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WORKING GROUP
LABOUR MARKET STATISTICS

Document for item 2.5 of the agenda

New operational definition employment and unemployment

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BECH Building
Room Quetelet
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1. BACKGROUND

In December 2012 the Task Force on the harmonisation of the measurement of employment and unemployment (TF HMEU) presented its final report to the LAMAS working group. Annexed to the report was an operational definition of employment and unemployment and a model questionnaire to support it.

LAMAS strongly supported the harmonisation approach proposed by the task force, which is based on an operational definition of employment and unemployment, and it concluded that improvements of the operational definition and model questionnaire must continue in the next years with the tests then foreseen.

Tests were conducted in two rounds in 2013 and 2014. The TF HMEU was then asked to evaluate the test results.

Following the 19th ICLS conference in October 2013, which produced the new resolution concerning statistics of work, employment and labour underutilization, there was a consultation of LAMAS. In conclusion LAMAS asked the TF HMEU to propose a version of the operational definitions taking into account also the revised ILO resolution.

The updated model questionnaire is discussed under item 3.2 of the agenda, see doc. Eurostat/F3/LAMAS/44/14.

This document presents the changes done to the operational definition. As the operational definition is a part of package II ("Other elements with legal basis") for the review of the LFS, LAMAS should adopt it at this meeting.

2. THE REASONING FOR THE CHANGES IN THE OPERATIONAL DEFINITION

2.1. The new concept of "work"

As the new ICLS resolution puts employment as just one of four distinct types of work, this must be reflected in the operational definition. To underline that only "real" employment must be counted, an explicit reference to the resolution is introduced after the definition of employment.

Also, the ICLS resolution defines when seasonal workers can be considered to still be employed. The requirement to "continue to perform some tasks and duties of the job" moves directly into the operational definition.

Finally, we propose to adapt the list of search methods for the definition of unemployment to follow the resolution, which means tightening the search criteria on job advertisements from *studying* to *placing and answering*.

2.2. The tests following the TF HMEU final report

The Task force proposes to change the timing for the availability criterion in the operational definition of unemployment to the *two weeks following the day of the interview*, based on the tests of the model questionnaire and the following Task force discussions.

The job search method on placing or updating CVs is specified further to indicate that it should take place *online*. This change is also based on test results and Task force discussions.

3. RESULTS OF WRITTEN CONSULTATION OF THE LAMAS

Three of the changes proposed above were put in the form of questions to the LAMAS in the written consultation conducted in the autumn after the latest Task force meeting. Regarding the change concerning seasonal workers, the LAMAS was simply asked to give its view, whereas for the other options, the LAMAS was given two choices to select from – with a clear message on what the Task force prefers.

As it is further described in document Eurostat/F3/LAMAS/44/14, there was a clear majority supporting the change to the criteria for seasonal workers to remain employed in the off-season. For the proposal to measure the two weeks availability for the unemployed from the date of the interview there was support from a majority. As this majority was not substantial enough¹ to warrant such a huge change, it is proposed to stick to the current practice of measuring it from the reference week.

Finally, the alignment to the ICLS formulation of the job search method in connection with job advertisements received no clear majority as the LAMAS was split on this topic.

In light of these results, Eurostat proposes an operational definition as shown in the annex, where the criteria for seasonal workers that received LAMAS support are included, whereas on the other hand, the availability will still be counted on the basis of the reference week and the job search method still only requires studying job advertisements, and not placing and answering them. This is because Eurostat must have a clear support from the LAMAS before we propose changes which may cause breaks in the unemployment time series.

LAMAS members are asked to:

Express their views on the revised operational definition

Agree to close the discussion and adopt the proposal

Annex the proposed operational definition on employment and unemployment.

¹ The proposal is opposed by Bulgaria, Germany, Spain, Italy, Portugal, Sweden and the United Kingdom.

Operational definition of employment and unemployment

(Note: the part of the definition in italics might require adaptations to accommodate the operational definition in a legal act. In particular, it may better fit into the preamble of the legal act. These formal details will be decided later with the advice of the Eurostat legal service. The part of the definition not in italics is not affected by these formal issues.)

Given that the main objective of the European Union Labour Force Survey is to measure the employment and unemployment status of people,

In accordance with the ILO standards adopted by the 19th International Conference of Labour Statisticians (ICLS),

The following operational definitions aim to set standards for the measurement of employment and unemployment in European statistics:

1. Employed persons comprise persons aged 15 years and more who, during the reference week, were in one of the following categories:

(a) persons who during the reference week worked for at least one hour for pay or profit, including contributing family workers.

(b) persons with a job or business who were temporarily not at work during the reference week but had an attachment to their job. The following groups have a job attachment:

- Persons not at work due to holidays, working time arrangements, sick leave, maternity or paternity leave;
- Persons on parental leave and receiving job related income;
- Seasonal workers, where they continue to perform some tasks and duties of the job;
- Persons temporarily not at work for other reasons for a total duration of 3 months or less.

Persons in own-use production work, voluntary workers, unpaid trainees and persons involved in other forms of work as defined in Resolution I adopted by the 19th ICLS are not included in employment on the basis of those activities.

2. Unemployed persons comprise persons aged 15 years and more who were:

(a) not employed according to the operational definition of employment above;

(b) currently available for work, i.e. were available for paid employment or self-employment before the end of the two weeks following the reference week;

(c) actively seeking work, i.e. had carried out activities in the four week period ending with the reference week to seek paid employment or self-employment or who found a job to start within a period of at most three months from the end of the reference week.

For the purposes of identifying active job search, such activities are:

- Studied job advertisements
- Placed or updated CVs online
- Contacted employers directly
- Asked friends or relatives

- Contacted public employment centre
- Contacted private employment agency
- Took a test, interview or examination as part of a recruitment process
- Made preparations to set up a business

For operational reasons the collection of unemployment data can be limited to persons aged 15 to 74 years.

The implementation of this operational definition in the European Union Labour Force Survey will be supported by a model questionnaire.