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Decent Work Indicators for Asia and the Pacific

A Guidebook for Policy-makers and Researchers

Regional Office for Asia and the Pacific

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Preface

In his Report to the 87th International Labour Conference, the Director-General established that the primary goal of the ILO was to promote opportunities for people to obtain decent and productive work, in conditions of freedom, equity, security and human dignity. The concept of decent work brings together four goals – including rights at work, employment, social protection and social dialogue – in an integrated manner. Decent work is realized in different ways at the international, regional, national and local levels through improved economic development outcomes, better designed and better targeted labour market and macroeconomic policies, and through improved and well-informed dialogue between workers, employers and governments.

The ability of governments, civil society and researchers to effectively monitor ongoing trends in labour markets and in decent work, to identify key areas of concern and to formulate appropriate policy responses is dependent upon the availability of reliable, timely and relevant labour market information. In addition to this, a thorough understanding of the available data is required, including knowledge of which indicators are most appropriate for particular topics of interest, what the key data limitations are, and how the data can be analysed to reveal ongoing trends.

This Guidebook has been produced in order to facilitate a better understanding among collectors and users of labour market information of a number of key indicators that can be utilized to measure decent work. The Guidebook provides a set of Decent Work Indicators identified by the ILO Regional Office for Asia and the Pacific to measure various components of the four strategic objectives of decent work. In this regard, the Guidebook is intended to facilitate improved measurement and analysis of progress towards national, regional and international goals related to decent work. This is of particular relevance given the adoption by countries in the region of an Asian Decent Work Decade from 2006 to 2015.

Mr Peter Wingfield-Digby was the principal author of the Guidebook. Mr Igor Chernyshev and Mr Steven Kapsos served as contributing authors and, together with Ms Sara Elder, as technical editors. Ms Somsward Punkrasin was responsible for editing, layout and overall publishing support. Production was overseen by the Regional Economic and Social Analysis Unit (RESA), headed by Mr Gyorgy Sziraczki.

The initiative to establish regional Decent Work Indicators was spearheaded by an ILO Task Force on Decent Work Indicators for the Asia and the Pacific Region, comprised of experts from the ILO Bureau of Statistics, the Employment Trends Team and the regional and subregional offices of ILO in the Asia and the Pacific region. Mr Bijoy Raychaudhuri developed the initial "Concepts and Definitions" manual for the indicators and together with Mr Kenta Goto, Mr Steven Kapsos, Ms Elizabeth Morris, Ms Sukti Dasgupta and Mr Aurelio Parisotto, oversaw activities to improve the collection, analysis and dissemination of Decent Work Indicators in many countries throughout the region.

I believe that this Guidebook will be a useful tool for policy-makers, researchers and ILO tripartite constituents in their efforts to better understand and address key challenges pertaining to the realization of decent work in light of national priorities and circumstances.

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Table of contents

List of Text Boxes

List of Tables

List of Figures

Abbreviations

ADB	Asian Development Bank
CBA	Collective Bargaining Agreement
CIE	Council of Indian Employers
CPI	Consumer Price Index
DWI	Decent Work Indicators
GDP	Gross Domestic Product
GER	Gross Enrolment Ratio
GNI	Gross National Income
ICLS	International Conference of Labour Statisticians
ICSE	International Classification of Status in Employment
ILC	International Labour Conference
ILO	International Labour Organization
IMF	International Monetary Fund
IPEC	International Programme on the Elimination of Child Labour
ISCED	International Standard Classification of Education
ISCO	International Standard Classification of Occupations
ISIC	International Standard Industrial Classification
KILM	Key Indicators of the Labour Market
LABORSTA	ILO database of labour statistics used for the Yearbook
LFPR	Labour Force Participation Rate
LFS	Labour Force Survey
MDG	Millennium Development Goal
NEET	Not in education and not in employment
NER	Net Enrolment Ratio
OECD	Organisation for Economic Cooperation and Development
PPP	Purchasing Power Parity
SNA	System of National Accounts
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization

1. Introduction

The purpose of this Guidebook

Labour statistics play an essential role in measuring progress in the efforts of ILO member States to achieve decent work for all, and in the ILO's support of those efforts. At the country level, there is a need for up-to-date and reliable labour market information, to enable countries to develop effective labour market policies and strategies. But having this information on a one-off basis is not sufficient. There is need for a continual flow of data, and continual analysis of that data, so that countries can monitor progress towards their respective goals and, where necessary, make adjustments to relevant policies. In this regard, a strong national labour market information system is an essential building block to a good overall system of labour market governance.

In this context, this Guidebook is intended to promote better collection, understanding and more regular and widespread use of labour market information in the Asia and the Pacific region. The intended audience includes national technical officers working in the field of data collection and dissemination; national policy-makers concerned with issues of employment and the need to promote well functioning labour markets, as well as policy-makers wishing to build stronger labour market information systems; and researchers and civil society at the national, regional and international levels wishing to monitor trends and promote progress in the realization of more and better jobs in the region.

The Guidebook gives an overview of 21 key indicators that provide measurements and trends related to the four dimensions of decent work: rights at work, employment, social protection and social dialogue. The 21 indicators have been grouped within these four areas in four separate chapters. Each indicator is described separately with a basic **introduction** describing what the indicator measures; a section on **definitions and sources**, highlighting international standards with regard to how indicators are constructed and the main surveys that provide the data for constructing them; **limitations to comparability**, which describes typical problems encountered at the national and international levels when trying to compare values for the indicator over time and/or across different countries; and finally a **trends analysis**, which examines available data for one or more countries in Asia and provides an example of how to use the indicator for analytical purposes.

The role of the ILO in the area of labour statistics

The ILO has a long history of providing guidance and assistance in the field of labour statistics. The international comparability of labour statistics depends on countries' use of agreed upon standard definitions, classifications and procedures. The main instruments embodying such standards are the resolutions adopted by the International Conference of Labour Statisticians (ICLS). This Conference, convening every five years, has held 17 meetings since its first in 1923. The next 18th ICLS will be convened at the end of 2008.

The most important instruments for the work of the ILO are the international labour Conventions, which are adopted by the International Labour Conference (ILC). By ratifying a Convention, member States commit themselves to fulfilling the obligations specified therein. Most notably, Labour Statistics Convention (No. 160) adopted by the ILC in 1985 indicated

the subjects on which member countries were expected to regularly collect, compile, and publish basic labour statistics. These included statistics on the economically active population, employment, unemployment, underemployment, the structure and distribution of the economically active population, average earnings and hours of work, wage structure and distribution, labour cost, consumer price indices, household expenditure and household income, occupational injuries and occupational diseases, and industrial disputes (strikes, lockouts and other action due to labour disputes).

The broad guidance given in Convention No. 160 is supported by more detailed information on basic labour statistics encompassed in Labour Statistics Recommendation (No. 170) which was adopted by the same ILC of 1985. Since then, the ICLSs have adopted a number of new resolutions, covering all of the areas and subjects mentioned above. These Recommendations provide valuable guidance to those collecting, analysing and using labour statistics, since they take account of the latest developments and 'best practices' in these areas, while at the same time emphasizing the need to be flexible given the different circumstances of countries at different levels of development. A convenient summary of these Recommendations is provided in the ILO's Current International Recommendations on Labour Statistics. The latest edition is from 2000 (see Box 1.1).

Box 1.1
Topics covered in the ILO publication
Current International Recommendations on Labour Statistics, **2000 edition**

Convention and Recommendation adopted by the International Labour Conference

ILC, 1985	Convention concerning labour statistics, 1985 (No. 160)
ILC, 1985	Recommendation concerning labour statistics, 1985 (No. 170)

Resolutions adopted by the International Conference of Labour Statisticians

16th ICLS, 1998	Employment-related income
16th ICLS, 1998	Underemployment and inadequate employment situations
16th ICLS, 1998	Occupational injuries
15th ICLS, 1993	International Classification of Status in Employment (ICSE-93)
15th ICLS, 1993	Employment in the informal sector
15th ICLS, 1993	Strikes, lockouts and other action due to labour disputes
14th ICLS, 1987	Revision of the International Standard Classification of Occupations (ISCO-88)*
14th ICLS, 1987	Consumer price indices*
13th ICLS, 1982	Economically active population, employment, unemployment and underemployment
12th ICLS, 1973	An integrated system of wages statistics
12th ICLS, 1973	Household income and expenditure surveys*
11th ICLS, 1966	Labour cost
10th ICLS, 1962	Hours of work
9th ICLS, 1957	Social security
3rd ICLS, 1926	Collective agreements

Guidelines endorsed by the International Conference of Labour Statistics

16th ICLS, 1998	Treatment in employment and unemployment statistics of persons on extended absences from work
16th ICLS, 1998	Dissemination practices for labour statistics
14th ICLS, 1987	Implications of employment promotion schemes on the measurement of employment and unemployment

* Note: Resolutions concerning the following topics were adopted by the 17th ICLS in 2003, and therefore do not appear in this publication: household income and expenditure statistics, consumer price indices, and further work on the International Standard Classification of Occupations. Additionally, the Conference endorsed the Guidelines concerning a statistical definition of informal employment.

The ILO offers other useful facilities to researchers in the area of labour statistics. For over 60 years the ILO Bureau of Statistics has been publishing a *Yearbook of Labour Statistics*, which is the main source of international labour statistics for the ILO itself and for outside researchers. It is based on annual returns, made by the countries themselves. The Bureau of Statistics also maintains a very large database of labour statistics known as LABORSTA. This database – or rather series of databases – provides time-series data on nearly every country and territory in the world. It covers all of the main areas and subjects of ILO concern mentioned above. Initially information from LABORSTA was available only on request, but the statistics and other background information *(metadata)* from various printed ILO publications (*Yearbook, Bulletin of Labour Statistics, Sources and Methods,* etc.) are now available electronically to users on the web.

A major recent development has been the release by ILO of a new publication, *Key Indicators of the Labour Market* (KILM), which is now in its fifth edition. The objective in publishing the KILM is to present a core set of labour market indicators for countries and accompanying analysis, on a global basis, and to improve the availability of the indicators needed for monitoring new employment trends. The KILM is discussed in more detail below.

In addition, the ILO publishes manuals and technical guides with the objectives of explaining the international concepts and definitions adopted by the ICLS in greater detail, and providing technical guidelines on how to apply the international standards when collecting a particular type of data from a particular type of source.

To provide users with information about the statistics it compiled and published, the ILO launched a series entitled "Sources and Methods: Labour Statistics". The Sources and Methods series present detailed methodological information about the major national sources for labour statistics appearing in the Yearbook and Bulletin that are needed to understand and evaluate the series published by the ILO. The descriptions of the data sources and methods of data collection are presented in a standard format. The first volume of this series provides methodological information on national series of consumer price indices. The next four volumes deal with particular data sources (establishment surveys, household surveys, administrative records, and population censuses) and relevant labour statistics collected from them: total and economically active population, employment, unemployment, wages, hours of work and labour cost. Later volumes have dealt with specific topics – household income and expenditure surveys, strikes and lockouts, and estimates and projections of the economically active population – while a special volume covers all the above areas of labour statistics in relation to countries in transition.

Decent Work Indicators for Asia and the Pacific

The expression 'decent work' has been used in recent years to sum up the aspirations of people in their working lives. These aspirations are for job opportunities and sufficient incomes; rights at work, representation and a voice at the workplace; family stability and personal development; and fairness and gender equality. Ultimately, these various dimensions of decent work help to ensure that communities, and society at large, live in peace. Decent work reflects the concerns of the three pillars of the ILO – governments, workers, and employers – that give it its special tripartite identity.

The idea of 'decent work' was first articulated in 1999 by the ILO Director-General in his report to the 87th Session of the International Labour Conference. He described decent work

as "opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity".[1] The concept of decent work is captured in four strategic objectives: **rights at work**, which are grounded in fundamental principles and international labour standards; **employment** and income opportunities; *social protection* and social security; and **social dialogue** and tripartism. These objectives apply to all workers – male and female, young and old – wherever they are.

In the same report, the ILO Director-General recognized the need to strengthen statistical and data capacities. He acknowledged the need for ILO to produce higher quality databases of international statistics, to develop new indicators on trends in the world of work, and to make ILO statistics more easily accessible. The basic goal was to create an integrated, proactive and demand-driven statistical programme, which could better serve international users and effectively support the work of the ILO technical programmes.

In response to the above challenge, the ILO Regional Office for Asia and the Pacific has compiled a set of Decent Work Indicators (DWI) to cover the four strategic objectives mentioned above for Asia and the Pacific region. This follows the recommendations of an ILO Task Force on Decent Work Indicators for Asia and the Pacific that, in 2005, identified a core set of 23 DWI. Eight DWI country reports were subsequently completed in the region (in Bangladesh, Cambodia, India, Indonesia, the Islamic Republic of Iran, Pakistan, Sri Lanka and Viet Nam) to examine availability, definitions used and applicability of the 23 DWI within the national context. The initial set of DWI was modified following the findings of the country reports and took on its current state.

The overarching goal of the regional DWI project has been to provide technical assistance to member countries so that they can more effectively move forward on the Decent Work Agenda and their Decent Work Country Programmes (DWCP) and to increase the amount of information available for monitoring national and regional trends in decent work. A detailed listing of the Decent Work Indicators is given in Box 1.2. These indicators are the subject of this Guidebook, and each one will be dealt with in detail.

The importance of decent work was reinforced at the 14th Asian Regional Meeting of ILO, held in 2006 in Busan, Republic of Korea. At that meeting, constituents committed themselves to realizing decent work, and in particular established an Asian Decent Work Decade for the period 2006 to 2015. A subsequent ILO Asian Employment Forum was held in Beijing in 2007, on the topic 'Growth, Employment and Decent Work'. Among other things, the Forum highlighted the importance of sound and realistic labour market information and statistical services to support analysis and policy-making, and the need for capacity building in this area. It noted that particular efforts were required to improve methodology and measurement of the less easily quantifiable dimensions of decent work, as contained in the decent work indicators.

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[1] ILO: *Decent Work*, Report of the Director-General, International Labour Conference, 87th Session, Geneva, 1999.

When presenting data for countries in the region, it is helpful to group countries in terms of their geographical proximity or level of economic development. For this DWI Guidebook the regional classification shown in Box 1.3 has been used.

Key Indicators of the Labour Market – KILM

KILM is a comprehensive database of country-level data on 20 key indicators of the labour market. It can be used as a training tool on development and the use of labour market statistics. It helps to highlight current labour market trends and analysis of key issues in the labour market.

The KILM programme was launched by the ILO in 1999, as a means of improving the dissemination of data on key elements of the world's labour markets. The 20 KILM indicators (see Box 1.4) relate to people's participation in the world of work, employment and various variables (such as status in employment, and hours of work) that are related to employment. There are also indicators on lack of work, the characteristics of jobseekers, education, wages and labour costs, labour productivity and poverty. Having this basic labour market information available, the policy-maker is then in a much better position to design effective labour market strategies appropriate to the specific context of their country, and to monitor changes over time.

While there are inevitably many similarities between the data appearing in the ILO *Yearbook of Labour Statistics* and the data appearing in KILM, there are also some important differences. The KILM differs from the Yearbook in both scope and content. The Yearbook is the best source of nationally-generated labour statistics, but the KILM supplements this information with data from other sources, especially when it is felt that other sources are more

accurate or more complete and therefore provide a better scope for international comparability. In contrast to the Yearbook, the KILM is not restricted in the data it uses. Instead, it attempts to present series of data that are most comparable over time and across countries.

The KILM still has some way to go in achieving this aim of producing a strictly 'harmonized' series for each indicator. But there are three examples in the KILM of series that are fully harmonized: the labour force participation rate, the employment-to-population ratio and the inactivity rate. In the case of other series, attempts are made to select sources and methodologies that make the series as 'clean' as possible. Where anomalies do exist, these are documented in notes to the tables.

One final difference between KILM and the Yearbook is that there is some difference in the topics covered by each publication. For instance, KILM has tables on labour productivity and time-related underemployment, which are not covered in the Yearbook. Conversely, the Yearbook reports data on strikes and lockouts, which are not covered in the KILM. The KILM is also able to publish imputed estimates and combine them with real data reported by countries, and so come up with new indicators such as employment elasticities or working poverty.

Those using the KILM database should note that countries from the Asia and the Pacific region appearing in the KILM database are grouped in a slightly different way from the grouping that has been used in this Guidebook. There are three specific differences in the fifth edition of KILM. First, the three developed economies of Australia, Japan and New Zealand are not counted in the KILM database as part of the Asia and the Pacific region but as part of the larger Developed Economies and European Union grouping. Within that group, they form part of the Other Developed Economies subgroup. Secondly, because of their small population size, the Pacific island countries are often combined with the countries of South-East Asia when data are presented in the KILM publication; in the DWI an attempt has been made to report data for this subregion separately, because of its very different characteristics. And thirdly, in KILM

the Islamic Republic of Iran is counted as part of the Middle East region rather than as part of Asia and the Pacific.

With the release of the fifth edition of the KILM in September 2007, the public is given full and free online access for the first time, both to the publication itself and to the data sets that underlie the analysis presented in the publication. It is now possible to download worldwide data for any indicator, or data for specific countries or specific time periods. Updates to the data sets are provided online as they become available.

Relationship between DWI and KILM

This section compares the two sets of indicators – the Decent Work Indicators for Asia and the Pacific to the Key Indicators of the Labour Market. What overlap is there, and what specific areas are covered by one list but not by the other?

In general terms, if we consider the four broad areas covered by the DWI – rights at work, employment, social protection, and social dialogue – we can say that KILM focuses primarily on employment, with some indicators also in the area of social protection. The DWI is thus rather broader than the KILM.

In the area of employment, DWI and KILM cover broadly the same indicators, but KILM has some additional indicators that could be helpful in giving a fuller description of a country's employment situation; these include indicators on part-time workers (KILM 5), long-term unemployment (KILM 10), inactivity rates (KILM 13), educational attainment and illiteracy (KILM 14), occupational wage and earning indices (KILM 16), and employment elasticities (KILM 19). None of these indicators appears in the set of DWIs for Asia and the Pacific, though DWI 10 does deal specifically with the inactivity rate among youth.

In the area of social protection, KILM does have two relevant indicators – hours of work (KILM 6) and employment in the informal economy (KILM 7) – but DWI has a wider range of indicators, including rates of fatal and non-fatal occupational injuries.

KILM does not have any indicators specifically concerning rights at work and social dialogue, although some useful information (for instance on the employment situation of women) could be obtained from other KILM indicators. DWI includes indicators on rights at work, covering such issues as child labour, women in the workplace, and complaints or cases brought to labour courts or the ILO. DWI also includes indicators on social dialogue, covering such issues as trade union membership, the number of enterprises belonging to employer organizations, the coverage of collective bargaining, and days lost through strikes and lockouts.

The overall conclusion is that the KILM indicators provide a broader coverage than do the DWI on employment, while the DWI places more emphasis on indicators related to rights at work and social dialogue that are needed to give a complete picture of 'decent work'. For DWI indicators that are also KILM indicators, the text presented in this Guidebook relies heavily on the KILM fifth edition manuscript.

DWIs and the Millennium Development Goals

At the Millennium Summit in September 2000, attended by representatives of 189 countries and including 147 Heads of State, the participants adopted the United Nations (UN) Millennium Declaration, committing their nations to a global partnership to reduce poverty, improve health, and promote peace, human rights, gender equality, and environmental sustainability. Embedded in the Declaration were eight Millennium Development Goals (MDGs), including 18 specific time-bound targets. To monitor progress towards these targets and goals, various international agencies (including the UN, the World Bank, the International Monetary Fund, and the Organisation for Economic Cooperation and Development) came together and developed a set of 48 specific indicators.

Unfortunately, while health and education was very well covered by the original MDGs and the specific indicators, the area of employment was not well represented. Specific indicators that could be considered as directly employment-related were only given in two places. Indicator 11, one of the four indicators recommended for measuring progress towards Goal 3 (Promote gender equality and empower women) is the share of women in wage employment in the non-agricultural sector. The very broad Goal 8 (Develop a Global Partnership for Development) includes several Targets. One of these is Target 16: "In cooperation with developing countries, to develop and implement strategies for decent and productive work for youth". The specific indicator chosen for measuring progress towards this target is the unemployment rate among youth aged 15-24.

World leaders reviewed the MDGs at a World Summit in September 2005, and they agreed that additional targets should be added to the original list prepared in 2000. Accordingly, in place of Target 16, a new target has been added under Goal 1 (as Goal 1b): "Achieve full and productive employment and decent work for all, including women and young people". This modification expands the concept of decent and productive work to the whole working-age population, while still drawing specific attention to the difficulties experienced in the labour market by women and young people. The new target also introduces the concept of full employment, again extending its coverage to the whole working-age population.

The relocation of this target from Goal 8 to Goal 1, and the expansion in its coverage, acknowledges the significance of full, decent and productive work as a primary vehicle to reducing extreme poverty and hunger (the topic of Goal 1). It also fits in well with the first target originally included under Goal 1, which was "to halve, between 1990 and 2015, the proportion of people living on less than one dollar a day". To achieve this target will require a more efficient utilization of labour resources, increasing the share of the working-age population (both male and female), and also enhancing the quality and productivity of available jobs.

The ILO is the lead agency with responsibility for developing the indicators for this new target. After extensive debate and consideration of the UN criteria for MDG indicators,[2] four new indicators have now been integrated as part of Goal 1b.[3] They are:

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[2] Sufficient country level data must exist so that a defendable routine of producing world and regional estimates can be utilized and the measurement of the indicator must be reproducible at the country level.

[3] The official list of MDG indicators can be found at http://mdgs.un.org/unsd/mdg/Host.aspx?Content=Indicators/OfficialList.htm

- **MDG Indicator 1.4: Growth rate of Gross Domestic Product (GDP) per person employed** (labour pr oductivity growth) – see DWI 13;
- **MDG Indicator 1.5: Employment-to-population ratio** (for persons aged 15 and over and for youth (15-24), by sex) – see DWI 5;
- **MDG Indicator 1.6: Proportion of employed people living below $1 (PPP) per day** (the working poor) – see DWI 6;
- **MDG Indicator 1.7: Proportion of own-account and contributing family workers in total employment** (vulnerable employment) – see DWI 12.

The fifth edition of the KILM contains two special sections of interest in this context: one is a detailed analysis of these four indicators, and the other a study of the indicator on vulnerable employment.[4]

The first study concludes that there is a strong relationship between three of the indicators (working poverty, vulnerable employment and labour productivity). The fourth indicator (employment-to-population ratio) was shown to be important not only to measure 'full' employment, but also to identify important overall trends within an economy. The four indicators, taken together, were also found to be strongly linked to the overall MDG 1 goal of halving the share of poverty in the world by 2015. The overall conclusion was that these four indicators were well chosen for measuring the extent of labour underutilization and decent work deficits, and thus in assessing the progress in achieving 'full and productive employment and decent work for all'. They do not, however, reflect all components of decent work.

The second study found that status in employment by itself did not provide a very exact indicator of vulnerability, and that it needed to be backed up by more disaggregated data (e.g. by sex and sector of the economy) and by other key variables (such as illiteracy) if it was to explain a substantial amount of the variation in vulnerability.

A key message from the latest edition of the KILM is that measuring progress towards full, decent and productive employment, as specified in the new target contained in Goal 1 of the MDGs, is a complex task that requires the use of multiple quantitative and qualitative indicators and information.

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[4] ILO: KILM, Fifth edition (Geneva, 2007). The two sections are in Chapter 1. Section A is entitled: 'Decent Employment and the Millennium Development Goals: Description and Analysis of a New Target'. Section B is entitled: 'Assessing Vulnerable Employment: The Role of Status and Sector Indicators'.

2. Rights at work indicators

Since its early days, the ILO has sought to define and guarantee labour rights and improve conditions for working people by building a system of international labour standards expressed in the form of Conventions, Recommendations and Codes of Practice. The ILO has since adopted more than 180 ILO Conventions and 190 Recommendations covering all aspects of the world of work.

A supervisory process helps to ensure that standards ratified by individual member States are applied and the ILO provides advice in the drafting of national labour laws. With the adoption of the Declaration on Fundamental Principles and Rights at Work in 1998, ILO member States decided to uphold a set of core labour standards regardless of whether they had ratified the relevant Conventions. These are basic human rights and a central plank of decent work.

The Declaration covers four areas: freedom of association, forced labour, discrimination, and child labour. Decent work must be work that is acceptable to society. It is therefore necessary to know the incidence of unacceptable work, both to ensure that such work is excluded from indicators of employment opportunities as well as to measure progress towards its elimination. The indicators discussed below cover child labour, women in the workplace, and complaints or cases brought to labour courts or the ILO.

DWI 1: Child labour

The ILO has for a long time been concerned with the conditions of working children in general and with child labour in particular. The International Programme on the Elimination of Child Labour (IPEC) is the driving force behind ILO activities in this area of work.[5] There is at present no internationally agreed statistical definition of child labour, which complicates the task of generating comparable and unambiguous estimates of child labour, and which also detracts from the credibility of the numbers that are published. The wide variety of child labour measures in use obscures the precise nature of the child labour challenge and hampers the formulation of policy responses to it. Reliable statistical information on child labour is needed to monitor and evaluate policies across a range of sectors and programmatic areas, including social protection, youth employment, education and poverty reduction.

The 17th ICLS in 2003 stressed the need to develop a precise international statistical definition of child labour, including hazardous work, and methodological guidelines to ensure comparability across countries and across time. The ILO will submit a technical report and a draft resolution to the 18th ICLS in 2008, containing a conceptual framework, relevant definitions and methods of data collection to measure child labour. There is a need to distinguish between light work by children that is generally acceptable, and those forms of work that constitute child labour that are not, and to develop statistical indicators for measuring the "worst forms" of child labour.

DWI 1 includes two indicators that help to describe certain aspects of child labour: economically active children aged 10-14 years, and the school non-enrolment rate for children aged 5-14 years.

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[5] See ILO web site for more details. http://www.ilo.org/ipec/index.htm

1a. Economically active children aged 10-14

Introduction

This DWI on economically active children aged 10-14 years was included primarily with a view to ascertaining information on children of school-going ages who are engaged in economic activities while in school or at the expense of schooling. The selection of the age group 10-14 is not intended to imply that children below the age of 10 are not working – indeed in many countries child labour is also a problem of younger children – however the 10-14 age group was selected because a typical labour force survey (LFS) does not capture information about individuals in the household younger than 10 years of age.

The need for comprehensive and up-to-date child labour data to inform the public and generate awareness at the national level of the issues against the practice of child labour has led to this information being compiled, usually on the basis of information collected through household-based surveys.

Use of the indicator

The ILO has been advocating the importance of the availability of reliable statistical data, and that their appropriate analysis and interpretation on a continuous basis are particularly essential for establishing relevant targets, formulating and implementing interventions, and monitoring policies, regulations and programmes. These should be aimed not only at minimizing the negative consequences of child labour in the short-term, but most importantly for the eventual elimination of the practice.

Definitions and sources

Based on the United Nations Convention on the Rights of the Child, a child is defined as an individual aged less than 18 years. When carrying child labour surveys, it is normal to cover only children in the age range 5 to 17 years, since a child under 5 years of age is considered too young to be engaged in work. Since the analysis of most LFSs counts an adult as being someone aged 15 or above, it is appropriate that the information for the 15-17 year age group be classified separately from that for those aged 5-14. It will normally be appropriate to further subdivide the 5-14 age group into two subgroups, those aged 5-9 and those aged 10-14 years old.

In measuring the economic activity of children, it is important that exactly the same definitions of work, economic activity, labour force, and employment are used as for the adult population. The reader is therefore referred to DWI 4 for definitions of these terms. The indicator may focus solely on children in employment, and therefore omit unemployed children; however this should be noted in accompanying methodological notes.

Household surveys are the main source of information on child labour, with many LFSs capturing information about individuals aged 10 and above. Household-based child labour surveys are carried out to provide more detailed measurements of child labour. Summary statistics from many child labour surveys are available on the Understanding Children's Work web site, which is an inter-agency research cooperation project on child labour that includes the ILO, World Bank and UNICEF.[6]

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[6] See the Understanding Children's Work web site for more details. http://www.ucw-project.org

Limitations to comparability

Careful questioning is required, in order to collect accurate information about children's activities, particularly those types of activities that tend to remain 'invisible' or 'hidden'. Parents do not always know what work their children are doing. Also, sometimes the parent may not want the interviewer to know that the child is working, particularly if he/she is engaged in an illegal activity.

The ILO has developed a set of detailed questionnaires, which have been field-tested in national child labour surveys in many countries. Further details can be obtained from the ILO web site.[7] In order to get a complete picture of the state of child labour, it is necessary to conduct not only quantitative investigations through household surveys, but also qualitative surveys of particular population groups (such as street children, many of whom would not be sampled in a national survey of households).

Trends analysis

No detailed summary of economic activity rates for the 10-14 age group is available at the country level. However, by way of illustration, Table 2.1 provides a summary of the state of child labour in 2000 and 2004 in the Asia and the Pacific region.

Table 2.1: Number of working children aged 10-14, by sex, Asia and the Pacific region

	Time period	Boys 10-14 years	Girls 10-14 years
Population	2000	170.9 million	158.8 million
Working children	2000	42.3 million	45.0 million
Incidence rate	2000	24.8%	28.3%
Change	2000-2004	+0.9%	-0.9%
Incidence rate	2004	25.7%	27.4%
Population	2004	170.1 million	158.5 million
Working children	2004	43.7 million	43.4 million

Source: F. Hagemann et. al.: *Global Child Labour Trends 2000 to 2004* (Geneva, ILO, 2006).

1b. Child school non-enrolment rate 5-14 years (from UNESCO)

Introduction

Children aged 5 to 14 should be in school. Those that are not at school face two disadvantages. They are failing to gain the skills of literacy, numeracy and socialization which would stand them in good stead throughout their adult life, and they are at risk of being involved in some form of child labour, which (in its worst forms) might cause damage to their health or general development.

