Hours actually worked is the time spent in a job for the performance of activities that contribute to the production of goods and/or services during a specified ... reference period.

It further defines it as follows:

侪 Hours actually worked includes ...

A. “Direct hours” ... spent carrying out the tasks and duties of a job. ...

B. “Related hours” ... spent maintaining, facilitating or enhancing productive activities ...

C. “Down time” ... time when a person in a job cannot work due to machinery or process breakdown, accident, ... but continues to be available for work. ...

D. “Resting time” is time spent in short periods of rest, relief or refreshment ... according to established norms and/or national circumstances.

Related hours refer to time spent cleaning, repairing, preparing etc. the work location itself, as well as changing time. The category also includes time spent transporting goods, waiting time, time on-call, on work-related travel and on training activities required by the job. Resting time covers tea, coffee or prayer breaks. Hours actually worked excludes time not worked, such as in annual leave, public holidays, sick leave and other absences, commuting time between work and home, longer breaks such as meal breaks and other educational activities not required by the job.

8.4 HOURS USUALLY WORKED

The international standards define:

侪 Hours usually worked is the typical value of hours actually worked in a job per short reference period such as one week, over a long observation period of a month, quarter, season or year.
It can be calculated, for example, as the most frequent number of hours that a person actually worked per week during the past month or, again, as the mode of the annual distribution of weekly hours actually worked. In both instances, it is assumed the mode exists and the data is available. In most cases, however, it is determined on the basis of self-reporting of the typical value by the respondent.

8.5 OTHER HOURS CONCEPTS

The slides in the Annex at the end of Part I present the definitions of the other hours concepts, as well as the above definitions and an example illustrating all of them.

8.6 SOURCES

Labour force surveys and population censuses can be used to collect data on hours actually worked and hours usually worked. The former source is particularly suited for this and may also produce data on hours paid for and normal or contractual hours. Establishment-based surveys are well suited to collecting data on these latter and the other concepts. Administrative registers are useful for providing information on contractual hours, hours paid for, paid absence from work hours and normal hours of work.

9 MEASURES OF UNDERUTILISED LABOUR

9.1 INTRODUCTION

The unemployment rate, as a measure of total lack of work, is widely used by the media, politicians, policy-makers and so on as a barometer for the performance of the economy. It assesses the inability of the economy to provide jobs for those who do not have jobs and are looking for jobs. The indicator does not, however, reflect the economy’s inability to fully and adequately utilise the available labour supply in the sense that:

I. Employed persons may experience
   > Partial lack of work;
   > Under-utilisation of their skills;
   > Low productivity in their employment; and
   > Low returns from their work.

II. Persons outside the labour force may be in a position to supply their labour for use in the economy under the right circumstances.

In situations where

A. unemployment insurance, social security schemes or other public relief schemes are limited or non-existent;

B. self-employment is prevalent; or

C. agricultural activities predominate;

such as in many developing countries, very few persons can afford to be unemployed, in the sense of a total lack of work. The majority have to engage in some economic activity, often in the informal sector or in informal jobs, however slight or inadequate they may be. The unemployment rate is then consistently so low that it loses its usefulness as a barometer of the performance of the economy.

Also, due to volatility in financial and other markets, labour market flexibility, job contraction, changes in the employment situation and the rise of various forms of non-standard employment, the unemployment rate is no longer sufficient to describe and analyse the functioning of the labour market, even in industrialized countries. Many employed persons now have to resort to jobs in which they make less use of their skills, work less or receive less income, especially in self-employment, rather than going into unemployment.

Amongst persons outside the labour force who are available to work are: (a) discouraged workers; (b) those that have stopped looking for work because they believe no work suitable to their qualifications or circumstances exist; and (c) those who could work if personal issues such as child care were resolved. These have varying degrees of marginal at-
tachment to the labour market and form part of the potential labour force. Their size and characteristics are also important in assessing the economy’s ability to utilise the available labour supply.

The unemployment rate therefore does not completely portray the challenges in the employment situation and in the labour market of a country. The need to complement it with other indicators of labour underutilisation to get a complete picture of the labour market has long been recognised. International standards have so far only provided guidance for measuring the underutilisation of labour supply amongst the employed, referred to as ‘underemployment’. Proposals being considered by the ILO WG for the revision of the 13th ICLS Resolution would extend this guidance to underutilisation of labour supply in the working age population.

