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employment statistics****Office for National Statistics, United Kingdom of Great
Britain and Northern Ireland; labour statistics****Note by the Secretary-General**

In accordance with a request of the Statistical Commission at its thirty-eighth session,** the Secretary-General has the honour to transmit the report of the Office for National Statistics, United Kingdom of Great Britain and Northern Ireland, on labour statistics. The field of international labour statistics is broad and varied, and the report has focused on the areas where specific improvements can be made in the future. The Commission may wish to express its views on the findings, conclusions and recommendations for future work in the area of labour statistics, as contained in paragraph 89 of the present report.

* E/CN.3/2008/1.

** See *Official Records of the Economic and Social Council, 2007, Supplement No. 4 (E/2007/24)*, chap. I.A.



Report of the Office for National Statistics, United Kingdom of Great Britain and Northern Ireland, on labour statistics

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I. Mandate and approach

1. In March 2007, the Office for National Statistics, United Kingdom of Great Britain and Northern Ireland, was invited to carry out a programme review of employment statistics. The Office for National Statistics accepted the interesting and exciting challenge and completed the review in November 2007. Although the initial mandate was for a review of employment statistics, the Office decided to broaden it to labour statistics for the following reasons:

(a) To look only at employment statistics would disregard the importance of statistics relating to earnings, etc.;

(b) To avoid the focus of the review becoming a discussion of the boundaries between employment statistics and other closely related concepts;

(c) To provide a more complete overview of international work in the area.

2. The review was conducted using a combination of desk-based research and consultation with experts, alongside a survey of the views of States Members of the United Nations. The key questions the review has addressed are:

(a) What is currently been done and who are the key players?

(b) How well is the current system working?

(c) Is what is being done sufficiently in line with the demand for this type of statistics or are there gaps?

(d) What are the priority areas for the future?

II. Successes and gaps in the current work of different organizations involved in labour statistics

A. What are labour statistics and why do we need them?

3. Labour statistics relate to both people and organizations. They describe the characteristics of these actors and their behaviours in and around the world of work. They include statistics which relate to people's rights at work, the conditions in which they work, their participation in decision-making at their place of work and in their communities and the conditions in which they and their families live. Labour statistics also include statistics on labour cost, the demand for labour and related topics. There is also the important area of industrial relations, which includes statistics on social dialogue, membership of employers' groups, collective agreements and industrial disputes.

4. Labour statistics have developed over the years from a range of sources as a result of various demands. Political and administrative systems have always required the ability to measure whether specific policies are making the desired changes. In a similar way, demands of the national accounting systems also have meant that statistics are required to ensure a comprehensive measurement of changes in the labour market and the impact of this on the economy.

5. The role of Government in setting labour market policy in the twenty-first century will differ between countries, partly because of different stages of

development but also in relation to issues such as the flexibility of the labour market and the extent of deregulation. In some countries, the Government sets and regulates wage policies, implements a range of health and safety requirements and promotes specific training of the workforce. There is also a broader range of social and socio-economic policy, such as the operation of the welfare system, which works to promote and stimulate employment growth and hence economic growth. These requirements drive information needs in the arena of labour statistics and will be very different in countries internationally.

6. On a broader scale, labour statistics are required for individual and organizational decision-making at a range of different levels. Businesses make assessments of markets through looking at figures relating to local areas and the characteristics of individuals and competitors in these areas. Individuals, including trade unions, will use labour statistics to identify a range of job characteristics, including where vacancies exist, hours of work and levels of pay.

7. Labour statistics will continue to be important in understanding trends in the future, as changes in the nature of work and how individuals respond to this, continue. Globalization is clearly a major issue for the future but it is not covered in great detail in the present review as its impacts are much broader than labour statistics. Globalization can be conceptualized as a multifaceted process of structural economic, technological and social change, characterized by the opening of national economies to trade, foreign capital and foreign workers. In labour statistics terms, there are a number of important aspects to these changes, which will inevitably have implications for national and international data requirements in the future. These include the wide range of social and economic impacts on the population, the impact of a greater level of financial integration and the challenges of measuring the movement of labour across national boundaries.

8. The measurement of the resident population in any country is of vital importance to labour statisticians. Recording the movement of migrants is another global issue that is being led by experts in the field of population statistics. The relevant issues for labour statistics can be considered in terms of the speed of adjustments in the labour market to the emerging supply — and demand — related constraints. In terms of addressing key issues for the future, one of the important aspects must be to look at developing a standardized approach to measuring short-term migration, in addition to the existing United Nations standards for long-term migration.

B. Indicators of labour statistics

9. Three of the main international organizations involved in compiling indicators of labour statistics are the International Labour Organization (ILO), the Organization for Economic Cooperation and Development (OECD) and Eurostat. A number of other organizations also play important roles in this area, including the United Nations Statistics Division, the International Monetary Fund (IMF) and the World Bank. The review primarily focuses on the work of ILO, OECD and Eurostat due to their membership and range of activities in relation to labour statistics. An outline of the main statistical activities of these three organizations is covered in the background document.