Use of the indicator

If policy-makers become more aware of the levels of non-attendance of children at school, they will be in a better position to formulate policies to try to improve the situation, and get more children back into school. It may be necessary to introduce some kind of incentive scheme to

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[7] See model questionnaires – "Questionnaires for stand-alone national child labour surveys" and "Module of essential questions on child labour for inclusion in household surveys" available at: http://www.ilo.org/ipec/ChildlabourstatisticsSIMPOC/Model%20questionnaires/lang—en/index.htm

encourage parents to forego the temporary cash advantages that may accrue from having their children working rather than being in school.

Definitions and sources

At the international level, the indicator is obtained from the database maintained by the UNESCO Institute for Statistics, which provides information on the net number and percentage of primary and secondary school-age children who are enrolled in school. The aggregated net enrolment rate for these two groups of children is subtracted from 100 to arrive at the percentage of children who are not in school.

At times, only gross enrolment ratios (GER) are available. The GER is the total enrolment in primary or lower-secondary school, irrespective of the child's age, expressed as a percentage of the population of primary or lower-secondary school age. Many GERs are in excess of 100, as a result of late school entry and/or repetition of grades. As a result, calculation of a school non-enrolment rate based on GERs is not advised, as this can lead to negative values, which have little or no meaning.

At the level of national statistics, enrolment rate data are typically based on administrative sources including enrolment reports that are tabulated and maintained by the education ministry.

Limitations to comparability

Different countries may utilize different definitions of school enrolment, and within countries definitions may change over time which can lead to limitations in comparability. Careful attention must therefore be paid to metadata accompanying school enrolment rate data. It should be noted that non-enrolment data could be directly obtained through a household survey such as a labour force survey.

In many education systems, the primary school age is 6-11, but this can vary as demonstrated by the cases of Mongolia (where it is 8-11); Indonesia (7-12); Nepal, Pakistan and Sri Lanka (5-9). In many education systems, lower secondary education begins at age 11 or 12 and often lasts for approximately 3 years. It is therefore often the case that the estimated child school non-enrolment rate will not strictly apply to the 5-14 age group.

Trends analysis

Table 2.2 shows the trends in child school non-enrolment rates for a large number of countries in the Asia and the Pacific region. Included in the table are primary, lower secondary and total (primary + lower secondary) non-enrolment rates, along with the total number of children not enrolled in schooling.

It is clear from Table 2.2 that there is a strong negative relationship between levels of development and child school non-enrolment. The developed countries in Asia have non-enrolment rates well below 10 per cent, while countries such as Bangladesh, Cambodia and Vanuatu have non-enrolment rates in excess of 25 per cent, while Lao People's Democratic Republic has a non-enrolment rate of nearly 35 per cent. Nearly all developing countries in Asia have shown improvement in non-enrolment rates since 1999, with the largest improvements occurring in Mongolia (from 27.4 per cent to 13.4 per cent), Brunei Darussalam (from 16.7 per cent to 8.6 per cent), Cambodia (from 38.1 per cent to 28.4 per cent) and Maldives (from 21.1 per cent to 13.4 per cent).

Table 2.2: Primary, lower secondary and total school net non-enrolment ratios, 1999 and most recent year (%)

	Primary non-enrolment (%)		Lower secondary non-enrolment (%)		Total non-enrolment (%)		Total non-enrolment ('000s)	
	1999*	Most recent year	1999*	Most recent year	1999*	Most recent year*	1999*	Most recent year
Developed Economies								
Australia	5.3	3.5	9.8	13.6	6.9	7.3	205	218
Japan	0.0	0.2	0.6	0.0	0.3	0.1	30	12
New Zealand		0.8		8.1		3.7		22
East Asia								
Hong Kong, China	7.0	9.3	26.2	22.9	13.5	14.1	97	100
Korea, Rep. of	5.6	2.4	3.4	6.1	4.8	3.7	296	219
Macau, China	15.2	3.7	37.9	22.5	22.7	11.3	16	6
Mongolia	11.2	8.6	44.5	18.5	27.4	13.4	138	65
Pacific Islands								
Fiji	1.3	6.5	21.4	19.1	9.2	11.3	16	20
Samoa	8.0	9.6	28.5	34.0	12.8	15.0	5	6
Solomon Islands	36.7		72.7		47.9		50	
Tonga	11.9	7.2	27.8	33.6	18.0	17.6	5	5
Vanuatu	8.5	7.1	70.4	61.9	31.3	27.9	15	15
South-East Asia								
Brunei Darussalam	8.0	6.6	29.0	12.7	16.7	8.6	10	5
Cambodia	16.9	3.5	84.6	76.1	38.1	28.4	1 214	924
Indonesia	7.4	5.5	51.8	42.6	22.4	17.9	8 692	6 844
Lao PDR	23.8	17.3	73.7	64.4	40.8	34.9	462	434
Myanmar	8.2	1.0	67.9	57.0	35.0	26.5	2 995	2 138
Philippines	8.1	7.1	49.3	39.8	21.1	17.7	3 414	3 086
Thailand	5.8		29.0		13.7		1 133	
Viet Nam	4.8	13.4	40.9	31.2	20.3	21.9	3 371	3 501
South Asia								
Bangladesh	16.9	11.1	57.9	59.0	31.7	29.1	8 555	8 109
Iran, Islamic Rep. of	4.7		22.7		12.7		1 479	
Maldives	2.4	2.4	68.5	35.9	21.1	13.4	16	10
Pakistan	32.8		79.7		56.3		22 571	

Note: Base year 1999 except Australia (2000), Hong Kong, China (2001), Indonesia (2000) and Malaysia (2000). Most recent year 2005 except: New Zealand (2002), Republic of Korea (2006), Macau, China (2006), Mongolia (2006), Malaysia (2004), Samoa (2004), Singapore (2002), Thailand (2006), Tonga (2004), Vanuatu (2004), Bangladesh (2004).

Source: Calculated from data available on the UNESCO Institute for Statistics web site. http://stats.uis.unesco.org

DWI 2: Women in the workplace

2a. Female share of employment by 1-digit ISCO

Introduction

This indicator describes the distribution of women's occupations in relation to those of men. For this purpose the International Standard Classification of Occupations (ISCO-88) is used. The details of the major groups are shown in Box 2.1. This classification replaced the old ISCO-68. It should be noted that ISCO-88 has recently been replaced by its updated version

ISCO-08. The purpose of this classification is to place people in occupational categories according to the type of work performed (tasks and duties of a given job) and the ability to carry out the tasks and duties of a given job (skill). This is in contrast to the International Standard Industrial Classification of All Economic Activities or ISIC (see 2b below and DWI 12b) which classifies persons according to the type of economic activity of the establishment in which they work.

Use of the indicator

This indicator is helpful for examining the range of occupations that women hold, and for identifying whether there are particular occupational groups characterized by gender-based occupational segregation. Where it is found that women are importantly under-represented in a particular major occupational group, it may be helpful to examine the distribution of female occupations within that major occupation group in more detail (i.e. at lower digit levels), in order to identify specific occupations characterized by gender-based segregation. For instance, Major Group 2 "Professionals" consists of 4 sub-major groups, 18 minor groups and 33 unit groups. The following are three-digit level minor groups of Major Group 2: 211 Physicists, chemists and related professionals; 212 Mathematicians, statisticians and related professionals; 213 Computing professionals, etc. In turn, occupations in the above minor group 211 are classified into the following four-digit level unit groups: 2111 Physicists and astronomers; 2112 Meteorologists; 2113 Chemists; and 2114 Geologists and geophysicists.

Definitions and sources

The International Standard Classification of Occupations is one member of the family of economic and social classifications used in international statistics.

As already mentioned above, ISCO takes account of two factors: the skill level of a job and the level of skill specialization. Skill level is a function of the range and complexity of the tasks involved, whereas skill specialization reflects the type of knowledge applied, the tools and equipment used, the materials worked with or on, and the nature of the goods and services produced.

Information on occupation is collected in most of the population censuses and labour force surveys. Within each occupational group, the indicator is calculated as the proportion of all jobs in that occupational group that are held by women.

Limitations to comparability

Where trend data are being examined, care should be taken to ensure that all the data are derived from the same type of source. The use of data from different sources (such as population censuses and labour force surveys) is unlikely to result in a consistent series. This is because censuses cannot normally ask for information in sufficient detail to be able to classify people very exactly according to their occupation. The information from surveys, and particularly from labour force surveys, is likely to be much more accurate, since a full range of questions can be asked, and the interviewer can probe further when something is not clear.

Trends analysis

Table 2.3 provides some information, for a range of countries in Asia and the Pacific, on the proportion of women in different occupations. Only those countries which use the ISCO-88 classification have been shown in the table. Information for some other countries is available in the LABORSTA database, but the information for those countries is based on ISCO-68.

Table 2.3: Female share of total employment in each major ISCO group, selected economies (%)

			ISCO Major Group								
	Year	All	1	2	3	4	5	6	7	8	9
Developed economies											
Australia	2006	**45.0**	37.5	52.6	61.3	66.8	66.5	20.4	5.4	8.8	40.6
New Zealand	2006	**46.0**	39.6	53.0	51.7	78.8	66.8	30.9	5.0	17.1	38.7
East Asia											
China	2005	**45.3**	16.8	51.7		30.3	50.0	48.5	33.4		
Hong Kong, China	2006	**45.9**	29.1	36.2	44.2	73.2	51.1	33.8	3.5	9.7	63.2
Korea, Rep. of	2006	**41.9**	8.2	47.2	34.6	51.3	62.6	45.0	15.3	13.0	48.2
Macau, China	2006	**46.6**	24.7	42.6	48.9	61.7	48.5	28.6	7.2	44.3	58.4
Mongolia	2005	**50.5**	49.8	58.6	42.5	60.3	60.6	46.8	47.5	31.2	49.7
Pacific Islands											
Niue	2001	**41.6**	31.9	46.0	40.3	53.8	52.9	27.3	25.6	25.0	39.4
Tonga	2003	**40.9**	26.6	48.5	37.4	70.5	56.3	4.5	74.0	2.0	21.4
South Asia											
Bangladesh	2003	**22.2**	23.4	4.2	12.2	4.4	48.1	25.4	23.1		
Iran, Islamic Rep. of	1996	**26.1**	29.9	54.7	35.4	36.8	18.6	32.9	32.4	1.7	19.1
Maldives	2006	**36.8**	14.3	59.2	39.7	53.3	32.0	23.1	49.6	3.4	26.7
Nepal	1999	**50.0**	8.3	10.8	19.9	10.3	33.5	57.2	29.2	13.0	40.6
Pakistan	2006	**19.5**	3.4	13.8	29.8	4.3	3.2	29.8	18.0	1.2	19.1
Sri Lanka	2006	**35.0**	21.5	60.5	33.8	46.5	39.4	39.7	38.5	10.6	32.9
South-East Asia											
Brunei Darussalam	2001	**41.3**	25.7	37.1	47.9	65.9	28.6	15.0	23.3	5.6	57.5
Cambodia	2001	**51.7**	13.8	34.1	31.7	44.8	70.6	51.1	62.5	36.1	41.8
Malaysia	2003	**35.9**	23.2	42.8	38.5	66.8	44.2	29.5	16.1	30.3	39.0
Philippines	2006	**38.5**	58.0	68.3	51.0	63.9	50.3	14.0	24.1	9.2	44.3
Singapore	2006	**42.3**	31.0	39.6	46.8	77.9	48.6	14.3	9.2	22.9	50.2
Thailand	2006	**46.0**	29.2	58.6	51.8	66.0	63.7	44.7	32.0	31.5	48.9
Viet Nam	2004	**48.8**	22.2	47.7	55.0	50.2	65.4	39.1	37.4	15.0	51.8

Notes: The major groups in ISCO-88 are: 1 Legislators, senior officials and managers; 2 Professionals; 3 Technicians and associate professionals; 4 Clerks; 5 Service workers and shop and market sales workers; 6 Skilled agricultural and fishery workers; 7 Craft and related trades workers; 8 Plant and machine operators and assemblers; 9 Elementary occupations; 0 Armed forces.
See Box 2.1 and the text for further information on ISCO.
China – Major Group 2 includes 3. China and Bangladesh: Major Group 7 includes 8 and 9.

Source: ILO LABORSTA, Table 2C.

In three countries – Mongolia, Nepal and Cambodia – half of all jobs are held by women. Certain major groups stand out as being those with generally high proportions of women. Most notable are Major Groups 4 (Clerks) and 5 (Service workers and shop and market sales workers), as in several countries women represent over half of those in the occupational group. Only in the Philippines do women represent the majority in the professionals group (Major Group 2). Women do not make up the majority of workers in Major Group 8 (Plant and machine operators and assemblers) in any of the countries shown in Box 2.4. In only two countries – Nepal and Cambodia – are women in the majority in Major Group 6 (Skilled agricultural and fishery workers) and only in Tonga and Cambodia do women make up a majority of workers in Major Group 7 (Craft and related trades workers).

2b. Female share of employment by 1-digit ISIC

Introduction

As mentioned previously, the International Standard Industrial Classification of All Economic Activities (ISIC) is another member of the family of social and economic classifications used frequently in labour statistics. It is used to classify workers according to the economic activity (industry) in which they are working. This indicator shows the proportion of jobs in each sector of the economy held by women.

Use of the indicator

As with the indicator on occupations, it is helpful to examine the distribution of sectoral employment, to see the extent to which women in employment are dispersed across the different economic sectors, or whether they are concentrated in just a few sectors. If the latter is the case, it may be necessary for policy-makers to consider ways in which economic opportunities for women can be opened up in those sectors where they are not at present well represented.

Definitions and sources

The International Standard Industrial Classification of All Economic Activities (ISIC) is the classification primarily used for describing the industries in which a person works. This classification is discussed under DWI 12b below. At present, ISIC (Rev. 3) is the most widely used version of ISIC. However, the new version, ISIC (Rev. 4) was adopted in March 2006 and recommended for international use beginning 2009 (see Box 3.7).

The main instrument for collecting information on employment by 1-digit ISIC is the labour force survey, though official estimates are provided in some countries. In other countries without a regular LFS, data may be derived from population censuses.

Limitations to comparability

There are the usual problems of limits in comparability resulting from the use of slightly different coverage and definitions. For instance, while most countries limit the statistics to those aged 15 years old and over, some countries use a different cut-off point such as 10 years old. In some countries, the labour force includes the armed forces, whereas other countries count only their civilian labour force. However, the most likely reason for lack of comparability arises from the source used for data collection. Thus, data collected from labour force surveys are likely to yield more reliable results than those collected from the population censuses.

Trends analysis

Table 2.4 provides some information on the sectoral distribution of employment by sex for eight countries in the Asia and the Pacific region. In the Islamic Republic of Iran women are well represented in the education (M) and health (N) sectors, but rather poorly represented in most other sectors. In the case of the remaining seven countries, women are well represented in other sectors besides education and health, notably in wholesale and retail trade (G), hotels and restaurants (H), and financial intermediation (J).

Table 2.4: Female share of employment by sector, ISIC Revision 3, 2005 (%)

	Major divisions															
	All	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
Australia	**45**	31	20	11	27	20	13	48	57	27	55	45	44	68	78	55
Japan	**41**	44	26	33	32	11	14	49	59	19	50	38	21	55	77	50
New Zealand	**46**	33	22	13	28	30	11	46	63	30	57	44	50	71	83	58
Korea, Rep. of	**42**	47	34	6	33	18	9	47	69	14	50	33	30	67	74	45
Mongolia	**50**	(47)		34	52	44	46	58	65	39	61	52	44	65	68	49
Iran, Islamic Rep. of	**19**	27	2	6	29	4	1	6	6	2	14	15	8	49	45	35
Philippines	**39**	28	7	15	46	20	2	60	55	6	58	33	38	75	72	51
Thailand	**46**	45	21	25	53	17	15	48	67	16	52	42	34	58	75	58

Notes:
1. Under ISIC Rev. 3, the major divisions were: A Agriculture, hunting & forestry; B Fishing; C Mining & quarrying; D Manufacturing; E Electricity, gas and water supply; F Construction; G Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods; H Hotels and restaurants; I Transport, storage and communications; J Financial intermediation; K Real estate, renting and business activities; L Public administration and defence; compulsory social security; M Education; N Health and social work; O Other community, social and personal service activities.
2. The major divisions of ISIC Rev. 4 are shown in Box 3.7.
3. For Mongolia, division B is included under division A.

Source: ILO, KILM, 2007

2c. Gap between female and male labour force participation rates

Introduction

This indicator provides a useful measure of the differences between men and women in terms of their participation in the labour market.

Use of the indicator

In cases where it is found that men and women have very large differences in participation rates, the reasons for these differences need to be examined, and a decision made as to whether it is considered desirable to try to narrow the differences. In some cases the differences may be due to certain cultural factors which may keep women from participating to a greater extent in the labour market.

Definitions and sources

The labour force participation rate (LFPR) is an important indicator which measures a country's economically active population in relation to its working age population over a given reference period. It gives some idea of the amount of labour available for the production of goods and services. Its disaggregation by sex and by age shows the distribution of the country's

economically active population. It is discussed fully under DWI 4. The rate can be calculated for different age groups, and this may be particularly useful when comparing LFPRs for males and females. In some societies women enter the labour market at a later stage than men, and this would be reflected in the LFPRs. Population censuses and labour force surveys are the most appropriate surveys from which to derive data for the calculation of these rates.

Limitations to comparability

The same limitations apply as discussed under DWI 4. In general, though, these rates are fairly robust to small changes in methodology.

Trends analysis

Labour force participation rates for males and females are shown in Table 2.5. Different methods are used for calculating the gender gaps; here a simple difference, in terms of percentage points, has been used. Every country shown in Table 2.5 has a higher LFPR for males than for females. For the Asia and the Pacific region as a whole the difference is about 28 percentage points. South Asia is the subregion with the highest difference between the males and females LFPRs, with a gap of 46 percentage points.

Table 2.5: Gender gap in labour force participation rates, 2005

	Labour force participation rate (%)		Gap (percent-age points)		Labour force participation rate (%)		Gap (percent-age points)
	Males	Females			Males	Females	
Asia and the Pacific	**81.7**	**53.2**	**28.5**	**South Asia**	**82.0**	**36.1**	**45.9**
Developed economies	**73.2**	**49.6**	**23.7**	Afghanistan	87.7	38.7	49.0
Australia	70.6	56.4	14.2	Bangladesh	86.2	52.7	33.5
Japan	73.6	48.3	25.3	Bhutan	79.9	46.8	33.1
New Zealand	73.7	60.4	13.3	India	81.9	34.0	47.9
				Iran, Islamic Rep. of	74.2	38.6	35.6
East Asia	**81.9**	**67.7**	**14.3**	Maldives	71.7	48.0	23.7
China	82.4	68.8	13.6	Nepal	78.3	49.9	28.4
Hong Kong, China	70.8	53.7	17.1	Pakistan	83.4	32.7	50.7
Korea, DPR	78.4	48.7	29.7	Sri Lanka	77.1	34.9	42.2
Korea, Rep. of	73.9	50.2	23.7				
Macau, China	74.7	60.4	14.3	**South-East Asia**	**82.9**	**58.5**	**24.4**
Mongolia	81.5	53.9	27.6	Brunei Darussalam	79.2	44.0	35.2
				Cambodia	79.9	74.4	5.5
Pacific Islands	**76.1**	**65.5**	**10.6**	East Timor	81.5	54.5	27.0
Fiji	81.2	51.9	29.3	Indonesia	85.0	51.0	34.0
French Polynesia	72.7	47.1	25.6	Lao PDR	80.7	54.0	26.7
Guam	79.9	51.9	28.0	Malaysia	81.7	46.5	35.2
New Caledonia	71.2	43.9	27.3	Myanmar	86.1	68.2	17.9
Papua New Guinea	74.6	71.8	2.8	Philippines	83.1	54.7	28.4
Samoa	77.4	39.4	38.0	Singapore	76.2	50.6	25.6
Solomon Islands	82.0	54.4	27.6	Thailand	80.8	65.6	15.2
Tonga	74.6	46.6	28.0	Viet Nam	78.1	72.2	5.9
Vanuatu	88.3	79.4	8.9				

Source: ILO, KILM, 2007

DWI 3: Complaints/cases brought to labour courts or ILO

Introduction

This indicator is designed to observe the extent to which workers, employers and their organizations and governments make use of the procedures established by the ILO relating to labour disputes and the settlement of grievances. There are three main institutional arrangements for recording complaints and representations:

1. Representations submitted pursuant to article 24 of the Constitution.

   The representation procedure is governed by articles 24 and 25 of the ILO Constitution. It grants to workers' or employers' organizations the right to present to the ILO Governing Body a representation against any member State which, in its view, "has failed to secure in any respect the effective observance within its jurisdiction of any Convention of which it is a party". A tripartite committee of three members of the Governing Body may be established to examine the representation and the response of the Government.

2. Complaints submitted pursuant to article 26 of the Constitution.

   The complaints procedure is governed by articles 26 to 34 of the ILO Constitution. The procedure was originally intended to resolve disputes between member States, with one State invoking the non-compliance of another State with a Convention that both had ratified. The right to file a complaint has also been extended to delegates to ILO Conferences. The procedure may also be employed by the Governing Body, which is then entitled to form a Commission of Inquiry to hear the complaint.

3. Reports of the Governing Body Committee on Freedom of Association.

   The Committee on Freedom of Association is a specialized forum of the ILO Governing Body, which was established in 1951. The Committee undertakes the examination of complaints from industrial organizations that allege violation of the principles of freedom of association. Most often the complaints are from workers' organizations but occasionally they are brought by employers' organizations. Each complaint is directed against the Government of an ILO member State. A State is not required to have signed up to the Conventions on freedom of association for a case to be heard.

   Upon completion of the inquiry procedure, the Committee makes its determination based on the facts of the case, and gives its recommendations on measures to be taken to resolve the dispute. The reports of the Committee are submitted to the Governing Body for adoption and are published in the ILO Official Bulletin.

Use of the indicator

Examination of these cases would give some indication of the state of labour relations in a country. To determine the adequacy of national and international methods available for dispute resolution in a given country, the information would need to be looked at in combination with the information coming from available national sources and compared with the four social dialogue decent work indicators (DWI 18-21).

Definitions and sources

Information on complaints and representations made in terms of the above-mentioned categories are published on the ILO web site.[8] Each individual case for each country is reported. There is also a database available on the web site, providing supervisory reports and comments on the international labour standards in each country.

Limitations to comparability

The number of cases reported depends to some extent on the strength of the labour unions in a particular country. Countries with strong labour unions are likely to have more cases recorded on the ILO web site than countries where freedom of association is repressed. Another key factor influencing the number of cases referred to international tribunals is the effectiveness of national mechanisms for dispute resolution. Where these mechanisms are effective, fewer cases will need to be referred.

Trends analysis

Although there is wealth of information on the ILO web site on individual cases, this is not currently presented in a form that makes it easy to use for statistical analysis.

At the national level, a paper included in the Dialogue section of the ILO web site provides some data on cases lodged in the Philippines.[9] The cases are originally brought to the regional labour offices for adjudication, and some are subsequently appealed to the Office of the Secretary. The statistics reported for a period from 1997 to 1999 show the following information: cases pending/beginning, cases neqly filed, cases handled, cases disposed, disposition rate (per cent), number of workers benefiting, and the amount of the benefits.

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[8] See: http://www.ilo.org/global/What_we_do/InternationalLabourStandards/ApplyingandpromotingInternational LabourStandards/Complaints/lang--en/index.htm

[9] B.M. Macaraya, *The Philippines Workers' Protection in a New Employment Relationship* (Geneva, ILO, undated), Table 5.

3. Employment indicators

The notion of decent work implies the existence of employment opportunities for all who are available for and seeking work. Therefore, an essential element of decent work is the extent to which a country's population is employed. Employment opportunities can be measured in a positive sense in terms of employment and labour force activity relative to the relevant population base. Employment opportunities can also be measured in a negative sense in terms of unemployment and underemployment and the lack of employment opportunities.

The DWIs discussed below cover a range of areas. The first two indicators (labour force participation rate and employment-to-population ratio) measure available employment opportunities. Several indicators (unemployment, youth unemployment, youth inactivity, and time-related underemployment) measure the lack of employment opportunities.

The remaining indicators in this group (on poverty and the working poor, wages, employment by status in employment and branch of economic activity, labour productivity, and real per capita earnings) provide a more detailed description of the economic and social context of decent work.

Such information is essential for macroeconomic and human resources development planning and policy formulation. When collected at different points in time, the data provide the basis for monitoring current trends and changes in the labour market and employment situation, which may be analysed in connection with other economic and social phenomena so as to evaluate macroeconomic policies. The unemployment rate in particular is widely used as an overall indicator of the current performance of a nation's economy. Statistics on the labour force also serve as an essential base for the design and evaluation of government programmes geared to employment creation, vocational training, income maintenance, poverty alleviation and other similar objectives.

The measurement of the relationships between employment, income and other socio-economic characteristics of the population provides information on the adequacy of employment of different subgroups of the population, the income-generating capacity of different types of economic activities, and the number and characteristics of persons unable to ensure their economic well-being based on the employment opportunities available to them. Information on employment and income, disaggregated by branches of economic activity, occupations and socio-demographic characteristics is needed for the assessment of the social effects of structural adjustment policies on different subgroups of the population; analysis of race, sex or age inequalities in work opportunities and participation; as well as to assess key issues when undertaking collective negotiations.

It is important that labour force statistics are measured in such a way as to identify and describe all workers and work situations in sufficient detail and allow for relevant gender comparisons. This should not only promote gender equality but also improve statistics themselves. The DWIs described in this Guidebook should always be disaggregated by sex, whenever data for doing so are available.

DWI 4: Labour force participation rate

Introduction

This is one of the most important indicators of the labour market. It provides a measure of the proportion of a country's working-age population that is actively engaged in the labour market, either by working or by looking for work. It therefore provides an indication of the relative size of the supply of labour available for the production of goods and services. The breakdown of the labour force by sex and age gives a profile of the distribution of the economically active population within a country.

The labour force participation rate (LFPR) is calculated by expressing the number of persons in the labour force as a percentage of the working-age population. The labour force is the sum of the number of persons employed and the number unemployed. The working-age population is the population above a certain age, or within a certain age group, specified according to national legislation for the measurement of economic characteristics. This indicator is shown as KILM 1 in the fifth edition of the *Key Indicators of the Labour Market*.

Use of the indicator

This indicator is used widely. The breakdown of the labour force by sex and age group gives a profile of the distribution of the workforce within a country, and thus provides a useful measure of the size and composition of a country's human resources. This information is used for making labour force projections, for determining future training needs, and for formulating employment policies. It is also used in connection with demographic tables to calculate the number of people likely to enter the workforce and to retire at different dates in the future.

As discussed above, it is particularly instructive to compare the LFPRs of males and females within each country, and to compare the rates across countries. This is done in the rights at work indicator 2c "gap between female and male labour force participation rates". These rates can vary quite substantially between countries, reflecting different educational and cultural patterns. Also, it is useful to examine participation rates by educational attainment, separately for each sex.

There are often substantial differences between urban and rural areas in their LFPRs. In fact the rates are often lower in urban centres than in rural areas. According to the international recommendations, a person is counted as employed if he/she worked one hour or more during the reference week (current economic activity). Residents in rural areas are almost certain to be active for at least one hour while they are engaged in crop production, animal husbandry or informal work activities. Urban dwellers, on the other hand, have greater access to education and are likely to spend more years in school, resulting in them entering the labour force at a later stage. Those in rural areas are more likely to leave the education system at an earlier age and join the working population.

Definitions and sources

The concepts and definitions of most of the key terms used in the employment-related indicators are set out in the resolution concerning statistics of the economically active population, employment, unemployment and underemployment, adopted by the 13th ICLS in 1982. A key concept in any discussion of labour force participation rates is the notion of economic activity. The economically active population consists of all persons of either sex who furnish the supply

of labour for the production of economic goods and services as defined by the United Nations Systems of National Accounts and Balances during a specified time-reference period. In this connection it is important to note that the 1993 System of National Accounts widened the production boundary. For instance, some activities (such as tailoring or making mats for the household) that were previously outside the production boundary have now been brought within it, and these activities therefore now count as work. For instance, the cutting of firewood and the collection of water now count as work activities.

The 1982 ILO resolution proposed two useful measures of the economically active population: the usually active population measured in relation to a long reference period such as a year, and the currently active population (the *labour force*) measured in relation to a short reference period such as a week or one day. The application of these two different measures depends on concrete national circumstances. The current activity measurement provides a snapshot of the economically active population at a given point of time. In situations where the dominant pattern of work is year-round, with little or no seasonal variations and relatively free net movements in and out of the labour force, such a snapshot is probably sufficient to provide an adequate representation of the employment situation for the whole year. However, where there are significant seasonal patterns of activity or other substantial labour force movements, the employment picture obtained for one short reference period may not be representative of others. In situations where this is the case, household survey measurements should be made over a longer period of time. The labour force framework is shown in Figure 3.1.

Figure 3.1: Labour force framework
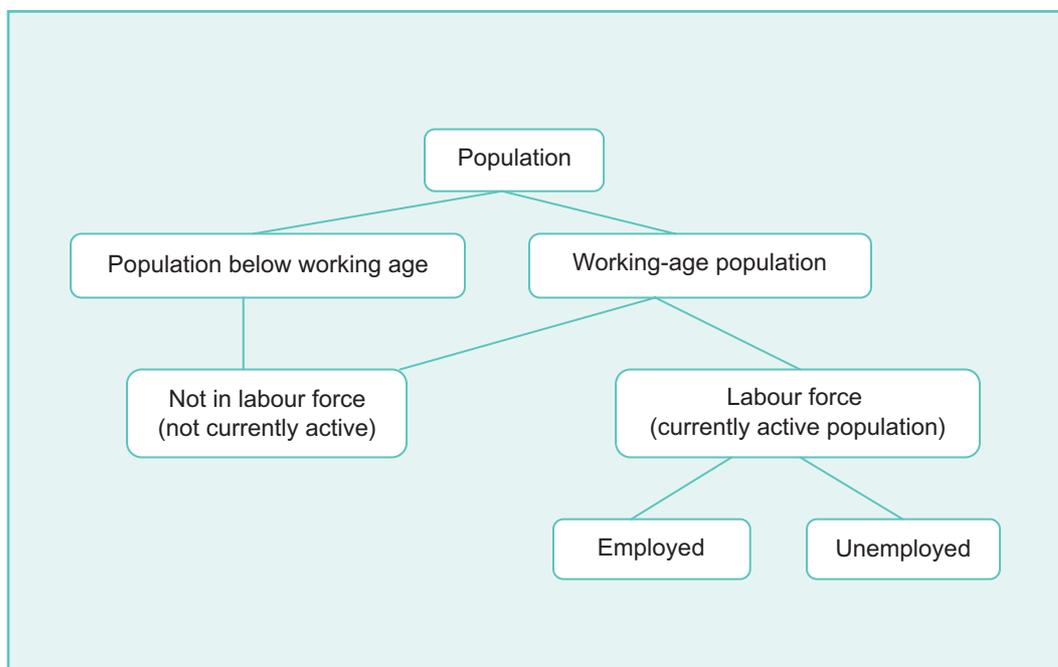
As follows from Figure 3.1, the labour force is the sum of the number of persons *employed* and the number of persons *unemployed*, and the labour force participation rate is defined as the ratio of the labour force to the working-age population, expressed as a percentage. The exact definition of the term *employment* is given in Box 3.1 in the discussion of DWI 5. For the definition of *unemployment*, see Box 3.4 in the discussion of DWI 8.