9.2 UNDEREMPLOYMENT

Underemployment, in its wide sense, relates to the underutilisation of the productive capacity of the employed population. As already stated, this could be in the form of partial lack of work, low income, low productivity, inadequate use of skills, etc. of the employed population. However, the current international standards for the measurement of underemployment are restricted only to the measurement of the partial lack of work of employed persons, referred to as time-related underemployment. The concept of underemployment adopted by the 16th ICLS reflects the situation in which persons who worked or were temporarily absent from work were available and willing to work additional hours, thus complementing the statistics on employment and unemployment.

With respect to the other aspects of underutilisation of the capacity of the employed population, the 16th ICLS recognised their importance to complement the measurement of time-related underemployment. Whilst identifying possible indicators that could be used in their measurement and providing some guidelines for doing so, the Resolution recommended that further development was required on their statistical definitions and methods. As a result, no international standards were adopted on their measurements. These other types of underutilisation of the productive capacity of the employed population are referred to as inadequate employment situations. They describe situations in the workplace which reduce the capacities and well-being of workers, as compared to an alternative employment situation they are willing and able to engage in.

9.2.1 Time-related underemployment

According to the international standards:

Persons in time-related underemployment comprise all persons in employment (as defined above) who, during the reference period used to define employment, satisfied simultaneously the following three criteria:

A. Were willing to work additional hours;
B. Were available to work additional hours;
C. Had worked less than a threshold relating to working time.

The definition applies to all employed persons, including the self-employed and those temporarily absent from work. It should be noted that the reference is to work on all jobs by an employed person during the reference period.

In the Resolution, the notion of willingness to work additional hours translates into wanting to increase hours of work by:

A. having another job (or jobs) in addition to their current job (or jobs);
B. replacing any of their current jobs with another job (or jobs) with increased hours of work;
C. increasing their hours of work in any of their current jobs; or
D. a combination of the above options.

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There is no requirement for the employed person to have actively sought these additional hours, but it is recommended that those who did so should be separately identified for analytical purposes.

The availability criterion requires the employed person to be ready (i.e. have the time to do so), within a specified subsequent period, to work additional hours if given the opportunity to do so. The choice of a specified subsequent period is according to national circumstances, but it should comprise the usual period required for someone to change jobs. The opportunity to work should be interpreted within the context of how the worker wishes to work additional hours. For example, if the desire is to do more hours within a current job, the opportunity must be with regard to the possibility of doing so. It should be noted that, in practice, respondents have experienced some difficulties in differentiating between “willingness” and “availability.” Some countries have therefore resorted to combining them in one question on “willingness and availability”.

The third criterion, working less than a threshold, relates to an employed person whose “hours actually worked” in all jobs during the reference period is less than a threshold, determined according to national circumstances. The definition of “hours actually worked” which is applied should be that in the current international guidelines, which at present are those adopted by the 18th ICLS.23 Suggestions in the Resolution for choice of the threshold are: (i) the boundary between full-time and part-time employment; (ii) the norm established by national legislation, collective agreements, etc.; or (iii) the median or average values. The purpose of the threshold is to exclude from the time-related underemployed population those employed persons who already can be considered to have attained full-time employment in terms of the duration of their work, even if they were willing and available to work additional hours. They cannot be considered as suffering from a partial lack of work and their underemployment may be due to other factors such as low hourly income. The 16th ICLS Resolution nevertheless recommended that data should be collected on all workers who were willing and available to work additional hours, irrespective of the hours they actually worked during the reference period (see Hussmanns (2007) and ILO (2003) for further discussion of these issues).

The use of “hours actually worked” during the short reference period instead of “hours usually worked” is in contention by some experts. The former choice includes both persons in involuntary part-time work (persons who usually work part-time and are willing and available to work additional hours)24 and those who, during the short reference period, had to work less than their normal hours as an exceptional situation (e.g. those temporarily absent from work). The use of usual hours leads to limiting the underemployed to the first group, involuntary part-time workers. The European Union has decided to base their definition of underemployment on usual hours, specifying that the population of interest to them are the underemployed part-time workers. Usual hours, however, pose data-collection challenges associated with its reliable and accurate measurement in household surveys. The 16th ICLS Resolution opted for actual hours but recommended identifying these two groups separately.

