

Labour accounts General background and ILO work

Stats Cafe

20th June 2022



Labour Accounts: problem statement

- Labour market data comes from various sources
- They are collected using differing methodologies
 - Definitions applied, time periods etc
 - Coverage and target populations (establishments, households, individuals)
- They are typically not compiled in a single place or comprehensive of all required data
- Up to now not recognised within the SNA framework and a lack of clear linkages to other statistical domains

See: *'Labour accounts: a step forward to a coherent and timely description of the labour market'* - 2002

https://www.ilo.org/global/statistics-and-databases/WCMS_087916/lang--en/index.htm

- Household surveys and establishment surveys differ in coverage
 - E.g. establishment surveys not covering small enterprises or the informal sector
- Different sources may apply different definitions of key concepts (e.g. employment, unemployment, hours worked, payments)
- Administrative sources developed for other purposes and not using the same concepts
- Different time periods in the different sources
- No single source covers all relevant concepts or variables
- Some countries have used labour accounts as a way to address these difficulties

“The Labour Account provides a conceptual framework through which existing labour market data from diverse sources can be confronted and integrated, with the aim of producing a coherent and consistent set of labour market statistics.

The Labour Account helps address data coherence by:

- (a) bringing together related labour statistics from multiple sources in a single set of tables;
- (b) applying a consistent set of concepts across the data to explore statistical anomalies;
- (c) making transparent adjustments to data to offset conceptual and scope differences; and
- (d) making further informed and documented data adjustments to provide a balanced set of labour statistics.

While each country has adopted slightly different approaches, broadly, Labour Accounts consist of four quadrant tables: jobs, persons (both employees and self-employed), volume (i.e. hours worked) and payments.”

Source: Guidance note on Labour, Human Capital and Education, Well-being and sustainability task team, 2021

https://unstats.un.org/unsd/nationalaccount/aeg/2021/M15_8_3_Labour_Education_Human_Capital.pdf

- Decision required on the range of domains required
 - UN Guidelines propose 4 (consistent with practice in some countries including Australia):
 - **People** (e.g. number employed, unemployed etc)
 - **Jobs** (number of filled jobs, number of vacancies)
 - **Volume** (total hours worked, volume of additional desired work, hours worked per job)
 - **Payments** (total labour costs, compensation of employees, labour income from self-employment, payments per hour...)

1. Define the desired output data (for the 4 domains – designed for consistency)
2. Harmonise definitions across sources and adjust to achieve full coverage (after compiling that data centrally)
3. Adjust for conceptual and scope differences
4. Make further balancing adjustments

▶ ILO work and priorities

- Lack of common definitions a key issue across sources
- Labour: different statistical standards in use
- 13th ICLS – definitions of employment and unemployment
- 19th ICLS – wider definition of work, updating definitions of employment, unemployment, wider definition of labour underutilization
 - 19th ICLS employment excludes some activities previously included, e.g. subsistence farming – now proposed for separate measurement
 - In some countries will be a substantial reduction in employment estimate
 - Plus need to measure other forms of work
 - Different sources may not apply the same definitions or measure comprehensively

- 18th ICLS: Resolution concerning the measurement of working time
- 19th ICLS: Resolution concerning statistics of work, employment and labour underutilization
- 20th ICLS: Resolution concerning statistics on work relationship (status in employment – mentioned in some quadrants, e.g. payments)
- Message – attempt to apply the standards across sources, if not possible at least recognise differences and consider what adjustments are needed

Labour Market Information System – a building¹⁰ block to a labour account

"A network of institutions, persons and information that have mutually recognized roles, agreements and functions **with respect to the production, storage, dissemination and use of labour market information and outcomes**, so as to maximize the potential for relevant policy application and program formulation and implementation".