10. Although there are some common indicators measured by ILO, OECD and Eurostat, there are also indicators unique to each organization because they are more specific to their individual remit. Ideally, different international organizations would use the same or very similar indicators for collecting information on the labour market for reasons of coherence and comparability. In reality, however, individual organizations have their own needs and therefore the statistics they collect may vary slightly in interpretation from other organizations, sometimes making comparisons difficult. The ILO has a list of 20 key indicators in the *Key Indicators of the Labour Market*, but for other organizations it is more difficult to determine which indicators they consider to be crucial. A list of indicators common to ILO, OECD and Eurostat is included in the background document.

11. The ILO definitions for employment, unemployment and inactivity (see background document) are adhered to by OECD and Eurostat, but have differing interpretations, especially where ILO guidelines are broad. Working age, for example, varies from country to country due to variations in school-leaving age and retirement. As ILO does not state a lower age limit in the definition of employment, this can vary from age 14 to age 16, depending on the country. Eurostat uses the age range “15 and over” to define working age (with some minor deviations in a few European countries), whereas OECD uses the range “16 to 64”. Eurostat also applies age constraints to unemployed persons (i.e., “15 to 74” years).

12. Another indicator in which there is disparity between the organizations is part-time workers. The ILO definition of a part-time worker, as included in the convention on part-time work,¹ is an “employed person whose normal hours of work are less than those of comparable full-time workers”. This is not, however, intended as a statistical definition. In comparison, OECD defines part-time employment as persons who usually work less than 30 hours per week in their main job. Eurostat requires the European Union labour force survey to identify part-time workers based on respondent self-reporting, rather than being based on an hours-of-work threshold. It is almost impossible to establish a more exact distinction between part-time and full-time work due to variations in working hours between member States and differences in distributions by types of industry. In order to produce comparable statistics on part-time work, further work needs to be done by international agencies in understanding what this means for individuals as part-time work is more about measuring attachment to the labour market than about a classification of total hours worked. Recent analysis of the United Kingdom labour force survey² indicated that a simple full-time/part-time dichotomy does not adequately capture the diverse range of working patterns that exist within the workforce.

13. International comparisons depend on the coherence of inputs from individual countries. One example of this is the effects of differences in the definitions of the economically active population. National practices vary between countries, as can be seen by the treatment of groups such as armed forces, persons seeking their first job, seasonal workers or persons engaged in part-time economic activities. In certain countries, all or some of these groups are included among the economically active while in other countries they are treated as inactive. In general, however, the data on

¹ C175 Part-Time Work Convention, 1994.

² Walling, A., “Understanding statistics on full-time/part-time employment”, *Economic and Labour Market Review*, vol. 1, No. 2, February 2007.

the economically active population does not include persons occupied solely in domestic duties in their own households, members of collective households, inmates of institutions, retired persons, persons living entirely on their own means and persons wholly dependent upon others. People on temporary layoff are also not treated the same in different countries.

14. The ILO definitions are not prescriptive in that they do not give a list of survey questions to ask. The definition for unemployment can be successfully adhered to when using a household labour force survey. There are, however, several limitations with using administrative data to provide figures according to this definition of unemployment, which tend to result in underestimates of the level of true unemployment.

15. The ILO states that the unemployed must be available to start work in the reference period (of the survey from which the statistics are produced), but this period can be extended further backwards or forwards if necessary. Eurostat defines currently available for work as being available to start within two weeks of the reference period. It also defines the “specified recent period” for seeking work as the four weeks preceding the survey interview. During this period at least one active method to find work should be undertaken in order to satisfy the criterion of “seeking work”.

16. Activity rates for women are frequently not comparable internationally, since in many countries relatively large numbers of women assist on farms or in other family enterprises without pay, and countries differ in the criteria adopted for determining the extent to which such workers are to be counted among the economically active. Certain countries only include contributing family workers who work more than one third of a normal workday. Activity rates for young people also should be compared with caution owing to variations among countries in the treatment of contributing family workers, of unemployed persons not previously employed and of students engaged in part-time economic activities.

17. A huge amount of progress has been made in harmonizing concepts and definitions internationally, primarily through the work of the ILO. Promoting input harmonization will continue to be a key part of collecting and disseminating comparable labour statistics in the future. Future work should focus on working closely with individual countries to encourage and promote the harmonization of questions wherever possible. In addition, greater coherence would be achieved through developing a set of key labour statistics indicators common to the three main international agencies.

18. *The ILO should look at extending the harmonized statistical information in common to the three main international agencies (ILO, Eurostat and OECD). In finalizing a common set of indicators, the practicality and capacity of economies need to be taken into account.*

19. Labour statistics indicators internationally are often not coordinated with indicators for other topics, such as health, education and the economy. Issues of comparability of relevant information and overlap need to be addressed in order to make the most efficient use of available data. This issue is covered in more detail in section IV, below, which discusses potential improvements to the current labour statistics framework in terms of developing closer statistical links across different domains.

20. In terms of producing a harmonized set of key labour statistics, the ILO-Comparable programme³ provides a good model. This programme presents a set of 11 basic indicators in relation to employment and unemployment from national labour force surveys. These indicators are a subset of the broader range of indicators published in the *Key Indicators of the Labour Market*. The indicators in the comparable programme have been adjusted to make estimates conceptually consistent with the strictest application possible of the ILO international statistical guidelines on labour statistics. The process of adjustment accounts for differences in survey coverage, age and reference periods used in individual countries. The programme has extended the number of participating countries to over 30 and, with wider coverage internationally, would provide an invaluable source of harmonized information on core labour statistics topics.

