Decent Work Indicators
Concepts and definitions

ILO MANUAL

First version

Decent Work Indicators

Decent Work Indicators

Concepts and definitions

ILO MANUAL
First version

May 2012

Disclaimer

This quick reference manual summarizes a selection of conventions and recommendations for information purposes and do not replace consultation of the authoritative texts. These can be found on the ILO website:

- For Statistical Information: http://www.ilo.org/global/statistics-and-databases/standards-and-guidelines/lang--en/index.htm

- For Legal Information: www.ilo.org/normes.

- Summaries in this manual draw on the summaries available on NORMES website: http://www.ilo.org/global/What_we_do/InternationalLabourStandards/Subjects/lang--en/index.htm.

Preface

Decent work is central to sustainable poverty reduction and is a means for achieving equitable, inclusive and sustainable development. The 2008 ILO *Declaration on Social Justice for a Fair Globalization* recommends the establishment of appropriate indicators to monitor and evaluate the progress made in the implementation of the ILO Decent Work Agenda. The ILO is supporting member States through technical assistance and capacity building at national, sub-regional and regional levels in this regard.

In September 2008, the ILO convened an international Tripartite Meeting of Experts on the Measurement of Decent Work, and consequently, adopted a framework of Decent Work Indicators that was presented to the 18th International Conference of Labour Statisticians in December 2008. The framework covers ten substantive elements corresponding to the four strategic pillars of the Decent Work Agenda (full and productive employment, rights at work, social protection and the promotion of social dialogue): employment opportunities; adequate earnings and productive work; decent working time; combining work, family and personal life; work that should be abolished; stability and security of work; equal opportunity and treatment in employment; safe work environment; social security; and, social dialogue, employers' and workers' representation.

This first version of the Manual on Concepts and Definitions of Decent Work Indicators presents a description of the statistical and legal framework indicators. It aims to be a pragmatic and useful tool for users and producers of labour statistics. The Manual is based on statistical and legal international standards, adopted by the international statistical community, and promoted for the harmonization of regional and international data on employment and decent work. As the discussions and use of Decent Work Indicators evolve, the Manual will be further improved, taking on board feed-back received and new conclusions adopted.

The ILO, through the Department of Statistics, is currently putting in place a new modernised and publicly available global database covering both short-term and annual indicators on decent work. It builds on national reporting and recalculations according to international definitions in a big effort to render the information available comparable.

The ILO/EC project on *Monitoring and Assessing Progress on Decent Work* (2009–2013), funded by the European Union, strengthens the national capacity to self-monitor and self-assess progress towards decent work. The project facilitates the identification of decent work indicators, supports data collection, and uses the collected data for integrated policy analysis of decent work in order to make them relevant for policy making. It also supports the production of guidelines and manuals on measuring and assessing decent work.

<div style="text-align:center">

Rafael Diez de Medina   Stephen Pursey

Director   *Director*

Department of Statistics   *Policy Integration Department*

</div>

Acknowledgements

Contents

List of legal framework indicators

List of decent work statistical indicators

List of tables of decent work indicators

Abbreviations

CBA	Collective bargaining coverage rate
CCAS	Conference Committee on the Application of on the Application of Conventions and Recommendations
CEACR	Committee of Experts on the Application of Conventions and Recommendations
CFA	Committee on Freedom of Association
CFW	Contributing family workers
CPI	Consumer price index
DWI	Decent Work Indicator
EPLex	Employment protection legislation database
EPR	Employment-to-population ratio
GDP	Gross domestic product
GER	Gross enrolment ratio
GESS	Global Extension of Social Security
ICLS	International Conference of Labour Statisticians
ICSE	International Classification of Status in Employment
ILS	International labour standards
IPEC	International Programme for the Elimination of Child Labour
ISCED	International Standard Classification of Education
ISIC	International Standard Industrial Classification of All Economic Activities
ISSA	International Social Security Association
LFPR	Labour force participation rate
LFS	Labour force survey
LPR	Low pay rate
MDG	Millennium Development Goal
NPISH	Non-profit institutions serving households
OHCHR	Office of the High Commissioner for Human Rights
OOPS	Out-of-pocket spending by private households
OECD	Organization for Economic Cooperation and Development
OSH	Occupational safety and health
SNA	System of National Accounts
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNSD	United Nations Statistics Division
WHO	World Health Organization
WPR	Working poverty rate

General introduction

In September 2008, the ILO convened an international Tripartite Meeting of Experts (TME) on the Measurement of Decent Work, and consequently, adopted a framework of Decent Work Indicators, that was presented to the 18th International Conference of Labour Statisticians in December 2008 (see Table A).

The ILO Framework on the Measurement of Decent Work covers ten substantive elements corresponding to the four strategic pillars of the Decent Work Agenda (full and productive employment, rights at work, social protection and the promotion of social dialogue):

(i)   employment opportunities;
(ii)   adequate earnings and productive work;
(iii)   decent working time;
(iv)   combining work, family and personal life;
(v)   work that should be abolished;
(vi)   stability and security of work;
(vii)   equal opportunity and treatment in employment;
(viii) safe work environment;
(ix)   social security; and
(x)   social dialogue, employers' and workers' representation.