Labour Market Information System – 4 components

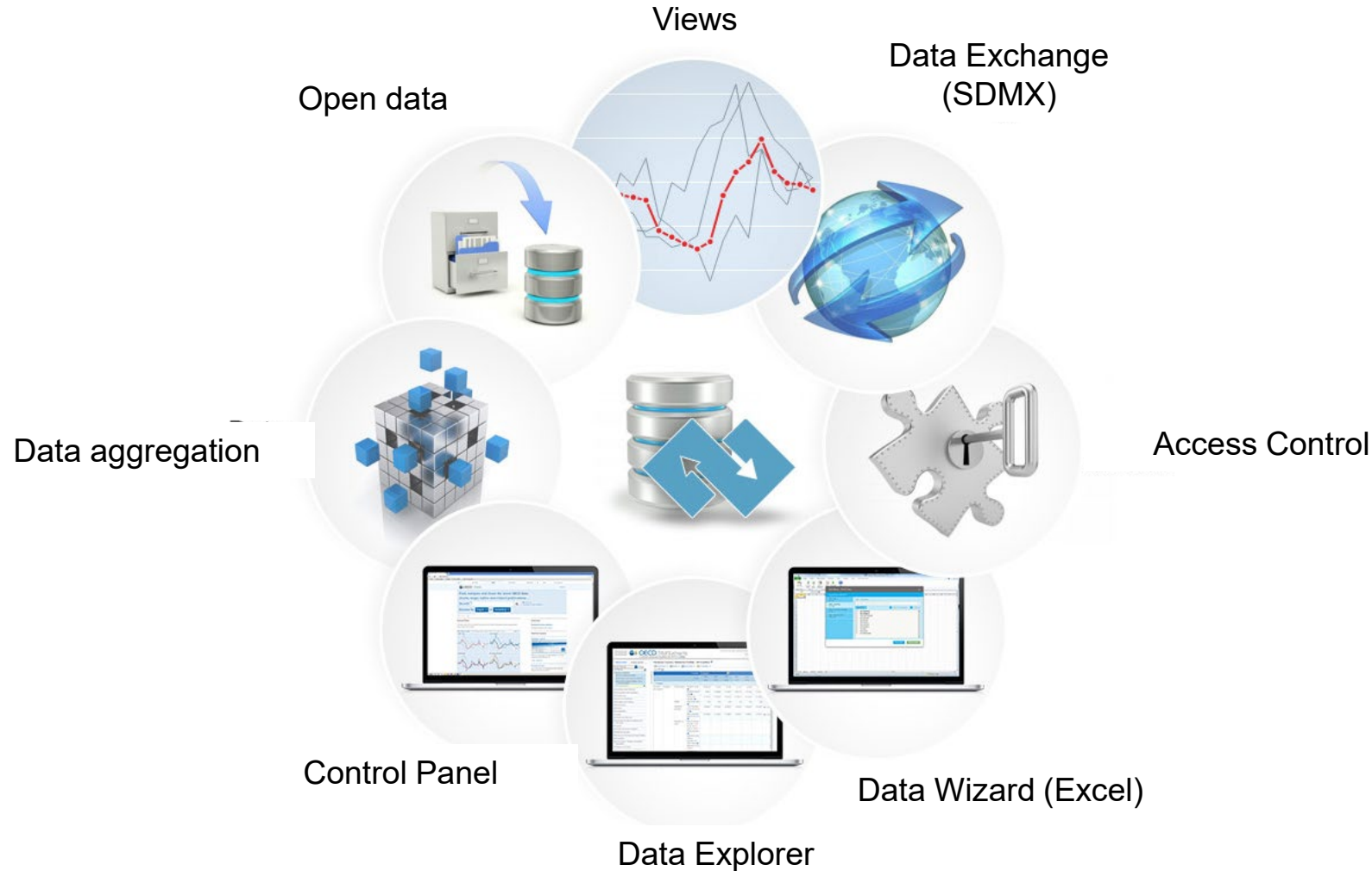
Component 1. Data collection

- No single data source can satisfy all needs
- The LMIS uses all available sources, but the strengths and limitations of each must be taken into account
- The use of labour statistics from different sources over time requires consistency in terms of
 - ❑ Concepts
 - ❑ Definitions
 - ❑ Classifications
 - ❑ Reference periods
 - ❑ Methodologies

harmonisation

Statistical standards

Component 2. Data repository



Component 3. Analytical capacity

THREE LEVELS OF ANALYSIS

Basic or first level

It consists of the *monitoring* of a defined set of indicators.

Second level

It analyses the *relationships* within the labour market and with the economy in general. It requires both quantitative and qualitative techniques.

Third level

It produces detailed and consistent *projections* of the development of the labour market. Requires the development of comprehensive econometric models.