Household-based labour force surveys represent an excellent source of reliable data on labour force participation rates. Many countries carry out such surveys, and these surveys, if carefully managed, can provide a wealth of data on many different aspects of economic activity. Population censuses are also a valuable source of data, but the information collected is usually much less detailed than data taken from labour force surveys. An additional disadvantage is that population censuses are usually conducted at long intervals of up to 10 years, whereas regular (annual, quarterly or monthly) labour force surveys can allow for more continuous monitoring of labour market trends.

Limitations to comparability

While labour force surveys are the most complete and reliable source of data on labour force participation rates, it should be noted that they have certain limitations, in particular when international comparisons of various LFS-based rates are required. A national survey may be limited in its geographic coverage – it may not cover all regions of the country – or it may exclude some urban or rural areas. Also, coverage of the categories of institutional population may vary from one country to another (e.g. the armed forces).

There is also the risk that the definitions used for some categories of worker, such as "contributing family worker" do not conform to the standard recommendations for the meaning of these terms. For instance, in some countries the 'one-hour' criterion for employment (one is classified as employed if one has worked at least one hour in the reference week for pay, profit or family income) is relaxed when measuring employment, either for all workers or just for certain categories such as contributing family workers. If this is done, contributing family workers might only be counted as employed if their activity lasted more than a certain number of hours (say 10) a week. Such a relaxation of the international definition is likely to lead to many people (especially women) not being counted in employment, and to the LFPRs being thereby reduced.

There may also be problems at the analysis stage, particularly in the way that the different age groups are treated. Countries may use different cut-off points to define their working-age population, which will make international comparisons difficult.

Comparisons of LFPRs over time may be affected by changes in educational policy. For instance, if children are encouraged to stay on in school, for example through a raising of the official school leaving age, this may lead to a fall in the LFPR for that age group. Thus a fall in the LFPR must not automatically be thought of as a 'bad' sign; instead, the reasons for the change must be carefully examined. Indeed, as educational levels rise and more children stay on in school, it is expected that the LFPRs for youth will fall.

One other important factor that needs to be taken into account when considering LFPRs is the seasonal effect. LFPRs can vary considerably over the year (i.e. by several percentage points) because of the agricultural seasons. Participation rates will be higher during the planting and harvesting seasons, when many people who would otherwise be inactive are called upon to lend a hand.

Trends analysis

The overall labour force participation rates for the different subregions in Asia and the Pacific remained fairly stable over the 10 year period from 1996 to 2006. The male and female rates for 1996 and 2006 are shown in Table 3.1, contrasted with the rates for the world as a whole. The rates for males and females combined are about 75 per cent in East Asia, 70 per cent in

Table 3.1: Labour force participation rates, Asia and the Pacific region, by sex, 1996 and 2006 (%)

	World		East Asia		SE Asia & Pacific		South Asia	
	1996	2006	1996	2006	1996	2006	1996	2006
Both sexes	66.7	65.7	78.0	74.6	70.1	70.7	61.2	59.8
Males	80.5	78.9	84.6	81.5	83.0	82.8	84.0	82.2
Females	53.0	52.5	71.1	67.4	57.6	58.9	36.9	36.1
Source: ILO, KILM, 2007								

South-East Asia and the Pacific, and about 60 per cent in South Asia. The rates for males tend to be much higher (and in the case of South Asia, very much higher) than the rates for females. In 2006 the respective rates for males and females were as follows: 81 per cent and 67 per cent in East Asia, 83 per cent and 59 per cent in South-East Asia and the Pacific, and 82 per cent and 36 per cent in South Asia.

The high rates for East Asia are entirely the result of the high participation rates in China. Other countries in that subregion have female rates that are more similar to those of many countries in South-East Asia, and male rates that are actually below those of South-East Asia. The striking feature for South Asia is the very large difference between the male and female labour force participation rates.

DWI 5: Employment-to-population ratio

Introduction

The employment-to-population ratio is defined as the proportion of a country's working-age population that is employed. A high ratio means that a large proportion of the country's population is employed. A low ratio means that a large share of the population is either unemployed or (more likely) not in the labour force at all. It thus provides information on the extent to which an economy generates work.

Although in principle it should be very easy to calculate this ratio for all countries, in practice it is often not possible, because the relevant denominator – the population of working age – or the numerator – those in this age group who are in employment – is not available. This indicator is shown as KILM 2 in the ILO *Key Indicators of the Labour Market*. It is one of the four new MDG indicators corresponding to the new MDG 1b.

Use of the indicator

This important indicator provides information on the ability of a country to create employment. In many cases this indicator is more informative than the unemployment rate, but it still needs to be considered in conjunction with other labour indicators, in order to get an overall picture of the employment situation in a country. The indicator could in fact be high for reasons that are not positive. For instance, young people may not have the opportunity to continue their full-time education and may be forced to take up employment instead.

Employment-to-population ratios are of particular interest when broken down by sex, in that the separate ratios for men and women can provide information on gender differences in the labour market. However, care should be taken in interpreting any differences, since there

may be a bias in reporting, with women sometimes tending not to count their activities as 'work' and therefore failing to report them.

Definitions and sources

The definition of employment is given in Box 3.1. The key aspects of this definition are that the employed population comprises all those persons above a certain age who perform any work at all during the reference period, for payment or profit, or for payment in kind. Also included are those people who were temporarily absent from work because of illness or injury, holiday or vacation, strike or lockout, educational or training leave, or because of the temporary suspension of activity at their place of work. The ILO resolution also states that unpaid family workers (contributing family members, ICSE-93) should be counted as employed, provided they do this work for at least one hour. It should, however, be noted that many countries use a higher cut-off point than one hour in deciding which unpaid family workers to count as being part of the employed population. Members of the armed forces are usually counted as part of the employed population, but sometimes countries restrict their count to only the civilian population.

**Box 3.1
Employment**

(1) The "employed" comprise all persons above a specified age who during a specified brief period, either one week or one day, were in the following categories:
    (a) "paid employment":
        (a1) "at work": persons who during the reference period performed some work for wage or salary, in cash or in kind;
        (a2) "with a job but not at work": persons who, having already worked in their present job, were temporarily not at work during the reference period and had a formal attachment to their job. This formal job attachment should be determined in the light of national circumstances, according to one or more of the following criteria:
          (i) the continued receipt of wage or salary;
          (ii) an assurance of return to work following the end of the contingency, or an agreement as to the date of return;
          (iii) the elapsed duration of absence from the job which, wherever relevant, may be that duration for which workers can receive compensation benefits without obligations to accept other jobs;
    (b) "self-employment":
        (b1) "at work": persons who during the reference period performed some work for profit or family gain, in cash or in kind;
        (b2) "with an enterprise but not at work": persons with an enterprise, which may be a business enterprise, a farm or a service undertaking, who were temporarily not at work during the reference period for any specific reason.

(2) For operational purposes, the notion of "some work" may be interpreted as work for at least one hour.

(3) Persons temporarily not at work because of illness or injury, holiday or vacation, strike or lockout, educational or training leave, maternity or parental leave, reduction in economic activity, temporary disorganization or suspension of work due to such reasons as bad weather, mechanical or electrical breakdown, or shortage of raw materials or fuels, or other temporary absence with or without leave should be considered as in paid employment provided they had a formal job attachment.

(4) Employers, own account workers and members of producers' co-operatives should be considered as in self-employment and classified as "at work" or "not at work", as the case may be.

(5) Unpaid family workers at work should be considered as in self-employment irrespective of the number of hours worked during the reference period. Countries which prefer for special reasons to set a minimum time criterion for the inclusion of unpaid family workers among the employed should identify and separately classify those who worked less than the prescribed time.

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(6) Persons engaged in the production of economic goods and services for own and household consumption should be considered as in self-employment if such production comprises an important contribution to the total consumption of the household.

(7) Apprentices who received pay in cash or in kind should be considered in paid employment and classified as "at work" or "not at work" on the same basis as other persons in paid employment.

(8) Students, homemakers and others mainly engaged in non-economic activities during the reference period, who at the same time were in paid employment or self-employment as defined in subparagraph (1) above should be considered as employed on the same basis as other categories of employed persons and be identified separately, where possible.

(9) Members of the armed forces should be included among persons in paid employment. The armed forces should include both the regular and the temporary members as specified in the most recent revision of the International Standard Classification of Occupations (ISCO).

Extract from the resolution concerning statistics of the economically active population, employment, unemployment and underemployment, adopted by the 13th ICLS in October 1982

Information for this indicator usually comes from labour force surveys, but for some countries the population census is used as the source of information. In addition, official government estimates may be used.

Limitations to comparability

Comparability across countries is limited because of the differences in definition that have already been mentioned. Another key factor is the age group to which the data refer. The standard approach is to calculate the employment-to-population ratio for all persons aged 15 years and over, but some countries (such as Pakistan and Sri Lanka) use a lower age cut-off point, while others (such as Mongolia) use a lower age cut-off point that is higher than 15 years. Occasionally countries establish an upper age limit for their working population, rather than leaving it open ended. Malaysia, for instance, restricts the calculation of the labour force related indicators to persons aged 15-64 years old.

Trends analysis

Table 3.2 provides a summary of the employment-to-population ratios for the three Asia and the Pacific subregions. In the 10 years between 1996 and 2006 there was a slight decline in the employment-to-population ratios, both at the global level and in the Asia and the Pacific region.

Table 3.2: Employment-to-population ratios, Asia and the Pacific, by sex, 1996 and 2006

	World		East Asia		SE Asia & Pacific		South Asia	
	1997	2007*	1997	2007*	1997	2007*	1997*	2007*
Both sexes	62.6	61.7	75.0	71.9	67.2	66.4	57.6	56.4
Males	75.7	74.3	80.9	78.4	79.6	78.1	79.6	77.6
Females	49.5	49.1	68.7	65.2	55.0	55.1	34.2	34.1
Gender gap	26.2	25.1	12.2	13.1	24.6	23.0	45.4	43.5

* signifies preliminary estimate for 2007
Source: ILO: *Global Employment Trends Model* (Geneva, 2007)

In all three subregions, the ratios for females are lower than those for males, though the gap in East Asia is considerably lower than the average gap across the world. As already mentioned, the gap is particularly large in South Asia, where cultural factors often inhibit women from making an economic contribution. The gap between women and men has been shrinking in the South-East Asia and Pacific and South Asia regions.

DWI 6: The working poor

Introduction

Adequate financial return is an important requirement of decent work, so that families can have a reasonable standard of living. The most widely cited poverty statistic is the number of people and percentage of the population living below a defined poverty line. For the purpose of the Millennium Development Goals (MDGs), the international poverty lines of US$1 and US$2 a day are used (converted using purchasing power parity multipliers to account for local prices), which is required for monitoring progress towards Goal 1. Several indicators related to poverty are included in KILM 20 in the fifth edition of the KILM. As previously mentioned, working poverty is one of the four MDG indicators for MDG Target 1b.

Use of the indicator

In the present context of decent work, the most useful poverty indicators in the KILM are those showing the number of the working poor (those living on less than US$1 and US$2 a day) and their share in a country's total employment. This indicator provides an important measure of employment and living conditions in a country, because it reflects the extent to which some segments of workers and their families do not have adequate access to goods and services because their income is extremely low.

Comparisons of this and other poverty indicators over time will indicate whether the poverty situation in the country is improving, and will therefore provide a means of assessing the impact of any poverty reduction programmes that have been initiated.

Definitions and sources

The *working poor* are defined as the proportion of employed persons living in a household whose members are estimated to be below the poverty line. Where people are poor, they must work in order to survive and to support their families. In most developing countries, unlike the situation in most of the developed world, social security schemes and social safety nets do not exist. The problem is that, even if they find work, these poor people are often engaged in work of poor quality, where there is low productivity and low wages.

To estimate the number and proportion of the working poor, it is first necessary to establish the poverty line. Different countries use different methods for doing this.

In many countries information is obtained through surveys on personal consumption expenditure or, in a few cases, personal income. Personal consumption data is usually preferred, since it tends to be more reliable, and also because it tends to give a better reflection of the real current living standards of households. A level of personal consumption expenditure (or income) is then set below which the person or household is considered to be poor. This threshold level is set at the amount of net income (and therefore expenditure) necessary to buy a specified quantity of household goods.

Using micro-data sets in which both poverty status and labour force characteristics are known, it is straightforward to calculate the number and share of working poor, as shown below:

$$WP = \sum_{e=1}^{n} E_i \mid (Y \prec z)$$

where
$$Y = \sum_{y=1}^{n} \left(\frac{y_i}{n} \right)$$

The number of working poor is the sum of employed individuals, e, that are living in poor households. Poor households are defined as households in which total household income (or expenditure), y, divided by the number of household members, n, is lower than the given poverty threshold, z.[10]

In cases where poverty status and labour force characteristics are not available from micro-data sets, the ILO calculates upper- and lower-bound estimates of the working poor to generate global and regional estimates of trends in working poverty. Upper-bound estimates are calculated using the equation:

(working poor$_u$ = poverty rate * population$_{15}$)

where *population$_{15}$* is equal to the population aged 15 and above. The lower-bound estimate of the working poor is calculated using the equation:

(working poor$_l$ = poverty rate * labour force$_{15}$)

where *labour force$_{15}$* is the labour force aged 15 and above. The key assumption behind using labour force in the lower-bound estimate is that all of the poor of working age in the labour force are employed. This assumption is made because in countries where social safety nets do not exist, poor individuals must work in order to maintain a subsistence level of living. The working poor data presented in the KILM tables and in the extracts shown here are based on a weighted average of the data derived using the two methodologies (i.e. a weighted average of the upper-bound estimates and the lower-bound estimates). A micro-based estimate of working poverty should be considered more reliable than a macro-derived estimate because it is a more direct measurement and therefore does not require making the types of assumptions that underlie the macro-based estimates.

Labour force surveys are the optimal source for measurement of employment status, while a household income and expenditure survey is typically the best data source for household poverty status. Ideally, a national working poverty estimate will be based on data from these two sources, with the same sample of households included in each survey. This is currently done in the Philippines (as every third year, the labour force survey and household income and expenditure survey are carried out on the same households). India's quinquennial labour force survey includes an extensive module that allows for reliable household poverty estimates, and thereby provides scope for generating micro-based working poverty estimates.

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[10] See S. Kapsos et. al.: *Micro- and macro-based approaches for estimating working poverty*, Document for discussion at the United Nations Economic and Social Commission for Asia and the Pacific Committee on Poverty Reduction, Fourth session, Bangkok, December 2007, E/ESCAP/CPR(4)/5.

Limitations to comparability

Obtaining adequate trend data on poverty is often difficult. Where the methodology used in the poverty surveys in a particular country changes over time, it is extremely difficult to make any useful comparisons over time. However, where the same poverty line is used consistently over time and the same survey methodology has been used for collecting the income and expenditure data, it should be possible to make valid comparisons over time.

Even if these conditions are met, poverty rates may vary quite substantially from year to year because of economic or weather conditions. Natural disasters (such as the Asian tsunami of 2004 or financial crises (such as the 1997 financial crash in South-East Asia) can have a major effect on poverty rates, at least in the short term.

One other major problem is the way in which non-market production and consumption are valued. In some countries these may represent an important part of income and consumption, and decisions made about the value to be attached to these items will have an important effect on the poverty rates.

Estimating working poverty rates from micro-based data is further complicated by the fact that poverty estimates and estimates of employment status are typically obtained from different surveys. Labour force surveys are not usually equipped with probing questions related to poverty status; whereas household income and expenditure surveys, which are the most common source of poverty data, often provide poor estimates of employment status.

Trends analysis

As an illustration of the kind of data available from KILM, Table 3.3 gives estimates of the total number of working poor in the subregions of Asia and the Pacific in 1996 and 2006, and the working poor as a percentage of total employment in each subregion, based on the measure of US$1 a day. East Asia was the subregion to show the most sustained drop in working poor, with the number in severe poverty almost halving over a 10-year period. There were also significant reductions in the other subregions. In recent years Asia has seen a substantial reduction in the number of working women and men living on less than US$1 a day; the number of working poor in Asia fell by about 150 million between 1996 and 2006, representing a drop of nearly 50 per cent.

Table 3.3: Estimates of the numbers of (US$1 a day) working poor and their share of total employment, Asia and the Pacific, 2004

	World		East Asia		SE Asia & Pacific		South Asia	
	1996	2006*	1996	2006*	1996	2006*	1996	2006*
Number (millions)	622	487	141	76	49	37	267	195
Share of total employment (%)	25.0	16.7	19.5	9.5	22.1	13.6	56.6	33.5
Source: ILO, KILM, 2007								

Table 3.4 shows poverty and working poverty rates based on household surveys carried out in the Philippines in 2003 and in India in 2005. In the Philippines, the US$1 working poverty rate, shown as the poverty rate for the employed population, was 9.9 per cent, while the US$2 working poverty rate was 40.9 per cent. These are lower than the respective US$1

Table 3.4: Micro survey-based poverty indicators in the Philippines, 2003 and India, 2005

	$1 Poverty		$2 Poverty	
	Number	**%**	**Number**	**%**
Philippines				
Employed (aged 15+)	3 043 327	9.9	12 582 381	40.9
Total population	9 566 162	12.2	34 965 057	44.6
Working-age population (aged 15+)	4 640 813	9.1	19 827 090	38.7
Unemployed (aged 15+)	102 785	4.9	646 163	30.8
India				
Employed (aged 15+)	115 167 248	31.7	300 727 887	82.8
Total population	333 170 325	34.3	812 443 497	83.6
Working-age population (aged 15+)	189 563 419	29.4	517 255 176	80.3
Unemployed (aged 15+)	2 625 604	22.6	8 946 384	75.1

Source: S. Kapsos et. al. (2007), ILO calculations based on India National Sample Survey Organization, 61st Round Survey, 2005.

and US$2 total poverty rates, which is due to the fact that the poverty rate of children aged 0-14 is higher than that of the total population (as poor households tend to have more children). The working poverty rate is considerably higher than the poverty rate of unemployed individuals, which is an expected outcome given that the majority of the poor must work to survive.

India shows a similar pattern, although both the US$1 and US$2 poverty and working poverty rates in India are considerably higher than in the Philippines. More than four-fifths of workers in India live with their families on less than US$2 per day, with 31.7 per cent living in extreme poverty on less than US$1 per day.

DWI 7: Wages

Introduction

This decent work indicator (7a) aims to provide information on both the number of casual/ daily workers, and their wage rates, while the decent work indicator in 7b provides information on real manufacturing wage indices.

7a. Number and wages of casual/daily workers

The term casual/daily worker must first be defined. It refers to the case of those who are hired for a particular period or season. They may be hired as temporary replacements for regular employees who are on leave, or they may be hired during peak seasons when more workers are needed. Casual employment involves employment that is not regular. As the term suggests, casual employees do not enjoy security of tenure and therefore may be dismissed at any time.

Casual/daily work is contrasted with regular employment, where the employer is required to comply with minimum conditions of employment as prescribed by law. These conditions of employment are likely to specify a minimum wage for the job, the hours of normal work, the provision of one or more rest days per week, receipt of pay during annual holidays, any incentive or supplementary pay to be given, details of medical care, social security and employee compensation, and the benefits to be paid on reaching retirement age.

Article 280 of the Philippines Labour Code provides a useful illustration of what is meant:

> ..... an employment shall be deemed regular where the employee has been engaged to perform activities which are usually necessary or desirable in the usual business or trade of the employer, except where the employment has been fixed for a specific project or undertaking the completion or termination of which has been determined at the time of the engagement of the employee or where the work or services to be performed is seasonal in nature and the employment is for the duration of the season.
>
> An employment shall be deemed casual if it is not covered by the preceding paragraph.

As mentioned in the quotation above, another important category of worker in the Philippines is *regular seasonal employees*. According to a Supreme Court ruling, regular seasonal employees are defined as those called to work from time to time – the nature of their relationship with the employer is such that during the off-season they are temporarily laid off but they are re-employed during the summer season or when their services may be needed. They are not separated from the service but merely considered as on leave of absence without pay until they are re-employed. Their employment relationship is never terminated but only suspended.

An important distinction between regular employees and casual workers in the Philippines is that only regular employees may engage in collective bargaining.

Use of the indicator

Knowledge of the number of casual/daily workers in a country, and details of the wages they receive, will help to better understand the structure of an economy. The existence of a large number of casual jobs might mean that employers have more flexibility in hiring and firing staff, but it will also mean that the workers themselves will not have much job security. This situation may have serious repercussions when there is a downturn in the demand for labour. Casual workers will also have little protection if they suffer from ill health, being unlikely to receive any pay while absent from work.

Definitions and sources

The 1973 ICLS resolution sets out the definition of wages and earnings (see Box 3.2). Wage or earning statistics are included in the ILO database known as LABORSTA, but there are no statistical series specifically relating to casual/daily workers.

Some information related to DWI 7a might be obtained from the above ILO database. The information contained in that database often shows the average earnings per worker but, in cases where this is not available, average wage rates or wage indices are shown instead. Some series cover wage earners (manual and production workers) only, while others refer to salaried employees (non-manual workers) or all employees (wage earners and salaried employees). Sometimes the statistics refer to specific groups of workers such as adults, skilled or unskilled workers, and this is indicated in the footnotes.

There is currently no identifiable international source of information for the number of casual or daily workers for a large number of countries in Asia and the Pacific, or about their level of wages, however individual countries may collect and report relevant estimates.

Box 3.2
Wages

Earnings

8. The concept of earnings, as applied in wages statistics, relates to remuneration in cash and in kind paid to employees, as a rule at regular intervals, for time worked or work done together with remuneration for time not worked, such as for annual vacation, other paid leave or holidays. Earnings exclude employers' contributions in respect of their employees paid to social security and pension schemes and also the benefits received by employees under these schemes. Earnings also exclude severance and termination pay.

9. Statistics of earnings should relate to employees' gross remuneration, i.e. the total before any deductions are made by the employer in respect of taxes, contributions of employees to social security and pension schemes, life insurance premiums, union dues and other obligations of employees.

10. (1) Earnings should include: direct wages and salaries, remuneration for time not worked (excluding severance and termination pay), bonuses and gratuities and housing and family allowances paid by the employer directly to his employee.

      (a) Direct wages and salaries for time worked, or work done, cover: (i) straight-time pay of time-rated workers; (ii) incentive pay of time-rated workers; (iii) earnings of pieceworkers (excluding overtime premiums); (iv) premium pay for overtime, shift, night and holiday work; (v) commissions paid to sales and other personnel. Included are: premiums for seniority and special skills, geographical zone differentials, responsibility premiums, dirt, danger and discomfort allowances, payments under guaranteed wage systems, cost-of-living allowances and other regular allowances.

      (b) Remuneration for time not worked comprises direct payments to employees in respect of public holidays, annual vacations and other time off with pay granted by the employer.

      (c) Bonuses and gratuities cover seasonal and end-of-year bonuses, additional payments in respect of vacation period (supplementary to normal pay) and profit-sharing bonuses.

    (2) Statistics of earnings should distinguish cash earnings from payments in kind.

Wage rates

11. The data on time rates of wages should relate to an appropriate time period such as the hour, day, week, month or other customary period used for purposes of determining the wage rates concerned.

12. Wage rates should include basic wages, cost-of-living allowances and other guaranteed and regularly paid allowances, but exclude overtime payments, bonuses and gratuities, family allowances and other social security payments made by employers. Ex gratia payments in kind, supplementary to normal wage rates, are also excluded.

13. Statistics of wage rates fixed by or in pursuance of laws or regulations, collective agreements or arbitral awards (which are generally minimum or standard rates) should be clearly distinguished from statistics referring to wage rates actually paid to individual workers. Each of these types of wage rates is useful for particular purposes.

14. Time rates of wages for normal periods of work should be distinguished from special and other rates such as piece rates, overtime rates, premium rates for work on holidays and shift rates.

Wage payments in kind

15. In view of the dual nature of wages as cost to the employer and earnings of the employee, it may be necessary to evaluate wage payments in kind according to both of these concepts.

16. In principle, for earnings statistics, payment in kind should be measured on the basis of the value accrued to the employee, since earnings refer to remuneration or income of a specified group of employed persons, whereas for statistics of wage rates and labour cost the evaluation should be done on the basis of the cost to the employer since these data refer to the cost of units of work time.

17. Evaluation of remuneration received in kind on the basis of retail market prices generally provides a reasonable estimate of the value accrued to the employee. This method is frequently followed when income data, including wages, are collected through household surveys.

18. When earnings data are furnished by the employer, it is generally easier for him to express the money value of any payments in kind which are included as equal to the cost to him of the goods or services concerned but, if the employer is unable to report the actual cost incurred, it is convenient to use producers' selling prices, or wholesale prices. However, to evaluate the level of earnings of employees, an adjustment should be made for the difference between cost to the employer and retail prices wherever payments in kind are significant.

Extract from resolution concerning an integrated system of wages statistics, adopted by the 12th ICLS (October 1973) – see ILO: *Current Recommendations on Labour Statistics: 2000 Edition* (Geneva, 2000)

Limitations to comparability

International comparisons of wages are subject to greater reservations with respect to agriculture than for other activities. In the context of casual/daily workers, who are often engaged in agriculture, the nature of the work carried out by the different categories of agricultural workers and the length of the working day and week also show considerable variation from one country to another. Seasonal fluctuations in agricultural wages are more important in some countries than in others. The methods followed in the different countries for estimating the money value of the payments in kind are also not uniform.

For further information on statistics of earnings and wages, there are three ILO manuals that provide useful information.[11]

Trends analysis

Box 3.3
Daily wages in Bangladesh

In a 2007 National Occupational Wage Survey conducted in Bangladesh with technical and financial support from the ILO, information related to wages, hours of work, and other background characteristics was collected on over 19,000 daily labourers. The survey, which comprised day labourers in 44 non-agricultural occupations, found that the overall average daily wage among these workers was 131 taka (approximately US$1.95, or $9.40 at purchasing power parity). The average daily wage for men was 137 taka, while for women it was 91 taka. Part of this difference is due to differences in hours worked: men worked an average of 51.4 hours per week, while women worked an average of 42.3 hours.

Source: *Report on Pilot Wage Survey, 2007,* Bangladesh Bureau of Statistics, July 2007.

If data from a larger number of countries becomes more readily available, international comparisons should take into account the differences between countries in the prices of consumer goods and services, as well as the need for a common currency and appropriate exchange rates, while analyses of wage changes over time should take into account changes in the relevant consumer prices during that time. In comparing wage data for agriculture and other activities, it should be borne in mind that the methods of payment and the types of labour contracts and arrangements in agriculture are often quite different from those in other activities. The statistics usually refer to total wages which are paid entirely in cash or to the money part of the wages only, although the workers receive payments in kind as well. In a few cases, the value of meals and/or lodging furnished is included. Whenever possible, if earnings include the value of payments in kind, this is indicated in a footnote.

7b. Manufacturing wage indices

Introduction

Manufacturing wages indices are included as KILM 15 in the fifth edition of the KILM. One of the main reasons for singling out manufacturing wages as an indicator is that statistics are

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[11] ILO: *An Integrated System of Wages Statistics: A Manual on Methods* (Geneva, 1979)

ILO: "Employment, Wages, Hours of Work and Labour Cost (Establishment Surveys)" in *Sources and Methods: Labour Statistics*, Vol. 2, (Geneva, 1995); and

ILO: "Employment, Unemployment, Wages and Hours of Work (Administrative Records and Related Sources)" in *Sources and Methods: Labour Statistics*, Vol. 4, (Geneva, 2004)

more widely available for this sector than they are for other industries or sectors. Traditionally, when a country starts to develop a programme of collecting wage statistics, it usually starts with the industrial sector, and particularly with manufacturing. These statistics are useful, because they provide a good indication of a country's stage of industrial development, how it is faring, and how it compares with other countries.

Use of the indicator

Index numbers of wages measure trends or changes in the level of wages. They are useful for various purposes:

1. As a major indicator of employees' purchasing power, and as a proxy for their level of income. It is a useful indicator both within countries over time, and across countries.

2. In the analysis of seasonal variations, business cycles, etc., and generally in economic planning and forecasting. Wage indices are used in conjunction with other information on employment, production, income and consumption.

3. In collective bargaining and for wage indexation. Often trades unions will attempt to link wages to consumer price indices, so as to protect the purchasing power of employees' wages, especially in times of high inflation.

4. For comparisons between countries of the movement of real wages over time. These wage indices, which are free from the influence of currencies and exchange rates, may be used for establishing wage, price and tariff policies, and for economic analysis and forecasting. International businesses and organizations may be interested in obtaining information on the relative purchasing power of wages in various countries, while a national government may use the information for evaluating its social policies and assessing the well-being of its people.

Wages are a primary input in determining unit labour costs, which will thus have an impact on the country's international competitiveness and economic growth. But wages represent only part of total labour costs, and changes in average wages over time may not necessarily go in step with changes in total labour costs.