This Manual on Concepts and Definitions of Decent Work Indicators presents a description of statistical indicators and legal framework indicators related to the ten substantive elements of decent work.

The statistical indicators are presented in five elements: measurement objective and rationale; method of computation; concepts and definitions; recommended data sources; and metadata and disaggregation, with brief interpretation guidelines.

The legal framework indicators aim to summarize legal information on 21 topics that are considered relevant to measure decent work, through several aspects of the law: laws, policies or institutions that are in place; benefit levels and thresholds; evidence of implementation effectiveness; rough percentage of workers covered, both in law and in practice; and the ratification of relevant ILO Conventions.

The statistical indicators and legal framework indicators are both presented by chapter, related to the ten substantive elements of decent work as well as to the socioeconomic context for decent work.

Table A. Measurement of decent work based on guidance received at the Tripartite Meeting of Experts on the Measurement of Decent Work (September 2008)

Substantive element of the Decent Work Agenda	Statistical Indicators	Legal Framework Indicators
Numbers in brackets refer to ILO strategic objectives: 1. Standards and fundamental principles and rights at work; 2. Employment; 3. Social protection; 4. Social dialogue.	Selection of relevant statistical indicators that allow monitoring progress made with regard to the substantive elements. M – Main decent work indicators A – Additional decent work indicators F – Candidate for future inclusion/developmental work to be done by the Office C – Economic and social context for decent work (S) indicates that an indicator should be reported separately for men and women in addition to the total.	L – Descriptive indicators providing information on rights at work and the legal framework for decent work. Description of relevant national legislation, policies and institutions in relation to the substantive elements of the Decent Work Agenda; where relevant, information on the qualifying conditions, the benefit level and its financing; evidence of implementation effectiveness (as recorded by ILO supervisory bodies); estimates of coverage of workers in law and in practice; information on the ratification of relevant ILO Conventions.
Economic and social context for decent work	C – Children not in school (% by age) (S) C – Estimated % of working age population who are HIV positive C – Labour productivity (GDP per employed person, level and growth rate) C – Income inequality (percentile ratio P90/P10, income or consumption) C – Inflation rate (CPI) C – Employment by branch of economic activity C – Education of adult population (adult literacy rate, adult secondary-school graduation rate) (S) C – Labour share in GDP C (additional) – Real GDP per capita in PPP$ (level and growth rate) C (additional) – Female share of employment by industry (ISIC tabulation category) C (additional) – Wage/earnings inequality (percentile ratio P90/P10) C (additional) – Poverty measures**	L – Labour administration** Developmental work to be done by the Office to reflect environment for Sustainable enterprises, incl. indicators for (i) education, training and lifelong learning, (ii) entrepreneurial culture, (iii) enabling legal and regulatory framework, (iv) fair competition, and (v) rule of law and secure property rights. Developmental work to be done by the Office to reflect other institutional arrangements, such as scope of labour law and scope of labour ministry and other relevant ministries.
Employment opportunities (1 + 2)	M – Employment-to-population ratio, 15–64 years (S) M – Unemployment rate (S) M – Youth not in education and not in employment, 15–24 years (S) M – Informal employment (S) A – Labour force participation rate, 15–64 years (1) [to be used especially where statistics on Employment-to-population ratio and/or Unemployment rate (total) are not available] A – Youth unemployment rate, 15–24 years (S) A – Unemployment by level of education (S) A – Employment by status in employment (S) A – Proportion of own-account and contr. family workers in total employment (S) [to be used especially where statistics on informal employment are not available] A – Share of wage employment in non-agricultural employment (S) F – Labour underutilization (S) Memo item: Time-related underemployment rate (S) grouped as A under "Decent Working Time"	L – Government commitment to full employment L – Unemployment insurance
Adequate earnings and productive work (1 + 3)	M – Working poor (S) M – Low pay rate (below 2/3 of median hourly earnings) (S) A – Average hourly earnings in selected occupations (S) A – Average real wages (S) A – Minimum wage as % of median wage A – Manufacturing wage index A – Employees with recent job training (past year/past 4 weeks) (S)	L – Minimum wage
Decent Working Time (1 + 3)*	M – Excessive hours (more than 48 hours per week; 'usual' hours) (S) A – Usual hours worked (standardized hour bands) (S) A – Annual hours worked per employed person (S) A – Time-related underemployment rate (S) F – Paid annual leave (developmental work to be done by the Office; additional indicator)	L – Maximum hours of work L – Paid annual leave

