PLENARY SESSION

Moderators: Mr Hervé Carré, Director General, Eurostat and Ms Marie Bohatá, Deputy Director General, Eurostat

EMPLOYMENT STATISTICS AS SOCIAL STATISTICS: SOME CHALLENGES

A. Sylvester YOUNG

Director, Bureau of Statistics
International Labour Organization

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A. Sylvester YOUNG
Director, Bureau of Statistics
International Labour Organization

Summary

When looking at issues of exclusion, poverty, deprivation, loneliness, happiness, social capital and so on, employment statistics have played a major part in their description and analysis. Consequently, these statistics have been found useful in the formulation and implementation of relevant social policies. This paper argues that this performance could be further improved if certain challenges were met. These relate to some basic issues such as the concept of work used in employment statistics, the definition and use of associated variables such as status in employment and classifications, working time statistics and labour under-utilization. Decent work is put forward as the appropriate vehicle for both economic and social analysis.

1. Concept of work

Employment statistics are based on the use of the labour force framework that exclusively and exhaustively divides the population in a country or region into three classes: the employed, the unemployed and those who are not economically active. The basis for this classification is the concept of work:

- The employed work (have a job or enterprise), over some suitable short reference period;
- The unemployed do not work over this period, not even for one hour, but are available to do so and are actively looking for work; whilst
- The rest are considered as not economically active.

The notion of work used in making the classification is that of an activity that contributes to the production of goods and services as defined in national accounts. It thus ties and roots employment statistics firmly in the economic sphere.

However this concept of work, even without going through the various historical perceptions of work, fails to give due cognizance to work as a social activity that takes time, requires skills and contributes to welfare; that is to the social utility of work. When

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1 The views expressed in this paper are those of the author and do not necessarily reflect those of the organizers, the ILO or its Bureau of Statistics. The paper benefited from comments by Ralf Hussmanns.

looked at from the point of view of social theory and policy, work is not only a means of contributing to national production, generating income and other means of livelihood, but also a social desirable in itself. Work can give a sense of self-fulfillment and respect to a person; Sen refers to this as “the recognition aspect". The absence of it can have “far-reaching effects on self-confidence, work motivation, basic competence, social integration, racial harmony, gender justice, and the appreciation and use of individual freedom and responsibility.” It is thus necessary to integrate work into a socially productive process that includes economic production.

What does this imply?

The activities that are left out under the employment notion of work are those relating to household production of own services, except housing services and paid domestic services, and voluntary services for non-profit institutions not operating in the market. In this paper, the former is referred to as unpaid household services, the latter as voluntary services and the two together as unpaid non-market services. Although the 1993 System of National Accounts (SNA) accepts that these activities are productive in a general sense, the decision to exclude them is on the grounds that

- They are difficult to value, as they do not easily have market equivalents; and
- Their inclusion would make nonsense of employment statistics, as virtually everyone would then be employed.

The other reason quoted in the SNA that they do not contribute much to national production is in fact incorrect. Much has been written of the importance of unpaid non-market services in terms of not only the time devoted to them and their ‘value’ in monetary terms, but also their contribution to the well-being of society. Indeed it has been contended that these services are “probably the more vital for the survival of society” than economic work. The SNA recommends that these unpaid non-market services should be recorded in satellite accounts that are consistent with the central framework of the SNA and can be used together with the SNA as a basis for public policy. Indeed many countries in the late nineties and early part of this decade experimented with the production of these satellite accounts. EUROSTAT also had a project on it. They came up with some very interesting results, though they were dubbed “experimental” by national statistical offices.
For example, in one such experimental exercise in 2000, the Office of National Statistics (UK) published statistics showing that household production of these unpaid non-market services (including housing services) accounted for:

- nearly one-fourth of total hours (paid work, unpaid services, leisure, sleeping, etc.);
- twice as many hours of paid work;
- half as many hours of paid work, if secondary activities and passive care were excluded;
- £693,409 million in gross value added and £641,533 in net value added.

Of these, voluntary services were estimated at 1,558 million hours involving 7.9 million volunteers with a gross value added of £13,167 million, which was also the net value added. Users were cautioned about interpreting the value estimates, given their sensitivity to some of the assumptions made.

Results produced by other statistical offices have not been different and confirmed those from studies that had been carried out by researchers (see Young for a review.) Similar results with respect to volunteering activities have been obtained in a project being implemented by The Center for Civil Society Studies at John Hopkins University on the production of satellite accounts for non-profit institutions. The accounts were produced using the UN Handbook on NPI in SNA, developed in collaboration with The Center.

Like the ONS, many statistical offices are uncomfortable with the extent of subjectivity being introduced in the value estimates through the assumptions that are necessary to produce them. However, even ignoring these values, the time used and the numbers of persons involved are quite significant and do not have the same measurement limitations.