9.2.2 Inadequate employment situations

As mentioned earlier, the 16th ICLS Resolution did not adopt definite standards for use in measuring inadequate employment situations. However, it did propose for consideration by countries the following definition:

Persons in inadequate employment situations comprise employed persons who, during the reference period, wanted to change their current work situation, or (particularly for the self-employed) to make changes to their work activities and/or environment, for any of a set of reasons, chosen according to national circumstances.

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24 In fact, not all involuntary part-time workers may be included as some could have actually worked more hours than the threshold during the reference week due to special circumstances.
Examples of reasons given in the 16th ICLS Resolution include: inadequate use and mismatch of occupational skills; inadequate income in the current job(s); excessive hours of work; precariousness of the job(s); inadequate tools, equipment or training for the assigned tasks; inadequate social services; difficulties in travelling to work; variable, arbitrary or inconvenient work schedules; recurring work stoppages due to delivery failures of raw materials or energy; prolonged non-payment of wages; and long overdue payment from customers. These reasons are neither mutually exclusive nor exhaustive.

Workers may want to change their current work situation during the reference period in one or both of the following ways:

A. replace any of their current jobs for another one; and/or

B. carry out changes in any of their current jobs (e.g. by reorganising the work; upgrading tools, machinery or equipment; diversifying the type of products produced; developing innovative marketing strategies; etc.)

The Resolution further suggested two additional criteria that may be used in identifying employed persons in inadequate employment situations:

... Workers availability to change their current situation, as well as their active job search, as understood in the definition of time-related underemployment, may also be applied.

The use of these additional criteria brings some objectivity into the measurement, as the desire for changing current work situations on its own could lead to rather subjective results. The availability criterion should thus be understood in terms of ‘being in a position to do so’, either in terms of time or of current capacity. Most countries collecting data on inadequate employment situations in fact apply them.

The 16th ICLS identified three particular types of inadequate employment situations that countries may wish to consider:

A. Skill-related inadequate employment: persons who were willing or seeking to change their current work situation during the reference period in order to use their current occupational skills more fully and were available to do so.

B. Income-related inadequate employment: persons who were willing or seeking to change their current work situation to increase their income by increasing the levels of work organisation or productivity, by improving tools and equipment, training or infrastructure, and were available to do so.

C. Inadequate employment related to excessive hours: persons who were willing or seeking to change their current work situation to work fewer hours, either in the same job(s) or in another job, with a corresponding reduction of income.

In applying (b), it may be useful to set an income threshold, based on national circumstances, above which a person does not qualify to be included. Similarly, in applying (c), an hour’s threshold below which persons do not qualify for inclusion could also be set.

The identification of employed persons as belonging to one or more of the above groups is based on their current capacities and desire to change their current work situation for one or more of the above reasons, as expressed by the employed persons themselves. This micro labour supply approach introduces some subjectivity into the measures of inadequate employment.

An alternative approach, being considered by the ILO WG for the indicators of labour underutilisation in the new resolution, is the macro-economy level approach of identifying persons in these inadequate employment situations through a more ‘objective’ basis. For example,
Development work is continuing in the ILO to come up with a proposal for a resolution to be adopted by the 19th ICLS that would include the above indicator of labour slack (insufficient volume of work). These proposals would also include the indicators on skill underutilisation and low pay discussed above in section 9.2, as measures of other forms of labour underutilisation. There may be overlaps, in the sense of an employed person belonging to two or more of these different types of labour underutilization, and these would need to be resolved if the intention is to have a single indicator of labour underutilisation to complement the unemployment rate. Another challenge would be which denominator to use when computing the indicator(s), with the choices being between the size of the labour force, that of the working age population or some number in between.

9.3 LABOUR SLACK AND OTHER FORMS OF LABOUR UNDERUTILISATION

As already mentioned, the ILO WG is developing proposals for indicators of labour underutilisation that go beyond the labour force to the working age population. One such is a measure of labour slack which would encompass the persons in time-related underemployment, those in unemployment and those persons outside the labour force who:

A. were seeking work, but not available for work within the availability reference period;

B. were available to work but not seeking work during the seeking work reference period because they were discouraged, as described above in section 6.2; and

C. possibly some others yet to be determined.

EUROSTAT has decided to produce measures of labour underutilisation on the above basis using only the criteria in a) and b) for those outside the labour force.