Substantive element of the Decent Work Agenda	Statistical Indicators	Legal Framework Indicators
Combining work, family and personal life (1 + 3)	F – Asocial/unusual hours (Developmental work to be done by the Office) F – Maternity protection (developmental work to be done by the Office; main indicator)	L – Maternity leave (incl. weeks of leave, and rate of benefits) L – Parental leave*
Work that should be abolished (1 + 3)	M – Child labour [as defined by ICLS resolution] (S) A – Hazardous child labour (S) A – Other worst forms of child labour (S)** A – Forced labour (S)** A – Forced labour rate among returned migrants (S)**	L – Child labour (incl. public policies to combat it) L – Forced labour (incl. public policies to combat it)
Stability and security of work (1, 2 + 3)	Stability and security of work (developmental work to be done): M – Precarious Employment rate** (5) A – Job tenure** (5) A – Subsistence worker rate** (5) A – Real earnings casual workers** (S) Memo item: Informal employment grouped under employment opportunities.	L – Termination of employment* (incl. notice of termination in weeks) Memo item: 'Unemployment insurance' grouped under employment opportunities; needs to be interpreted in conjunction for 'flexicurity'.
Equal opportunity and treatment in employment (1, 2 + 3)	M – Occupational segregation by sex M – Female share of employment in senior and middle management* (ISCO88 groups 11 and 12) A – Gender wage gap A – Share of women in wage employment in the non-agricultural sector A – Indicator for Fundamental Principles and Rights at Work (Elimination of discrimination in respect of employment and occupation) to be developed by the Office A – Measure for discrimination by race/ethnicity/of indigenous people/of (recent) migrant workers/of rural workers where relevant and available at the national level. F – Measure of dispersion for sectoral/occupational distribution of (recent) migrant workers F – Measure for employment of persons with disabilities Memo item: Indicators under other substantive elements marked (S) indicator should be reported separately for men and women in addition to the total.	L – Equal opportunity and treatment* L – Equal remuneration of men and women for work of equal value*
Safe work environment (1 + 3)	M – Occupational injury rate, fatal A – Occupational injury rate, nonfatal A – Time lost due to occupational injuries A – Labour inspection (inspectors per 10,000 employed persons)	L – Employment injury benefits* L – Safety and health labour inspection
Social security (1 + 3)	M – Share of population aged 65 and above benefiting from a pension (S) M – Public social security expenditure (% of GDP) A – Healthcare exp. not financed out of pocket by private households A – Share of population covered by (basic) health care provision (S) F – Share of econ. active population contributing to a pension scheme (S) F – Public expenditure on needs based cash income support (% of GDP) F – Beneficiaries of cash income support (% of the poor) F – Sick leave (developmental work to be done by the Office; additional indicator) [Interpretation in conjunction with legal framework and labour market statistics.]	L – Pension L – Incapacity for work due to sickness/sick leave L – Incapacity for work due to invalidity Memo item: 'Unemployment insurance' grouped under employment opportunities.
Social dialogue, workers' and employers' representation (1 + 4)	M – Union density rate (S) M – Enterprises belonging to employer organization [rate] M – Collective bargaining coverage rate (S) M – Indicator for Fundamental principles and rights at work (Freedom of association and collective bargaining) to be developed by the Office A – Days not worked due to strikes and lockouts*	L – Freedom of association and the right to organize L – Collective bargaining right L – Tripartite consultations

Source: ILO compilation on the basis of the Discussion paper for the Tripartite Meeting of Experts on the Measurement of Decent Work (Geneva, 8–10 September 2008).
*Wording modified by ILO in the pilot phase; **Indicator added by ILO in the pilot phase.

1. PRESENTATION OF THE STATISTICAL INDICATORS

Statistical indicators divide each chapter into sections which, in turn, are divided into five subsections:

(1)   Measurement objective and rationale;

(2)   Method of computation;

(3)   Concepts and definitions;

(4)   Recommended data sources, metadata and disaggregation; and

(5)   Interpretation guidelines.

As some concepts and definitions are used throughout each chapter to define different indicators, they are included in the introduction of the chapter.

The statistical indicators are divided into main indicators (denoted "M"), additional indicators (denoted "A") and future indicators (denoted "F") to be developed by the ILO (see the list of decent work indicators selected by the Technical Meeting of Experts, September 2008, Table A).

Many of the decent work indicators are best calculated using estimates derived from a labour force survey (LFS). The primary objective of a LFS is to obtain reliable estimates about the labour force of a given population based on a sample of households. This instrument permits the estimation of the number of persons employed as well as the size of the working age population and can be designed to provide both stock and flow estimates. It generally covers all workers, including all self-employed persons and often allows disaggregation of data by demographic variables such as sex, age group and in some cases, ethnic group. Moreover, it often allows breakdowns by status in employment, occupation and economic activity. Other sources are used to complement the labour force surveys such as other household surveys, specific surveys (like Child labour surveys), establishment surveys, and administrative records.

2. PRESENTATION OF THE LEGAL FRAMEWORK INDICATORS

Taking into account the legal content of decent work is essential, not only for an integrated understanding of decent work, but also in order to monitor progress towards decent work. Indeed, all aspects of decent work have a legal dimension and while law alone cannot bring about decent work, well drafted, inclusive and implemented labour laws is one of the preconditions for its achievement. Law helps to clarify the meaning of decent work by providing an authoritative answer to the question of what decent work implies in concrete terms. It contributes to securing the decent work agenda and its implementation.[1]

The need to supplement statistical indicators with legal ones has been acknowledged in the ILO from the beginning of its work on measuring decent work. As early as 2002,[2] it was recognized that it was necessary to have a complementary and integrated set of indicators on national laws and regulations for each of the major aspects of decent work (for example, unemployment insurance, protection from dismissal, restrictions on the right to organize, statutory minimum wage, etc.). When the Governing Body agreed to test a comprehensive approach to the Measurement of Decent Work, by compiling detailed indicator definitions and preparing decent work country profiles, it was decided to provide a textual description of the legal framework and data on the actual application of rights, as well as on benefit levels and coverage for 21 aspects of decent work.