What then are the implications for employment statistics as social statistics?

It is necessary to re-examine the current perspective in international standards that looks at work only from the economic stand-point. The use of social statistics “is predominantly to describe and analyse micro issues, i.e. the situation and behaviour of individuals and the events and institutions that influence them… “12, whilst the current perspective gives preference to the use of employment statistics as economic statistics, largely at the macro-level. As a result many activities that would in normal parlance be considered as work are excluded from these statistics.

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Should employment statistics be expanded to include these activities? My answer is no. Employment statistics should be based only on work in the context of economic production. However, for social analysis we need to introduce a new concept of “work statistics”. Work in this context will consist of work within the concept of employment, voluntary services for non-profit institutions serving households (NPISHs) and unpaid household work that meets the third person criterion\(^\text{13}\). Thus work statistics expands beyond employment statistics to include statistics derived from unpaid non-market services. Work statistics is based on work that is socially productive, including economic activities.

Work statistics, classified by type of activity and using the characteristics of the activity, can be used to study the flows between market activity and household production of goods and services for own use. This study could explain the phenomenon of flows of unpaid household services towards the market during economic development and in the other direction during economic downturn in ways that are more objective and complete than currently the case. It would give a better measure of the potential size of care services and the needs for these services. It could be analyzed to show the value of household work and so respond to the statement attributed to Aslaksen and Koren\(^\text{14}\) that “Awareness of the economic importance of unpaid household work, and of women’s work in general, has led to the widespread acceptance that statistical measurements should be expanded to include unpaid work.”

Work statistics could be measured in terms of volume of work (time) and/or the number of persons. As for employment statistics, it would be necessary to develop some priority rules to avoid double counting of persons due to their multi-activity and procedures for allocating time for passive work such as caring for children whilst watching TV. The latter is also an issue in employment statistics when estimating the working time of shopkeepers and workers on-call duty. The ILO is currently working with the John Hopkins University Center for Civil Society Studies to produce a handbook for measuring the labour input that goes into the production of all non-profit institutions, using labour force surveys. The preference for labour force surveys is to enhance the analysis between the employment statistics component and other work statistics of this labour input as well as in relation to the labour input in economic sectors.

The existing international standards for employment statistics have just about exhausted the natural lifetime of 25 years for such standards, having been established in 1982. For the above reasons and other recent developments in the labour market and in the instruments for its measurement, it may be time to consider their revision. This will be a major exercise given that these standards are the basic foundation for all employment statistics and the experience of the time it took to get consensus between member States for the 1982 resolution. It is however necessary to do it and in such a way that this time

\[^{13}\text{The third-person criterion, defined as “An unpaid activity of a household member that a third person could be paid to do”, was first introduced by Margaret Reid (1934). See UNIFEM’s Gender Fact Sheet No 3: Valuation of Unpaid Work, }\text{http://unifem-esasia.org/resources/factsheets/UNIFEMSheet1.pdf}\]

\[^{14}\text{UNIFEM (Ibid)}\]
the standards go beyond their economic basis to take in the above social realities, that is as standards of work statistics.

2. **Classifications**

What are the other challenges? Statisticians need to explore how and to what extent the other existing international standards relating to employment statistics can be applied to work statistics in general.

A unified classification of work activities would greatly enhance the joint analysis of all types of work statistics. At present, the economic aspects of these statistics are classified using the international standard industrial classification of economic activities (ISIC)\(^\text{15}\) whilst unpaid non-market services are categorized based on the Trial International Classification of Activities for Time Use Statistics (ICATUS)\(^\text{16}\), for which there is as yet no international standard. Consequently, for example, meals prepared in restaurants are separately identified at higher levels of ISIC and those prepared at home are identified separately only at the 6\(^{th}\) level of ICATUS and even then not in a completely overlapping way.

Classification of occupations is a key input into defining socio-economic status, which is itself a fundamental variable in social analysis. The International Labour Organization is presently updating the International Standard Classification of Occupations (ISCO)\(^\text{17}\). The question that needs to be addressed is whether the concept of occupation should be extended to include unpaid household activities. Labour statisticians seem reluctant to do this, although some activists are already using terms such as ‘household manager’ for some types of household activities. The challenge will be in adapting the basic principles of skill and skill level, on which the classification is based, to these activities. A similar reluctance on the part of statisticians has been detected in the work the ILO is doing to develop standards for the measurement of working time and child labour. These will be discussed in 2008 at both a meeting of experts and the International Conference of Labour Statisticians (ICLS). The draft standards for working time statistics proposed by the ILO to these meetings will refer to all work statistics. The issue of child labour statistics is however more complicated and there is great resistance to extending the concept to include unpaid household work.

3. **Status in employment**

The changing nature of work and working arrangements, the transcending of national boundaries for production and work, the differing reward systems for work also pose challenges for the description and analysis of social issues.