Definitions and sources

Statistics of real wages are not obtained directly as primary data, but are derived through calculation, using information on both wages and prices. Information on the definition of wages is given in Box 3.2 above.

Two steps are involved. First, the nominal wage index for a particular year is obtained by dividing the nominal wage for that year by the nominal wage for some base year and multiplying it by 100, so as to have it in percentage form. Secondly, the real wage index is calculated by dividing the nominal wage index just obtained by the corresponding value of the CPI for that year (again using the same base year), and then multiplying by 100.

The two steps can be shown in algebraic form as follows:

$NR_i = (W_i / W_0) * 100$
where NR_i is the nominal wage index
W stands for nominal wage
      the subscript i denotes the year of interest, and
      the subscript 0 denotes the base year.

Thus $R_i = NR_i / P_i * 100$

where R_i is the real wage index

P_i is the value of the CPI for that year, using the same base year used for wages.

Establishment surveys are the main source of wage data, while CPI data are often published by the national central bank or the economic or planning ministry. The two sets of data (wages and prices) should cover the same reference population, time period and the same geographical area.

Limitations to comparability

Wage indices provide only an approximation to changes in the standard of living of the population. The concept of standard of living is much broader than just wages, and includes not just goods and services consumed, but other factors some of which cannot be purchased or are intangible.

One problem with trying to compare data from different countries is that the data are collected from different sources. For instance, some countries conduct a labour-related establishment census (China) or survey (Republic of Korea, Sri Lanka and Indonesia). Others (Malaysia) conduct a more general establishment survey. Still others (India, Pakistan and Cambodia) make use of information from administrative reports, while Singapore uses insurance records. In terms of the coverage, most countries provide information for employees, but the information for India, Sri Lanka and Indonesia relates to wage earners.

It is quite difficult to get a useful comparison of real manufacturing wage indices between countries, because countries use different base years for their series and there are sometimes breaks in the series. Some countries provide separate series of indices for males and females; others do not. For instance, the KILM database shows no disaggregation by sex for Cambodia, China, Fiji, Guam, India, Indonesia and Pakistan.

Trends analysis

Values of the real manufacturing wage indices for some countries in Asia are shown in Figure 3.2. Not shown are the Pacific islands, for which few data are available, and the three developed economies in the region (Australia, Japan and New Zealand) which showed a modest growth in real manufacturing wages over the ten-year period.

Figure 3.2: Real manufacturing wage indices (2000 = 100), selected Asian economies, 1995-2005
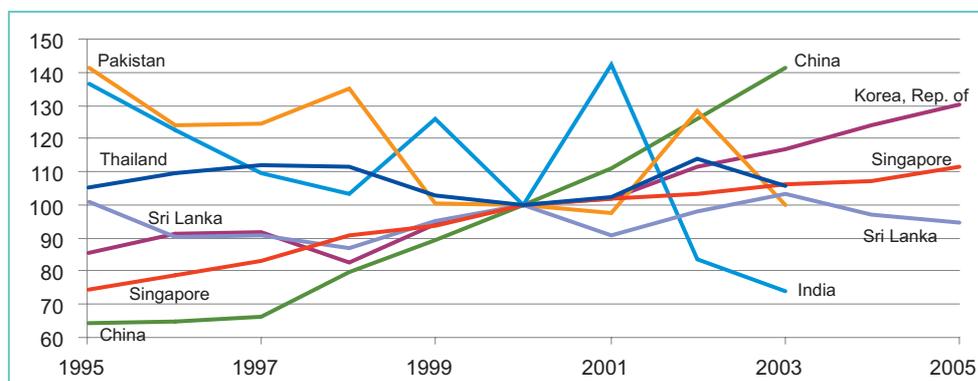
Source: ILO, KILM, 2007

Three countries stand out. In China, real wages in the manufacturing sector have more than doubled between 1995 and 2005, while in the Republic of Korea and Singapore the growth in real wages was about 50 per cent. In the other countries shown in Figure 3.2 real wages have either remained fairly static in real terms (Sri Lanka and Thailand), or have even fallen back (India and Pakistan).

DWI 8: Unemployment

Two measures of unemployment are considered here: the total unemployment rate (8a) and the unemployment rate for different levels of education (8b).

8a. Total unemployment rate

Introduction

The unemployment rate is probably the most quoted of all labour statistics. It shows the percentage of unemployed persons in the current labour force. The unemployment rate provides a useful measure of the general performance of the labour market and the economy as a whole, but it should not be interpreted as a measure of economic hardship.

The unemployment rate is included as KILM 8 in the ILO *Key Indicators of the Labour Market*.

Use of the indicator

The total unemployment rate for a country provides a measure of its unutilized labour supply. As an indicator for policy purposes, the unemployment rate is probably more useful in developed rather than developing countries. In developed countries where social security systems exist, those who are unemployed can typically survive for a period on unemployment benefits. In low-income countries, however, the significance and meaning of the unemployment rate in its strict definition is much more limited. In the absence of unemployment insurance or other public relief schemes, relatively few people can survive lengthy unemployment without family support. The majority of the workers must engage in some form of economic activity, however insignificant or inadequate. This is often in the informal sector and/or in self-employment.

The use of a one hour criterion to classify persons as employed in developing countries is sometimes not sufficient to measure genuine labour underutilization, since it is felt that in the case of current economic activity those who work only a few hours a week might provide a better basis for calculating the number of unemployed or inactive persons. But the adopted one hour criterion is necessary in order to allow for an exact correspondence between production data and employment statistics. It fits in well with the System of National Accounts (SNA) which is used as the guide for preparing estimates of GDP. All work, even for only an hour a week, contributes to total national output, and should therefore be counted.

The solution is not to discard or ignore the estimates of employment and unemployment, but to supplement them with other indicators, such as hours of work (DWI 17) and time-related underemployment (DWI 11), that help to give a fuller picture of the employment situation in a country. This is particularly necessary, since the unemployment rate by itself does not shed light on the level of income or well-being of workers or their families. Indeed, a low unemployment rate in a developing country might be associated with high poverty incidence,

especially in a situation where people cannot afford to be without work. DWI 6 (the working poor) sheds further light on this issue.

Despite its limitations as a measure of labour underutilization, the unemployment rate is nevertheless a very useful measure, since it is sensitive to changes in the labour market. This was seen most vividly in the context of the 1997 Asian financial crisis. In the case of Thailand, for instance, the impact of the crisis can be seen very clearly by studying changes in the unemployment rate during that period and by noting in particular the sharp fall in the number of people employed in the construction industry in the months leading up to the financial crash.

Careful study of the indicator for the unemployment rate can help to throw light on the issue of gender differences in the labour force. Often the rate is higher for women than for men, for a variety of reasons. Women are more likely than men to leave the labour market for family-related reasons and then re-enter it later on in search of work. There may also be fewer work opportunities for women, as well as cultural traditions imposed by the society on women in some countries, which may result in them remaining unemployed.

Definitions and sources

The concept of unemployment as used by the ILO relates to the situation where a person has a total lack of work. The formal definition is shown in Box 3.4. The unemployment rate measures the number of unemployed persons in a particular country (or among a specific group of workers) as a percentage of the corresponding labour force, where the labour force is the sum of the total persons employed and unemployed. Persons of working-age are classified as unemployed if they satisfy the following three conditions: they were not employed nor engaged, even for one hour, in any economic activity (paid employment, self-employment, or unpaid work for a family business or farm) during a given reference period (e.g. the past week); they were available for work; and they had taken active steps to seek work.

In case of measuring the current economic activity, the first step is to determine whether a person counts as being currently employed (see DWI 4). If they are not, the next step is to determine if they count as being unemployed. Only if they are not currently employed and not currently unemployed are they counted as being part of the economically inactive population.

It should be noted that this 'bottom-up' approach to measuring current economic activity status is in direct contrast to the 'top-down' methods used for determining a person's *usual economic activity* status over a long time period (normally a year). For the latter, it is necessary to look at the totality of work experience over the full time period (a calendar year or a twelve-month period covered by the survey), and first determine a person's usual economic activity status. If the person was counted as employed or unemployed for more segments (say days, or weeks or months) in the year than they were inactive, then they count as being usually active. Only after their overall usual activity status has been determined is it possible to say whether the person should be counted as usually employed or usually unemployed, based on whichever state ('usually employed' or 'usually unemployed') accounts for the larger number of segments in the year.[12]

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[12] R. Hussmanns, F. Mehran and V. Verma: *Surveys of the Economically Active Population, Employment, Unemployment and Underemployment: An ILO Manual on Concepts and Methods,* (ILO, Geneva, 1990), Chapter 4.

(1) The "unemployed" comprise all persons above a specified age who during the reference period were:

(a) "without work", i.e. were not in paid employment or self-employment, as defined in paragraph 9;

(b) "currently available for work", i.e. were available for paid employment or self-employment during the reference period; and

(c) "seeking work", i.e. had taken specific steps in a specified reference period to seek paid employment or self-employment. The specific steps may include registration at a public or private employment exchange; application to employers; checking at worksites, farms, factory gates, market or other assembly places; placing or answering newspaper advertisements; seeking assistance of friends or relatives; looking for land, building, machinery or equipment to establish own enterprise; arranging for financial resources; applying for permits and licences, etc.

(2) In situations where the conventional means of seeking work are of limited relevance, where the labour market is largely unorganized or of limited scope, where labour absorption is, at the time, inadequate, or where the labour force is largely self-employed, **the 'standard' definition of unemployment given in subparagraph (1) above may be applied by *relaxing* the criterion of seeking work.** [This gives the concepts of unemployment by the 'standard' and 'relaxed' definitions.]

(3) In the application of the criterion of current availability for work, especially in situations covered by subparagraph (2) above, appropriate tests should be developed to suit national circumstances. Such tests may be based on notions such as present desire for work and previous work experience, willingness to take up work for wage or salary on locally prevailing terms, or readiness to undertake self-employment activity given the necessary resources and facilities.

(4) Notwithstanding the criterion of seeking work embodied in the standard definition of unemployment, persons without work and currently available for work who had made arrangements to take up paid employment or undertake self-employment activity at a date subsequent to the reference period should be considered as unemployed.

(5) Persons temporarily absent from their jobs with no formal job attachment who were currently available for work and seeking work should also be regarded as unemployed in accordance with the standard definition of unemployment. Countries may, however, depending on national circumstances and policies, prefer to relax the seeking work criterion in the case of persons temporarily laid off. In such cases, persons temporarily laid off who were not seeking work but classified as unemployed should be identified as a separate subcategory.

(6) Students, homemakers and others mainly engaged in non-economic activities during the reference period who satisfy the criteria laid down in subparagraphs (1) and (2) above should be regarded as unemployed on the same basis as other categories of unemployed identified separately, where possible.

Extract from the resolution concerning statistics of the economically active population, employment, unemployment and underemployment, adopted by the 13th ICLS in October 1982.

Stemming from Box 3.4, the application of the strict definition of unemployment is not always appropriate. Thus, there are situations where the conventional means of seeking work are of limited relevance. This is particularly so in many developing countries, which have a large informal sector and where many people are self-employed. Accordingly, it is often appropriate to "relax" the third condition used in the definition of the unemployed, and not require that a person must be taking active steps to seek work in order to count as being unemployed. In this way those potential workers who have become "discouraged" in their attempts to find work and have stopped looking for work will still be counted as part of the unemployed population. These people are sometimes referred to as the "hidden unemployed" because they are not seeking work, even though they would readily take it if it was offered.

Household labour force surveys are generally the best source for obtaining indicators of unemployment. In absence of an LFS, indicators of unemployment can be obtained from the population census, provided the correct questions have been asked on the census scheme.

Administrative records, such as those maintained by employment offices, can also be used to provide information on the unemployed population, but their use is of limited value since they only cover the registered unemployed. In many developing countries the bulk of the unemployed population does not bother to register, especially if there is no employment office in the neighbourhood. There may also be particular restrictions on who is allowed to register. Another weakness with many administrative systems is that they may tend to overstate the registered unemployed, since there is usually no means of regularly updating administrative records for persons who have already found a job or are no longer looking for work.

Limitations to comparability

There are several reasons why data may not be comparable across countries. First, the figures may come from different sources. Thus, while one group of countries may calculate their unemployment rates on the basis of labour force survey data, others may use the results of the population census or some other type of statistical observation, or use data derived from administrative records. Even when countries try to follow the strict ILO definitions for measuring unemployment, the use of different collection procedures will yield different results.

A further problem is that countries often vary the definition of unemployment to suit their own particular needs. They may have different definitions of what constitutes 'actively looking for work', or they may 'relax' the criteria for unemployment in different ways, so that it is difficult to compare the resulting indicators.

One particular problem with the standardized unemployment indicator is that it relates to a short reference period (usually taken as being the week preceding the survey), and, in cases where a labour force survey is only conducted occasionally (say once every five years), such unemployment rates cannot be compared with those based on the annual surveys. It should also be noted that in countries where there are strong seasonal fluctuations in employment, the levels of employment and unemployment will vary considerably throughout the year. To better adjust for seasonality and improve the quality of their labour force data, many countries with developed statistical systems have moved over to having continuous labour force surveys running throughout the year, which automatically provide continuous estimates of unemployment. Carrying out continuous labour force surveys, or other type of continuous surveys with a labour force component, is currently not realistic for all countries. Therefore, in order to better adjust for seasonal employment and unemployment factors, more and more countries have switched from an annual to a semi-annual or quarterly LFS. Where the labour force surveys are conducted once a year, it is important that the fieldwork takes place at the same time each year, so that consistent results will be obtained.

Further problems of comparability arise from the use of different geographical coverage. Some countries may limit their surveys to certain urban areas, or to certain regions of the country, which means that the resulting estimates can no longer be taken as representative of the country as a whole. Another problem, as already mentioned, relates to the lower and upper cut-off of the working age in the survey.

Trends analysis

It is difficult to compare unemployment rates across countries in Asia and the Pacific, because of the differences in the definitions referred to above. In East Asia, the unemployment rates have averaged around 3 per cent in the first years of the new millennium. The corresponding rates have been around 6 per cent in South Asia and slightly higher in South-East Asia and the

Pacific. For a few countries it is possible to adjust for differences revealed, so that the definitions applied for calculating their unemployment rates match up with those recommended by the ILO. The adjusted rates, known as the 'ILO-comparable unemployment rates', are shown in Figure 3.3 for six countries: Australia, Hong Kong (China), Japan, the Republic of Korea, the Philippines and Singapore.

Figure 3.3: ILO-comparable unemployment rates, selected economies, 1995-2005 (%)
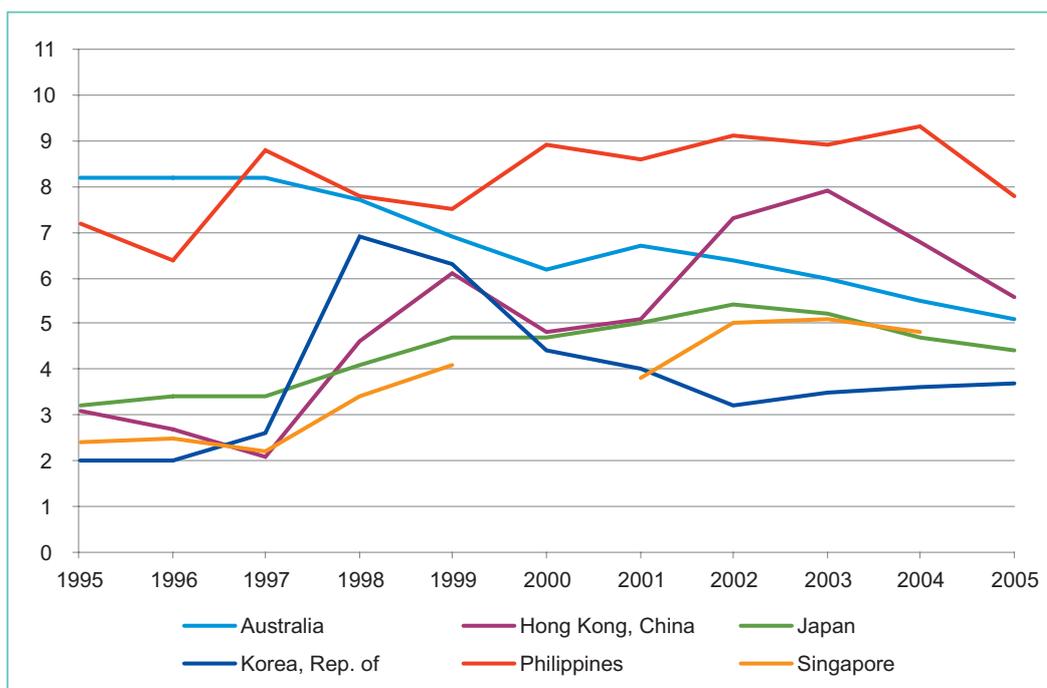
Source: ILO, KILM, 2007

8b. Unemployment by level of education

Introduction

This indicator focuses on unemployment among workers classified by their level of educational attainment. It appears as KILM 11 in the fifth edition of KILM, and data for this indicator are available for 11 countries in Asia and the Pacific, as described below.

Use of the indicator

In trying to understand the causes of unemployment, and how unemployment can be tackled, one needs to consider the influence of such factors as educational attainment. With increased technology, there is likely to be an increasing demand from businesses for persons with advanced education. In fact, this may find its reflection in changes in the unemployment rates among more educated persons and those who received less education.

If a government finds that large numbers of the uneducated segment of its labour force are unemployed, it might decide to adopt one of the following two approaches. It may try to increase the number of low-skilled jobs available in the economy to cater for the needs of this segment; or it may opt to provide additional education (e.g. through adult literacy classes) for these persons in order to upgrade their education level and give them a better chance of finding a job.

Alternatively, if significant numbers of highly educated people are unemployed, this might suggest the lack of work opportunities for this segment of the workforce, which in time could well lead to a 'brain drain', with educated professionals going abroad to find employment. If such persons were to stay in their home country, they might be forced to accept work at lower-skill levels than is warranted by their education, and could thus be classified as skill-related underemployed (see DWI 11 for a discussion of underemployment).

Within a country, it is particularly useful to compare the unemployment rates for men and women according to their level of education. A substantially higher level of women's unemployment at any education level could be a reflection of discrimination in the labour market, or of a mismatch between skills required and those supplied.

Definitions and sources

The tables for KILM 11 present information on educational attainment based on the following categories of schooling: less than one year, less than primary level, secondary level, and tertiary level. The table shows the proportions of total unemployed in each educational attainment category. For the 11 countries in Asia and the Pacific for which data are available for 2005, the indicator always includes separate distributions for males and females.

The categories of educational attainment used in the indicator are conceptually based on the ten levels of the International Standard Classification of Education (ISCED).[13]

ISCED was designed by the United Nations Educational, Scientific and Cultural Organization (UNESCO) in the early 1970s to serve as an instrument suitable for assembling, compiling and presenting comparable indicators and statistics of education both within countries and internationally. ISCED is used to harmonize data and introduce more international comparability among national education systems. The original version of ISCED (ISCED-76) classified educational programmes by their content along two main axes: levels of education and fields of education. The cross-classification variables were maintained in the revised ISCED-97, but the rules and criteria for allocating programmes to a level of education were clarified and tightened and more detail was given on the fields of education. The scheme of education levels used in the two ISCED classifications and in the KILM are as follows:

In examining the information in Box 3.5, two particular points should be noted. First, codes 1, 2, and 7 of ISCED-76 correspond to codes 1, 2 and 6 of ISCED-97 codes, but the other codes are different and are not compatible between ISCED-76 and ISCED-97. Secondly, and even more important, it can be seen that the KILM classification has chosen to count code 2 ('second level, first stage' in ISCED-76 or what is known as 'lower secondary or the second stage of basic education' as in ISCED-97) as being part of the primary level, and not as part of secondary level. This will have an important bearing on the resulting statistics in KILM, in that they are no longer comparable with the statistics coming from UNESCO.

At the national level, as with the standard unemployment rate, unemployment by level of education is typically derived from a labour force survey.

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[13] UNESCO: *International Standard Classification of Education, ISCED 1997* (Paris, 1997)

	Box 3.5 Comparison of ISCED-76, ISCED-97 and KILM classifications of education level		

ISCED-76	ISCED-97	KILM
X: No schooling	X: No schooling	
0: Education preceding the first level	0: Pre-primary education	
1: First level	1: Primary education or first stage of basic education	Primary
2: Second level, first stage	2: Lower-secondary or second stage of basic education	
3: Second level, second stage	3: Upper secondary education	Secondary
	4: Post-secondary non-tertiary education	
	5: *First stage of tertiary education, not leading directly to an advanced research qualification, and divided into 5A and 5B:*	
6: Third level, first stage leading to a first university degree	5A: Theoretically-based 3+ year course, which will allow entry to advanced research programmes and professions with high skill requirements	Tertiary
5: Third level, first stage leading to an award not equivalent to first university degree	5B: Practical/technical and occupationally-specific programmes (but with some theoretical content) geared for entry into the labour market	
7: Third level, second stage	6: Second stage of tertiary education, leading directly to an advanced research qualification	
9: Education not definable by level		
?: Level not stated	?: Level not stated	

Limitations to comparability

The same methodological issues as discussed earlier for unemployment arise when considering the breakdown of unemployment rates by education level. In addition, one difficulty is that countries may have their own definitions of education levels that do not correspond to ISCED, so differences between nationally and internationally reported figures for education may be due to the use of nationally defined education levels rather than the ISCED standard.

Out of the 11 countries in Asia and the Pacific with data for 2005, seven are using ISCED-97 but four (Australia, Islamic Republic of Iran, Japan and Pakistan) have not yet moved over from ISCED-76. There are also several other differences between countries in how the data are collected. Sometimes the time periods differ, or the population group may be different, or the geographical coverage may not be national. The age group covered may vary. Thus, while most of the 11 countries shown below use 15 years as the lower cut-off point for their working age population, Macau (China) uses a 14 years old lower age limit, and the Islamic Republic of Iran and Pakistan have a 10 years old lower age cut-off of their labour force.

Trends analysis

Figure 3.4 displays some information about the educational levels of the unemployed, for nine countries in the Asia and the Pacific region.

Figure 3.4: Educational levels of the unemployed, 2005 (%)
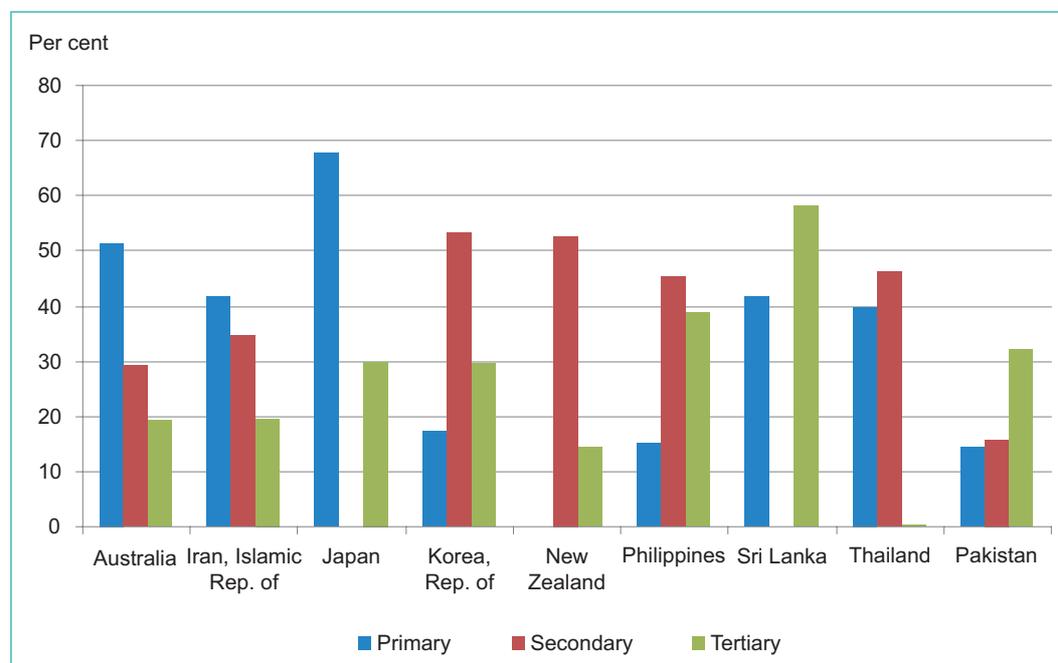
Source: ILO, KILM, 2007

While attempts have been made to compare "like with like" in the KILM, there are still some difficulties with regard to cross-country comparability. For instance, in Figure 3.4 no secondary education level figures are shown for Japan and Sri Lanka; that is because for Japan the unemployed with secondary education are classified together with those of primary education level, while in Sri Lanka they are grouped with those at tertiary education level. It can also be seen that for some countries (notably New Zealand) the individual columns do not sum to 100 per cent; that happens because quite a large number of the unemployed have educational levels that are lower than primary level.

The figure suggests that in all countries a small but significant proportion of the unemployed have a tertiary-level education. In fact, one particularly interesting feature (not shown in the figure) comes from comparing the education levels of males and females who are unemployed. In all nine countries, those with a tertiary level of education represent a higher proportion of the female unemployed population than that of the male unemployed population.

DWI 9: Youth unemployment

Introduction

Youth unemployment is generally viewed as an important issue for many countries, regardless of their stage of development. For the purpose of this indicator, the term 'youth' covers persons aged 15 to 24 years, while the term 'adult' refers to those aged 25 and over. The indicator consists of four distinct measures, each representing a different aspect of the youth unemployment problem.

The four measures are:

1. youth unemployment rate (youth unemployment as a percentage of the youth labour force);
2. ratio of the youth unemployment rate to the adult unemployment rate;
3. youth unemployment as a proportion of total unemployment; and
4. youth unemployment as a proportion of the youth population.

For seeing how the situation with youth unemployment in the Asia and the Pacific region compares with that of youth in other parts of the world, a useful additional source of information is the publication the *Global Employment Trends for Youth*, produced by the ILO. The first edition appeared in 2004, and an updated version was issued in 2006.[14] The analysis in that report is based largely on the KILM data, and detailed information is given in respect of each subregion in the world.

At the national level, youth unemployment rates are typically calculated on the basis of labour force surveys.

Use of the indicator

There is a growing recognition of the need to address youth unemployment issues with some urgency. One worldwide characteristic that emerges from the KILM analysis is that youth unemployment rates are invariably higher than adult unemployment rates. Typically, they are at least twice as high as adult rates and are sometimes much higher.

Among the Asian countries for which recent data are available (see Table 3.5) only Singapore has a ratio of youth to adult unemployment of less than 2. At the other extreme, Sri Lanka has a ratio of nearly 8, and Indonesia and Thailand have a ratio of approximately 6.

The population most at risk of unemployment is generally the educated youth entering the labour market for the first time. One reason for higher youth unemployment rates is that first-time jobseekers face greater difficulty due to lack of work experience and, often, limited access to job vacancy information. Since first-time jobseekers are mostly young, it follows that youth unemployment rates are generally higher than the adult rates. Another reason is that younger workers have higher job turnover rates, and, at each re-entry they risk a new spell of unemployment.

The four indicators on youth unemployment illustrate the different dimensions of the lack of jobs for young people. In general, the higher the four rates, the worse the employment situation of the young. These measures are interrelated and have the tendency to move in the same direction. They should, therefore, be looked at together in order to fully assess the situation of young people.

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[14] ILO: *Global Employment Trends for Youth* (Geneva, 2006)

Table 3.5: Measures of youth unemployment for 13 economies in the Asia and the Pacific region, 2005

Country	Youth unemployment rate (%)			Ratio of youth un-employment rate to adult unemployment rate			Share of youth unemployed in total unemployed (%)			Share of youth unemployed in youth population (%)		
	Both sexes	Male	Female	Both sexes	Male	Female	Both sexes	Male	Female	Both sexes	Male	Female
Developed economies												
Australia	**10.8**	11.1	10.5	**2.9**	3.1	2.7	**40.8**	40.7	41.0	**7.7**	8.1	7.4
Japan	**8.7**	9.9	7.4	**2.2**	2.4	1.9	**18.8**	18.0	20.0	**3.9**	4.4	3.3
New Zealand	**9.4**	9.1	9.8	**3.8**	4.1	3.5	**44.0**	45.3	42.6	**5.9**	6.0	5.9
East Asia												
Hong Kong, China	**10.9**	13.8	8.0	**2.2**	2.4	2.1	**21.3**	20.6	22.5	**4.7**	5.9	3.5
Korea, Rep. of	**10.2**	12.2	9.0	**3.3**	3.5	3.5	**23.4**	16.9	34.2	**3.4**	3.3	3.5
Macau, China	**8.2**	10.8	5.8	**2.3**	3.1	1.7	**23.5**	26.3	20.0	**2.8**	3.5	2.1
South Asia												
Iran, Islamic Rep. of	**23.1**	20.3	32.1	**3.1**	3.0	3.0	**51.4**	49.6	55.5	**8.1**	10.8	5.4
Pakistan							**48.0**	53.1	36.4			
Sri Lanka	**26.2**	20.1	37.1	**7.9**	8.7	6.6	**64.3**	66.2	62.7	**10.9**	10.9	11.0
South-East Asia												
Indonesia	**28.7**	25.2	33.8	**5.6**	6.5	4.6	**60.8**	62.8	58.7	**15.6**	16.1	15.0
Philippines	**16.4**	14.9	18.9	**3.4**	2.8	4.6	**48.9**	44.5	56.0	**7.8**	8.6	7.0
Singapore	**5.2**	4.1	6.3	**1.3**	1.1	1.3	**15.5**	11.7	19.7			
Thailand	**4.8**	4.9	4.6	**6.0**	6.1	6.6	**52.4**	52.4	52.4	**2.5**	2.8	2.1

Source: ILO, KILM, 2007

The youth unemployment rate can serve as a useful proxy for the health of the labour market situation facing this group, and a joint analysis of these four indicators can throw light on the main characteristics of the youth unemployment problem in each country and constitutes a helpful guide for policy initiatives. For example, in a country where the youth unemployment rate is high and the ratio of the youth unemployment rate to the adult unemployment rate is close to one, it may be concluded that such country has a general problem with high unemployment. However, in cases in which the ratio of youth to adult unemployment rates is high, young people are confronted with relatively more difficulties in finding a job. The problem of unemployment is also unequally distributed when, in addition to a high youth unemployment rate, the proportion of youth unemployment in total unemployment is high. In this case, employment policies might usefully be directed towards easing the entry of young people into the world of work.