21. *Extending the coverage of the ILO-Comparable programme should be explored, both in terms of increasing the number of participating countries, and increasing the range of indicators produced.*

C. Role of international organizations involved in labour statistics

1. Compilation and dissemination activities

22. The successes of international agencies involved in collating and disseminating labour statistics cannot be comprehensively summarized in a short review such as the present one. The aim here is to highlight some of the achievements that have a direct impact on the work of these agencies in the future.

23. The ILO, Eurostat and OECD all produce comprehensive outputs covering indicators of the labour market (see background document for more detail).

24. Quality in terms of the compilation and dissemination of international labour statistics can be measured in a variety of ways. Quality can be measured in terms of a number of key characteristics of the data, including timeliness, accuracy, flexibility and coherence. Research carried out as part of the present review has indicated that although there is a wide range of information available internationally, there is some duplication (see para. 18 above). There are also a range of problems resulting from definitional differences, some of which can be addressed through adjusting conceptually consistent estimates (see para. 21 above).

25. In one sense the main criterion for the compilation and dissemination of high-quality labour statistics is that statistics meet the needs of the individuals and organizations using them. This is, however, a difficult area on which to get a consensus. It was decided for this reason that the best method would be to carry out a survey of national statistics institutes and ask specific questions relating to the process of providing data to international agencies and how the process could be improved. The results of the questionnaire are presented in section III below, along with subsequent recommendations.

26. The main aims behind collecting and disseminating labour market statistics for all three organizations are similar. These include comparisons between countries, ensuring the statistics are relevant and reliable and assessing whether the aims of the

³ ILO-Comparable annual employment and unemployment estimates, ILO..

specific organization are being achieved. Each organization has, however, its own focus and as a consequence has slightly different interests. Eurostat will be interested in different issues from lower-income countries, which may fall more under the focus of ILO.

27. The ILO has been working to improve the quality of the labour statistics they collect and disseminate. In the latest edition of the *Key Indicators of the Labour Market* (fifth edition), there have been various enhancements. One of these is improvements to some of the indicators, in particular to make it easier to compare across countries. There have been improvements in the geographic coverage and also timeliness of information due to changes in the collection and processing of the information.

28. One of the biggest issues facing ILO in terms of its data compilation and dissemination activities is non-response from countries. In 2006, the annual questionnaire for the ILO yearbook of labour statistics was sent to 232 countries and only around 20 per cent of countries responded in full and around 50 per cent gave partial responses. This clearly has an impact on the ability of ILO to make assessments about the quality of labour statistics in the countries unable to respond. There are additional problems associated with the fact that some countries are unable to provide the information in the format or for the time periods required. A key part of collecting and disseminating high-quality information on labour statistics is the ability to provide accurate metadata on sources and methods of collection. Research for the present review indicated that in some instances the information is limited or insufficient, thereby restricting the extent to which comparisons can be made internationally.

29. In order to address this issue, international agencies should also look into ways of sharing best practices as regards collecting labour statistics to enable comparisons to be made internationally. This would include using the concept of capturing data once and using them many times, which would speed up the data collection process and reduce the burden for member countries. ILO needs to consider whether one method of addressing this is through the implementation of a single system for capturing and disseminating data, along the lines of the Statistical Data and Metadata Exchange (SDMX) (SDMX was started in 2001 with the aim of fostering standards and guidance and effective exchanges of quality data to avoid duplication, through the use of modern technology). The range of sponsor organizations for this initiative includes the European Central Bank, Eurostat, IMF, OECD, the World Bank, the Bank for International Settlements and the United Nations. Encouraging the take up of a system akin to SDMX by international agencies and national statistical agencies, supporting the work of the Statistics Division Committee for the Coordination of Statistical Activities, would improve progress towards making the process of collecting and disseminating information on labour statistics more efficient. It would also assist in collecting and using labour statistics alongside other statistics in the related domains of economic, financial and trade statistics and social statistics.

30. *ILO should consider promoting a single system of capturing and disseminating labour statistics information along the lines of SDMX.*

31. In the long term, one of the aims of international agencies must be to improve the coverage and quality of labour statistics collected in countries currently unable to produce figures in the formats and according to the timescales required. In the

short-term, however, there may well be merit in seeing the data collection process in terms of a number of broad stages. An example of the nature of these stages is outlined below:

(a) Collect data from the countries that are able to provide it in the format required;

(b) For those countries that are unable to do this, ILO should explore the possibility of collecting information with different definitions, time periods, etc., where possible;

(c) For both countries in group 1 and 2, ILO needs to ensure that appropriate metadata is easily available to users to ensure that any comparisons made take account of differences in data collection methodology;

(d) Where appropriate, ILO should consider whether adjustments can be made in-house to improve the comparability of indicators from a smaller range of countries.

32. The ILO should review their methods of collecting, collating and publishing labour statistics to ensure the best possible levels of response. This could involve an approach similar to the one outlined above, which would collect any available data from countries with limited resources, to adjusting figures in-house to achieve greater comparability.