As stated earlier, the labour force framework uses only three categories to describe the large numbers in a population. The nature and definition of these categories and the

\(^{15}\) UNSD. http://unstats.un.org/unsd/cr/registry/

\(^{16}\) UNSD. (Ibid)

\(^{17}\) ILO. http://www.ilo.org/public/english/bureau/stat/isco/index.htm
diversity of work situations in the modern world result in an unbalanced classification, in terms of the sizes of the categories, and in some categories that are very heterogeneous. It is recognized that the employed and those who are not economically active should be further sub-divided to get a more detailed and comprehensive picture of the labour market. However, the traditional sub-division of the employed into paid employees, self-employed (employers or own-account workers) and contributing family workers is becoming increasingly blurred and difficult to use in classification and analysis.

The notions of “subordination” for defining paid employment and of “economic risk” for self-employment are difficult to implement in the modern world of work. Outsourcing of work in which persons move from paid employment into self-employment without changing the duties they are doing nor the places in which they are doing them, is an example. To what extent does subordination exist between an ‘enterprise buyer’ and an own-account worker when that ‘enterprise buyer’ is the only possible client of the own-account worker? The reward systems that are being used make the remuneration of paid employees more and more dependent on the fortunes of the enterprise, and so give them a high level of economic risk.

The world of work has an increasing number of vulnerable enterprises (possibly due to globalization), which in turn is leading to less secure forms of employment with permanent paid employment less and less likely. There are many shades of non-standard employment such as unpaid work within formal training schemes, subsidized jobs as part of active labour market policies, part-time jobs, temporary lay-offs, temporary contract workers, prison workers and so on. The classification of these various forms is sometimes a challenge and the ILO is increasingly being called upon to assist member States make decisions about it.

The international standard on status in employment already has many borderline groups, some say too many, and a lot of flexibility in the classification. The additional complications from the modern world of work are therefore making the classification less and less useful for description and analysis of social issues, for which it is such an important variable. The extension of this classification for use in work statistics is also not obvious. Its early revision or updating is thus another challenge for the use of employment statistics as social statistics.

4. Underutilization of labour

The definition of unemployment as total absence of work is understandable and useful for macro-economic analysis and policies, as it ensures that employment can be defined to include all labour input into production. However this resulting definition of employment does not fit in with people’s perception of employment. People usually consider themselves as employed when they can have aspirations of a long time engagement attached with some reasonable conditions of employment. Thus to look into social issues of exclusion, poverty and alienation it is necessary to consider the employment relationship at the individual level and to take account of the individual’s perception of

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18 ILO. Ibid.
employment, which goes beyond economic considerations. The definition of unemployment thus does not completely reflect the well-being of people or the extent to which their aspirations for employment are not being met.

This definition also results in the employed including a certain number of persons with marginal and inadequate employment, such as those who have time-related underemployment or other forms of inadequate employment like skills-related inadequate employment or income-related inadequate employment. These are the persons whose perceptions of their employment situation are most likely to differ from their assignment under the current statistical concept.

The changing nature of work and improvements in technological facilities mean that the third category, the not economically active group, is no longer that much associated with students, housewives, retired persons and disabled persons. There are some in this group who are becoming more marginally attached to the labour force than previously. An example is women with children who may now find or look for work in enterprises with care facilities when previously they could not do so. The so-called ‘discouraged workers’ is the final group whose membership in this category could be re-assessed. These persons may not perceive themselves as ‘not being active’.

There is therefore a need to re-group some of these into a new category by creating a measure of labour underutilization that includes those who are unemployed as well as some persons who are classified as employed or as not economically active. The intention is not to replace unemployment, which is a key economic statistics, but to supplement it with labour underutilization for description and analysis of social issues. There are already a few countries producing these statistics. The ILO working with these and some other member States has taken up the challenge to develop standard methods to measure this concept.

5. Working time

The amount of time spent at work and working time arrangements have implications that are

- legal - according to contract, law or agreement;
- financial - amount of remuneration for work done;
- economic - in terms of productivity of work done; and
- social - reflecting the impact on the life of the person and their families.

Both working time and working time arrangements can seriously affect a person’s ability to balance working life and private life and so influence family commitments, family relations, social networks and personal well-being. In the complexity of the modern world of work, both working time arrangements and working time are also increasingly complex and varied, with the 8-hour 9 to 5 daily routine no longer the norm. The variation in working time arrangements include home-work, work at home, part-time work, flexible working hours, shift work, etc. Moreover with the increasing trend toward self-employment, it is important particularly for social policies to extend these concepts.
beyond paid employees to the self-employed. The difficulty is dealing with passive periods whilst waiting for a client, time spent managing the business outside formal closing periods and the control the self-employed have over the duration they work and the timing of this work. These and some already existing issues make the definition and measurement of working time a challenge for employment statistics and even more so for work statistics.

