

Outcomes of the 19th ICLS on Work Statistics: What counts as a Job?

by Grant Belchamber and Sylvain Schetagne

A few months back, we raised issues regarding the revision by the International Conference of Labour Statisticians (ICLS) - organised by the ILO - on what counts as a job and the re-consideration and reset of guidelines to measure work and the labour force.¹ This debate came about because of the need to better provide policy makers with accurate information on the state of work and the labour markets. This debate was further fueled by the stagnant key labour market indicators.

Thirty years ago, the main objective of employment statistics was to measure labour inputs in production, to calculate GDP and measure economic growth. The lens for measuring employment and unemployment was constructed to meet the needs of producing the National Accounts. Today, policy makers want to know about labour market trends, the effectiveness of labour market programs, labour underutilization, the participation of different sub-groups of the population and the engagement with the market economy.

For countries where a significant proportion of the population is engaged in subsistence agriculture, a low official unemployment rate that stabilises over time is a misleading statistical artifact. For developed countries, low unemployment rates mean very little when a significant proportion of the workforce is discouraged from looking for a job despite the desire to work. Under the old framework, production of household services for own use was not counted as work, consigning large numbers of women to the category of 'not economically active'.

Outcomes of the ICLS on Work Statistics

The outcome of the revision of work statistics is promising. A new framework that expands the notion of work has been developed, allowing better measurement of different forms of work. The concept of employment has been narrowed to better capture what counts as a "market oriented" job, and to better measure the evolution of the labour market. Finally, the measurement of underutilisation has been expanded to include time-related underutilisation and capture those who are marginally attached to the labour market. However, it does not go as far as it should (to measure skills-mismatch).

A new framework is confirmed

The concept of work has been expanded to make distinctions between different forms of work that might or might not have been counted as employment in the past. These forms of work are distinguished on the basis of the intended destination of the production to meet different objectives. This helps in differentiating between what constitutes employment work from other work activities, such as producing goods or services for own final use.

The new framework proposes to measure four mutually exclusive *forms of work*: (a) *own-use production work* comprising production of goods and services for own final use; (b) *employment work* comprising work performed for pay or profit; (c) *unpaid trainee work* comprising work performed without pay to acquire workplace experience or skills, and; (d) *volunteer work* comprising non-compulsory work performed for others without pay. There are other forms of work which were discussed, but it was decided not include them for measurement purposes.

One of the major benefits of this new framework is to highlight the work performed to produce goods and services for own use (and use of family members). This is an important form of work in developing and developed countries. The estimates of employment statistics, under the previous framework, were dominated by the classification of production of goods for own use (which includes subsistence production) as 'employment'. This trend occurred mostly in developing countries, preventing policy makers from accurately measuring the evolution of paid jobs in the market sector and developing the right policy response. Therefore, recognising production of household services, for own use, helps measure the volume of work performed, mainly by women to produce services for own and family use.

Another benefit of this new framework is to better isolate the phenomenon of unpaid trainees. A heated debate took place prior to and during the ICLS on whether or not paid and unpaid internships were similar to paid employment, or a different form of work. The Conference concluded that a paid internship is employment

work since it is, in essence, work performed for pay or profit; a paid internship is very similar to on-the-job training performed as part of employment. However, unpaid internships and activities performed to acquire workplace related experience have been classified as a distinct form of work since it is a form of work performed to acquire skills or work related experience, without pay or profit. As a result, policy makers will now be in a position to find out more about the development of unpaid trainees, which is a significant form of work in certain countries and has a tendency to expand during high unemployment periods, and to react accordingly.

Finally, the new framework recognises volunteering as a distinct form of work for measurement purposes. It is interesting that, despite the fact that volunteering is defined as work performed without pay or profit; the ICLS has acknowledged what has been decided in the past and allowed some compensation for volunteering but up to a specified threshold (1/3 of the local wage). However, at the same time, the ICLS refused to set an income threshold under which work performed for pay or profit should not be considered and classified as employment work. One may consider that the line between paid work and volunteer work is an income threshold, once assumed that both are non-compulsory in nature.

Measuring Labour Underutilisation

The reconsideration and reset of labour force statistics also involved the development of new measurements of labour underutilisation. The concept of labour underutilisation refers to the potential labour force not being used. It has been traditionally measured by calculating the proportion of the labour force above a certain age without a job but who are looking and available for a job, also known as the unemployment rate. However, the current unemployment rate does not provide the real estimate of labour underutilisation, it only speaks to those without a job and who are available and looking for work. This then leaves behind those who desire to work but gave up because there are no jobs available and/or they are discouraged from looking for one. It also excludes those who are not available because of several reasons, such as family obligations or geographical reasons, but would take a job as soon as it was available to them.

The ICLS came with a partial response to the under-measurement of labour underutilisation. The revised definition of labour underutilisation now includes the possibility of measuring time-related underutilisation. To estimate labour underutilisation, the developed methodology adds the number of workers who would like to work more hours - up to the normal work week - to those who are unemployed,

and calculates a rate as a proportion of the labour force. The outcome is a new extended measure of labour underutilisation that includes both unemployed and time-related underutilisation which provides a better indication of the state of the labour market against the original unemployment rate.

The ICLS also allows countries to expand the notion of labour underutilisation and add to the unemployed those who are not in the labour force because they are not looking for a job or because they are not available for a job. The estimates coming out of these ratios allows policy makers to better follow the movement between the labour force and outside the labour force, and assess the number of workers who could potentially reintegrate into the labour market.

What is even more interesting is that the ICLS is encouraging countries to publish at least two of the four measurements of labour underutilisation developed on an ongoing basis, and provide the ILO with the four measures with breakdowns capturing gender, age and so on.

However, the 19th ICLS did not comply with the resolution of the 18th ICLS, which called for the development of labour underutilisation and underemployment, including the measurement of skill-mismatch. Despite challenges in the development of this measure, it would not be extremely difficult to compare the occupational skill level with workers' skill level and their desire to find a job that matches their skills; add them to the unemployed and those who would like to work more hours (to come up with another key labour market labour underutilisation indicator). At least, the resolution adopted called for more work to be done and a report back by the ILO, at the 20th ICLS, for the adoption of a resolution that would include skills-mismatch.

We believe that it is imperative that labour market stakeholders call on their respective governments to produce and publish the revised measure of labour underutilisation, and statistics on the different forms of work. Without the country level pressure, more time will pass before policy makers have access to key labour market trends for the implementation of better labour market policy responses.

¹ See "Grant Belchamber and Sylvain Schetagne "What counts as a Job?", GLC, Number 146, September 2013

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