2. Development work by international agencies

33. One of the major conceptual developments in the ILO has been the common goals encapsulated in the decent work agenda. This concept was introduced in 1999 and provides a framework for the integration and development of statistics both within and outside the ILO. It is defined as “productive work in conditions of freedom, equity, security and human dignity”. One of the difficulties is that applying the concept of decency to economic activity is open to interpretation. However, as the Key Indicators of the Labour Market collects a broad range of labour market indicators, it is useful for assessing many of the issues relating to the decent work agenda.

34. The Key Indicators of the Labour Market are also vital for monitoring progress against achievement of the Millennium Development Goals. These indicators can help to identify where decent work is lacking, especially if measured not only in terms of people who are working but still cannot lift themselves out of poverty but also in terms of the quality of work or the lack of any work at all.

35. Further to this, the ILO is committed to developing an updated version of the International Standard Classification of Occupations (ISCO-88) by the end of 2007, in time for countries to incorporate it in their preparations for the 2010 round of population censuses (see E/CN.3/2008/28).

36. The ILO is responsible for the development of international standards for the measurement of labour statistics and for their enhanced international comparability. The continuation of this work is vital in order to provide the framework around which harmonized labour statistics can be produced. The present review has, however, highlighted the need to speed up the process by which standards are discussed, developed and agreed. This could involve the development of expert groups, along the lines of the Paris group, to work on topical issues. The Paris city

group was set up under the auspices of the United Nations in 1997 with the broad topic of labour and compensation. It is an informal exchange group and its participants are labour statisticians belonging to national statistics institutes or international organizations. In recent years it has focused on developing a draft International Conference of Labour Statisticians resolution on working time measurement, which will be presented at the next International Conference of Labour Statisticians meeting in 2008. There have also been discussions on specific issues related to the ageing of the labour force. These include underutilization, patterns of retirement, projections and the impact of population structure on indicators. The work of the Paris group has shown that specific issues can be discussed in smaller group of representatives from interested countries and proposals developed in a collaborative forum.

37. The Organization for Economic Cooperation and Development has various enhancements to labour market statistics planned for 2007. One of these is to provide more background information on the comparability of headline labour series and on the reasons for differences between labour force data and estimates compiled by national accountants. Another improvement is to request a small number of countries slow at responding to the annual questionnaire to speed up their response.

38. Eurostat current activities on improving the quality of labour market statistics include quality assurance of the labour force survey; consistency with national accounts; developing annual labour force survey ad hoc modules that address specific aspects or interactions of the labour market with other domains; implementation of quarterly job vacancy statistics; creation of a European social-economic classification and implementation of the activity classification (NACE Rev.2); and the definition of a system of quality of employment indicators.

39. The development of quarterly vacancy statistics can be seen as an example of a development which has made substantial improvements to quality in terms of measuring elements of labour demand. A proposal for a council regulation on quarterly statistics on community job vacancies is expected to be adopted soon by the European Parliament. It is proposed that this will set the framework for the production of vacancy statistics across the European Union. An implementation regulation is also proposed to specify the further detail. Most of the required statistics are already being provided by most member States to Eurostat on a voluntary basis, although various efforts towards greater harmonization will be needed to meet the regulations.

40. *The ILO should work with the Statistics Division, OECD and Eurostat to improve the coordination of development work by:*

- (a) *Working with existing city groups involved in labour statistics topics;*
- (b) *Extending the use of expert groups to work on topical issues.*

3. Technical assistance

41. Eurostat provides technical assistance to non-EU member States, mostly with countries with geographical links (Mediterranean countries, Balkan countries, Eastern Europe) but also with Latin America, Asia and other regions. This cooperation is not limited to labour market statistics but covers many other statistical domains and institutional organizations.

42. In 2003, the ILO and the Partnership for Statistics in the Twenty-first Century (PARIS-21) held a joint seminar on capacity-building for labour statistics.⁴ The aim was to identify common problems in the development of sustainable systems of labour statistics and suggest some future strategies for statistical capacity-building. An example of one issue identified was that labour statistical systems are often not coordinated and that definitions are not standardized within the country and hence users have problems in reconciling statistics produced from different sources and for different regions or periods. Recommendations for future development included each country undertaking a national review of its labour statistics systems, which should be updated every five years, and an emphasis on training to ensure continuity. In recent years, ILO statisticians have assisted a number of countries (China, Nepal and Zimbabwe) in conducting such reviews.

43. The ILO provides a large amount of technical assistance to its members by providing expert consultancies, technical manuals and guidelines and training to assist countries in the application of the strands required in the effective production of reliable statistics. This assistance covers the area of labour market statistics and related issues such as labour law reform, labour administration and dispute settlement, employment policy and awareness-raising. This guidance and advice tends to be tailored to suit national capacities and provided not only by missions or consultancies but also through correspondence and e-contacts. However, as was noted in the ILO-Paris21 capacity-building seminar, resources for this sort of assistance were limited and even decreasing.