10. MEASUREMENT OF LONG-TERM EMPLOYMENT SITUATION (USUAL ACTIVITY)

10.1 INTRODUCTION

The labour force measurement framework produces statistics on the employment situation of individuals and that in the economy during a short reference period, such as one week. These statistics thus present a snapshot of the employment situation at a ‘current’ point in time, i.e. the reference week. Almost certainly, a one-off measurement of this type will be inadequate for the description and analysis of the long-term employment situation of a substantial number of individuals and that in the economy. Admittedly, for many persons, their employment situation remains relatively stable over such long periods and so the picture obtained from such a one-off survey should persist throughout the longer period. There are, however, a substantial number of persons whose employment situation may change over such a long period. Their labour force status and/or the characteristics of their job(s) could have changed during this period.
which when aggregated over all individuals could also apply to the economy. In economies with significant seasonal sectors such as agriculture or tourism, these changes will occur as a result of the seasonality in production. Even in economies where seasonality is not prominent, changes occur for a variety of other reasons such as financial or economic crisis, labour market flexibility, demographic factors, job contraction and the rise of various forms of non-standard employment. This is evidenced, for example, through the statistically significant changes in monthly or quarterly unemployment rates in those countries where they are measured as often.

Statistics on the long-term employment situation in the economy, when summarised over the long period, are useful for economic analysis, projections, manpower and development planning. They are particularly valuable as a basis for national account estimates of labour input into production and for cross analysis with other national account aggregates. Statistics on the long-term employment situation of an individual, when summarised over the long period, are important for social analysis in the areas of poverty and social exclusion, and for formulating policies in social areas such as education and training. They fit in with other social statistics determined on an annual basis such as household income and school enrolment. Statistics on the long-term employment situation of individuals and in the economy are also key in the analysis of seasonal patterns in employment statistics, flows in and out of labour force categories, duration of stay in each category, etc.

**10.2 SOURCES**

Statistics on the long-term employment situation in the economy can be obtained through frequent labour force surveys over the long period. For example, these can be quarterly, monthly or continuous surveys. The data collected can be used to study changes across the different periods, such as changes in unemployment rates, or summarised (aggregated or averaged) across the different periods to produce annual estimates such as annual employment. These statistics can also come from spreading the labour force survey sample over a one-year period. In some instances, these sub-samples are nationally representative and so capture significant seasonal patterns of activities or substantial labour force movements during the year. When frequent labour force surveys also use sample rotation schemes, they generate data on the long-term employment situation at the individual level. This is the most reliable way of producing statistics for analysing flows in the labour market, seasonality and duration of stays in different labour force categories. When summarised over the long period for each individual, statistics on the employment situation of that individual can then be analysed along with other personal characteristics of that individual and those of the person’s household. Statistics on the employment situation in the economy are then obtained by summarising the data over the long period and over individuals.

A growing number of countries, especially those with developed economies, are implementing frequent labour force surveys, on a monthly or continuous basis, with a rotational sample. The challenges they face are analytical, in the sense of deciding which form of summarisation to do and, if studying changes, determining the extent to which observed changes are statistically significant and not just noise. Others amongst them implement frequent labour force surveys, but with different samples. These are used to summarise the employment situation or study changes in it at the level of the economy. Very few developing countries, even less so in Africa, are in a position to implement frequent labour force surveys with sample rotation. Some carry out labour force surveys with the sample spread over the year, which can then be used to produce statistics on the employment situation at the level of the economy.

The majority of countries in Africa carry out either regular but infrequent labour force surveys, such as every three or five years, or ad hoc labour force surveys. In settings such as these, where it is not possible to implement frequent labour force surveys, other sources are necessary to obtain data on the long-term employment situation in the economy.
surveys or spread the labour force survey sample over time, some other method is necessary to generate statistics on the long-term employment situation of individuals and that in the economy. The alternative method is to generate the data required through retrospective measurement over the long period.

10.3 USES OF THE STATISTICS

Data generated from surveys or from retrospective measurement on the employment situation of individuals during each time period (e.g. each month) over a long reference period can be used to study the changes that occurred in their labour force status, if any. Alternatively, these data can be summarised:

C. for each individual across these time periods to determine and analyse an annual ‘picture’ of the person’s employment situation; and/or

D. across individuals for the annual employment situation in the economy.

In a), it may be useful to be able to classify a person over the long period as:

I. ‘somehow economically active’ or ‘somehow not economically active’, including amongst the former those who are ‘somehow employed’ and those who are ‘somehow unemployed’;

II. ‘mostly employed’, ‘mostly unemployed’ or ‘mostly not economically active’; or

III. ‘ever employed’ or ‘never employed’; and so on.

In b), one can, for example, compute:

I. average annual employment by averaging the number of employed persons each time period over the long reference period; and

II. total labour input into production by summing the number of hours worked each time period across individuals and time periods; and so on.