The Legal Framework Indicators obviously do not provide for a full or thorough description of the legal framework for decent work. This would require a much deeper examination of the national legal regime and the context in which it operates. The Legal Framework Indicators are not complete – issues such as labour inspection is only dealt with regarding occupational safety and health (OSH), and the nine branches of social security (as defined by the Social Security (Minimum Standards) Convention, 1952 (No. 102)) are not completely covered. Additionally, a closer look at broader legal issues is important to put the selected legal aspects of decent work into context. The justice system in general, its dispute mechanisms and their accessibility, the way the legislation is drafted, the dissemination of the law, are some of the many issues that have an impact on the application of the law and which would need to be taken into account. The legal framework indicators are descriptive. They aim to summarize information on 21 predetermined topics that have been deemed particularly relevant to decent work. The overall aim of each indicator is to give a snapshot of what the law is with regard to the topic it covers. To this end, several aspects of the law are examined for each of the Legal Framework Indicators: (1) Laws, policies or institutions that are in place; (2) benefit levels and thresholds; (3) evidence of implementation effectiveness (i.e. ILO supervisory bodies comments, if available); rough percentage of workers covered, both in (4) law and in (5) practice, based on estimation routine; and (6) the ratification of relevant ILO Conventions.

This information is not judged against relevant ILO Conventions. However, in the event that the ILO supervisory bodies have commented on certain aspects of non-conformity of the law or practice with ILO principles or conventions, attention is brought to this under "Evidence of implementation effectiveness".

Although the information provided in the Legal Framework Indicators is mainly of a qualitative nature, fourteen Legal Framework Indicators[3] should include specific statistical estimates

---

1. See ILO: *Reducing the decent work deficit – A global challenge*, Report of the Director-General, ILC, 89th Session (Geneva, June 2001). DG report, ILC, 2001, p. 59 (http://www.ilo.org/public/portugue/region/eurpro/lisbon/pdf/rep-i-a.pdf). As was noted in the World Social Security Report 2010/11 for example, although "the widest legal foundations can [n]ever result in adequate coverage outcomes if they are not enforced and not backed by sufficient resources (...), strong legal foundations are a necessary condition for securing higher resources; there are no national situations where generous resources are available despite the lack of a legal basis." (p. 3).

2. R. Anker et al.: *Measuring decent work with statistical indicators*, Integration Working Paper No. 2 (Geneva, ILO, 2002).

3. These concern: unemployment insurance, minimum wage, hours of work, paid annual leave, maternity leave, parental leave, termination of employment, employment injury benefits, safety and health labour inspection, pension, incapacity to work due to sickness/sick leave, incapacity to work due to invalidity, freedom of association and the right to organize, collective bargaining.

Law, policy or institutions: This contains a brief description of the content of the law, policies and institutions related to the subject-matter of the indicator, as well as a description of the groups of persons that these law, policies and institutions apply to.

Qualifying Conditions: When relevant, the qualifying conditions are specified.

Benefits (level and duration): When relevant, the level and duration of benefits is specified.

Financing: When relevant, the source of funds is specified.

Evidence of implementation effectiveness: Comments of ILO supervisory bodies related to implementation (Observations and direct requests of the CEACR, conclusions and recommendations of the CFA, conclusions of the CCAS, Complaints, Representations, if any).

Coverage of workers in law: If available, a broad estimate in percentage of the workforce covered by the law.

Coverage of workers in practice: If available, broad estimate in percentage of workers covered in practice.

Ratification of ILO Conventions: Title of relevant ILO Conventions and date of ratification, if any.

of workers covered by the law and workers covered in practice (under "coverage in law" and "coverage in practice"). As was highlighted during the Tripartite Meeting of Experts (TME) held in September 2008, noting differences in the benefits of national laws in different countries, or making a judgement on the national legislation, may be meaningless and may often be misleading without information on the number of workers who not only are covered in law, but who are also, actually covered in practice.

Estimates in the percentage of *coverage in law* aim to highlight the scope of the legislation (i.e. to whom the law applies). The law might not apply to the whole workforce and might exclude, for example, certain sectors, enterprises, or professions, or certain workers on specific type of contracts (this information is detailed in the first heading of each Legal Framework Indicator: "Law, policy or institutions"). A clear understanding of who is covered by the law and who is excluded from it together with statistical information to that effect offers the necessary tools to further analyse the legal framework of a country and may have a direct impact on policy making concerning decent work.

Estimates in the percentage of *coverage in practice* (or effective coverage) aim to highlight the actual application of the law and seek to show who is benefiting from the law. Coverage in practice may focus on actual coverage (e.g. number of people receiving unemployment benefits) or potential coverage (e.g. number of people contributing who could receive unemployment benefits if they lost their job). This measurement aims to find the number of persons covered *de facto* (who are those actually covered in practice) as a percentage of those covered *de lege* (who are those expected to be covered and protected under the law). The estimate of coverage in practice is usually lower that the estimate of coverage in law for several reasons, including lack of enforcement, ignorance of the law, avoidance of the application of the law, and more general lapses in governance. Hence, estimates of coverage in practice provide valuable information for policy makers.