The practices currently used by those countries that already produce statistics on working time with this wider coverage vary considerably because of its complex nature. Furthermore the existing international standards for measuring hours of work are restricted to paid employees, especially in the formal sector. The ILO has been working with some national statistics offices to develop international standards on this topic for submission to the next ICLS in November 2008.

6. Decent work

As stated earlier, labour is a means of production but also one of ensuring the welfare of all workers, paid and self-employed, and their families. It thus has dimensions of production, of income generation, of security at work and in work of workers as well as their active participation in decision-making within democratic governance structures at the workplace and in their societies. This is the essence of what the ILO Director-General has referred to as “decent work” which places a premium not only on volume but more so on quality of work. Defined as “productive work in conditions of freedom, equity, security and human dignity”, decent work manifests itself as an integration of the axes of (a) fundamental rights at work; (b) creation of employment opportunities for all; (c) social protection; and (d) social dialogue.

All workers need to have fundamental rights to freely express their concerns about their work situation and their lives, both individually and collectively at enterprise, sector and national levels. Paid- and self-employment opportunities should exist to ensure both effective and efficient production in a way that promotes enterprise development, entrepreneurship and investment as well as a fair return to labour for its input. Safe working conditions, adequate social protection and reasonable security of work directly contribute to higher production levels and improved welfare for all workers. Finally, the capacity for workers, employers and governments to exchange views and reach decisions about work through social dialogue enhances democratic freedom and reduces tension. With these objectives, decent work clearly straddles both the economic (market) and the social worlds and is vital for both.

What then are the challenges in statistics? The first is developing adequate tools to measure this multifaceted concept so as to be able to assess the progress of countries towards decent work and to describe and analyse how it pertains to the social and economic development issues of the day. There is already much available through employment statistics with respect to employment opportunities and social protection. Much less is available or easily interpretable with respect to rights and social dialogue. Work is going on both within the ILO and in collaboration with partner agencies, such as
EUROSTAT, the UNECE and the IMF, and member States to identify and develop indicators that can be used to measure these issues of decent work. The constraint is that its measurement is not only statistical but highly political as well.

Another challenge is the extension of the notion of decent work to all work activities in a way that could make it the basis for work statistics. It is interesting that some legal luminaries are already discussing and mooting the idea of extending labour law to cover unpaid non-market services.\textsuperscript{19} What then would be required also to collect and use the corresponding statistics on this and the other axes of decent work for all work activities?

7. Other challenging areas

*Flow statistics:* Although not much studied, the dynamic flows between the three labour force categories are increasingly perturbed as persons move between them within short reference periods. This is especially important as persons move in and out of unemployment and to get a better understanding of the nature of the periods of such transitions and their social implications. Since for individuals who lose their jobs, “it is not just the loss of income that matters, it is also the individuals sense of self”\(^\text{20}\) and the need for recognition by someone else of their contribution to the well-being of their societies.

*Ageing labour force:* Youth employment is receiving a lot of attention, and rightly so, but with the ageing of the population, and so the labour force, this issue itself needs more attention than it is presently getting. And in this I have a personal interest as I am not far from joining that illustrious class!

*Migration statistics:* One consequence of increasing globalization is the increase in the numbers of migrant workers. Receiving countries, such as many in Europe, are aware of the social consequences of this trend, not only on the demands placed on social services and institutions but also in ensuring that these workers do not work in exploitative conditions. Good statistics on their conditions of work as well as the nature of the work and economic contribution they make are important for all kinds of social policies. EUROSTAT already has an efficient vehicle for collecting these statistics through the periodic modules that are attached to labour force surveys. The challenge is really producing these statistics for sending countries that need statistics to describe and analyse the size, structure, causes and consequences of this phenomenon as well as assess the level of remittances flowing back into the country. The last is increasingly a key resource for poverty reduction in many of these countries.

*Duration of unemployment:* The counterpart of working time, which loosely is time spent at work, is the duration of unemployment, loosely time spent not-at-work when available to do so. This is an important phenomenon for the description and analysis of social issues such as poverty and exclusion. Although there are no conceptual difficulties in its measurement, in practice the methods used are quite varied.

8. Conclusion

This paper has discussed some of the challenges in the use of employment statistics for the description and analysis of social phenomena. It has argued that there is a need to go beyond the current concept of work used in employment statistics to cover other types of work that are essential for this purpose. Further, some of the descriptive variables and classifications used in employment statistics should be re-examined and developed for wider use in work statistics. In employment statistics itself, it discussed the importance of a concept of labour under-utilization to complement unemployment as leading to a

preferable representation of people’s perception of being employed. Finally, the notion of
decent work was identified as most suitable for both social and economic analysis,
provided some of the current hurdles could be adequately handled.