

UNEMPLOYMENT MEASURES: *a survey of national practices in selected countries*

Introduction

Unemployment is one of the traditional measures of economic performance alongside gross domestic product (GDP) and inflation rate. The international standards concerning employment statistics presently in force remained practically unchanged since its last revision three decades ago with the adoption in October 1982 of the *Resolution concerning statistics of the economically active population, employment, unemployment and underemployment* by the Thirteenth International Conference of Labour Statisticians (ICLS).

According to the international standards, the “unemployed” comprise all persons above a specified age who during the reference period satisfied simultaneously the following three criteria:

- a. Without work, *i.e.*, were not in paid employment and self-employment;
- b. Currently available for work during the reference period; and
- c. Seeking work, *i.e.*, had taken specific steps in a specified recent period to seek paid/self-employment.

An important consideration in this definition is that it allows for the “relaxation of the seeking work criterion” in situations where the conventional means of seeking work are of limited relevance, where the labor market is largely unorganized or of limited in scope, where labor absorption is, at the time, inadequate, or where the labor force is largely self-employed.

This standard on unemployment has been adopted worldwide and thus broadly similar in outline and spirit. However, statistics on unemployment are strictly not comparable across countries due to differences in measurement practices and level of development of the labor market.

To determine the extent to which the international standards currently in force are applied by countries to produce official statistics on unemployment as well as on employment and time-related underemployment, the International Labor Office (ILO) in 2011 sent a methodological questionnaire to all member states to obtain basic information about household sample surveys which are used as main source of official national statistics.

The full results are contained in the 3rd edition of the ILO publication *Sources and Methods: Labour Statistics, Volume 3*.

Based on the above publication, this issue takes cognizant of the national practices in the implementation of the international standard for the measurement of unemployment among ASEAN (selected countries), South Korea, Japan and United States and the extent to which the application of the standard varies among them.

Summary of Results

Periodicity of data collection

All countries included in this review (except for Cambodia) conform to the international standard of collecting data at a minimum of twice a year – preferably during months that coincide with the agricultural peak and slack seasons. Nonetheless, important variations still exist across countries in terms of frequency and month of data collection.

Monthly data collection is being practiced in Malaysia and Thailand along with the advanced countries of Japan, South Korea and United States. On the other hand, quarterly data collection is reported in three other ASEAN countries but in varying months of data collection, i.e., every first month (Philippines); every second month (Indonesia); and every third month (Singapore).

Data collection is less frequent in Vietnam (April and October) and in Cambodia (once a year).

Three criteria of measurement

The adoption of the three criteria for the measurement of the “unemployed” as embodied in the international standard appears to be universal. All countries in this review measure unemployment using simultaneously the three criteria: “without work”, “available for work” and “seeking work”.

Relaxation of seeking work criteria

Four (4) of the seven ASEAN countries covered in this study availed of the option of relaxing the “seeking work” criterion in the standard definition of unemployment. This includes the Philippines, Indonesia, Malaysia and Cambodia.

The strict definition of unemployment was adhered to in the advanced countries of United States, Japan, South Korea and Singapore as well as in Thailand and Vietnam.

The application of this option in the case of the Philippines is quite significant considering that slightly more than half of total unemployed (51.7% in 2012) was “inactive unemployed”, i.e., they did not look for work but nevertheless were counted as unemployed due to valid reasons such as believed no job available (discouraged workers), temporary illness, bad weather, awaiting results of job interview and awaiting job recall. Without this option, the incidence of unemployment in the country will be pared by half, both in level and rate.

Reference period of measurement*a. Seeking work*

As specified in the international standard, the job search period for a person taking specific steps to take up work must be within “a specified recent period”. According to the ILO Manual on Concepts and Methods, this period may not necessarily be the same as the “basic survey reference period” of one week but may be longer such as one month or the four weeks preceding the basic reference period.

Most countries use “the past month” or preceding four weeks for measurement of job search. This includes South Korea, United States and the four (4) ASEAN member countries of Thailand, Singapore, Vietnam and Cambodia. Malaysia stood out as it extended the duration of seeking work to preceding three (3) months.

For Japan and the Philippines, the period of job search was the same or identical to the basic “one week” reference period. There was no reference period specified for this criterion in Indonesia’s Labor Force Survey.

b. Availability for work

In the case of availability for work criterion, the international standard recommends the “reference period” of the survey (i.e., the past week) itself as the measurement of the duration.