As the estimation of coverage in law and in practice in percentage terms is generally not straightforward, and is impossible for most countries to calculate in a robust way, the TME endorsed the proposition to use broad percentage ranges to make the estimates, such as: few (<10 per cent), some (10–32 per cent), about half (33–66 per cent), most (67–89 per cent), virtually all, or all (90+ per cent).

Difficulties in estimating the numbers of workers covered in law and in practice include:

• when calculating the number of workers covered by the law, a distinction needs to be made, when relevant, between a worker and an employee or a person who is self-employed (the existence of a disguised employment relationship, for example, makes this problematic);

• the fact that formal/informal work is not a binary concept but operates on a spectrum (a worker may be formal in certain aspects of his work and informal in others, for example, an employee's hours of work could be only partially declared);

• lack of government records;

• lack of information;

• methodological difficulties (for example, how do we find out if the law – which includes not only the legislative minimums but collective bargaining and contract law as well – has been respected); and

• the fact that qualifying conditions may be applicable (this adds an additional layer of complexity when calculating the number of workers covered by the law).

Some of the data needed to reflect "coverage in practice" is already reflected in the statistical decent work indicators. This regards, for example, the statistical indicators on unemployment insurance (EMP-2), maternity (COMB-2 – methodology to be developed), pension (SECU-1), freedom of association and collective bargaining (DIAL-1 and DIAL-3). When this is the case, and when data are available, reference to the relevant statistical indicator is made.

All LFIs draw on the following sources (additional sources and databases specific to each LFI are detailed in the following chapters):

• **ILO sources:** NORMLEX database (http://www.ilo.org/dyn/normlex/en). This database provides access to the CEACR's *comments* (Observations and Direct Requests), the Conference Committee on the Application of Standards' *conclusions* as well as Article 26 complaints, Article 24 representations, and information on ratifications (this information is consolidated in NORMLEX Country Profiles); NATLEX database provides abstracts of legislation and relevant citation information, and, where possible, the full text of the law or a relevant electronic source.

• **Other sources:** Ministry of labour or other ministries websites (for general information and access to the text of national legislation).

Economic and social context for decent work

1

The economic and social context for decent work is essential in order to analyse decent work indicators in the national context. It comprises indicators which are considered important for helping to interpret the decent work indicators classified under the ten substantive elements. The eleven statistical indicators introduced in this section can give a broad picture of the economic and social context for decent work.

The legal framework indicator corresponds to Labour Administration.

Since many of the indicators share common concepts and definitions (see Table 1) this introduction provides some of the key concepts and definitions.

Gross Domestic Product (GDP): according to the System of National Accounts (SNA), "GDP is the sum of gross value added of all resident producer units plus that part (possibly the total) of taxes on products, less subsidies on products, that is not included in the valuation of output... GDP is also equal to the sum of the final uses of goods and services (all uses except intermediate consumption) measured at purchasers' prices, less the value of imports of goods and services... GDP is also equal to the sum of primary incomes distributed by resident producer units."[1] GDP is the main measure of national output for a given country's economy. It is the total value of all final goods and services produced in a particular economy; the dollar value of all goods and services produced within a country's borders in a given year. GDP can be measured using the expenditure or the income approach:

GDP = Consumption + Gross Investment + Government Spending + (Exports-Imports)
or
GDP = Compensation of employees + Rent + Interest + Proprietor's Income + Corporate Profits + Indirect business taxes + Depreciation + Net foreign factor income

Employed persons: persons of working age are classified as employed if, during a short reference period such as a day or a week, (i) they did some work (even for just one hour) for pay, profit or family gain, in cash or in kind; or (ii) they were attached to a job or had an enterprise from which they were 'temporarily' absent during this period (for such reasons as illness, maternity, parental leave, holiday, training, industrial dispute). Employed persons include those persons of working age who worked for at least one hour during the reference period as contributing family workers (formerly referred to as unpaid family workers) working in a family business.[2]

---

1. UNSD: *System of National Accounts 2008* (New York, 2009). Available at: http://unstats.un.org/unsd/nationalaccount/docs/SNA2008.pdf
2. ILO: *Resolution concerning statistics of the economically active population, employment, unemployment and underemployment*, adopted by the Thirteenth International Conference of Labour Statisticians (Geneva, October 1982). Available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---integration/---stat/documents/normativeinstrument/wcms_087481.pdf

Table 1. Overview of decent work indicators for the economic and social context for decent work