10.4 MEASUREMENT FRAMEWORKS

In recognition of the need to produce some information about the long-term employment situation in the absence of regular frequent labour force surveys, the 13th ICLS Resolution introduced the ‘usually active measurement framework’ (see Figure 8). According to these international standards:

The usually active population comprises all persons above a specified age whose main activity status as determined in terms of number of weeks or days during a long specified period (such as the preceding 12 months or the preceding calendar year) was employed or unemployed.

The above definition introduces the notion of ‘activity status’, which is determined over a short reference period such as a week or a day in terms of being ‘economically active (employed or unemployed)’ or ‘not economically active’. This could be done on the same basis as the labour force framework. The ‘main activity status’ is then determined based on a summation of the various activity statuses of the individual during the preceding 52 weeks or 365 days of the 12-month reference period. The use of the main activity status in this framework differs from the labour force framework priority criterion, which accords priority to any economic activity over activities that are not economic. Although not explicitly included in the standards, the procedure mostly followed by those countries using the usual activity framework is to interpret ‘main activity status’ in terms of the majority criterion. That is, to classify a person as usually active if the number of weeks of being in the ‘active status’ is not smaller than the number of weeks of being in the ‘not active’ status. Another possibility discussed in Hussmanns et al (1990) is to classify a person as usually active if the number of weeks of being active is not less than some cut-off point such as the length of the tourist season.

As for the labour force framework, the classification of individuals could differ depending on whether it is based on weeks or on days as
the unit of measurement. When employment is mostly of a regular and continuing nature and hence a week of employment usually means a week of full-time employment or of employment for the major part of the working time, it is recommended to base the main activity status on weeks. Otherwise, days are better. However, most countries using this framework base it on weeks.

The usually active population can be further subdivided into the usually employed population and the usually unemployed population according to the main activity during the active period, i.e. whether they were mainly active employed or mainly active unemployed. Thus, a usually active person is usually employed if during the active period the number of weeks of employment is not less than the number of weeks of unemployment. The usually active person is usually unemployed if the contrary holds. This is another difference between the labour force framework and the usually active framework. In the former, persons are first classified as employed or unemployed and then the two sub-populations are merged to get the labour force. In the latter, it is the reverse.

According to international standards,

The ‘population not usually active’ comprises all persons whose main activity status during the longer specified period was neither employed nor unemployed.

Source: UN & ILO (2010), Figure IV, p. 85.
It is further recommended that this population is classified into the following four groups: students; homemakers; pension or capital income recipients; and others.

There are some other measurement frameworks for long-term employment situations, although these are not included in the international standards. One such is the predominant activity framework. In this, a person is classified according to the number of weeks (or days) spent in each of the three activity states (employed, unemployed or not active) during the long reference period of 12 calendar months or one calendar year. The classification is done using the majority criterion. Thus, the person is classified as mainly employed, mainly unemployed or mainly not active depending on which of these three states the person spent the longest time during the 12 months or one calendar year. The person is then classified as mainly active if they were either mainly employed or mainly unemployed, in a similar way to the labour force framework. Another framework discussed in Hussmans et al (1990) is population economically active at some point during the year, which refers to all persons above the specified minimum age who experienced at least one week (or one day) of employment or unemployment in the course of the reference year.

10.5 EXAMPLE

A person during the course of the reference year was employed for 12 weeks, unemployed for 17 weeks and not economically active during the remaining 23 weeks.

Usually active framework: The person is first classified as usually active since the total number of weeks of being active (employed or unemployed) is 29 weeks, which amounts to more than the 23 weeks of not being active. Since the person is usually active, they can then be classified as usually unemployed, as the number of weeks of unemployment during the active period of 29 weeks is 17 weeks, which is larger than the number of weeks of employment (12 weeks). Thus, the person is usually active, unemployed.

Predominant activity framework: Of the three states of employment, unemployment and not being active, the person spent the largest amount of time (23 weeks) in being not active. So the person is classified as mainly not active.

The person was economically active at some point during the year since they had 29 weeks of employment/unemployment.