Definitions and sources

Young people are defined as persons aged between 15 and 24; adults are those aged 25 and above. In practice some countries do not follow the international standard definition. The definition of unemployment is the same as that used for DWI 8. The unemployment rate for youth is therefore defined as the number of unemployed in that age group (using the particular age limits that apply for youth in each country) divided by the labour force for the same age group. In the case of youth unemployment as a proportion of the youth population, the total unemployed youth is taken as the numerator, while the youth population is used as the denominator.

Limitations to comparability

There are numerous limitations to the comparability of youth unemployment data across countries and over time, but some are more significant than others. One major limitation to comparability relates to the source used in deriving unemployment rates. Out of the 26 countries in the Asia and the Pacific region for which data are available in the KILM database, a labour force or other type of a household-based survey was used for 20 countries and territories to generate these youth unemployment rates. For five remaining countries and territories (Lao People's Democratic Republic, Maldives, New Caledonia, Papua New Guinea and Singapore) a population census was used as the source, while in the case of China, the rates are calculated on the basis of official estimates.

The problem of different age cut-off points has already been mentioned. As many as 23 out of the 26 countries use the standard age grouping for youth, but Macau (China) and New Caledonia use 14-24 and 14-29 respectively. No upper age limit is set for the adult group except for Malaysia, where adults are taken as persons in the age group of 15-64 years old.

As already mentioned in earlier sections, in terms of coverage of the labour force, some countries count the total labour force, while others count only the civilian labour force. Also, the geographical coverage is sometimes restricted to certain regions of a given country. Thus, in China the figures refer only to the urban population, while in another group of countries (Australia, India, New Zealand and Sri Lanka) estimates exclude some areas of the country when calculating their national youth unemployment rates.

One final problem for comparability is the use of different reference periods. Many countries base their annual figures on the point in time estimates (a particular month of the year or a particular quarter – the case of Thailand) rather than the annual averages like, for instance, Japan and the Republic of Korea (an average of 12 months) or Macau (China) and New Zealand (an average of 4 quarters). While other countries (Bangladesh, Lao People's Democratic Republic and Mongolia) use annual estimates.

Trends analysis

Data for one or more indicators on youth unemployment are available for 26 countries and territories in the Asia and the Pacific region, and for all, with the exception of Papua New Guinea and Taiwan (China), separate figures are available for males and females. Table 3.5 shows the four youth unemployment indicators for the 13 countries and territories for which data are available for 2005.

Rates of youth unemployment vary from as low as 5 per cent in Singapore and Thailand, to around 10 per cent in East Asian economies such as Hong Kong (China) and the Republic of Korea, as well as in Australia. The youth unemployment rate exceeds 16 per cent in the Philippines, and is well above 20 per cent in Sri Lanka, the Islamic Republic of Iran and Indonesia. In these last three countries the youth unemployment rates are considerably higher for females than for males. This is in contrast to the situation in East Asia, where the rates are higher for males, while in the other countries the youth unemployment rates are about the same for males and females.

DWI 10: Youth inactivity

Two measures of youth inactivity are considered here: the youth inactivity rate (10a) and the proportion of youth who are not in education and not in employment (10b).

10a. Youth inactivity rate

Introduction

Among young persons, the labour force (or currently economically active population) is made up of those who are employed and unemployed. The remaining population of that age group is classified as currently economically inactive. There has been a tendency for youth inactivity rates to increase in recent years, but the trend is not uniform. An increase in youth inactivity implies that their labour force participation rate has been falling.

Use of the indicator

Where youth inactivity rates are changing over time, it is useful to try to discover the underlying cause. As mentioned above, growing inactivity among youth would indicate a shrinking of the youth labour force, but the reasons for the shrinking, and its likely effects on the youth population, require a more detailed analysis. Such an analysis would involve examining the characteristics of inactive youth, and finding out why they are inactive.

There may be a number of reasons for inactivity among young people. They may be attending school or university (and not working or looking for work while they are studying); they may be engaged in household duties such as caring for children or other household members; they may be disabled or ill; or there may be some other reason, such as the fact that they did not know how or where to look for work or believed there was no work available. This latter group are known as 'discouraged workers'. Of these reasons, increased participation in education is probably the main factor in explaining the fall in economic activity among youth. Indeed, for countries of Asia and the Pacific, a strong positive correlation has been found between tertiary enrolment and youth inactivity rates, with most of the decrease in economic activity being explained by the fact that more young people are opting to stay on in education rather than join the workforce.[15]

Conversely, in poorer countries many young people cannot afford the luxury of staying on at school, and in any case there may not be adequate schooling facilities in their vicinity even if they wanted to continue their education. These young people will most likely be inclined to find a job in order to maintain at least a subsistence level of living and provide support to their family. Labour force participation of young people in poor households is therefore not a matter of choice but that of necessity.

Because of the difficulties involved in interpreting the significance of inactivity rates when enrolment rates differ so much between countries, DWI 8b has been introduced (see below) to remove the effect of these variations in educational enrolment.

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[15] Ibid, p.31

Definitions and sources

As previously mentioned, a youth is defined as a person aged 15-24 years old. Youth inactivity implies that a young person is not active (neither employed nor unemployed). The definitions of employment and unemployment are given under DWI 5 and DWI 8 respectively (and the latter more specifically for youth under DWI 9). The youth inactivity rate is therefore calculated as the exact opposite of youth activity. In percentage terms, the youth inactivity rate is calculated by subtracting the youth labour force participation rate from 100 per cent. The source of data for this indicator should preferably be a labour force survey.

Limitations to comparability

The same issues of comparability exist as were discussed in relation to earlier decent work indicators (see DWI 4, 5 and 8). To enhance the comparability of data between countries, and to make more data available, the ILO Trends Team have used econometric modelling techniques to obtain annual inactivity rates for nearly every country in Asia and the Pacific. Some of the output from their work is included in the Table 3.6.

Table 3.6: Youth inactivity rates in Asia and the Pacific, 1995 and 2006 (%)

	1995	2006		1995	2006
Developed Economies			**South Asia**		
Australia	30	31	Afghanistan	43	43
Japan	52	55	Bangladesh	35	39
New Zealand	33	37	Bhutan	49	50
			India	51	55
East Asia			Iran, Islamic Rep. of	60	56
China	23	31	Maldives	62	55
Hong Kong, China	50	55	Nepal	43	44
Korea, DPR	52	63	Pakistan	55	52
Korea, Rep. of	62	62	Sri Lanka	57	55
Macau, China	48	60			
Mongolia	42	46	**South-East Asia**		
			Brunei Darussalam	55	57
Pacific Islands			Cambodia	29	34
Fiji	51	48	East Timor	53	37
French Polynesia	49	51	Indonesia	49	47
Guam	52	54	Lao PDR	44	45
New Caledonia	53	55	Malaysia	51	51
Papua New Guinea	41	39	Myanmar	33	37
Samoa	53	60	Philippines	49	47
Solomon Islands	38	42	Singapore	49	57
Tonga	59	60	Thailand	37	51
Vanuatu	25	22	Viet Nam	24	31

Source: KILM database. Imputed labour force participation rates (and hence inactivity rates) were calculated by the ILO Trends Team, using econometric modelling techniques

Trends analysis

There are quite large variations between countries in their youth inactivity rates. Some countries such as the Republic of Korea have youth inactivity rates as high as 60 per cent, while others such as Australia and China have rates around 30 per cent.

Female youth inactivity rates are nearly always higher than those for males. In some countries the difference between the sexes is as high as 20 percentage points. This is the case in

Afghanistan, Bangladesh, India, Indonesia, Pakistan, the Philippines, Samoa and Tonga, probably due to cultural and socio-economic constraints in those societies.

In about two-thirds of the countries in Asia and the Pacific the youth inactivity rate increased slightly over the period from 1995 to 2006, but in the remaining one-third the inactivity rate fell insignificantly. In East Asia the inactivity rate went up almost everywhere, and for both males and females. The changes in the other regions were far less pronounced.

10b. Youth not in education and not in employment[16]

Introduction

This is a new indicator, which aims to capture the young people who fall into either of the following two categories:

- Youth who are inactive for reasons other than participation in education. This indicator, therefore, includes such categories as discouraged worker as well as persons who are inactive due to other reasons such as disability or engagement in household duties.
- Youth who are unemployed and not in school.

Use of the indicator

This indicator has been introduced because it gives a good measure of the non-utilized labour potential of the youth population. It offers a much more direct measure of "idle" youth than the youth inactivity rate since the youth inactivity rate includes youth in education. It is important to keep in mind that this measure contains both unemployed non-student youth and youth who are inactive for reasons other than educational enrolment, including discouragement (i.e. inactive non-students). Ideally, one would be able to isolate each subset from the number of youth classified as "not in education and not in employment" (NEET) to see which constitutes the bulk of the non-utilized labour potential measure.

It is useful to compare the rates for males and females. For instance, in some other regions of the world, there is evidence of a greater likelihood of idleness among young women than young men.[17] The longer the spell of idleness, the more vulnerable the youth.

It is also useful to try to measure the likelihood of youth being integrated (or reintegrated) into the workforce. A person who is "discouraged" is one who is classified as currently inactive for a reason implying that they felt that undertaking a job search would be a futile effort. Specifically, the youth might respond that they did not seek work because they had insufficient education and/or skills to get a job, that no suitable work was available locally, or that they did not know where to look for work. A discouraged youth – just like a young person who is unemployed for a long period of time – is vulnerable to facing a difficult process of reintegrating into the labour force and is in danger of feeling useless and of becoming alienated from society. For the economy, the presence of discouraged workers represents a waste of human resources and productive potential.

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[16] This section draws heavily from ILO: *Global Employment Trends for Youth* (Geneva, 2006)
[17] Ibid, p.32

This indicator, known as NEET is the proportion of youth who are not in employment and not in education. More specifically, the value of the numerator can be obtained from taking the number of unemployed youth, and adding to it the number of inactive youth, after first taking out all those inactive or unemployed youth who are classified as students. What you are left with are the youth who are neither in employment nor in education. The denominator is the total number of youth.

Generally all of the micro-data of the labour force survey would be needed in order to obtain the economic activity of students.

Limitations to comparability

In principle there should be few limitations to comparability, but comparability is limited at present, because very few countries produce this indicator.

Trends analysis

Although data are available for some other regions of the world, there are little or no data available for the Asia and the Pacific region. One useful way of looking at the data on youth is to consider labour market vulnerability among young people. This can be done by considering the current activity status of the youth and their potential for future labour market integration. All youth, even those in employment, face vulnerability. For instance, those receiving low wages or in unpaid work, those with little job security, those working in the informal sector without social security, or working too long or too few hours, or doing hazardous work, or doing work that is not related to their skills; young persons in all these groups are more vulnerable to losing their jobs than those who are in decent jobs.

Young people who are unemployed or inactive face even greater vulnerability. There is less likelihood of future labour market integration for those who have been unemployed for a long period of time. It is quite likely that such jobseekers will tend to lose the skills they have, and join the category of "discouraged workers". For those who are inactive, the chances of entering the labour market are greater if they have been full-time students or have independent means of subsistence. The chances would diminish for those who are in poor health or with disabilities, or have child-care or household responsibilities. The young discouraged workers or persons who are confronted with family or cultural objections to their employment would have even less opportunities to enter the labour market.

DWI 11: Time-related underemployment

Introduction

Underemployment reflects underutilization of the productive capacity of the labour force. Time-related underemployment is currently the best available indicator to assess the extent to which the labour force is underutilized.

The concept of underemployment was earlier dealt with by the 11th ICLS in 1966 and by the 13th ICLS in 1982, but the most recent treatment of time-related underemployment is given in the definition adopted by the 16th ICLS in 1998. The time-related underemployed includes all persons in employment whose hours of work "are insufficient in relation to an alternative employment situation in which the person is willing and available to work".

There are of course other aspects of underemployment that are not reflected in time-related underemployment. Thus, a so called "invisible" underemployment may relate to low levels of income obtained from economic activity, low productivity, or a mismatch between an individual's skill and the work performed.

Time-related underemployment appears as KILM 12 in the fifth edition of KILM. Two measures can be calculated for this indicator: time-related underemployment as a percentage of the labour force, and as a percentage of total employment.

Use of the indicator

Because of the use of the 'one-hour' criterion for measuring employment of those currently active, there are not many persons counted among the unemployed in developing countries as they simply cannot afford to be unemployed. Most of these people have to do some work in order to survive, although they may well be underemployed and/or be engaged in some kind of informal activity.

The indicator of underemployment is therefore important for improving the quality of the description of employment-related problems, as well as for assessing the extent to which available human resources are being utilized in the production process of the country. It also provides useful information for the design and evaluation of employment-related policies and social programmes.

This indicator by itself cannot provide a full picture of labour underutilization. It needs to be looked at in conjunction with other indicators such as the characteristics of the labour force, employment-to-population ratios, inactivity rates, status in employment, the working poor and labour productivity.

Definitions and sources

The exact definition of time-related underemployment is shown in Box 3.6. For an employed person to count as being in time-related underemployment, they must satisfy all three of the following conditions:

- willing to work additional hours
- available to work additional hours
- worked less than a threshold related to working time

In addition to calculating time-related underemployment for those satisfying all three conditions, the 16th ICLS resolution suggests that countries should identify all workers who satisfy the first two conditions, without considering the third one. This means that the estimate obtained would represent the total number of workers who were willing and available to work additional hours, regardless of the hours they actually worked. Knowledge of this figure would provide analytical flexibility for policy formulation and evaluation.

The 16th ICLS resolution contains useful information on the types of analyses that can be done, using the information on time-related underemployment. For instance, it suggests that countries may wish to identify two separate groups: persons who usually work part-time schedules and want to work additional hours; and persons who during the reference period worked less than their normal working hours. It would then be worthwhile to study the relationship between the size and composition of these groups of workers and the economically active population at different points in time.

7. Time-related underemployment exists when the hours of work of an employed person are insufficient in relation to an alternative employment situation in which the person is willing and available to engage.

8. (1) Persons in time-related underemployment comprise all persons in employment, as defined in current international guidelines regarding employment statistics, who satisfy the following three criteria during the reference period used to define employment:

    (a) "willing to work additional hours", i.e. wanted another job (or jobs) in addition to their current job (or jobs) to increase their total hours of work; to replace any of their current jobs with another job (or jobs) with increased hours of work; to increase the hours of work in any of their current jobs; or a combination of the above. In order to show how "willingness to work additional hours" is expressed in terms of action which is meaningful under national circumstances, those who have actively sought to work additional hours should be distinguished from those who have not. Actively seeking to work additional hours is to be defined according to the criteria used in the definition of job search used for the measurement of the economically active population, also taking into account activities needed to increase the hours of work in the current job;

    (b) "available to work additional hours", i.e. are ready, within a specified subsequent period, to work additional hours, given opportunities for additional work. The subsequent period to be specified when determining workers' availability to work additional hours should be chosen in light of national circumstances and comprise the period generally required for workers to leave one job in order to start another;

    (c) "worked less than a threshold relating to working time", i.e. persons whose "hours actually worked" in all jobs during the reference period, as defined in current international guidelines regarding working time statistics, were below a threshold, to be chosen according to national circumstances. This threshold may be determined by e.g. the boundary between full-time and part-time employment, median values, averages, or norms for hours of work as specified in relevant legislation, collective agreements, agreements on working time arrangements or labour practices in countries.

Extract from resolution concerning the measurement of underemployment and inadequate employment situations, adopted by the 16th ICLS, October 1998

In addition to finding out how many persons are underemployed in general, it is also useful to measure the volume of time-related underemployment, i.e. the additional time that persons in time-related underemployment were willing and available to work during the reference period up to the chosen threshold. Depending on national circumstances, this indicator can be measured in terms of working days, working half-days or working hours. Similarly, the total volume of additional hours could be calculated, without reference to any threshold.

The main indicator to be calculated is the rate of time-related underemployment, but it is helpful to present the indicator in two forms, using different items as the denominator: the total labour force, and those in employment. Another useful analytical measure is a rate for the volume of time-related underemployment. This may be calculated as the ratio of the volume of time-related underemployment and the potential time for work of persons in employment, where the latter is calculated as the sum of the hours actually worked by the employed population and the volume of time-related underemployment.

The data for this indicator come exclusively from labour force surveys.

Limitations to comparability

Despite improvements in the clarity of the definition of underemployment over the last 20 years, very few countries are able to apply the definition consistently because the criteria on which it is specified are still not entirely precise. The standard definition of time-related underemployment is interpreted by countries in different ways. These different definitions can be grouped according to three main concepts:

1. Persons in employment who reported that they were working part-time or whose hours of work (actual or usual) were below a certain cut-off point, and who also reported involuntary reasons for working fewer than full-time hours – these are also known as "involuntary part-time workers".
2. Persons in employment whose hours of work (actual or usual) were below a certain cut-off point and who *wanted* to work additional hours.
3. Persons in employment whose hours of work (actual or usual) were below a certain cut-off point and who *sought* to work additional hours.

It is possible to compare countries that apply the strictest definition (concept 3 above) with countries that apply a wider definition (concepts 1 or 2). Among the seven countries and territories in the Asia and the Pacific region for which data on time-related underemployment are available in the KILM, five (Australia, Japan, New Zealand, the Philippines and Thailand) use concept 2, while Hong Kong (China) and Pakistan use concept 3.

There are other limitations to comparability. One is the use of different cut-off points for hours worked: Australia and New Zealand use a 30 hours threshold; Japan, Hong Kong (China) and Pakistan use 35 hours; while the Philippines and Thailand use a 40 hours cut-off.

Another difference concerns coverage. For most of these countries the indicator is available for the civilian labour force only, but for Japan and the Philippines it covers the total labour force. Usually the age group covered is 15 years old and above, but the lower age limit is 13 in the case of Thailand and to 10 for Pakistan.

Different reference periods are used for calculating the time-related underemployment. Some countries may compute this indicator on the basis of monthly averages, as Australia did in the past (now it makes use of quarterly averages). Japan uses the average of semi-annual estimates. Some countries use data of a particular month in the year (for example June in the case of Pakistan).

There may be breaks in the series due to changes in the reference month. For instance, data for Thailand are usually based on the February estimate, but in 1999 and 2000 the estimate of August was used. And there may be breaks in time series due to changes in the sampling frame or revisions made to the questionnaires and definitions (e.g., Australia and New Zealand).

Trends analysis

Figure 3.5 shows the underemployment rates (as a percentage of the labour force) for six countries and territories in the Asia and the Pacific region.

In the KILM table the rates of underemployment are shown separately for males and females. One obvious feature in the three developed economies of Australia, Japan and New Zealand is that females have underemployment rates about twice as high as those of males.

The KILM table shows the rate of underemployment based on two denominators: labour force and employment. Since the unemployed usually represent only a small fraction of the total labour force, these two rates will be very similar, but the rate based on employment will always be higher than the corresponding rate based on the labour force. The advantage of using the labour force as the denominator is that it would then be possible to show the various elements of unemployment and underemployment together, since they are all on the same base. Three

measures could be shown: the unemployment rate (using the strict definition); a supplementary indicator to the unemployment rate resulting from relaxation of the definition (see discussion of DWI 8 above); and the rate of underemployment.

Figure 3.5: Underemployment rates, selected economies, 1995-2005 (%)
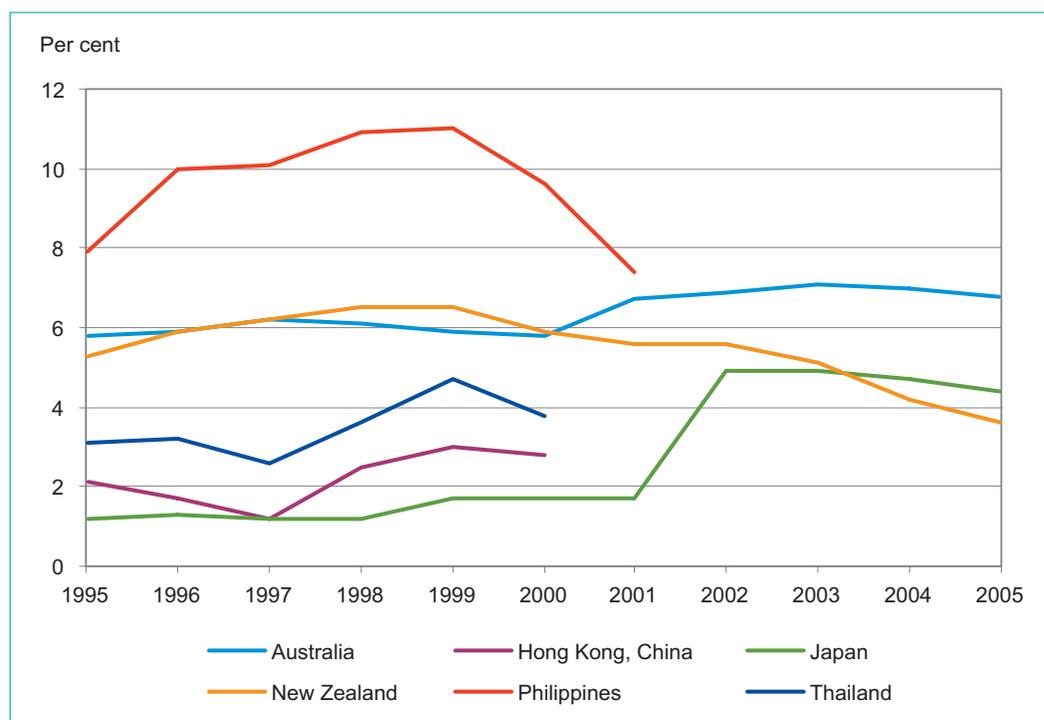
Source: ILO, KILM, 2007

DWI 12: Employment by status in employment and type of economic activity

DWI 12 includes two important and related indicators that help to describe the nature of employment. The first is the indicator of status in employment, and the second is the indicator describing the industry or sector of economic activity. Both are included in the set of KILM indicators: status in employment is KILM 3, and employment by sector is KILM 4.

12a. Employment by status in employment

Introduction

International recommendations for the status in employment classification have existed since before 1950, and in 1958 the United Nations Statistical Commission approved the International Classification of Status in Employment (ICSE). This classification was revised in 1993 by the 15th ICLS. A large number of countries around the world make direct use of the classification itself, or their own national version of it, when presenting their employment statistics.

The purpose of this classification is to classify jobs with respect to the type of explicit or implicit contract of employment that the person has with other persons or organizations. The basic criteria used in distinguishing the different categories in the classification are the type of economic risk and the type of authority over establishments and other workers that the jobholder has or will have.

Use of the indicator

This indicator provides information on the distribution of the workforce by status in employment. It enables one to find out, for example, what proportion of employed persons in a country work for wages or salaries, what proportion run their own enterprises, with or without hired labour, and what proportion work without pay within the family unit.

Because of the basic criteria used to define the status groups, it is possible to use the resulting data to examine the extent to which jobs are becoming more informal in nature, with fewer employees having formal working arrangements. The indicator therefore helps in the identification of potentially vulnerable groups in the labour market, which is acknowledged in the Millennium Development Goals, where indicator 1.7 is the "proportion of own account and contributing family workers in total employment", which is intended to provide a picture of the extent of vulnerable employment.[18]

More generally, the indicator helps to provide some measure of workers' behaviour and conditions of work. For instance, contributing family work is a form of labour that supports production for the market; it is generally unpaid, although compensation might come indirectly in the form of family income. It is particularly common among women, especially women in households where other members are engaged in self-employment, specifically in running a family business or in farming.

The indicator is strongly linked to the employment-by-sector indicator (see DWI 12b. below). With economic growth, one would expect to see a shift in employment from the agricultural to the industry and services sectors, which in turn would be reflected in an increase in the number of wage and salaried workers. Also, a shrinking share of employment in agriculture would result in a lower proportion of contributing family workers, who are often widespread in the rural sector of developing countries. A declining share of own-account workers and/or contributing family workers, accompanied with a notable increase in the share of employees, provides an indication that a country is moving from a low-income situation, characterized by a large informal or rural sector, to a higher-income situation with high growth in wage employment. The Republic of Korea, Thailand and Viet Nam are three examples of countries where large shifts in the status in employment, particularly for females, have accompanied economic growth.

Definitions and sources

The ICSE-93 categories are as follows:

(a) **Employees** are all those workers who hold the type of jobs defined as "paid employment jobs", where the jobholder has an explicit (written or oral) or implicit employment contract that gives him or her basic remuneration that is not directly dependent upon the revenue of the unit for which the person works.

(b) **Employers** are those workers who, working on their own account or with one or a few partners, hold the type of jobs defined as "self-employment jobs" (i.e. jobs where the remuneration is directly dependent upon the profits derived from the goods and services produced), and in this capacity have engaged one or more persons on a continuous basis to work for them as employee(s).

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[18] See: Official list of MDG indicators on Millennium Development Goals Indicators http://mdgs.un.org/unsd/mdg/Host.aspx?Content=Indicators/OfficialList.htm

(c)   ***Own-account workers*** are those workers who work on their own account or with one or more partners, and who hold the type of jobs defined as "self-employment jobs" (see (b) above), and who have not engaged any employees to work for them on a continuous basis.

(d)   ***Members of producers' cooperatives*** are workers who hold "self-employment jobs" (see (b) and (c) above) in a cooperative producing goods and services.

(e)   ***Contributing family workers*** are those workers who hold "self-employment jobs" as own-account workers (see (c) above) in a market-oriented establishment operated by a related person living in the same household.

(f)   ***Workers not classifiable by status*** include those for whom insufficient relevant information is available, and/or who cannot be included in any of the preceding categories.

These categories are quite similar to those used in the earlier version of ICSE but an attempt was made to improve the conceptual framework in order to better clarify the basic difference between wage employment and self-employment. Only the following two significant changes were made: (a) the term *contributing family workers* replaced the previous term *unpaid family workers*; (b) and the category *own-account workers* was expanded to also include persons working in a family enterprise with the same degree of commitment as the head of the enterprise. These people, usually women, were formerly considered as *unpaid family workers* in the old version of ICSE.

Labour force surveys are the preferred instrument for deriving data on this indicator.

Limitations to comparability

Experience has shown that the contents of the various groups in the classification are not always easily comparable across countries, due to the different ways in which countries measure status in employment. For example, in most countries managers and directors of incorporated enterprises are classified as *employees*, while in some others they are classified as *employers*. Other possible discrepancies sometimes affect the way in which *contributing family workers* and *members of producers' cooperatives* are treated.

There are the usual limitations in comparability between countries, relating to issues such as the population groups covered by the data, the age cut-off point, and the reference period. Examples of some of these differences are given below.

Thus, care should even be taken when comparing annual estimates of a particular country, if they are derived from different sources. For instance, in the case of Singapore, the KILM database provides a time series of figures from the recent relevant household surveys, but the figure for the year 2000 is taken from the Population Census. Instances of the use of a different source need to be clearly 'flagged', as is done in the KILM database, so that the user can be warned about a possible discontinuity in the time series. Other possible discontinuities in time series may arise due to changes in the age group covered (e.g. in 2002, Thailand raised the lower age cut-off of their labour force from 13 years old to 15 years old) or other changes in survey methodology (e.g. New Zealand in 1997).

Trends analysis

Figure 3.6 shows the distribution of employment for 11 countries in the Asia and the Pacific region for which recent data on status in employment is available.

Figure 3.6: Distribution of employment by status in employment, selected economies, 2005 (%)
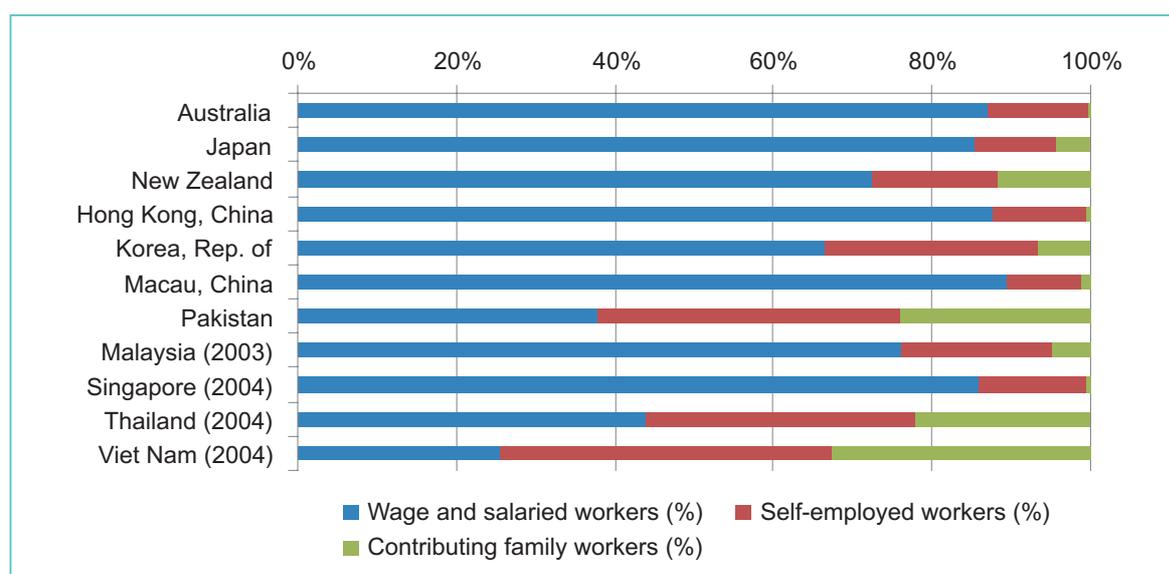
Source: ILO, KILM, 2007

For all 11 countries the data source was a recent relevant household survey or a labour force survey. For most countries the data refer to the civilian labour force, but in the case of Japan, Singapore and Viet Nam the total labour force is included. For most countries the data refer to those in employment aged 15 and above, but some countries use other age groupings; for instance, Macau (China) uses 14 years old and above, Pakistan uses a cut-off of 10 years old, and Malaysia uses the age limit from 15 to 64 years old.