Statistical Decent Work Indicator	Concepts	Coverage	Preferred data source
CONT-1. Children not in school (% by age) (S)	Level of education and age bands	Children by age groups	Administrative data Population census surveys
CONT-2. Estimated % of working age population who are HIV positive	HIV prevalence and working age population	Working-age population	Administrative data Demographic health surveys
CONT-3. Labour productivity (GDP per employed person, level and growth rate) – MDG indicator*	GDP and employed persons	All employed persons	National accounts LFS, household surveys with employment module
CONT-4. Income inequality (percentile ratio P90/ P10, income or consumption)	Income, percentile	All households	Household budget surveys or other surveys covering income and expenditure
CONT-5. Inflation rate (CPI)**	Price index	n/a	National accounts
CONT-6. Employment by branch of economic activity	Employment and ISIC	All employed persons	LFS, household surveys, Establishment surveys, Census
CONT-7. Education of adult population (adult literacy rate, adult secondary-school graduation rate) (S)	Adult literacy Secondary school graduation	Adult population	Population census Household surveys Administrative records
CONT-8. Labour share in GDP	Compensation of employees and GDP	All employees	National accounts
CONT-9. (additional) – Real GDP per capita in PPP$ (level and growth rate)	GDP per capita in PPP terms	n/a	National accounts
CONT-10. (additional) – Female share of employment by industry (ISIC tabulation category)	Employment and ISIC	All female employed persons	LFS, household surveys, Establishment surveys
CONT-11. (additional) – Earnings inequality (percentile ratio P90/P10)	Earnings and employees	All employees	Household income and expenditure surveys Household budget surveys, Population census
CONT-12. (additional) – Poverty measures	Income, poverty line	All population	Household income and expenditure surveys Household budget surveys, Population census
Legal framework indicator: L1 – Labour Administration			

* This indicator serves as one of five employment-related Millennium Development Goal (MDG) indicators.

** ILO: Resolution concerning consumer price indices, adopted by the Seventeenth International Conference of Labour Statisticians (Geneva, 2003). Available at: http://www.ilo. org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_087521.pdf

It should be noted that the concept of employment does not include household members engaged in the provision of unpaid services for their own family use such as cooking at home or caring for their own children as well as volunteers providing services to households for their own final use. These activities are not included within the production boundaries of the SNA.[3] However, persons engaged in the production of economic goods and services for their 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.[4]

Employees are all those workers who hold 'paid employment jobs'. These are jobs where the incumbents hold explicit (written or oral) or implicit employment contracts which give them a basic remuneration that is not directly dependent upon the revenue of the unit for which they work (this unit can be a corporation, a non-profit institution, a government unit or a household). Some or all of the tools, capital equipment, information systems and/or premises

3. UNSD: Ibid.
4. ILO: Ibid.

used by the incumbents may be owned by others, and the incumbents may work under direct supervision of, or according to strict guidelines set by the owner(s) or persons in the owners' employment. Persons in 'paid employment jobs' are typically remunerated by wages and salaries, but may be paid by commission from sales, by piece-rates, bonuses or in-kind payments such as food, housing or training.[5]

In practice, the status in employment to be attributed to a person may not always be clear. For instance, if the owner or a shareholder of a corporation works for the corporation for paid remuneration, s/he would be considered as an employee according to the SNA whereas they may be self-employed according to labour statistics. Outworkers may be considered as self-employed or as an employee depending on their specific situation, particularly based on their remuneration. The remuneration of the self-employed is considered as mixed income by the SNA.

The International Standard Industrial Classification of All Economic Activities defines the economic sectors. For instance, the agricultural sector covers agriculture, forestry and fishing (category A in ISIC, Revision 4). The non-agricultural sector refers to industry and services. Industry includes mining and quarrying (including oil production), manufacturing, construction, electricity, gas, and water (categories B-F in ISIC, Revision 4). Services include wholesale and retail trade and restaurants and hotels; transport, storage, and communications; financing, insurance, real estate and business services; and community, social and personal services (categories G-U in ISIC, Revision 4).

The System of National Accounts and the Resolutions of the International Conference of Labour Statisticians (ICLS) are aligned as regards the definition of economic activity.

---

5. ILO: *Resolution concerning the International Classification of Status in Employment (ICSE)*, adopted by the Fifteenth International Conference of Labour Statisticians (Geneva, January 1993). Available at: http://www.ilo.org/wcmsp5/ groups/public/---dgreports/---integration/---stat/documents/normativeinstrument/wcms_087562.pdf

STATISTICAL INDICATORS

CONT-1. Children not in school (percentage by age)

Measurement objective and rationale

This indicator is designed to give information on school-age children who are not attending school. Provision of education at primary and secondary levels is an important foundation for building skills and providing a pathway to decent work.

Children not in school is related to Millennium Development Goals (MDG) 2 and 3 as follows: the Net enrolment ratio in primary education, which is MDG indicator 2.1 for monitoring progress towards achieving Target 2.A.: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling under Goal 2: Achieve universal primary education; and MDG indicator 3.1: Ratios of girls to boys in primary, secondary and tertiary education for monitoring progress towards Target 3.A.: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015 under Goal 3: Promote gender equality and empower women.

Method of computation

The Gross enrolment ratio (GER) shows total enrolment in a specific level of education, regardless of age, expressed as a percentage of the population in the official age group corresponding to this level of education.[6]

$$\text{GER (\%)} = \frac{\text{Number of children enrolled in a given level of education}}{\text{Total number of children of official age group for the level of education}} \times 100$$

In order to reach the percentage of children not in school GER is subtracted from 100 for each level of education.