KEY PROFILES

Statistics
Computers

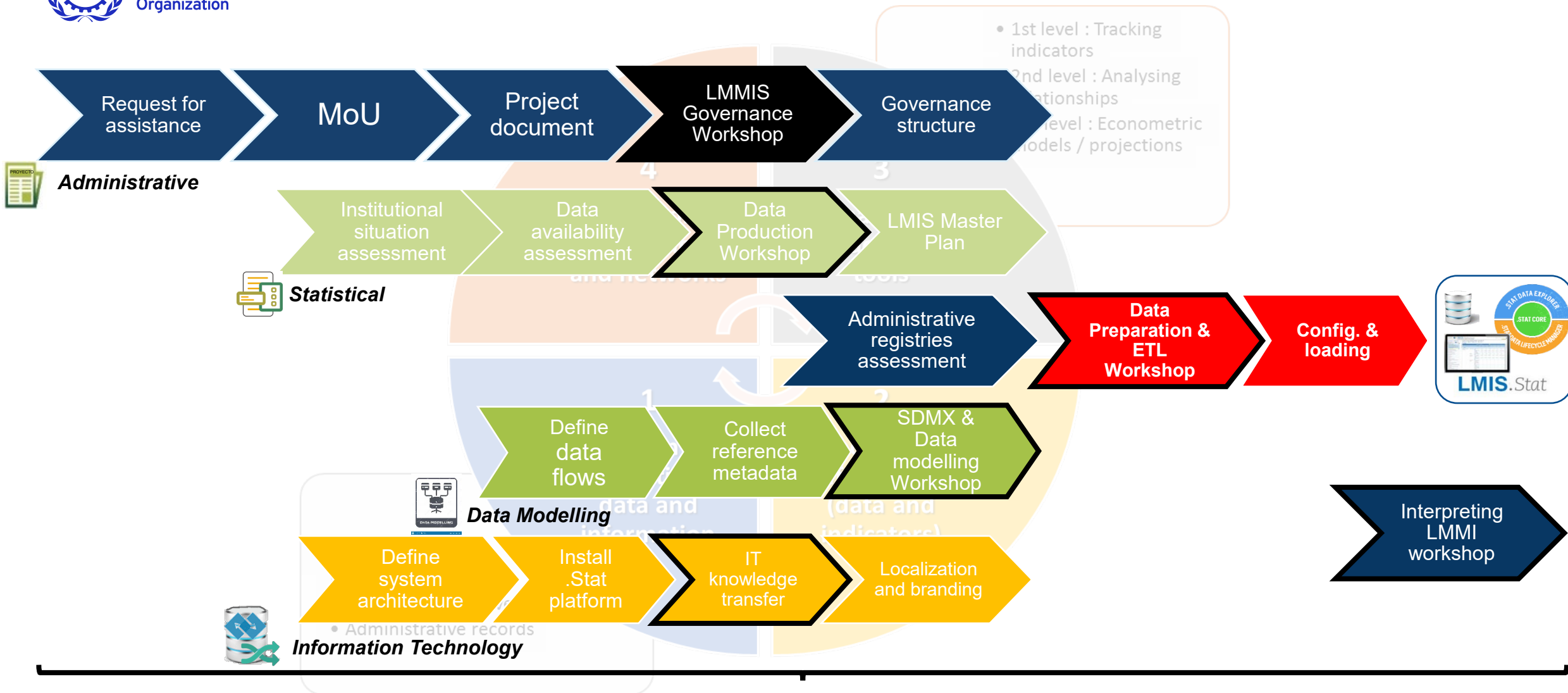
Economists
Sociologists

Econometricians

Component 4. Institutional arrangements and networks

- Necessary to ensure access to data
- Without data there is no information and no analysis possible
- Necessary to coordinate a consistent dissemination
- To facilitate the dialogue between users and producers

Implementing a LMIS



12 - 18 months (avg.)

- Labour accounts offer a coherent framework to develop comprehensive data on labour across sources
- Various steps involved – achieving harmonisation and transparent adjustments to reconcile differences is key
- International statistical standards are an important reference point
- Developing a LMIS and labour accounts will involve a number of overlapping activities but different overall objectives and emphasis
- ILO can support development of LMIS and application of standards
- International practices a good reference point for labour accounts
- New SNA likely to include labour accounts