44. The ILO standard-setting and technical cooperation activities are reinforced by an extensive research, training, education and publications programme. As part of this, the ILO runs the International Training Centre in Turin, the aim of which is to provide training in subjects that further the ILO pursuit of decent work for all. In addition to running training courses the centre also acts as a meeting place and runs distance learning courses. The centre runs more than 350 courses per year for a total of around 8,000 people. These include courses on labour statistics, labour market information systems and labour market analysis.

45. This sort of training can be seen as an integral part of the statistical capacity-building agenda. A recent external audit of ILO activities relating to the production of statistics, highlighted the need for more professional staff in both its headquarters and regional offices. This is in order to provide additional technical assistance to countries. In addition, it recommended that each regional office should have at least one professional staff person specialized in standards and methods for survey design and data collection. Discussions with ILO have indicated that with a zero growth budget for the organization, outside resources would be needed in support of this.

46. *The process for providing technical assistance to practitioners in national statistical institutes and other organizations involved in the implementation of labour statistics internationally should be reviewed. This review would be carried out by ILO and would involve relevant experts in other international organizations. Improving the coverage of labour statistics in countries without a regular and reliable labour force survey or equivalent would be an important part of this review and an assessment of additional staff numbers required to achieve this.*

⁴ Report on ILO-Paris21 seminar on capacity-building for labour statistics, Geneva, 3 December 2003.

D. Standard-setting and the role of the International Labour Organization

47. The International Labour Organization is the key player in terms of setting international labour standards. Labour standards in their simplest form are rules that govern how people are treated in a working environment. The standards cover a wide range of topics, mainly concerning basic human rights at work. They also extend to good governance, such as inspection and labour administration, and ensuring payment for work and minimum wages. International labour standards are established in the form of International Labour Conference conventions and recommendations. These conventions, once ratified by a country, become part of the legal framework of the country. The International Labour Conference (the annual general assembly of member States) adopted an ILO convention on labour statistics (C160) and a recommendation on labour statistics (R170), in 1985.

48. The main instrument for formulating policy guidance in labour statistics is the International Conference of Labour Statisticians which meets roughly every five years. Participants include experts from Governments, mostly appointed from ministries responsible for labour and national statistical offices, as well as from employers and workers organizations reflecting the ILO tripartite structure. Each International Conference of Labour Statisticians is invited to make recommendations on selected topics of labour statistics in the form of resolutions and guidelines, which are then approved by the Governing Body of the ILO before becoming part of the set of international standards on labour statistics. The recommendations usually relate to concepts, definitions, classifications and other methodological procedures, which are agreed as representing best practices in the respective areas, and which when used by national producers will increase the likelihood of having internationally comparable labour statistics as well as comparability across time within countries.

49. The agenda of the International Conference of Labour Statisticians meetings is decided by the ILO Governing Body following proposals by the Bureau of Statistics, as the focal point within the ILO for statistical activities. The topics are identified on the basis of the recommendations of earlier Conferences, the work of the Bureau in a particular field, through ILO programmes or signals received from users, national producers and regional and international organizations.⁵ This system could be made more all-inclusive by developing a dialogue with relevant statistical offices in contributing countries. This would ensure that relevant issues were raised and considered on a regular basis. The agenda of the Conference meetings normally contains no more than three main areas to be considered for standard-setting. This has the disadvantage that if a particular topic is not sufficiently well developed to be considered for one Conference meeting, there could well be a gap of over five years before the matter were brought to the attention of the international community.

50. *ILO should review the current process for standard-setting within the ILO, particularly in relation to the International Conference of Labour Statisticians meetings. This could involve holding the meetings on a more regular basis but reducing the duration. ILO is to review the process of devising an agenda for the*

⁵ Young, S., "Statistics in the International Labour Organization: roles and responsibilities", *Bulletin of Labour Statistics*, vol. 1, 2003.

International Conference of Labour Statisticians meetings to ensure it is all-inclusive, regular and proactive.

III. An international survey of States Members of the United Nations

A. Background and response rates

51. As detailed in paragraph 2 above, one of the objectives of the present review was to provide recommendations for priority areas for labour statistics for the future. To this end, the Office for National Statistics developed a questionnaire that was sent to the national statistics offices and institutes of States Members of the United Nations during August 2007. Many of the findings have been used to develop the recommendations in the rest of the review and consequently section III identifies the issues not discussed elsewhere.

52. One of the major issues with analysing results such as these from a self-completion questionnaire is differential response rates for economies at different levels of development. Replies were obtained from 69 countries giving an overall response rate of 36 per cent (more detail on responses by broad analytical income classification is shown in the background document; this classification uses gross national income (GNI) per capita as its main criterion for classifying economies). Response rates were significantly higher in high income OECD countries compared with low and lower middle-income countries. Interestingly, the group with the second lowest response rates consisted of the high-income non-OECD countries.

53. The overall response rate for the questionnaire was just over a third of the States Members of the United Nations. Due to the differential nature of the response, care must be taken when comparing results across groups of countries. In some instances, comparisons of response are shown by a high/middle/low income split and where this is the case, the response rates of each group should be borne in mind. The decision not to carry out any sort of weighting procedure on these results was made on the basis that this questionnaire was intended as a method of gathering qualitative information. Given the timescales and resources available for the present review, it was considered impractical to collect quantitative information from such a large number of countries.