In this figure, the group *self-employed workers* is not one of the specific categories in ICSE, but results from summing three separate categories: employers, own-account workers, and members of producers' cooperatives. In five of these 11 countries and territories (Australia, Japan, Hong Kong (China), Macau (China), and Singapore) wage and salaried workers make up more than 80 per cent of the employed population, and the remainder are mostly self-employed workers; there are hardly any contributing family workers.

In contrast, Pakistan, Thailand and Viet Nam report sizeable numbers of contributing family workers, representing more than 20 per cent of total employment. There are also substantial numbers of self-employed workers (about 40 per cent of the total), with only about 40 per cent in Pakistan and Thailand as wage and salary workers, and even fewer in Viet Nam.

12b. Employment by branch of economic activity

Introduction

This is one of the most important indicators for any economy. It shows the distribution of employment, according to the economic sector in which each person works. For this purpose the International Standard Industrial Classification of All Economic Activities (ISIC) is used. ISIC Revision 2 was adopted in 1968, ISIC Revision 3 was approved in 1990 and ISIC Revision 4 was adopted in 2006 and recommended for implementation beginning in 2009 (see Box 3.7). The one-digit code provides a classification into the broad sectors (agriculture, forestry and

fishing; mining and quarrying; etc.), but a much more detailed classification of industries is available if desired. For presentational purposes, a convenient summary is provided by grouping the one-digit codes into three broad sectors (agriculture, industry, and services) as described below.

Use of the indicator

Information on the sectoral distribution of employment is particularly useful for identifying broad shifts in employment at different stages of development. It can be used, in conjunction with other indicators such as status in employment, to identify vulnerable groups in the labour market.[19]

The indicator can be used in various ways. For instance, by studying trends over time, it is possible to identify individual industries and services where employment is growing or stagnating. Combined with information on job vacancies by sector, it can indicate where demand for labour is focused, and thus could guide policy-makers responsible for designing skills and training programmes that are aimed at improving the match between labour supply and demand.

The breakdown of the indicator by sex allows for analysis of gender segregation of employment by specific sector. It is possible to see to what extent men and women are equally distributed across the different sectors, and to check whether females are concentrated in the service sector where wage rates are generally below those in the industrial sector.

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[19] The fifth edition of *KILM* contains a special chapter (1B) entitled: "Assessing vulnerable employment: The role of status and sector indicators".

To simplify the presentation of data, it is sometimes helpful to aggregate the sectors shown in Box 3.7 into three broad categories: agriculture, industry and services.

Using the Revision 4 classification shown above, these categories are obtained as follows:

Aggregate sector	ISIC 4 categories
Agriculture	A
Industry	B, C, D, E, F
Services	G, H, I, J, K, L, M, N, O, P, Q, R, S, T
Sector not classifiable	U

The agriculture sector comprises activities in agriculture, hunting, forestry and fishing, in accordance with category A of ISIC 4. The industry sector comprises mining and quarrying, manufacturing, public utilities (electricity, gas, water, and waste management), and construction, which are represented by categories B, C, D, E and F in ISIC 4.

The services sector consists of wholesale and retail trade, transportation and storage, hotels and restaurants, communications, finance, insurance, real estate and business services, and community, social and personal services. This sector is made up of all the categories from G through T.

Information for this indicator usually comes from a household survey. For some countries (e.g. India, China and Mongolia) the data are reported to come from official sources.

Limitations to comparability

As with other employment indicators, there are differences between countries in the coverage of their data, in terms of geography, age group, reference period and the groups of people included. Many countries report their data in respect of those aged 15 and over, but some countries use a lower cut-off point; for example, Bangladesh, Cambodia, Pakistan, Papua New Guinea and Sri Lanka use 10 years as the lower boundary. Mongolia uses a higher cut-off point (16 years). In some cases (e.g. China, India, and Myanmar) the age group to which the data apply in the KILM database is unknown.

Countries vary in their treatment of the armed forces; some countries include them, and some exclude them. In the Philippines, they are only included if living in private households. The choice of classification revision can also affect comparability over time within and across countries.

Trends analysis

Figure 3.7 shows the trends in employment for the service sector, as a percentage of total employment, over the ten years from 1995 to 2005. Six of the countries displayed in the figure show a slight rise in the proportion of the employed population working in the service sector. This reflects the gradual switch in employment from agriculture to services. The only exception to the upward trend is Pakistan, where the trend line remains very flat.

It is noticeable that the more developed economies of New Zealand and the Republic of Korea have a higher proportion of their total employment concentrated in the service sector. In fact, of the countries shown in the figure, Singapore has the highest proportion of persons in the service sector. This reflects not just its level of development, but the fact that there is only very little scope for agricultural activity in the limited confines of a small island state.

Figure 3.7: Employment in the service sector as a share of total employment, selected economies, 1995-2005 (%)
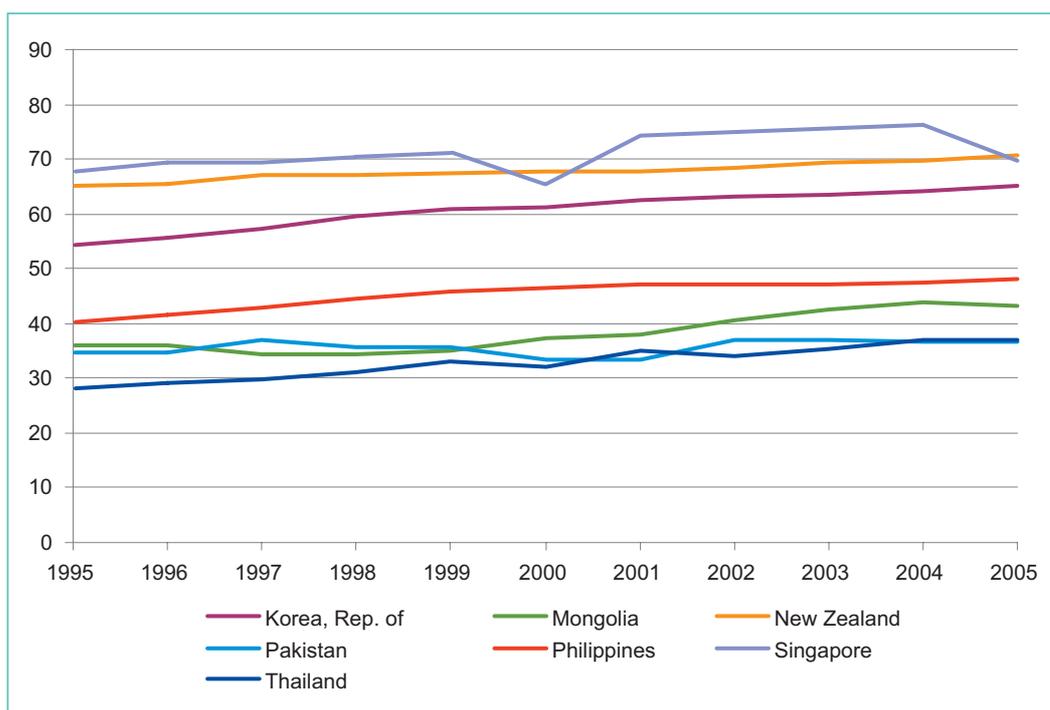
Source: ILO, KILM, 2007

The noticeable dip for the year 2000 in the figures for Singapore is entirely artificial, and reflects the use of a different source of data. The 2000 estimate is based on a population census, whereas the other figures are based on household survey data. This highlights the risks involved, even in the case of a highly developed statistical system, in trying to combine data from different sources.

DWI 13: Labour productivity

Introduction

This indicator of labour productivity represents the amount of output achieved per unit of labour input. The fifth edition of KILM contains indicators of labour productivity and unit labour costs as KILM 18. For a constant 'mix' of activities, the best measure of labour input to be used in the productivity equation would be 'total number of annual hours actually worked by all persons employed'. In many cases, however, this labour input measure is difficult to obtain or estimate reliably. For this reason, the labour productivity measures presented in the KILM show both gross value added per person employed and gross value added per hour worked.

Use of the indicator

Labour productivity (also an input of unit labour costs) and wages are important variables in determining how economic growth impacts on employment quality. Together with economic growth, labour productivity is a key determinant of wages and living standards. Accordingly, MDG Indicator 1.4 measures the "growth rate of GDP per person employed", as an increase in this indicator can contribute to growth in real incomes and reduced poverty.

Growth in labour productivity can occur in a number of ways. There may be increased efficiency in the use of labour, without using any additional inputs. Alternatively, the growth may be due to an increased use of inputs, such as physical or human capital or intermediate inputs. A third way in which growth in the total economy can occur is as a result of a shift in the mix of activities in the economy. For instance, employment may shift from a relatively low productivity sector, such as agriculture, to a higher productivity sector, such as manufacturing. This will tend to increase economy-wide productivity even if the individual sectors have not become more productive.

Definitions and sources

Labour productivity represents the amount of output achieved per unit of labour input. For this purpose, output is measured as 'value added', which is the total production value minus the value of intermediate inputs such as raw materials, semi-finished products, services purchased and energy inputs. Value added, called 'gross domestic product' in the national accounts, represents the compensation for input of services from capital (including depreciation) and labour directly engaged in the production. The GDP concepts for the aggregate economy are expressed at market prices, which reflect the market value of the output produced. For the individual sectors, GDP at market prices is adjusted to basic price level; this is done by subtracting indirect taxes on products, and by adding in the subsidies on products. The adjusted GDP therefore represents the amount that would be received by the producer for a unit of good or service produced.

The concept of value added in basic prices is relatively new in the area of national accounts, and for many countries the data are not yet available. Usually these figures are expressed in terms of factor costs. The factor cost concept represents the overall gross income from operating activities.

A wide variety of sources were used for the data presented in KILM 18, but most of them originally came from national accounts and labour statistics sources in the various countries. The Asian Development Bank's (ADB) *Key Indicators of Developing Asian and Pacific Countries* is the main source for GDP data. Other sources sometimes used are the Organisation for Economic Cooperation and Development's *National Accounts of OECD Countries, Volume 1: Main Aggregates*, and the International Monetary Fund's *World Economic Outlook*. The ADB publication is again the main source for data on employment, but in some cases the data are taken from the OECD's *Labour Force Statistics* or the World Bank's *World Development Indicators*. OECD's *Economic Outlook* and OECD's *Growth Project* are the main sources for data on hours worked.

Limitations to comparability

To compare labour productivity levels across economies, it is necessary to convert gross value added to US dollars on the basis of adjusted purchasing power parity (PPP). This adjustment takes into account the amount of a country's currency that is required to purchase a standard set of goods and services worth one US dollar. Hence, using PPPs helps to take account of differences in relative prices between countries. If official currency exchange rates were used instead, the implicit assumption would be that there was no difference in relative prices across countries.

There are problems in the international consistency of GDP data, especially for economies outside the OECD. These relate in particular to:

(a) the different treatment of output in service sectors;
(b) different procedures in correcting output measures for price changes, in particular the use of different weighting systems in obtaining deflators;
(c) different degree of coverage of informal economic activities in developing economies and of the underground economy in developed economies in the national accounts.

The estimates of employment should, where possible, be for the average number of persons with one or more paid jobs during the year. As with GDP, the employment estimates are sensitive to under-coverage of informal or underground activities, which may contain a substantial amount of labour input. In some cases, informal activities are not included in the production and employment statistics at all.

In the case of working hours, the estimates of annual hours are often unavailable or are relatively unreliable. There is often a lack of consistency in the definitions used. The statistics may be based on paid hours rather than on hours actually worked, implying that no adjustments are made for paid hours that are not worked, such as hours for paid vacation or sickness, or for hours worked for which no payment is received. Often the statistics on working hours relate to only a segment of the working population, such as employees, rather than to the working population as a whole. To improve this situation the 18th ICLS will discuss a revised resolution concerning statistical measurement of working time.

Trends analysis

Figures 3.8 and 3.9 show, respectively, the trends over a ten-year period in GDP per person employed and per hour worked, for seven countries and territories in the Asia and the Pacific region. These figures are based on data in the KILM database. It needs to be emphasized that the values of GDP, although at constant 1980 prices, have not been adjusted using PPP figures.

Figure 3.8: GDP per person employed (1980 = 100), selected economies, 1995-2005
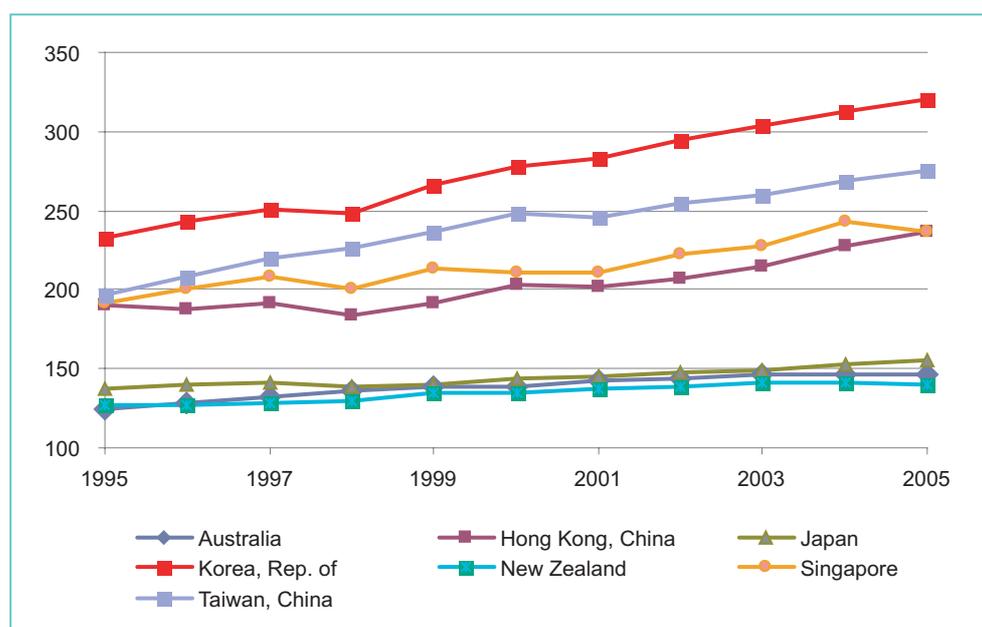
Source: ILO, KILM, 2007

Figure 3.9: GDP per hour worked (1980 = 100), selected economies, 1995-2005
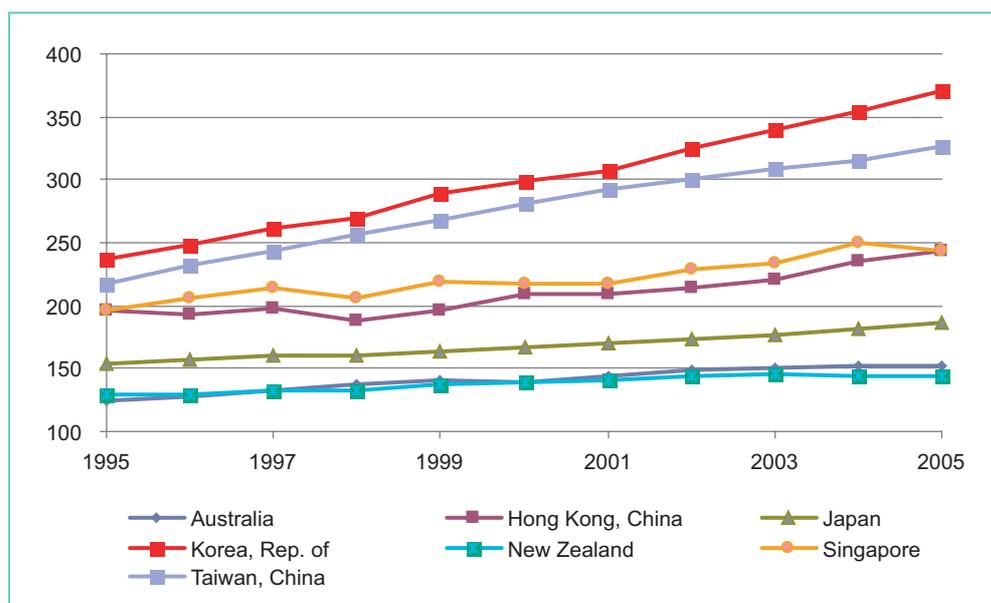
Source: ILO, KILM, 2007

Thus, while it is meaningful to examine the changes over time for a particular country, as measured by the slopes of the lines, it is not possible to compare values on the graph between countries.

For the three OECD countries (Australia, Japan and New Zealand), the growth in labour productivity has been relatively modest over the 10-year period, and the same is true of Hong Kong (China) and Singapore. Among the countries shown in the figures, the sharpest growth has occurred in the Republic of Korea and in Taiwan (China). In these two places there has been strong growth in GDP per person employed, but even stronger growth in GDP per hour worked. This suggests real increases in efficiency, rather than simply growth arising from longer working hours.

DWI 14: Real per capita earnings (from national accounts)

Introduction

The indicator recommended here is real gross national income (GNI), rather than the more readily available indicator gross domestic product (GDP). National income is a wider concept than domestic income, since it also includes income earned from abroad. Income from abroad is earned either by providing services or by owning assets abroad. Thus, national income is equal to domestic income plus net income from abroad. This is a proxy indicator for per capita earnings given that GNI includes both labour and capital income.[20]

Comparable GNI series for a country across different points of time in constant prices (that is, adjusted for changes in prices) is termed as real GNI. When this price-adjusted real GNI is divided by the national population, an estimate of real per capita GNI is obtained.

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[20] If labour share in GNI is known, real per capita earnings can be calculated by multiplying this share by GNI. This is the preferred method of calculation if the appropriate data are available.

Use of the indicator

Gross National Income (GNI) is the new term for gross national product (GNP). It is GDP plus net receipts of primary income (compensation of employees and property income) from abroad. GNI, calculated in national currency, is usually converted to US dollars at official exchange rates for comparison across economies, although an alternative rate is used when the official exchange rate is judged to diverge by an exceptionally large margin from the rate actually applied in international transactions.

Definitions and sources

The World Bank uses the special Atlas method of conversion to smooth fluctuations in prices and exchange rates. This applies a conversion factor that averages the exchange rate for a given year and the two preceding years, adjusted for differences in rates of inflation between the country and, up until 2000, the G-5 countries (France, Germany, Japan, United Kingdom and United States). From 2001 onwards, these countries include the Euro zone, Japan, United Kingdom, and United States.

Limitations to comparability

Nominal GNI values provide a useful indicator of the level of economic well-being of a country, but these values needed to be presented in terms of constant prices if one is to get an idea of changes over time. Unfortunately such data are not readily available. The net income from abroad can be significant where the resident population performs services to foreign economies or has assets that earn income from abroad. GNI is a more comprehensive measure, but more detailed information is needed for its compilation.

Trends analysis

There is no readily available source of data on real gross national income per capita. One source of data for figures on gross national income is the publication *Key Indicators of Developing Asian and Pacific Countries*, produced each year by the ADB, but the figures there show nominal, not real, GNI for each country. These values of GNI are shown in Table 3.7 for the three most recent years for which data are available, for almost all of the ILO countries and territories in the Asia and the Pacific region.

Many countries have shown strong growth of GNI in nominal terms over the period 2003-2005, but much of this growth may be due to the effects of price inflation and a weakening US dollar, rather than being due to any real increase in GNI.

Table 3.7: Per capita gross national income, 2003-2005 (US$)

	2003	2004	2005
East Asia			
China	1 270	1 500	1 740
Hong Kong, China	25 590	27 130	27 670
Korea, Rep. of	12 060	14 030	15 840
Mongolia	480	600	690
Taiwan, China	13 719	14 731	15 650
Pacific Islands			
Fiji	2 290	2 820	3 170
Papua New Guinea	663	727	816
Samoa	1 500	1 790	2 020
Solomon Islands	550	590	620
Tonga	1 640	1 870	2 062
Vanuatu	1 190	1 400	1 560
South Asia			
Afghanistan	168	186	218
Bangladesh	400	440	470
Bhutan	960	1 130	1 250
India	530	630	730
Maldives	2 160	2 390	2 320
Nepal	220	250	270
Pakistan	520	600	690
Sri Lanka	930	1 000	1 160
South-East Asia			
Brunei Darussalam	18 757	21 885	25 754
Cambodia	330	380	430
East Timor	420	550	600
Indonesia	940	1 130	1 280
Lao PDR	340	400	430
Malaysia	3 950	4 530	4 970
Myanmar	202	201	217
Philippines	1 110	1 220	1 320
Singapore	21 700	25 060	27 580
Thailand	2 150	2 490	2 720
Viet Nam	470	540	620

Note: The figures here show nominal, not real, income.
Source: ADB, 2007, Table 11, p.134

4. Social protection indicators

Access to an adequate level of social protection is recognized by international labour standards and by the United Nations as a basic right of all individuals. It is widely considered to be instrumental in promoting human welfare and social consensus on a broad scale. It thus contributes to social peace, and results in improved economic growth and performance. Social protection is one of the four strategic objectives of the Decent Work agenda which define the core work of the ILO.

The DWIs discussed below cover various aspects of the link between informal employment and social protection. Also included is an indicator of the level of occupational injuries, and indicators on the hours of work, since these indicators provide some measure of the quantity and quality of social protection.

DWI 15: Informality and social protection

DWI 15 includes three different indicators that help to describe the degree of vulnerability of workers within a country, and therefore their need for social protection. The first is the level of informal employment, the second is the level of social security coverage among wage earners and salaried employees, and the third is the level of public expenditure on social security, as a percentage of GDP.

15a. Employment in the informal sector

The informal sector represents a fundamental component of the economic structure of many developing and transition countries. In many of these countries informal sector enterprises are a key form of organization of production and an important provider of employment and income opportunities not only in rural but also in urban areas. In parallel to the many jobs created in the informal sector, various forms of informal or unprotected employment in the formal sector have shown fast growth over recent years. Despite their overwhelming importance, both employment in the informal sector and informal employment are poorly covered, if at all, by official statistics, mainly because of the complexity of measurement.

International attempts to measure employment in the informal economy began with efforts to identify and quantify the extent of the informal sector. In Asia and the Pacific the informal sector's contribution to non-agricultural GDP may well be as high as 30 per cent. Industrial restructuring, globalization, and the Asian financial crisis of 1997 have all contributed to the growth of activities in the informal sector.

In 1993 the 15th ICLS adopted an international statistical definition of the informal sector. The definition was subsequently included in the revised System of National Accounts (SNA 1993). Inclusion in the SNA was considered essential, as it made it possible to identify the informal economy as a separate entity in the national accounts and hence to quantify the contribution of the informal economy to gross domestic product.

The 1993 resolution on statistics of employment in the informal sector provided an international statistical definition of a grouping of household enterprises, in recognition of their importance in creating employment and income for households owning and operating them.

Various considerations were taken into account when formulating the definition of this grouping, which is characterized by production units with low level of organization, little or no division of factors of production, of small scale, and little or no contractual arrangements with formal guarantees. These considerations included (i) the policy relevance of the resulting statistics, (ii) the identification of a homogenous group of enterprises with similar economic objectives and behaviour, (iii) practical data collection aspects, (iv) national legislation on registration of enterprises and labour, and (v) national accounts requirements based on the then-emerging SNA 1993.

Subsequently, through its technical assistance to countries, the ILO and its partner countries gained practical experience in collecting, analysing and disseminating statistics on employment in the informal sector. Building on that experience, the 17th ICLS (2003) introduced the concept of informal employment to complement the concept of the employment in the informal sector, both of them fitting within the framework of the informal economy. In formulating the concept of informal employment, the importance of consistency and coherence was emphasized in relating the enterprise-based concept of the informal sector to a job-based concept of informal employment.

Employment in the informal economy is shown as KILM 7 in the fifth edition of KILM.

Use of the indicator

The need for data on employment in the informal sector and on informal employment varies significantly across countries in the region. For some countries, including countries in transition, data on employment in the informal sector and informal employment are essential for policy and planning purposes. For others, the volume of employment generated in the informal sector is not of sufficient size to be of interest to policy-makers. Estimates of the size and of the volume of labour input of the informal sector to the economy are needed in preparing the national accounts. The cost of collecting data on informal activities is sometimes very high, and national accountants have to resort to indirect estimation techniques.

At the same time, the informal sector is of great interest to policy-makers, because this sector can help to create jobs, increase people's incomes, and thereby assist in poverty reduction. The failure to include informal activities in official statistics of many developing and transition countries results in implausibly low female participation rates, a significant underestimate of the GDP per capita and an overestimate of the share of the population that lives below the poverty line. The lack of data on the economic value of the informal sector and employment in the informal sector is a major bottleneck in economic planning at the national and international levels, as well as in designing, monitoring and evaluating policies that aim at the promotion of gender equality, elimination of child labour, employment creation and poverty reduction.

Definitions and sources

The 1993 resolution which contains a detailed definition of the informal sector, as well as that of employment in the informal sector can be found on the ILO web site. In accordance with the SNA, the informal sector consists of 'informal own-account enterprises' and 'enterprises of informal employers', both of which form part of the household sector in the national accounts. Those who are employed in these units constitute the 'population employed in the informal sector' (paragraph 11). However, these people do not constitute the total number of people engaged in informal employment: some people working in the informal sector will have 'formal

employment' jobs, while there will be some people outside the informal sector who could also be counted as being in informal employment.

The concept of informal employment was clarified in 2003, when the 17th ICLS endorsed the Guidelines concerning a statistical definition of informal employment (see extracts shown in Box 4.1). In endorsing these Guidelines, which complement the earlier resolution concerning statistics of employment in the informal sector, the 17th ICLS encouraged countries to test the conceptual framework on which the Guidelines were based.

Box 4.1
Informal employment

1. The concept of informal sector refers to production units as observation units, while the concept of informal employment refers to jobs as observation units. Employment is defined in the sense of paragraph 9 of the resolution concerning statistics of the economically active population, employment, unemployment and underemployment adopted by the 13th ICLS.

2. Informal sector enterprises and employment in the informal sector are defined according to the resolution concerning statistics of employment in the informal sector adopted by the 15th ICLS.

For the purpose of statistics on informal employment, paragraph 19 of the resolution concerning statistics of employment in the informal sector adopted by the 15th ICLS should be applied to exclude households employing paid domestic workers from informal sector enterprises, and to treat them separately as part of a category named "households".

3. (1) *Informal employment* comprises the total number of informal jobs as defined in subparagraphs (2) to (5) below, whether carried out in formal sector enterprises, informal sector enterprises, or households, during a given reference period.

   (2) ......, informal employment includes the following types of jobs:
      (i) own-account workers employed in their own informal sector enterprises;
      (ii) employers employed in their own informal sector enterprises;
      (iii) contributing family workers, irrespective of whether they work in formal or informal sector enterprises;
      (iv) members of informal producers' cooperatives;
      (v) employees holding informal jobs (as defined in subparagraph (5) below) in formal sector enterprises, informal sector enterprises, or as paid domestic workers employed by households;
      (vi) own-account workers engaged in the production of goods exclusively for own final use by their household, if considered employed according to paragraph 9(6) of the resolution concerning statistics of the economically active population, employment, unemployment and under-employment adopted by the 13th ICLS.

   (3) Own-account workers, employers, members of producers' cooperatives, contributing family workers, and employees are defined in accordance with the latest version of the International Classification of Status in Employment (ICSE).

   (4) Producers' cooperatives are considered informal if they are not formally established as legal entities and also meet the other criteria of informal sector enterprises specified in the resolution concerning statistics of employment in the informal sector adopted by the 15th ICLS.

   (5) Employees are considered to have informal jobs if their employment relationship is, in law or in practice, not subject to national labour legislation, income taxation, social protection or entitlement to certain employment benefits (advance notice of dismissal, severance pay, paid annual or sick leave, etc.). The reasons may be the following: non-declaration of the jobs or the employees; casual jobs or jobs of a limited short duration; jobs with hours of work or wages below a specified threshold (e.g. for social security contributions); employment by unincorporated enterprises or by persons in households; jobs where the employee's place of work is outside the premises of the employer's enterprise (e.g. outworkers without employment contract); or jobs for which labour regulations are not applied, not enforced, or not complied with for any other reason. The operational criteria for defining informal jobs of employees are to be determined in accordance with national circumstances and data availability.

An annex to the Guidelines contains a detailed table, showing the conceptual framework for informal employment. One axis shows the status in employment categories, further subdivided between formal and informal, while the other axis shows a classification of production units into three categories (formal sector enterprises, informal sector enterprises, and households). Each job described in paragraphs 3(2) and 5 of the Guidelines with its associated status can be identified in a particular cell in that table.

A simplified presentation of the relationship between the informal sector, informal employment, and the informal economy is given in Box 4.2.

Box 4.2
Employment in the informal economy: Conceptual framework

		Employment	
		Informal	Formal
Sector	Informal	A	B
	Formal	C	D

Employment in the informal sector = A + B

Informal employment = A + C

Informal employment outside the informal sector = C

Employment in the informal economy = A + B + C

Source: Based on work done by R. Hussmanns, ILO

Limitations to comparability

Standard establishment and labour force surveys usually capture, or separately identify, only a small fraction of those whose livelihood relies on work in the informal economy. Even less information is available on the contribution of the informal sector to economic growth. The few data available are not fully comparable at the international level and are mostly collected on an ad hoc rather than regular basis, hampering the construction and comparative analysis of harmonized time series.

The new Guidelines on informal employment should help to clarify some of the problems experienced in the past and enhance the 15th ICLS resolution concerning statistics of employment in the informal sector. For instance, it is sometimes thought that the term informal sector applies only to non-agricultural activities, but paragraph 16 of the 15th ICLS resolution says that "For practical reasons, the scope of the informal sector *may* (italics added) be limited to household enterprises engaged in non-agricultural activities." Paragraph 7 of the new Guidelines makes it clear that, if the informal sector statistics are limited to non-agricultural activities, efforts should still be made to develop suitable definitions of informal jobs in agriculture.