10.6 DATA COLLECTION

In theory, the data needed for any of the above measurement frameworks can be generated through frequent labour force surveys based on rotational samples without the use of retrospective questioning. In practice, the data is generated from the other types of labour force surveys using retrospective measurement. When retrospective measurement is based on the recall memory of individuals, experience has shown that it could be subject to substantial recall errors, especially for those individuals with unstable employment situations. This poses a major measurement challenge which has been addressed using various methods, but never completely satisfactorily.

For the usual activity framework, the following methods are used:

A. Directly asking respondents about their main activity status during the long reference period – simple, but most unreliable as subject to misunderstanding of the concept of main activity status as well as recall errors;

B. Asking respondents about their number of weeks (or days) of employment or of unemployment during the long reference period (referred to as whole year recall) – unreliable due to recall errors of the exact numbers over such a long period; and

C. Asking respondents the number of half-months, weeks or days of employment or
of unemployment, for each month of the reference year (month-by-month recall) – less recall errors but more complex questionnaire.

In a), persons are classified directly from their responses. In b) and c), responses have to be further processed to classify the person. With c), there is also the possibility of producing statistics on flows and on seasonal variations.

For the predominant activity framework, a direct question on which activity state (employed, unemployed or not active) was predominant during the reference period is usual. Although still subject to recall errors, the risk of this should be less than for the usual activity framework. Countries collecting statistics on long-term employment situations through population censuses tend to favour this approach.

10.7 FUTURE PROPOSALS

Due to the limited quality of the data from retrospective questioning and the fact that a growing number of countries are now implementing frequent labour force surveys, the ILO WG is examining a proposal to exclude these long-term frameworks from the new standards. However, as argued above, there are still many African countries that do not do such surveys and yet need some information on their long-term employment situation. They would still need some guidance on how best to do so, even if with a proviso that the statistics should only be considered as indicative due to the data collection challenges.

ANNEX: SLIDES ON HOURS CONCEPT

HOURS ACTUALLY WORKED

- Resting time
  - Short rest
  - Coffee break
  - Prayer
- Down time
  - Preparing tools
  - Purchasing transporting
  - Waiting time
  - On-call duty
  - Travelling between work locations
  - Training time
- Related hours
  - Excluded
    - Breakdown, accident
    - Lack of materials
    - No power or Internet access
- Direct hours
  - Any location
  - Any period

HOURS PAID FOR

- In paid employment jobs
  Time for which payment received by employer (at normal or premium rates, in cash or in kind) regardless of whether the hours actually worked or not
  
  Includes: paid annual leave, paid public holidays, paid sick leave
  Excludes: Unpaid overtime, unpaid educational leave, maternity leave unpaid or paid through social security systems

- In self-employment jobs
  Hours paid on the basis of time units
  Hours paid for equivalent to hours actually worked
NORMAL HOURS OF WORK

• Hours of work fixed in paid employment jobs by or in pursuance of
  laws and regulations
  collective agreements
  arbitral awards

• Also applies to self-employment jobs
  when the hours fixed for all jobs in a specified industry or occupation (such as for drivers to ensure public safety)

CONTRACTUAL HOURS OF WORK

Time expected to be performed
  according to contract for a paid-employment job
  for provision of goods/services in a self-employment job (or volunteer job)

Comparison with normal hours of work
  may be equivalent to or established in conformity with prevailing normal hours of work
  may be above normal hours (e.g., contractual overtime hours)
HOURS USUALLY WORKED

Definition
Hours actually worked in an activity during a typical week

Calculation
Modal value of hours actually worked per week over a long period

OVERTIME HOURS OF WORK

• Applies to all jobs
  Hours stipulated as overtime in contract
  Hours actually worked in excess of hours usually worked if no contract

• Excludes
  Overtime as result of rotation

• Overtime hours of work
  Paid
  Unpaid
Part I: Measurement of the EAP

Absence from work hours

- Applies to all jobs
  - Contractual hours of work not actually worked if contractual hours exist
  - Hours usually worked but not actually worked when contractual hours do not exist

- Excludes
  - Time not worked as result of established work arrangements (such as flexi-time off or shift work)

- Absence from work hours
  - Paid or unpaid
  - Initiated by worker or by employer

**Hours of work: numerical example**

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Reference week

- 2 hrs paid overtime
- 16 hrs absence from work
- 4 hrs unpaid overtime
- Saturday work not paid: 4 hrs unpaid overtime

Annex: slides on hours concept