Concepts and definitions

The age bands for school education vary from country to country. However, the indicator covers three categories with usual age groups as defined by UNESCO:[7]

- Children in primary education – usually from age 5 or 6 to 11 or 12
- Children in lower secondary education – usually from age 11 or 12 to age 14 or 15
- Children in upper secondary education – usually to 17 or 18

Recommended data sources and metadata

Enrolment data are usually available from administrative records maintained by the ministry of education. They can also be obtained from surveys and censuses which include questions on schooling. Population censuses and/or vital statistics registers provide information on the population in different age cohorts.

Internationally comparable data on school participation are maintained by the UNESCO Institute of Statistics and are also available in the Millennium Development Goals Indicators Database of the United Nations.

This indicator should be disaggregated by sex, location (urban/rural), economic activity and if possible by geographical area and social/ethnic groups in order to portray any differences in enrolment rates of children from different backgrounds.

---

6. The GER is preferred to the net enrolment ratio as net enrolment is restricted to the official age group.

7. UNESCO: *International Standard Classification of Education (ISCED) 1997* (Paris, 2006). Available at: http://www.uis.unesco.org/Library/Documents/isced97-en.pdf

Interpretation guidelines

Enrolment is not equivalent to attendance or completion rates. Hence, it would be informative to analyse this indicator together with data on completion of primary and secondary education, if available.

GER data are usually available separately for primary, lower and upper secondary levels.

Some GERs exceed 100 per cent as a result of late school entry and/or grade repetition. If NER data are available it is preferable to use this measure; however, NER may overestimate the percentage of children out of school, as they may be enrolled at other levels of education.

Concern for the provision of basic education is reflected in the ILO's child labour Conventions. The Minimum age Convention, 1978 (No. 138) states that the minimum age "...shall not be less than the age of completion of compulsory schooling..." and that any permitted light work should not be "...such as to prejudice their attendance at school".[8] The Worst Forms of Child Labour Convention, 1999 (No. 182) also refers to the importance of free basic education.[9]

Significant positive changes can be an indication that countries are taking seriously their commitment to ensure of children's access to education. This can have a highly significant influence on tackling the elimination of child labour and promoting development by increasing human capital. In order to assess the impact of changes in this indicator on child labour, it is important to analyse the trends together with those of child labour indicators (ABOL-1, ABOL-2 and ABOL-3).

CONT-2. Estimated percentage of working-age population who are HIV-positive

Measurement objective and rationale

This indicator gives the HIV prevalence rate among the working-age population. It sheds light on a contextual factor that impacts on the world of work in a number of ways, for example: labour/skills shortages, direct costs for enterprises, discrimination and job losses for workers, increasing child labour and worsening poverty.

This decent work indicator partially corresponds to the MDG indicator 6.1: HIV prevalence among population aged 15–24 years, used for monitoring progress towards Target 6.A.: Have halted by 2015 and begun to reverse the spread of HIV/AIDS under Goal 6: Combat HIV/AIDS, malaria and other diseases.

Method of computation

$$\text{HIV prevalence (working-age population) (\%)} = \frac{\text{Number of working-age persons tested HIV positive}}{\text{Total working-age population}} \times 100$$

Concepts and definitions

While no international standard on age limits exists, for purposes of statistical measurement the *working-age population* is commonly defined as persons aged 15 years and older, but this may vary from country to country. Some countries also impose an upper limit, for example, Finland defines its working-age population as persons aged 15–74. The working-age limits should correspond to those defined in the source of data collection.

HIV prevalence refers to the percentage of persons living with HIV in a given population, as defined by age, sex, ethnicity, etc.

---

8. ILO: *The Minimum age Convention, 1978 (No. 138)* (Geneva, 1978). Available at: http://www.ilo.org/ilolex/cgi-lex/convde.pl?C138

9. ILO: *The Worst Forms of Child Labour Convention, 1999 (No. 182)* (Geneva, 1999). Available at: http://www.ilo.org/ilolex/cgi-lex/convde.pl?C182

Recommended data sources and metadata

Administrative data at the national level are available from ministries of health (reported cases, data from antenatal clinics, mortality data) and national AIDS commissions. "In countries with a generalized epidemic, national estimates of HIV prevalence are based on data generated by surveillance systems that focus on pregnant women who attend a selected number of sentinel antenatal clinics, and in an increasing number of countries on nationally representative serosurveys."[10]

Based on earlier validation exercises, sentinel surveillance of antenatal clinics) provide estimations that approximate HIV prevalence among adult population (women and men); however, the coverage is limited to pregnant, hence sexually active, women aged 15 to 49. Furthermore, the geographical coverage of such clinics may not be representative, as they are often in urban areas.[11] National population-based household surveys, such as the Demographic Health Survey, AIDS Indicator Survey, Multiple Indicator Cluster Survey or other representative survey, cover wider age groups and both urban and rural areas; however, they exclude high-risk sub-populations such as military personnel and are subject to non-response errors. Especially when blood tests are involved, household surveys are complex and costly; hence data collection is not frequent.[12] Case reporting, on the other hand, focuses on specific high-risk populations, for example, injecting drug users and does not cover newly-infected persons. Sentinel surveillance of high-risk groups, such as sex workers, may bias the estimates upwards, as they cover persons who are seeking treatment in sexually transmitted disease clinics, etc.[13] The most widely available data sources are the regular reports from UNAIDS and WHO. The nearest equivalent to working age in these reports is adults aged 15 to 49, and for many countries this is likely to be the only data source. At the international level, UNAIDS and WHO publish the "Report on the global AIDS epidemic"[14] every two years, supplemented by an "AIDS epidemic update" every year (except 2008).[15] The UN Population Division data give estimates and projections of populations by age and sex, with and without HIV/AIDS.