Another issue concerns whether the data should cover both rural and urban areas. Paragraph 15 (15th ICLS) states clearly that "the scope of the informal sector should include household enterprises located in urban areas as well as household enterprises located in rural areas", but it then goes on to advise that countries starting to conduct the informal sector surveys may initially confine data collection to urban areas. Coverage of the survey should gradually be extended to cover the whole country, depending on the availability of resources and an appropriate sampling frame.

Furthermore, domestic workers, defined as "persons exclusively engaged by households to render domestic services for payment in cash or kind" (paragraph 19 of the 15th ICLS) are a particularly difficult group to classify in the statistics. The 1993 resolution says that they should be "included in or excluded from the informal sector depending on national circumstances and the intended uses of the statistics", but that in any case they should be identified as a separate subcategory in order to enhance international comparability of the statistics. The 17th ICLS Guidelines are more specific; they say that households employing paid domestic workers, should be placed in the informal sector, but counted in a separate 'household' sector group (along with households producing goods exclusively for their own final use), rather than being placed in the group 'informal sector enterprises'.

Trends analysis

The KILM database contains five tables relating to employment in the informal economy, but there are very few data for countries in the Asia and the Pacific region, and what data exist are usually fairly dated. India is the only country shown in Table 7a (Employment in the informal sector – harmonized definition). Four other countries (Fiji, Nepal, Pakistan, and the Philippines) join India in Table 7b (Employment in the informal sector – national definition), but in most cases there are geographical or economic sector limitations in the coverage of the data. Thailand is the only country represented in Table 7c (Small or micro-enterprises – national definition), and no countries appear in Table 7d (Small or micro-enterprises – harmonized definition). Seven countries and territories (Bangladesh, Fiji, Indonesia, the Islamic Republic of Iran, Macau (China), Myanmar, and Thailand) are shown in Table 7e, which gives estimates of the number of people employed in the informal economy, and as a percentage of total employment.

15b. Social security coverage (for wage and salary earners)

Introduction

This is a new indicator for which data are at present lacking on a systematic basis, although individual countries may collect some data on this issue. However, in many countries the quantitative knowledge base on social security is incomplete and often does not follow international standards.

From time to time the ILO conducts a Social Security Inquiry, which aims to assist countries in improving their quantitative knowledge base on social security. The ILO Social Security Inquiry identifies statistical information on social security, including employment-related social security schemes, public health, welfare and anti-poverty programmes, as well as non-public schemes of different types that transfer goods, services or cash to poor and vulnerable households. The inquiry so far covers about 30 countries around the world, collecting social security statistics and incorporating them in a special database.

Use of the indicator

Most developed countries, and some developing countries, devote considerable economic resources to social protection schemes, which consist of systematic interventions intended to relieve households and individuals of the burden of a defined set of social risks. The term social risk is used to describe events or circumstances that may adversely affect the welfare of households, either by imposing additional demands on their resources or by reducing their incomes. The relief is provided in the form of social benefits, which may be payable in cash or in kind.

Social benefits can cover many areas such as medical, dental or hospital care; support of spouses, children, or other dependants; compensation for a reduction in income as a result of not being able to work; compensation for a reduction in income because of the death of the main income earner; housing benefits and services; and educational allowances.

Reliable social security statistics are an important precondition for good governance and policy-making. The indicator would be useful for assessing the degree of coverage of social security systems in a country, differences between countries, and changes over time.

Definitions and sources

The indicator appears in several related formulations including the percentage of employed persons covered by social security schemes; the percentage of the labour force covered by such schemes; or a coverage ratio among persons of working age. If the indicator is limited to salaried employees, then it would either cover salaried employees in employment, or relate to both persons in paid employment and those who are unemployed but were previously working as salaried employees.

Social protection schemes can be classified in several ways. For example, they may be classified according to whether they are contributory or non-contributory; compulsory or voluntary; and whether they are provided by the employer for its employees or by the government for the general population.

Social protection schemes may be organized as social assistance schemes, social security schemes, or employer social insurance schemes. The units involved in the organization and operation of the schemes could be general government units, or they may be public or private corporations.

Limitations to comparability

As there are several types of formulations in operation, the indicator must clearly state the type of scheme that is being considered, otherwise there will be a lack of comparability in the data.

Trends analysis

No data are currently available for the Asia and the Pacific region.

15c. Public social security expenditure (as per cent of GDP)

Introduction

Although the number of countries providing some social security has increased over the decades, the overall performance of social security schemes in many countries has been disappointing, especially the essential aspects of coverage of social security schemes.

Furthermore, many schemes lack fundamental information about their operations, such as the actual number of persons covered compared to those who should be covered according to the legislation.

Use of the indicator

This indicator provides a useful measure of the extent to which a government intervenes to relieve households and individuals of the burden of a defined set of social risks.

Definitions and sources

The information on public social security expenditure can be obtained from government budget records. The indicator reflects the expenditure incurred by the government in providing various forms of support to the public: food and other subsidies to poorer sections of the population; state-funded public works programmes offering emergency employment opportunities to the unemployed; and the operation of regular contributory or non-contributory social benefit schemes that provide various benefits (as opposed to the operation of an emergency benefit scheme in response to some natural calamity not covered by social insurance schemes).

The IMF's *Government Finance Statistics Manual* (2001) provides useful definitions of some of the key terms involved. In particular, the annex of Chapter 2 describes the various organizational structures used by government units to provide social benefits, and the effects of those structures on the statistics compiled for the government or public sector. It describes the characteristics of social benefits, and provides a classification of social protection schemes and of the units involved in them.

Limitations to comparability

There is no universally accepted definition of the scope of social benefits, and the social risks covered are liable to vary from scheme to scheme and from government to government.

Trends analysis

The only data easily available on a region-wide basis are those collected by the ILO in the Social Security Inquiry (see Table 4.1). The data, however, are not very current, since the Inquiry was discontinued in 1999.

Table 4.1: Public social security expenditure, as a share of GDP, selected economies (%)

	1985	1990	1996		1985	1990	1996
Developed economies				**East Asia**			
Australia**	14.0	14.5	15.7	China **	–	5.2	3.6
Japan**	11.4	11.3	14.1	Korea, Rep. of	–	4.1	5.6
New Zealand	17.6	22.2	19.2	Mongolia*	–	–	8.8
Pacific Islands				**South-East Asia**			
Fiji	–	6.1	–	Indonesia	–	–	1.7
South Asia				Malaysia	2.0	2.7	2.9
				Myanmar	–	–	0.7
India	–	1.7	2.6	Philippines	–	1.7	–
Iran, Islamic Rep. of	–	4.7	6.1	Singapore	–	–	3.3
Pakistan	1.1	–	–	Thailand	–	1.5	1.9
Sri Lanka	2.5	–	4.7				

*1994   **1995
Source: ILO, *World Labour Report 2000*, Table 14 (but with some figures updated by ILO)

One or two trends are clearly discernible. Expenditure on public social security represents a much higher proportion of GDP in the developed economies of Australia, Japan and New Zealand than it does in the other countries. The rates of expenditure are generally very low in South-East Asia, but rather higher in East Asia. In all countries there is a generally rising trend in the expenditure on public social security, as a percentage of GDP.

DWI 16: Occupational injury rates (fatal/non-fatal)

Introduction

The international community has for a long time been aware of the need to collect statistics on occupational injuries. In 1985, the International Labour Conference adopted the Labour Statistics Convention (No. 160). Article 14(1) of the Convention says that "statistics of occupational injuries shall be compiled in such a way as to be representative of the country as a whole, covering, where possible, all branches of economic activity".

The same Conference adopted the Recommendation concerning Labour Statistics (No. 170), to supplement the above Convention. In Article 12, the Recommendation stipulates that statistics of occupational injuries should be compiled at least once a year. It also recommends that these statistics should be classified at least according to branch of economic activity and, as far as possible, according to significant characteristics of employees (such as sex, age group and occupation or occupational group or level of qualifications) and of establishments.

A major development in measuring occupational injuries occurred in 1998, when the 16th ICLS adopted a resolution concerning statistics of occupational injuries (resulting from occupational accidents), which provides very detailed guidelines on the measurement and

classification of occupational injuries. The resolution covers the following topics: terms and definitions; types of data; measurement; reference period and periodicity; comparative measures; dissemination; sources of data; classification; and further action. Also, the resolution provides a description of the various comparative measures used for occupational injuries.

Use of the indicator

Data on the distribution of persons injured and their injuries, as well as the occupational accidents, are essential for planning preventive measures. Workers in occupations and activities of highest risk can be targeted more effectively for safety campaigns, inspection visits, and the development of safety equipment, procedures and regulations. With data classified by sex and age, and other characteristics, high-risk groups in different segments of the working population can be identified and targeted. When measured over a period of time, the data can reveal progress or deterioration in occupational safety, and thus the effectiveness of prevention measures.

The 1998 resolution proposed four measures for comparing information on occupational injuries at the national and international levels. These four measures are: (a) frequency rate; (b) incidence rate; (c) severity rate; and (d) average days lost.

The *frequency rate* relates the number of injuries to the number of hours worked by workers in the reference group. This is probably the most useful rate to calculate, because the hours worked represent a direct measure of the degree of exposure of the workers to the risk of injury. The frequency rate is calculated per million hours worked, and separate rates may be calculated for fatal and non-fatal injuries. The *incidence rate* relates the number of new cases of occupational injury during the reference period to the total number of workers in the reference group during the same period. It also can be calculated separately in respect of fatal and non-fatal injuries. The *severity rate* is obtained by comparing the number of days lost as a result of new cases of occupational injury during the reference period, with the total amount of time worked by workers in the reference group during the reference period. The fourth measure is the *average days lost*, which is the average number of days lost for each new case of injury during the reference period.

There are also several background variables that are useful for classifying occupational injuries. The main background variables used are: sex, age, occupation, sector of economic activity (industry), status in employment, and size of the establishment where the person works.

The 1998 resolution recommended that rates should be calculated for a reference period of not more than a year, but on a more frequent basis if seasonal trends were considered important.

Definitions and sources

As described in Box 4.3, an occupational injury is taken as being any personal injury, disease or death resulting from an occupational accident. It should be noted that diseases are only included within the scope of occupational accidents in cases where the disease arose as a direct result of a particular accident. The resolution recommends the calculation of four different measures, as described below.

It can be seen that, in order to calculate the first three measures, knowledge of the following two other data items is essential: the total number of workers in the reference group, and the total number of hours worked by those workers in the reference group.

The first measure is the *frequency rate*, which is defined as:

$$\frac{\text{No. of new cases of occupational injury during the reference period}}{\text{Total no. of hours worked by workers in the reference group during the reference period}} \times 1{,}000{,}000$$

The second measure is the *incidence rate*, which is defined as:

$$\frac{\text{No. of new cases of occupational injury during the reference period}}{\text{Total no. of workers in the reference group during the reference period}} \times 1{,}000$$

These first two measures may be calculated separately for fatal and non-fatal injuries.

The third measure is the *severity rate*, which is defined as:

$$\frac{\text{No. of days lost as a result of new cases of occupational injury during the reference period}}{\text{Total no. of hours worked by workers in the reference group during the reference period}} \times 1{,}000{,}000$$

This measure should be calculated only for temporary incapacity for work.

The fourth measure is *average days lost*, which is defined as:

Median or mean no. of days lost for each new case of injury during the reference period

It can be seen that, in order to calculate the first three measures, knowledge of the following two other data items is essential: the total number of workers in the reference group, and the total number of hours worked by those workers in the reference group.

Box 4.3
Occupational injuries

Terms and definitions

5. For the purposes of statistics of occupational injuries, the following terms and definitions are used:

(a) *occupational accident:* an unexpected and unplanned occurrence, including acts of violence, arising out of or in connection with work which results in one or more workers incurring a personal injury, disease or death; as occupational accidents are to be considered travel, transport or road traffic accidents in which workers are injured and which arise out of or in the course of work, i.e. while engaged in an economic activity, or at work, or carrying on the business of the employer;

(b) *commuting accident:* an accident occurring on the habitual route, in either direction, between the place of work or work-related training and:

(i) the worker's principal or secondary residence;
(ii) the place where the worker usually takes his or her meals; or
(iii) the place where he or she usually receives his or her remuneration;

which results in death or personal injury;

(c) *occupational injury:* any personal injury, disease or death resulting from an occupational accident; an occupational injury is therefore distinct from an occupational disease, which is a disease contracted as a result of an exposure over a period of time to risk factors arising from work activity;

(d) *case of occupational injury:* the case of one worker incurring an occupational injury as a result of one occupational accident;

(e) *incapacity for work:* inability of the victim, due to an occupational injury, to perform the normal duties of work in the job or post occupied at the time of the occupational accident.

Extracts from the resolution concerning statistics of occupational injuries (resulting from occupational accidents) adopted by the 16th ICLS, October 1998

Detailed occupational injury data are reported in the LABORSTA database for a number of countries. There are three tables: the first showing the number of cases of occupational injury; the second with the injury rates; and the third containing the days lost through injury. All three tables provide data by economic sector, provided such information is available. Additionally, if available, the injury data are also reported separately for males and females. It should be noted, however, that data on occupational injuries disaggregated by sex seem to be the exception rather than the rule. In the first two tables, fatalities and non-fatalities are reported separately.

The sources of information for the above data are usually the labour inspectorate records, or the insurance records used for payments of compensation.

Limitations to comparability

In collecting and presenting data on occupational injuries, it is essential to specify clearly the reference group to which the data apply. Thus statistical information collected for each of the four data items (number of workers, hours worked, number of occupational injuries, and days lost) must relate to the same reference group. Ideally, the data should cover the whole country, all branches of economic activity and all sectors of the economy.

If the data relate to different reference groups, some adjustments to the data will be required before any indicators can be calculated. For instance, it would not be meaningful to calculate a severity rate for occupational injuries directly from a set of data, where the number of occupational injuries relates to all workers in a country, but the hours worked relate only to a subgroup of the population. The two data items must first be put on the same basis, so that they apply to the same group of people and the same area of the country before any meaningful rates can be calculated.

Trends analysis

Only five countries (Japan, Republic of Korea, the Philippines, Singapore, and Sri Lanka) report frequency rates for fatalities (per million hours worked). Because fatalities are a relatively rare event, incidence rates are reported per 100,000 workers, rather than per 1,000 workers as is done for non-fatal injuries.

Figure 4.1 shows the fatality rates for the above five countries and territories for which time-series data are available. In general, the fatality rate appears to be declining slightly over time, except in Thailand where the annual rates are rather erratic in their movement. The near-zero value in 2001 is probably the result of a recording error, and is unlikely to represent the true picture.

Figure 4.1: Occupational fatalities: Incidence rates per 100,000 workers, 1995-2005
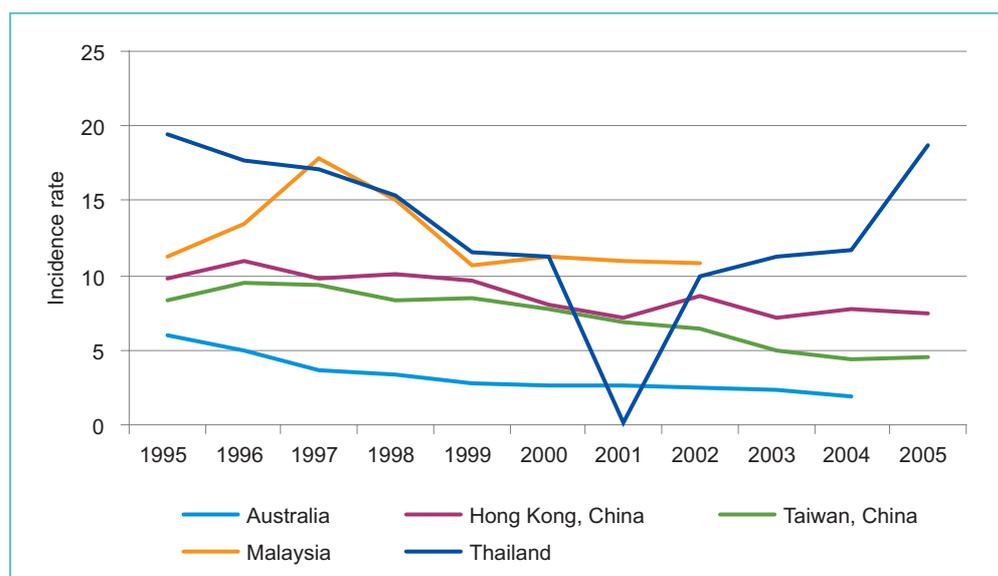
Source: ILO, LABORSTA

DWI 17: Hours of work

DWI 17 includes two indicators for hours of work, to give an overall picture of the time that employed persons devote to work activities: the usual hours of work per person, presented in standardized hour bands, and the annual hours of work per person.

17a. Usual hours of work (in standardized hour bands)

Introduction

Since the duration of working time is likely to have an impact on the health and well-being of workers, there is an increasing interest in studying patterns of hours worked in different countries, Also, the number of hours worked has an obvious impact on productivity and labour costs. In some countries, people have to work long hours, which is likely to affect their family and community life.

Use of the indicator

Measuring levels and trends in hours worked in a given society, for different groups of people and for individual persons is important to both monitor working and living conditions and to analyse economic developments.

The availability of data on the distribution of workers by hours worked, rather than simply an average value of hours worked makes it possible to study the characteristics of workers at the two ends of the distribution of working time, and the two ends of that distribution are of interest. That is, one group of workers may work "excessive hours", while at the other extreme, some workers may not be working full-time and find themselves in time-related underemployment. Both groups should be of concern to policy-makers and the reasons for such working time patterns would require a thorough investigation.

In some cases, workers may wish to work only one part of the year or part of the week, or to work at nights or weekends, or have some other flexible working time arrangement. Employers may be willing to respond to these needs by negotiating non-standard working time arrangements with their employees. Conversely, workers may not be given or able to find enough work to keep them busy full time. A person in this situation could be classified as *underemployed*.

Definitions and sources

The 10th ICLS provided guidance on the measurement of hours of work (resolution concerning statistics of hours of work, see Box 4.4. The recommendations contained in the resolution refer to wage earners and salaried employees, and concern only *normal* hours of work and hours *actually* worked. Hence, the resolution does not cover hours *usually* worked.

Box 4.4
Hours of work

Definitions

4. (1) Normal hours of work are the hours of work fixed by or in pursuance of laws and regulations, collective agreements or arbitral awards.

(2) Where not fixed by or in pursuance of laws and regulations, collective agreements or arbitral awards, normal hours of work should be taken as meaning the number of hours per day or week in excess of which any time worked is remunerated at overtime rates or forms an exception to the rules or custom of the establishment relating to the classes of workers concerned.

5. (1) Statistics of hours actually worked should include:
   - (a) hours actually worked during normal periods of work;
   - (b) time worked in addition to hours worked during normal periods of work, and generally paid at higher rates than normal rates (overtime);
   - (c) time spent at the place of work on work such as the preparation of the workplace, repairs and maintenance, preparation and cleaning of tools, and the preparation of receipts, time sheets and reports;
   - (d) time spent at the place of work waiting or standing by for such reasons as lack of supply of work, breakdown of machinery, or accidents, or time spent at the place of work during which no work is done but for which payment is made under a guaranteed employment contract;
   - (e) time corresponding to short rest periods at the workplace, including tea and coffee breaks.

   (2) Statistics of hours actually worked should exclude:
   - (a) hours paid for but not worked, such as paid annual leave, paid public holidays, paid sick leave;
   - (b) meal breaks;
   - (c) time spent on travel from home to work and vice versa.

6. Because of the wide difference among countries with respect to wage payments for holidays and other periods when no work is performed, it does not seem feasible at this time to adopt international definitions of hours paid for. Many countries will find, however, that statistics of hours paid for, while not suitable as a substitute for hours actually worked, can be useful for internal purposes and that they will commonly be readily available from payrolls and other records.

Extracts from the resolution concerning statistics of hours of work, adopted by the 10th ICLS, October 1962

The indicator *hours usually worked* generally relates to the weekly hours most commonly or typically worked by persons during a long reference period. That is, the modal value of weekly hours actually worked is independent of whether a worker possesses an employment contract. Up to now, no international statistical definition of *hours usually worked* has yet been adopted. However, it should be noted that the 18th ICLS (24 November – 5 December 2008) will discuss

a resolution concerning statistics of working time, in which the hours usually worked may be defined.

As compared with *normal* hours of work, *hours usually worked* would include any overtime that occurs systematically every day or week, and would exclude any time not worked on a usual basis. This measure is thus not affected by unusual absences or by irregular or unusual overtime work, whether paid or unpaid.

When grouping the hours worked for presentation in tables, it is often appropriate to use five- or ten-hour groupings (1-4, 5-9, 10-14, etc. or 1-9, 10-19, 20-29, etc.) It should be noted that the lowest group starts at 1, not zero, since a person must have worked at least one hour a week to be counted as employed.

Limitations to comparability

The present international definition of *hours actually worked* relates only to workers in paid employment. This is a serious limitation, given the importance of self-employment in many countries. As mentioned above, the international definition concerning statistics of working time will be revised at the 18th ICLS. It is expected that the new definition will cover all types of workers: whether wage earners or salaried employees, self-employed, paid or unpaid, and working in any location, including workplaces in the street, in the field, or at home. The proposed draft definition will cover not only the time spent directly at the workplace on production, but also time spent on activities facilitating the production, provided they are part of the tasks and duties of a given job, such as cleaning and preparing working tools. Also it is proposed to include time spent in-between the main activities (such as stand-by time) since during these periods paid workers are available to do work if the employer requires them to do so. Short breaks (e.g. tea breaks) will also be included, because it is hard to clearly separate them out. However, lunch breaks will be excluded, since they are clearly distinguishable. Finally, time spent on enhancing a person's performance (training), are also likely to be included.

The problems of comparability are highlighted in the case of the four countries (Australia, Japan, Republic of Korea, and New Zealand) illustrated in Figure 4.2 below. In some respects, the data for these four countries are comparable. In each case the data have been collected from a household survey and the indicator is based on those aged 15 and over.

In other respects, there are differences in data. Thus, the data for Japan refer to the total population, whereas for the other three countries they refer to the civilian population only. The estimates for Japan and the Republic of Korea are based on actual hours worked, whereas in the case of New Zealand the estimates are based on usual hours. For Australia, for the years 1995-1999, the data refer to hours actually worked but beginning in 2000, the data refer to the hours usually worked. Furthermore, in 2001, Australia made changes in the questionnaire and definitions used. A particularly important difference occurs with data for the Republic of Korea, which exclude all contributing family workers working less than 18 hours per week from the working time statistics.

The reference period for the data varies from country to country. In Australia a particular month (August) is used as the reference period; in New Zealand the indicator is based on the average of quarterly estimates; in Japan it is the average of semi-annual estimates; and in the case of the Republic of Korea, it is the average of monthly estimates.

Figure 4.2: Workers in all jobs working at least 40 hours per week, selected economies, 1995-2006 (%)
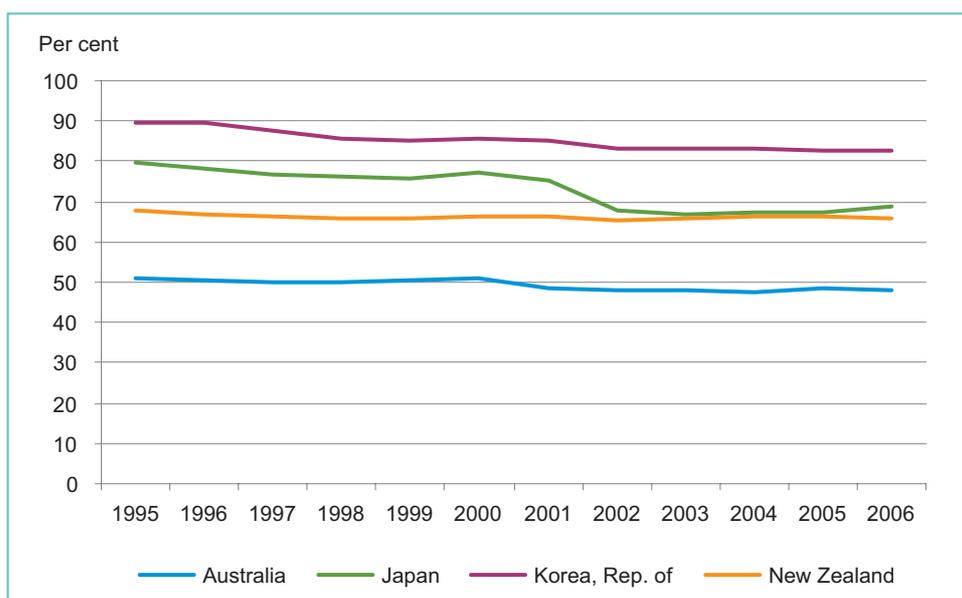
Source: Data from ILO, KILM, 2007

Trends analysis

Information on working hours is available in the KILM database for only four countries in the Asia and the Pacific region: Australia, Japan, the Republic of Korea, and New Zealand. The KILM database shows the proportion of persons working in various hour bands, but Figure 4.2 shows only the trends in the proportion of all workers working at least 40 hours per week. This group might be considered as those doing full-time work, though in some cases the hours might be considered excessive (and therefore representing over-employment).

During the period from 1995 to 2006, the proportion of persons working at least 40 hours a week remained fairly static in Australia (at around 50 per cent) and in New Zealand (at just under 70 per cent). On the other hand, in both Japan and the Republic of Korea, there was a substantial drop in the proportion of persons working long hours, though starting out from much higher levels. The proportion of those working at least 40 hours per week in the Republic of Korea has been dropping steadily, from 90 per cent to slightly more than 80 per cent over the period. For Japan, the major drop in the proportion of persons working at least 40 hours per week occurred in the beginning of the new millennium, with the percentage falling by 10 percentage points in the space of just two or three years.

It should, however, be noted that these totals mask some interesting contrasts between the working time of males and females in the four countries. Thus, in Australia only one-third of women in employment work at least 40 hours, whereas two-thirds of men in employment do so. Similarly, in Japan and New Zealand, only about half of the employed women work at least 40 hours a week, whereas more than 80 per cent of men do so. There is no such big difference in the case of the Republic of Korea, where women have almost as high a proportion as men among those working long hours. However, this lack of contrast may partially be due to the exclusion of contributing family workers (a large share of which are typically women) working less than 18 hours a week from the working time statistics, as mentioned above.

17b. Annual hours worked per person

Introduction

Information on annual hours worked is another useful statistical measure for analysing the conditions of work, trends in economic activity, and issues such as part-time employment and underemployment.

Workers in developing Asian countries appear to work more hours than most of their global counterparts. While rapid economic growth and productivity gains have contributed to rising real wages in some developing Asian countries, the benefits of growth have not translated into shorter working time.

Use of the indicator

This indicator can be used in conjunction with DWI 17a to study productivity, and for computing the occupational injury rates, as discussed in DWI 16. It can also be used to compute average hourly earnings.

Definitions and sources

Annual hours worked is a measure of the total number of hours actually worked during a year per employed person. While this measure incorporates the totality of time linked with a person's employment (full-time and part-time employment; annual leave; paid sick leave and other types of leave; as well as flexible daily and weekly working time schedules), more conventional measures of employment and weekly hours worked are more restrictive.

As for the data sources, household-based surveys are rarely able to measure accurately the hours actually worked by the population over a long reference period such as a year. Establishment surveys can provide the information, but they do not cover all working persons (e.g., self-employed). It is therefore best to estimate annual hours worked by combining data from different sources.

Limitations to comparability

The actual methods of estimation used depend to a large extent on the type and quality of the information available, which may lead to estimates that are not directly comparable between countries.

Different sources of data collection also result in differences between the national estimates of hours worked. As mentioned above, the household-based surveys that collect information from household members usually cover the whole population, and therefore include the self-employed. At the same time, these data may suffer from recall errors. While the data from establishment surveys may be more consistent over time, they are limited in population covered, since the surveys do not cover the self-employed and other types of non-registered jobs.

The comparability of statistics is particularly complicated because of the fact that more than one source of data is often used for obtaining the estimates of hours worked. For instance, the results may be taken primarily from a household survey, but later supplemented with further information collected from an establishment survey.

Trends analysis

The KILM database contains data on annual hours worked in recent years for the same four countries that were covered in DWI 17a. Over the period from 1995 to 2006 the total annual hours worked declined by about 100 hours for workers in Japan, and by slightly less for workers in Australia and New Zealand. Workers in the Republic of Korea experienced a decline of as much as 350 hours of work, but this was starting from a much higher level. In part, the fall in the Republic of Korea can be attributed to the recent amendment of the country's Labor Standards Act, which reduced the statutory working hours from 44 hours to 40 hours per week in an attempt to tackle the problem of excessive working hours. As a result, workers in the country are now working an average of about 2,300 hours per year, compared with between 1,700 and 1,800 hours for workers in the other three countries. No disaggregated data are available to compare the working time of males and females separately.

The fifth edition of KILM reports that, while the Republic of Korea has the highest number of annual hours worked, five other Asian countries have workers averaging more than 2,200 hours of work per year (Bangladesh, Hong Kong (China), Malaysia, Sri Lanka, and Thailand). However, it should be noted that these estimates refer to as far back as the year 1994. There are no more recent estimates available in the KILM database for the above five countries.

5. Social dialogue indicators

Social dialogue is defined as all types of negotiation, consultation or simply exchange of information between representatives of governments, employers and workers, on issues of common interest relating to economic and social policy. Social dialogue is a measure of a country's state of industrial relations, i.e. workers' rights to freedom of association and collective bargaining. In other words, it shows the extent to which workers can collectively represent their interest and voice concerns in work-related matters and participate in defining their conditions at work.

There are relatively few statistics collected at the country level that shed light on the nature of freedom of association and collective bargaining rights. This chapter deals with four Decent Work Indicators (DWI 18-21) within the broad field of social dialogue.

By collecting and analysing the statistics for these indicators, the parties engaged in social dialogue should be able to assess progress made in the implementation of such issues as freedom of association and collective bargaining.