National practices, however, appear to be more varied with only Thailand, Vietnam and Japan in conformance with this standard. The rest use a longer duration such as the

Philippines, Singapore and Cambodia which opted for an extended period of two (2) weeks following the date of interview.

Some countries specify a particular date during the month for which the reference week should coincide. This is the case for South Korea (*the week containing the 15th of the month*) and United States (*the week containing the 12th of the month*).

No period of measurement for this criterion was specified for Indonesia and Malaysia.

Time reference

The ILO Manual emphasized that the extension of job search period backward in time or availability period forward in time are likely to increase the level of unemployment by identifying more persons as actively seeking work or being currently available for work. But while each criterion may have its own distinct time-limit, the resulting measure of unemployment would refer to the one and the same period, i.e., the basic survey reference period.

From the above discussion, it is instructive that the application of the three criteria for measuring unemployment by ILO member countries does not allow for international comparability of statistics.

The nuances involved in the application of the international standard on unemployment to national circumstances among member states convey significant differences as seen in the fixing of periodicity of data collection, reference period of measurements for job search and

availability and option to relax seeking work criterion, among others. National practices differ vastly on this respect which renders **cross-country comparison difficult or at times misleading.** For instance, the Philippines (a labor exporting country) cannot be compared with Malaysia and Singapore, both labor importing countries. Similarly, it cannot be compared with Thailand which virtually has near zero unemployment rate nor with Vietnam which did not opt for the "relaxation" in the definition of unemployment. Comparing unemployment statistics in these countries is like "comparing apples and oranges".

International comparisons of annual unemployment rates are being done by U.S. Bureau of Labor Statistics (BLS) but limited to fifteen member countries of the Organization for Economic Cooperation and Development (OECD). Comparisons are done using a framework where foreign-country data are adjusted to concepts used by the U.S. Current Population Survey (CPH).

Despite these limitations, meaningful comparisons on labor market performances across countries are still possible. This can be done by comparing the pace and direction of change over time in the unemployment data across countries instead of comparing rates at a particular period of time as practiced by international rating agencies.

FOR INQUIRIES

Regarding this report contact **EMPLOYMENT AND MANPOWER STATISTICS DIVISION** at 527-3000 loc. 312/313

Regarding other statistics and technical services contact **BLES DATABANK** at 527-3000 loc. 317

Or Write to BLES c/o Databank, 3/F DOLE Bldg. Gen. Luna St., Intramuros, Manila, 1002

FAX 527-93-24 E mail: bles_emsd@dole.gov.ph or visit our website at <http://www.bles.dole.gov.ph>

National Practices in the Measurement of Unemployment in Labor Force Survey: Selected Countries

Country	Periodicity of Data Collection	Criteria			Relaxation of Seeking work	Reference Period		Unemployment Rate (%) ¹
		Without Work	Currently Available for Work	Seeking Work		Seeking Work	Available for Work	
International Standard	Twice a year (If possible, during months that coincide with the agricultural peak and slack seasons)	✓	✓	✓	Depending on national circumstances	Specified recent period	During the reference period	
Philippines	Quarterly (Every 1 st month)	✓	✓	✓	✓	Past week	During the reference period and 2 weeks following interview date	7.5 (April 2013)
Indonesia	Quarterly (Every 2 nd month)	✓	✓	✓	✓	Not specified	Not specified	5.9 (Feb. 2013)
Malaysia	Monthly	✓	✓	✓	✓	Past 3 months	Not specified	3.3 (May 2013)
Thailand	Monthly	✓	✓	✓	X	Past month	Past week	0.77 (May 2013)
Singapore	Quarterly (Every 3 rd month)	✓	✓	✓	X	Past month	2 weeks following interview date	2.1 (June 2013)
Vietnam	Semi-annual (April and October)	✓	✓	✓	X	Past month	Past week	1.8 (Oct. 2012)
Cambodia	Annual	✓	✓	✓	✓	Past month	2 weeks following interview date	-
South Korea	Monthly	✓	✓	✓	X	Past month	The week containing the 15 th of the month	3.2 (Apr. 2013)
Japan	Monthly	✓	✓	✓	X	Past week	Past week	4.1 (April 2013)
United States	Monthly	✓	✓	✓	X	Past month	The week containing the 12 th of the month	7.5 (April 2013)

¹ Based on www.tradingeconomics.com.

Sources: Sources and Methods: Labour Statistics, Volume 3, International Labour Office.

Survey of economically active population, employment, unemployment and underemployment, an ILO manual on concepts and methods.