B. Quality of labour statistics in responding countries

54. The questionnaire included a suite of questions, which were used to create a breakdown of responding countries by the presence or absence of a regular labour force survey. These questions were based on ILO work, which looked at the characteristics of systems of labour statistics in countries at different stages of statistical development. Looking at response rates using these categories indicates that of the responding countries:

(a) Fifty-six per cent had regular and reliable labour force surveys on a monthly or quarterly basis along with high quality business statistics;

(b) Twenty-one per cent had labour statistics from an ad hoc labour force survey and some business statistics;

(c) Twenty-three per cent had no labour force survey or business statistics at all.

55. These responses give some indication of the possible reasons for the low level of response to the ILO yearbook questionnaires detailed in paragraph 28 above. In the course of analysing this questionnaire, it also became clear that there was no readily available catalogue showing the range of sources used in individual countries for collecting labour statistics. This information is vital in assessing the ability of countries to provide the information required by international agencies. More frequent contact with countries, perhaps through the delivery of technical assistance as detailed in paragraphs 44 and 45 above, would enable a database of information of this sort to be compiled and updated.

56. *ILO should develop closer links with countries especially through the process of providing technical assistance, and compile relevant information on existing sources of labour statistics with a view to making a broad assessment of quality.*

C. Role of international agencies

57. Responses to the questionnaire indicate that high income countries see the main role of agencies as being in terms of development work, including methodology and standard-setting, with technical assistance being the least important (see background document). This pattern shifts in low-income countries where labour statistics systems tend to be less well developed. Here the priority for international agencies is seen as being in terms of technical assistance with development work being less important.

58. Within this section, a follow-up question asked what aspect of developing international standards countries would like to see as the agencies' main role. By far the most common reply to this question was developing agreed concepts and definitions. This presumably stems from the fact that consistency, both within countries and between countries, is a priority in analytical and policy terms and in making comparisons with similar economies across the world.

D. Prioritization of development topics

59. As part of the questionnaire, countries were asked to give their top three priority areas for labour statistics in the future out of a list of nine. The results of this are shown in the chart in the background document, along with more detail on the top priority topics.

60. Overall, the three most commonly reported topics were the changing structure of the labour force; the non-observed economy and informal employment; and the measurement of productivity.

61. It is impossible without further discussion with individual countries to determine the detail of the issues under these broad headings. Further work needs to be carried out by the ILO to establish the implications of these development areas for labour statistics in the future. This could be through a series of working groups, some of which may already be in existence, to establish needs and work on how to address these. The Delhi group, for example, was set up as an international forum to exchange experience in the measurement of the informal sector.

62. *The International Labour Organization should establish and coordinate a series of working groups to discuss each of the five topics identified above and suggest where improvements in quality and coverage could be made. Recommendations relating to standards from these groups could then provide input to the International Conference of Labour Statisticians.*

IV. Extending the current labour market framework

A. Background

63. In the majority of developed countries, a large amount of labour market data is available. Despite this, researchers, statisticians and politicians encounter major problems in obtaining a complete picture of the labour market. The main reasons for this include:

- (a) Incomplete coverage;
- (b) Contradictory results between data sources;
- (c) Difficulties and limitations in describing labour market dynamics;
- (d) The absence of links between labour market statistics and other social and economic statistics.

64. To be able to combine labour market data from different sources, achieve consistency and allow for comparability across countries, statistical offices need to adopt international standards. In the early 1980s, an international discussion took place on how to overcome these difficulties. The proposed solution was an integral framework of labour accounts, or labour accounting system which acquired wide international acceptance, including by the ILO and European Commission (which in 2003 published the *Handbook on Social Accounting Matrices and Labour Accounts*).

65. The main aim of the labour accounting system in this context was to combine statistical data sources to enhance their strength and overcome their weaknesses in order to produce new series of superior quality to the original data. The main advantages in compiling a labour accounting system include the guaranteed links with national accounts and demographic data, the elimination of contradictory results and an output which gives a global overview of the labour market (especially in terms of improving consistency of inputs and outputs in productivity).

66. Historically, the main focus for analysis of labour statistics has been on the boundary between employers (who create the demand for labour) and employees (who supply their labour). As a result, indicators of the labour market have been split between the measurement of the supply side of this framework and on labour market economics. The former includes information on characteristics of employees in terms of age, gender and education and the latter includes figures on trends in wages, occupational wages and earnings indices and hourly compensation costs with the overall aim being to measure levels of productivity and unit labour costs.

67. In the United Kingdom a conceptual framework for a labour accounting system was developed by the office for national statistics in 2002 as part of a quality review of labour statistics. This framework is based on a set of four main organizing

principles: concepts and definitions underpinning the statistics; sources and methodology for the derivation of the data; arrangements for presenting and disseminating the data; and links with other statistics. The framework has at its core well-established international recommendations, such as those presented by the ILO, embracing also the need for comprehensive coverage of the statistics. These various features incorporate, to a greater or lesser extent, certain principles of economic behaviour that underpin the interrelationships of the variables, in particular the demand/supply structure.