Freedom of association (as reflected in trade union membership) and collective bargaining form the basis of social justice and democracy. They are at the core of the fundamental principles and rights at work, as set out in the ILO Conventions on the Freedom of Association and Protection of the Right to Organise, 1948 (No. 87); and on the Right to Organise and Collective Bargaining, 1949 (No. 98). Freedom of association and collective bargaining are equally important for both workers and employers, in enabling them to negotiate mutually beneficial collective agreements. Constructive negotiations promote fairer economic development through a collaborative effort to increase productivity and enhance conditions of work.

An ILO Working Paper (No. 56) provides a detailed summary of sources of data on statistical indicators of social dialogue.[21] Two other ILO Working Papers (No. 47 and 59) provide useful background information on methodological issues relating to three of the four DWIs discussed here: work stoppages, trade union membership and collective bargaining, respectively.[22] A useful summary of Working Paper 59, especially in relation to countries in South-East Asia, is provided in a publication from the Bureau of Labor and Employment Statistics in the Philippines.[23]

DWI 18: Trade union membership rate

Introduction

The indicator on trade union membership is a useful measure in helping to assess and monitor the progress of industrial relations in a country. Along with the other social dialogue indicators described below, this indicator can be used in fostering the development of sound social and economic policies in relation to the protection of the working population.

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[21] A. Chataignier: *Statistical Indicators Relating to Social Dialogue: A Compilation of Multiple Country Databases* (Geneva, ILO, Working Paper No. 56, 2005)

[22] L.J. Perry and P.J. Wilson: *Trends in Work Stoppages: A Global Perspective* (Geneva, ILO, Working Paper No. 47, 2004); and S. Lawrence and J. Ishikawa: *Social Dialogue Indicators – Trade Union Membership and Collective Bargaining Coverage: Statistical Concepts, Methods and Findings* (Geneva, ILO, Working Paper No. 59, 2005

[23] "Trade Union Membership and Collective Bargaining Coverage: Indicators of Social Dialogue" in *LABSTAT Updates* (Manila, Bureau of Labor and Employment Statistics, 2006), Vol. 10, No. 29

Use of the indicator

At the micro-level, detailed disaggregation of trade union membership data may help to reveal useful information about the types of trade unions to which people belong, the concentration of union membership in certain sectors, different types of approaches to the wage bargaining process used by different unions, and so on. While this information covers only one aspect of industrial and labour relations, its collection provides countries with useful insights and reveals possible future priority areas for research and action.

Definitions and sources

The concept of trade union membership requires a clear definition of what constitutes a trade union and who should be counted as its membership. For the moment, there are no international statistical standards for the collection of statistics on trade union membership.

The national definitions of a trade union differ both across and within countries over time. In some cases the definitions have expanded to include new types of professional associations or interest groups, and to include as members other groups of workers (such as the self-employed) apart from those traditionally covered by trade unions. Many countries base their definitions on those set by legislation such as labour codes or trade union acts, or on administrative definitions used for union registration. These definitions may change over time as new laws or regulations are adopted in this field.

In the absence of an agreed international definition, a specific set of criteria could be used to define a trade union for statistical purposes. Any definition of a trade union membership should contain the following specifications:

- *Organization.* Whether it includes only formal union organizations that are actually operating, or whether it also covers temporary groupings, such as a strike committee, informal clubs, associations, or special interest groups.

- *Independence.* This criterion indicates whether the organization has the right to draw up its constitution and rules, to freely elect representatives, to organize its administration and activities and to formulate its programmes without any outside interference from a third-party (including the government) irrespective of political changes which may occur in the country. If the workers' organizations are not 'independent' according to the above criteria, this may mean that these organizations cannot be covered by trade union statistics.

- *Composition.* A trade union counts mainly full-time employees among its members, meaning that other categories of employed persons, such as part-time, casual or homeworkers and self-employed are usually not covered by trade union membership. At the same time, in some cases, the unemployed and even some economically inactive persons – such as retired workers, students, and non working spouses – may be included in the trade union statistics for reasons of benefits, etc. A decision would need to be made on how to treat these groups when calculating trade union membership rates.

- *Functions and activities.* The wage bargaining and negotiation of other employment conditions on behalf of its members is usually seen as the principal function and activity of a trade union. Wage bargaining is probably the most important activity, and should therefore be taken into account when framing the definition of a trade union.

- *Membership.* Membership may be defined in terms of payment of membership dues. Under this approach, the number of members should be defined from among those whose dues arrears, if any, do not exceed an established lapse of time (e.g. six months).

With the above in mind, for the purpose of producing statistics on trade union membership, the following definition of a trade union can be used:

> A trade union is defined as an independent organization, consisting predominantly of employees, the principal activities of which include the negotiation of rates of pay and conditions of employment for its members. Excluded from the definition are non-operating unions or branches, i.e. those which have no members at the time the data are being collected.

Rather than reporting absolute values (i.e. the number of union members), it is more useful to get an idea of the trade union penetration by calculating *union density rates*, since this offers a useful basis for comparisons, both within and between countries. The trade union density rate expresses union membership as a proportion of a country's eligible workforce. Ideally, groups that are not legally permitted to join a trade union should be excluded from the calculation of union density statistics.

The trade union density rate is used here as a proxy for trade union representation and its strength. It is important that when calculating a trade union density rate, the population group to be used as the universe of potential members should be clearly specified, and used as the denominator. The preferred denominator for calculating the union density rate is the total number of wage earners and salaried employees.

Alternatively, one could use the non-agricultural labour force as the denominator for calculating union density rates. The main advantage of using this category is that data are available for nearly all countries. The disadvantage is that many groups (such as the self-employed and contributing family workers, especially in construction and in commercial, individual and household services) which do not belong to the target trade union population are also counted among the non-agricultural labour force. Because of this, the number of wage earners and salaried employees is generally much smaller than the whole non-agricultural labour force, because the latter also includes the unemployed.

Since union membership varies significantly across sectors of the economy, it would be useful to report the union density rate by industrial sector whenever this is possible. Only a limited number of countries maintain union membership records by sex, but ideally union membership should also be disaggregated by sex so that it would be possible to estimate the percentage of female union members. It would also be useful to know the share of female union leaders.

The two main data sources for trade union membership statistics are establishment surveys and labour force surveys. Both surveys collect statistics for the calculation of trade union density rates by sex, status in employment, type of economic activity, size of enterprise, level of earnings, and other useful characteristics. However, the survey method will provide robust statistics only when it uses a clear definition of a trade union and its membership.

Another method of data collection is a compilation of membership statistics from questionnaires completed by individual trade unions or trade union federations. In many countries this task is undertaken by an official registrar, a government office, the national

statistical office, or one or more trade union federations. In some cases such data are compiled by independent researchers, either on the basis of unpublished registers, government surveys or even their own surveys. These kinds of data offer advantages for a study of membership developments in relation to the type of trade union, membership concentration, inter-union competition, union policy and union ideology.

Limitations to comparability

The few statistics of trade union representation that are currently available come from many different national sources. There is considerable variation between countries in the methods of data collection, in the membership coverage, in the definitions used, and with respect to the methods used for calculating trade union density rates. Consequently, the use of different sources affects the way these official statistics can be used, and limits their cross-country comparability and consistency over time.

One of the main difficulties with the statistics collected from the questionnaires completed by individual trade unions described above is the difference in statistical coverage and the identification of trade unions. It is not so much the issue of whether an organization should be considered as a trade union or a professional labour union, but rather whether small unions, particularly the new ones, can be located and identified. This constitutes a particular problem in the case of unaffiliated workers' organizations, which especially poses a problem in countries where there is no obligation for such an organization (trade union) to register.

At the same time, it should be noted that the official registration by itself is not always a useful indicator, because the authorities may sometimes attempt to hinder the formation of new unions by denying them the right of recognition. Furthermore, the registrar's official records may provide an incomplete list of the existing trade unions, because some unions may fail to file returns of their membership or financial details on a regular basis. Under-reporting of non-affiliated and non-registered trade unions constitutes a problem in many countries, but in the absence of surveys, elections, and independent press reports it is difficult to estimate its size. Nevertheless, the above poses less of a problem in making comparisons within countries over time than in carrying out cross-country comparisons.

It should be noted that many trade union statistics are based on self-reporting by individual trade unions. These figures can be checked against the data provided by other trade unions or against reports written by researchers and experts in the area of industrial relations and trade union movement in a particular country. Hence, self-reporting of membership remains to be starting point for many trade union estimates.

Self-reporting of membership reflects different administrative and political practices, and quite often leads to results that may be unreliable and not comparable. When reporting to the press, public agencies, political parties and employers, trade unions may be inclined to overstate or understate their membership statistics. Also, they may apply different norms stipulating who should be considered as a "union member in good standing" or they may be too slow in removing from their lists those who have left or no longer pay their trade union dues. Sometimes, the unions may include people who no longer consider themselves as their members.

Comparison of the union reported data with data collected from relevant statistical surveys suggests that while there is certain overstatement in the reported membership, in general it is not very high. It should be noted that the Working Group on Statistics of Trade Union

Membership and Collective Bargaining Coverage (17th ICLS) considered that active membership was the foremost criterion for measuring trade union membership, and that this should be measured through the payment of dues.

The exclusion of certain groups from eligibility to membership in trade unions may make international comparisons difficult. In many countries senior civil servants, the armed forces, police officers, security staff, teachers or domestic servants are not permitted to form or join a trade union. However, the eligibility to join a union may shift over time and across countries, and strict application of the membership criterion may make it difficult or even impossible to calculate comparable trade union membership density rates.

Trends analysis

Data on union membership for the Asia and the Pacific region are very limited, and therefore no trends analysis is currently possible, the exception being Australia and the Philippines, which do collect information on trade union membership on a regular basis.

Since 1992, the Australian Bureau of Statistics has been conducting the annual survey of employee earnings, benefits, and trade union membership, and publishes annual reports with these data. In fact, the Australian data go back as far as 1976. Data for the earlier years were collected less frequently.

By way of illustration Table 5.1 shows annual data on trade union membership for the Philippines covering the period from 1985 to 2005. The apparent decline in trade union membership in 2005 may be due to the change in the data source.

Table 5.1: Trade union membership in the Philippines

Year	Trade union membership (millions)	As percentage of labour force (%)	As percentage of employment (%)
1985	2.1	10.2	11.7
1990	3.1	12.6	13.8
1995	3.6	12.6	14.0
2000	3.8		
2005	1.9		

Source: 1985-2000 Bureau of Labor and Employment Statistics;
2005 Bureau of Labor Relations Inventory

DWI 19: Number of enterprises belonging to employer organizations

Introduction

This statistic reflects the number of enterprises belonging to employer organizations. In most countries, employer organizations were developed as a response to the emergence of trade unions. Employers found it necessary to have recourse to an organization that could deal with trade unions on their behalf and balance union influence by uniting employers to respond to union initiatives. Government interventions in the labour market also provided a rationale for employer organizations to ensure that policies and legislation did not adversely affect business growth

and development. This has been particularly so in countries in which major aspects of the direction of economic development and social policies were government-driven, as in many Asian countries.

In addition to providing a collective voice for employers on labour-related issues, employer organizations facilitate employer participation in tripartite processes leading to the formulation of labour policy. Membership of States in the ILO has also contributed to the formation of employer organizations, to ensure that employer interests could be taken into account in the ILO's work.

Use of the indicator

Within the tripartite framework (representing governments, employers and workers) developed over many years by the ILO, this indicator would provide a useful measure for a particular country of how well employer organizations represent business enterprises in that country. The value of the indicator would be enhanced if the statistics on enterprises belonging to employer organizations could be shown separately for each sector of economic activity, along with the corresponding total number of enterprises in that sector.

For both of these statistics, it would also be useful to show the total number of paid employees covered by those enterprises. It would then be possible to calculate a density figure for employer organizations, corresponding to the union density calculated above for trade union members. This density could be calculated either as a simple ratio based on the number of enterprises in each sector belonging to employer organizations, or else it could be weighted to reflect its size (in terms of the number of paid employees it has).

Definitions and sources

Three types of employer organization may be identified. First, there are organizations established to protect and promote the interests of employers affected by the economic, political and social environment in which business is conducted (e.g. trade, investment, tax, tariff issues). Organizations such as chambers of commerce and trade chambers fall under this category. The second type of employer organization aims at protecting and promoting employer interests in labour-related matters which fall within what is broadly termed the 'social policy' field. This category best qualifies for the term 'employer organization'. The third type of organization combines the features of both the first and second type. Examples are the organizations that exist in Australia and Nepal. It is the second and third types which are referred to by the ILO as employer organizations.

India also provides an example of the third type, where there is a Council of Indian Employers (CIE) covering the whole of the formal sector (i.e. the employers of about 27 million people). It is the sole national organization of employers in India and came into existence in 1956. It consists of three constituent organizations: the All-India Organization of Employers, which has a membership of 50 regional associations and 149 corporate companies in both the public and the private sector; the Employers' Federation of India, whose members consist of 30 regional associations of employers or chambers of commerce and 173 corporate companies; and the Standing Conference of Public Enterprises, whose members consist of 240 central Government undertakings or enterprises, and whose membership is not open to private sector companies.

The main function of the CIE is to present and make representations or proposals to the Government and other related organizations on matters concerning the welfare of the partners of progress and development in general. CIE is represented on almost all the Government Advisory Boards, e.g. India Labour Conference (the most important tripartite consultative Committee set up by the Government), Standing Labour Committee, Wages Advisory Council, Employees Provident Fund and Employees' State Insurance, Welfare Employment Committee. CIE also protects the interests of the employers in Central and State labour relations and social welfare Committees. Collectively, all three constituent bodies represent the CIE on all the tripartite and bipartite bodies, on a rotation basis.

The required information could best be obtained through a survey of enterprises, with a question being asked to each enterprise about their membership of employer organizations. Care would be required in defining exactly which organizations counted as employer organizations and which did not.

Limitations to comparability

It may be noted that any particular enterprise may acquire membership of more than one employer organization, and to that extent caution is advised in interpreting the available membership data. Care must thus be taken not to double-count an enterprise because it belongs to more than one employer organization. This would not be a problem if the indicator was constructed on the basis of responses to a question on an enterprise survey, but it might be an issue if attempts were made to collect the data by looking at the membership records of all employer organizations in a country.

Trends analysis

No detailed information is easily available for countries in the Asia and the Pacific region. This is an indicator awaiting further development.

DWI 20: Collective bargaining coverage rate

Introduction

Collective bargaining refers to all negotiations that take place between an employer, a group of employers or one or more employers' organizations on the one hand, and one or more workers' organizations on the other. These negotiations may be for any of the following three purposes:

- determining working conditions and terms of employment;
- regulating relations between employers and workers;
- regulating relations between employers or their organizations and a workers' organization or workers' organizations.

The only international statistical standard available in this field dates back to 1926, when the 3rd ICLS adopted the resolution concerning statistics of collective agreements. At that time, the Conference recommended that "in each country information concerning collective agreements and their principal contents should be collected…". There is little information available as to the extent to which these guidelines were followed. It is clear, however, that considerable changes have taken place in related national practices over the many decades since the resolution was adopted.

Although this indicator relates to the collective bargaining coverage rate, it should be pointed out that ratification of the relevant ILO Conventions can by itself provide one useful indicator on collective bargaining. In light of this DWI, the relevant Conventions include the Convention on Freedom of Association and Protection of the Right to Organise (No. 87) adopted in 1948, Convention on the Right to Organise and Collective Bargaining (No. 98) adopted in 1949, and Convention on Collective Bargaining (No. 154) adopted in 1981. The earlier Conventions, which are both included among the eight "fundamental" principles of the ILO (covering subjects that are considered as fundamental principles and rights at work), set out the international norms on the principles and procedures of collective bargaining. The third Convention states that appropriate measures should be taken at the national level to encourage and promote the full development and utilization of machinery for voluntary negotiation. The aim is to regulate the terms and conditions of employment by means of collective bargaining agreements (CBAs) between organizations representing employers and workers.

Use of the indicator

This indicator provides a good measure of the prevalence of CBAs. As noted above, collective bargaining is a fundamental principle and right of workers and the indicator provides a consolidated measure of workers coverage by collective bargaining agreements. The rates can be compared across sectors, to see in which sectors collecting bargaining is most prevalent. Provided that a similar calculation methodology has been used in different countries, their respective rates can be compared.

Definitions and sources

The recommended indicator is the number of workers covered by CBAs, as a percentage of total wage employment. Since wages form a central element of the terms and conditions of employment for all workers, the number of workers covered by a collectively negotiated wage agreement provides a good indicator of the degree of participation and the relative strength of workers' organizations. This is directly in line with the principles established in Convention No. 98.

Administrative records are the main source of information on collective bargaining, but some countries carry out surveys to collect the information. The Philippines conducts the annual establishment surveys to collect data for this indicator. It should be noted that administrative records have their own problems, when used as a source of data for this indicator, as they are primarily designed for internal financial or administrative purposes rather than for statistical use. Also, there may be problems with data confidentiality, verification, reliability and timeliness; registered collective agreements may have different or no expiry dates and only be recorded when they are first negotiated; there may be under- or over-representation in relation to overlapping memberships; and records may not be 'cleaned' to remove those registrations where the agreements have already expired.

Although not without problems, household surveys are an alternative means of collecting information about CBAs. They have the advantage of covering all types of workers in different work situations. The data from household surveys can be easily used to cross-classify collective bargaining with other variables of interest that have been collected through the same the survey.

Establishment surveys are yet another means of collecting information on wage bargaining. The advantage with this data source is that the information on collective bargaining obtained

from establishments is likely to be more accurate and in addition, the establishment will also have information on the number of workers covered by the CBA and the number of union members. A disadvantage is that these surveys usually cover only non-agricultural establishments and are based on business records. This is an important consideration in countries that have a large agricultural sector, or where a large proportion of employment takes place in small-scale establishments and in the informal sector.

The information required for this indicator should be collected annually if possible, but in any case at least once every five years.

Limitations to comparability

There are three main statistical problems associated with collective bargaining coverage rates. First, the existence of several levels of collective bargaining (company, sector, region, or nation-wide) means that workers may have their working conditions regulated by more than one collective agreement at different levels. This may cause double counting and overestimation of the coverage rates. A second problem may be caused by the varied lengths of the validity of collective agreements, with existing agreements coming to an end and new ones being created. A third problem is that collective bargaining coverage is usually restricted to registered trade union members, but any agreement reached would cover all workers in the appropriate category in the relevant establishments, even though they are not registered. There is therefore a tendency to under-represent the number of workers effectively covered by CBAs.

Trends analysis

Information on the number of workers covered by CBAs is difficult to obtain, for countries in the Asia and the Pacific region. Table 5.2 shows the number of workers in the Philippines covered by CBAs. Using these figures, DWI 20 would then be calculated by dividing these numbers by a suitable denominator (preferably total wage employment).

Table 5.2: Workers covered by collective bargaining agreements in the Philippines ('000s)

	1985	1990	1995	2000	2005
No. of workers	262	497	364	484	556

Source: 1985-2000 Bureau of Labor and Employment Statistics
            2005 Bureau of Labor Relations: Statistical and Performance Reporting System

DWI 21: Strikes and lockouts: Rates of days not worked

Introduction

One measure of the failure of social dialogue is the recourse to strike. The ILO *Yearbook on Labour Statistics* reports annual strikes and lockouts data. Although not all countries report strike action in exactly the same way (with variations according to sectors and establishment sizes covered, whether strikes are local or national, and whether "political" strikes are excluded), nevertheless the data cover a substantial number of countries; and these data are used by other international organizations.

Use of the indicator

The value of this indicator provides some measure of the state of labour relations in a country. Comparison can be made both across sectors of economic activity, since this information is usually available, and across time. Where data are lacking, every effort should be made to collect data. Initially it may not be possible to record full details of every strike action and of the number of people involved and duration of the strike. However, even a simple record of the work stoppages due to major labour disputes would be better than no information at all. Over time, this would at least provide a basis for gauging changes in the industrial relations environment, and the data collection methodology could be improved as time progresses.

Definitions and sources

Of the four Decent Work Indicators for social dialogue presented here (DWI 18-21), DWI 21 is the only one for which any official statistics are disseminated internationally by the ILO. Strikes and lockouts can be viewed as an extreme outcome of labour relations, resulting from a failure in social dialogue.

National definitions may differ from those shown in Box 5.1. Strikes and lockouts are considered together, because most countries do not distinguish between these two types of action in their statistics. The international recommendations (see the 14th ICLS resolution concerning statistics of strikes, lockouts and other action due to labour disputes) state that all work stoppages due to a single labour dispute should be counted as one strike or lockout, as long as the period between stoppages is not more than two months.

When using these data, it should be borne in mind that the number of workers exposed to the risk of strikes and lockouts varies between economic activities and countries, and from one period to another. For this reason, it is useful to calculate relative measures such as the

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Box 5.1
Strikes and lockouts

A *strike* is a temporary work stoppage effected by one or more groups of workers with a view to enforcing or resisting demands or expressing grievances, or supporting other workers in their demands or grievances.

A *lockout* is a total or partial temporary closure of one or more places of employment, or the hindering of the normal work activities of employees, by one or more employers with a view to enforcing or resisting demands or expressing grievances, or supporting other employers in their demands or grievances.

Workers involved in a strike: Workers *directly involved* in a strike are those who participated directly by stopping work. Workers *indirectly involved* in a strike are those employees of the establishments involved, or self-employed workers in the group involved, who did not participate directly by stopping work but who were prevented from working because of the strike.

Workers involved in a lockout: Workers *directly* involved in a lockout are those employees of the establishments involved who were directly concerned by the labour dispute and who were prevented from working by the lockout. Workers *indirectly involved* in a lockout are those employees of the establishments involved who were not directly concerned by the labour dispute but who were prevented from working by the lockout.

A *labour dispute* is a state of disagreement over a particular issue or group of issues over which there is conflict between workers and employers, or about which grievance is expressed by workers or employers, or about which workers or employers support other workers or employers in their demands or grievances.

Note: Extracts from the ILO resolution concerning statistics of strikes, lockouts and other action due to labour disputes, adopted by the 15th ICLS, January 1993

severity rate, in which the amount of time not worked because of strikes and lockouts is related to the total number of workers or to the total labour force.

The data may come from several sources, including strike notices, newspaper reports and direct enquiries addressed to employers or to workers' organizations. In general, the sources will be the administrative records of conciliation services, services concerned with labour relations, etc.

Limitations to comparability

The indicator on the rate of days not worked because of strikes and stoppages can yield conflicting information. For instance, in certain circumstances the absence of strike action could indicate the absence of the right to strike and therefore weak social dialogue. There is thus an ambiguity as to whether more strike activity indicates stronger or weaker collective bargaining rights and social dialogue.

As discussed in ILO Working Paper 47, any attempt at cross-country comparisons is hindered by lack of comparability in the data and by gaps in coverage across countries and over time.[24] These problems can be minimized by using data on days not worked because of strike activity, rather than using the number of strikes or the number of workers involved in strikes as the indicator. There is also a serious problem with missing strike activity data. A large number of countries do not collect these data, and others collect them only intermittently.

The following are some of the factors that might cause lack of comparability in data:

- Different minimum criteria for inclusion (e.g. the minimum duration of a dispute)
- Whether strikes and lockouts are counted separately
- Whether political strikes are included
- Whether workers indirectly involved in disputes are counted
- The minimum collection period (monthly, quarterly, annual)
- Whether reporting disputes is required by law
- The source of the data (media reports, employers, and/or unions)
- Whether certain sectors are excluded from the count (e.g. disputes in the public administration)

It is recommended that the data are standardized in terms of the labour force rather than the total number of employees or unionists. The reason for this is that the labour force represents a broader measure than the others. If employees, for example, were used to standardize stoppages data, it would tend to magnify the stoppage rates for countries (mainly less developed countries) that have relatively large 'informal' sectors and small formal sectors in which employees are formally identified. This can give an exaggerated impression of the impact of work stoppages on the economy as a whole. Standardizing stoppages in terms of the labour force effectively weights the stoppage rate per (say) employee, by the proportion of employees in the labour force.

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[24] L.J. Perry and P.J. Wilson: *Trends in Work Stoppages: A Global Perspective* (Geneva, ILO, Working Paper No. 47, 2004)

Trends analysis

Some recent data on work stoppages in Asia and the Pacific countries are shown in Table 5.3. This table shows the number of strikes in 2005, the number of workers involved and the total days lost, and (for a few countries) the indicator of days not worked per 1,000 workers. The source of data is also shown for each country.

Table 5.3: Number of strikes, workers involved, days lost, and rate of days lost, 2005 unless otherwise stated

	Strikes	Workers involved	Days lost	Days not worked per 1,000 workers	Source of data
Eastern Asia					
Hong Kong, China	1	200	100	0.03	Labour relations records
Korea, Rep. of	287	117 912	847 697	55.8	Labour relations records
South Asia					
Bangladesh (2000)	4	1 698	2 284		Labour relations records
India	456	2 913 601	29 664 999		Special data collection
Nepal (2002)	22	–	12 355		Labour relations records
Pakistan (2003)	17	1 263	7 183		Labour relations records
Sri Lanka	57	53 565	158 352		Administrative reports
South-East Asia					
Cambodia (2001)	95	38 558	60 358		Labour inspectorate records
Indonesia (1997)	234	145 559	1 250 403		Special data collection
Malaysia (2002)	4	506	1 638		Labour relations records
Myanmar	4	1 250	1 250	1.99	Admin. Records and related sources
Philippines	26	8 496	123 329		Special data collection
Singapore	0	0	0	0	Labour relations records
Thailand	9	2 578	45 857		Special data collection
Pacific Islands					
New Caledonia (1999)	33	1 880	19 802		Source unknown
Developed Countries					
Australia	501	228 265	241 005	26	Special data collection
Japan	50	4 119	5 629		Labour relations records
New Zealand	60	17 752	30 029		Labour relations records
Source: ILO, LABORSTA					

In general, the rates in Asia and the Pacific are well below world averages. The ILO Working Paper 47 calculated mean percentage values of the yearly ratio of a particular country's stoppage rate to the global stoppage rate, and found that all the Asian countries examined had rates well below the average. The values were: Hong Kong (China) (3 per cent of the global average), Indonesia (6 per cent), Japan (17 per cent), the Republic of Korea (73 per cent), Malaysia (10 per cent), Philippines (37 per cent), Singapore (28 per cent), Taiwan (China) (1 per cent), and Thailand (4 per cent).[25]

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[25] Ibid, Table 8

6. Concluding remarks

Generally speaking, the different sets of labour statistics produced over the years by the ILO – the *Yearbook*, the KILM, and the Decent Work Indicators – all converge to the same objectives, namely to:

- Promote the ILO's Decent Work Agenda
- Monitor progress towards the UN's Millennium Development Goals
- Monitor equity in the labour market
- Assess employment in a globalizing world, and
- Identify 'best practices'

The strength of the indicators, taken together, is that they provide robust building blocks for a comprehensive labour market information system. Each individual indicator provides a piece of information on the overall labour market situation, but when many indicators are put together and examined at the same time, a complete labour market picture is revealed. Thus, in an attempt to identify where labour is underutilized or decent work deficits exist, it would be helpful to study a range of labour market indicators. For instance, more complete information on persons experiencing total lack of work would be obtained if examining a range of the following Decent Work Indicators rather than using only one of them: DWI 8 (unemployment), DWI 9 (youth unemployment), and DWI 10 (youth inactivity). Information on the benefits from work would be better understood by studying DWI 7 (wages), DWI 14 (per capita earnings), DWI 17 (hours of work). Finally, information on the quality of work could be obtained by studying DWI 6 (the working poor), DWI 11 (time-related underemployment) and DWI 13 (labour productivity).

As can be seen from the discussion in the earlier sections of this Guidebook, there is still much work to be done in many countries in Asia and the Pacific to develop decent work indicators. Traditionally, with labour statistics, the focus has been on employment and unemployment with many countries only recently beginning to pay more attention to measuring and analyzing trends in worker rights, social protection and social dialogue. It will take some time to set in place the statistical systems needed to fully measure these new areas of concern.

The 21 indicators described in this Guidebook represent a core set of indicators that every country in the Asia and the Pacific region should be encouraged to collect. It is probable, though, that many countries may have other important labour concerns that they feel are not well covered (if at all) by these indicators. Where that is so, countries are encouraged to collect data for their own country-specific indicators, in addition to the data they collect for the core set of indicators.

For its part, the ILO Regional Office for Asia and the Pacific is supporting the collection and improvement of data for measuring decent work as a means of assisting countries to achieve their national goals related to decent work and to thereby promote successful and sustainable economic development.

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Decent Work Indicators for Asia and the Pacific
A Guidebook for Policy-makers and Researchers

This Guidebook, designed to be a practical resource for collectors and users of labour market information, presents a detailed overview of key indicators for monitoring labour market trends and measuring progress towards national and international goals related to the promotion of decent work.
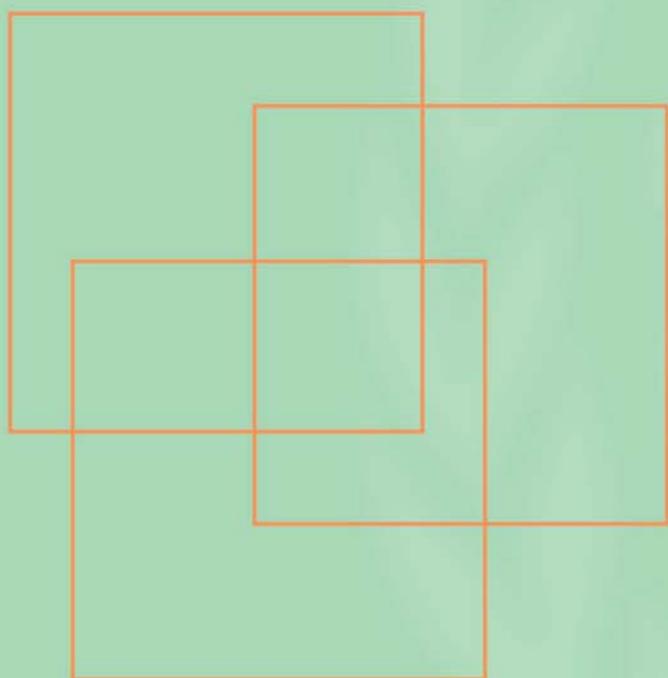
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