68. In the United Kingdom at present, the framework for labour market statistics is largely implicit within the existing form of presentation, and the monthly first release data are provided from a range of sources describing all the main elements of the labour market. The fact that the main concepts mainly follow recognized and well-established international standards is strength of the framework. The aim of such a framework nationally is primarily to produce a set of guiding principals, which help to explain the process of collection, production, dissemination and analysis of information on the various aspects of labour markets. Applying such a framework internationally has improved consistency and comparability of the range of sources.

69. The framework as it stands at present has four main units of measurement. These are people (in terms of their employment status), posts (jobs or vacancies), money (pay) and time (hours worked) and a variety of classificatory schema (occupation, job search activities, etc.).

B. Improving the current framework for labour statistics

70. As mentioned above, the aim of a framework of labour statistics is to provide users and producers of labour statistics with an explicit and overarching model of the labour market within which the statistics can be established and interpreted. There are, however, are a number of shortfalls with the existing system, as outlined below.

1. Further development of dynamic aspects

71. The system as it stands is a static system, which relies mainly on point-in-time estimates of factors on both the supply and demand sides. This, to a certain extent, reflects the cross-sectional data on which the framework is based from both survey and administrative sources. These snapshots do not present a complete picture of the labour market as they lack information on the underlying movements in and out of unemployment, employment and inactivity, which result in the observed structure of the labour force.

72. The framework, as represented diagrammatically, is also a closed system which fails to represent some of the movement both into and out of the system. Movement in would include changes such as in-migration, people reaching working age and new jobs being created, whereas movement out could occur through people leaving working age and the dissolution of jobs, perhaps as a result of employers ceasing to be in business.

73. Information on topics such as unemployment duration and job tenure, which are available from a range of countries, indicates that outflows from both employment

and particularly unemployment differ significantly across countries.⁶ These differences result from structural differences among labour markets internationally. They also reflect the impact of a variety of differences in employment protection policies, wage levels, wage determination mechanisms, employer payroll taxes and unemployment insurance benefits to name but a few. These factors affect the rate at which hirings and separations occur and at which persons enter or withdraw from the labour force in ways that are not always obvious. Headline figures on levels of unemployment will only reflect the balance between all these various factors.

74. Systems of labour statistics have not, traditionally, been orientated towards these significant labour market events, but more towards their overall effect on stock levels of employment and unemployment. A shift towards collecting and disseminating information on gross flows would greatly enhance the overall picture of labour markets nationally. In addition, the importance of dynamics in capturing the variety of transitions within the labour market has been identified as an issue for the future by a Eurostat task force.⁷ Interestingly enough, many of the labour force surveys already in existence could be adapted relatively easily to collecting information on labour dynamics. The rotating panel design of the majority of labour force surveys make it possible to link together information on the same individuals over a number of points in time.

75. Although figures on flows are interesting in isolation, transitional probabilities can easily be calculated for sub-groups of the population by dividing the flow by the number of people in the State of origin. This enables an investigation into the probability of movement between different States. This is especially useful in cases where movements are less well understood, such as in the case of the relationship between employment and inactivity.

76. More generally, information on flows could also be used in the measurement of labour underutilization. In the past, attachment to the labour market has been measured on the basis of the criteria for defining unemployment and the reasons for seeking work or for not being available for work. In the context of labour underutilization, it may be more analytically relevant to define people who are marginally attached to the labour market in terms of the propensity of economically inactive persons to become economically active. In addition, collecting information on the barriers faced by those not in the labour force to becoming active would enable the group who are inactive involuntarily to be identified. In the United Kingdom, there has been a focus in recent years on collecting and analysing better information about people who are marginally attached to the labour force. This has included extending labour force survey questions to determine people's propensity to work in the future, and using flows data to look at movement into and out of inactivity for certain groups of people. Using this sort of information to supplement headline figures on economic activity on a national basis should be encouraged in order to develop a more complete understanding of the characteristics of labour markets.

77. The figure in the background document gives a broad indication of how the dynamic aspects could be more central to the current labour market framework. In general terms, providing flows figures on a regular basis to accompany other key labour market indicators would provide greater depth to labour statistics as a whole.

⁶ Pember, R. J. "Development of labour statistics systems", *Bulletin of Labour Statistics*, vol. 1.

⁷ A first discussion on labour market statistics, 4th meeting of Task Force II, on statistical challenges, November 2007.

78. *ILO should coordinate work to develop an improved version of the labour statistics framework, which puts greater emphasis on the dynamic elements of activity status by including information on flows. Work also needs to be done to ensure consistency in the statistical output in all these domains.*

2. Parallel framework for labour demand

79. The labour market framework as it stands concentrates mainly on the labour supply elements of the system. These factors are mainly measured through labour force surveys and include the characteristics of people, the type of characteristics of their jobs and the families and households in which they live. The demand side of the framework tends to be measured through a range of administrative sources, supplemented with information from a range of employers and business surveys. The link between the supply and demand elements of the labour market has over time become increasingly important as understanding the differences between inputs and outputs has become a higher priority issue in many countries, particularly in the developed world. Reconciling the business and employers surveys on topics such as vacancies and number and type of jobs, is vital to understanding the process of individuals taking up particular jobs. Across the world, a key aspect of a labour statistics system is understanding the match between jobs and skill levels of employers in order to achieve maximum productivity.

80. Integrating the demand side of the existing labour market framework into this model provides a number of new challenges. These can be considered in terms of a greater understanding of how jobs are created and lost and the relationship between jobs and posts. From the point of view of the needs of employers, the process of feeding this kind of information, via Governments to the health and education systems will serve to complete the circle through improving service provision to meet the needs of employees and ultimately employers.

81. *ILO should coordinate work to develop a parallel framework for labour demand.*

3. Extending the use of family and household labour statistics

82. Demographers generally identify a number of key trends in family formation and structure that have taken place in Europe during the latter part of the twentieth century. These include: delaying the transition to parenthood with childbearing being compressed in a small number of years at a later age, declining fertility rates resulting in smaller family size, the separation of marriage and parenting and growing numbers living alone. The result of these changes mean the family in much of the western world has evolved from a fairly standardized model of marriage and children, often including living with older generations, to becoming a much more varied model of smaller family size, less tied by institutional definitions. Elements of these trends can be identified in many countries across the world and although these changes have been measured in relation to the size and structure of the population, their impact on the changing nature of work is still relatively unclear. The framework as it stands at present indicates a link between families and households and people, in terms of type and composition, but this needs expanding to cover the changing nature of families and work. The relationship between unpaid family work and paid employment, particularly for women, is key to understanding the matching of jobs with people.

83. In addition, it would be hugely beneficial to employ the type of modelling used in measuring consumption at the household level, including unpaid work in the family and wider community, as well as some of the less clearly defined boundaries between work and family life. Extending the range of information collected at the household level to include a measurement of time spent on various unpaid activities, the money transfers or transfers in kind which occur between the households or with other households and how decisions on education and health are negotiated within the household, could provide a more useful framework for collecting, understanding and using labour statistics.

84. At present, the main labour market indicators tend to be in terms of the characteristics of individuals. Mainstreaming household and family analysis would give a more complete view on how to improve women's employment levels, would help to get a handle on unpaid and informal-sector work and would assist in the measurement of poverty through assessing links between female employment and household poverty.

85. *ILO should coordinate the development of an updated version of the labour statistics framework to integrate household and family information.*

4. Developing the interactions with other areas

86. A further criticism of the current framework is that it fails to integrate some of the interactions with other domains. Areas which have an impact on elements of the labour market include health, education, national accounts and population and demography. Figure 2 (in the background document) gives an indication of how the various elements of these domains overlap with certain elements of the labour market system. This diagram is not in any way comprehensive and serves only to indicate where some of the overlaps occur. Some of the overlaps are implicit in the way labour market information is presented, such as in presenting employment/unemployment and inactivity rates by demographic characteristics including age, gender and ethnic group. In these cases the information tends to come from the same source and is therefore easier to integrate. Other areas are more complex to integrate due to issues arising as a result of different sources, concepts and definitions.

87. In an increasingly complex world, looking at the labour statistics system in isolation would seem to be restrictive in terms of being able to understand the processes behind the headline figures. Using the framework as a starting point, individual countries should be encouraged to look at the labour market as being part of a wider statistical system and consequently investigating some of the interactions between domains (see figure in background document). This will then raise awareness of the extent of comparability of different sources of information.

88. *ILO should coordinate the development of a wider statistical framework which looks at the links between the labour statistics system and other domains.*

V. Points for discussion

89. While numerous other issues are identified and suggestions made in the body of the present report, the Commission is requested to give top priority and highest urgency to the following recommendations:

(a) **The International Labour Organization should prioritize the activities required to improve the harmonization of concepts and methods that support the production, transmission and dissemination of comparable labour statistics; should produce an action plan; and should then coordinate the implementation of the plan (supported by the recommendations in paras. 18, 21, 30 and 32);**

(b) **The International Labour Organization should develop a coordinated system for providing technical assistance to help countries to provide high-quality labour statistics (supported by the recommendations in paras. 46 and 56);**

(c) **The International Labour Organization should work with the Statistics Division, OECD and Eurostat to improve the process of setting international standards by, for example:**

(i) **Reviewing the frequency, duration and agenda-setting of International Conference of Labour Statisticians meetings;**

(ii) **Extending the use of expert groups to work on topical issues (supported by the recommendations in paras. 40 and 50);**

(d) **The International Labour Organization, in consultation with the Statistics Division, should establish and coordinate a series of working groups to discuss each of the five topics identified for development work in the present review (supported by the recommendation in para. 62). In some instances this may involve working with groups already in existence and include discussion on the following:**

(i) **Changing the structure of the labour force;**

(ii) **Informal employment and the non-observed economy;**

(iii) **Child and forced labour;**

(iv) **Measurement of productivity;**

(v) **Globalization;**

(e) **The International Labour Organization, in consultation with the Statistics Division, should coordinate work to improve the consistency and relevance of outputs by developing an updated version of the labour statistics framework, which places greater emphasis on (supported by the recommendations in paras. 78, 81, 83, 85 and 88):**

(i) **Dynamic elements, namely, information on flows;**

(ii) **The need to integrate and reconcile measures of labour demand with labour supply;**

(iii) **Integrating family and household information;**

(iv) **Integrating with other statistics/policy domains.**