Interpretation guidelines

The main drawback of limiting the coverage to the 15–49 age group is the exclusion of older working adults. Although the HIV epidemic is often concentrated in the younger adult age group, especially 25 years and under, a substantial share of people living with HIV are over 50 years of age and they are likely to become more numerous as the availability of antiretroviral treatment extends life expectancy. Recognizing this limitation, UNAIDS has recommended changing the reporting to all ages, but this will take time to implement. At older ages, changes in HIV prevalence are slow to reflect changes in the rate of new infections, while at younger ages, trends in HIV prevalence are a better indication of recent trends in HIV incidence and risk behaviour.[16] This indicator does not capture elements such as HIV costs for enterprises/ employers, cost-benefits of workplace programmes, or legal-policy responses nor the ability of persons, especially women to negotiate. It is much too broad to give any indication of the impact of workplace policies and programmes.

---

10. UNAIDS: *Methods and assumptions for estimates.* Available at: http://www.unaids.org/en/media/unaids/contentassets/documents/dataanalysis/Epi_MethodsAssumptionsEstimates_en.pdf

11. UNAIDS: *Q&A on HIV/AIDS estimates* (Geneva, July 2008). Available at: http://data.unaids.org/pub/InformationNote/2008/070608_epi_backgrounder_on_methodology_en.pdf

12. UNAIDS: *Q&A on HIV/AIDS estimates* (Geneva, July 2008). Available at: http://data.unaids.org/pub/InformationNote/2008/070608_epi_backgrounder_on_methodology_en.pdf

13. UNAIDS: Ibid. http://data.unaids. f

14. UNAIDS and WHO: *Report on the global AIDS epidemic, 2008* (Geneva, 2008). Available at: http://www.unaids.org/en/dataanalysis/epidemiology/2008reportontheglobalaidsepidemic/

15. UNAIDS and WHO: *Aids Epidemic Update* (Geneva, 2009). Available at: http://www.unaids.org/en/media/unaids/contentassets/dataimport/pub/report/2009/jc1700_epi_update_2009_en.pdf

16. UNAIDS: United Nations General Assembly Special Session on HIV/AIDS. *Monitoring the Declaration of Commitment on HIV/AIDS, Guidelines on construction of core indicators 2010 Reporting* (Geneva, 2009). Available at: http://data.unaids.org/pub/manual/2009/jc1676_core_indicators_2009_en.pdf

CONT-3. Labour productivity (GDP per employed person, level and growth rate)

Measurement objective and rationale

Labour productivity represents the total volume of output (measured in terms of GDP) achieved per unit of labour (measured in terms of employed persons). The purpose of this indicator is to assess the role of labour, which is one of the inputs to the production process, in terms of GDP growth. It does not inform on the underlying technical process in output growth. Labour productivity is also MDG indicator 1.4 for monitoring progress towards Goal 1: Eradicate extreme poverty and hunger, Target 1B: Achieve full and productive employment and DW for all, including women and young people.

Method of computation

The labour productivity level is measured as GDP per employed person and can be calculated as:

$$\text{Labour productivity} = \frac{\text{GDP}}{\text{Number of employed persons}}$$

The labour productivity growth rate is measured as the annual change in GDP per person employed. It can be calculated as:

$$\text{Labour productivity growth rate} = \frac{\text{labour productivity}_{\text{year N}} - \text{labour productivity}_{\text{year N-1}}}{\text{labour productivity}_{\text{year N-1}}} \times 100$$

The System of National Accounts (SNA) 2008 recommends computing GDP per hours worked as the simplest measure of productivity.[17] This measure would require the division of GDP by the total number of hours worked in all jobs during the reference period.

Concepts and definitions

Labour output is measured as GDP. For the definition of **GDP**, see the introduction to this chapter.

Labour input is measured as the number of employed persons or total employment. See the definition of **employment** in the introduction to this chapter.

Recommended data sources and metadata

Output measures are obtained from national accounts and represent, as much as possible, GDP at market prices for the aggregate economy.

Employment data can be obtained preferably from labour force or other household surveys that have an employment module. In the absence of the above, establishment surveys, administrative records and official estimates based on results from several of these sources can be used. In any case, it is crucial to ensure that the coverage of employment and national accounts data is consistent; for instance, data discrepancies may be observed for categories such as border workers, defence and diplomatic staff, self-employment etc.. Establishment surveys are an important source of data for national accounts but their coverage does not match that of household surveys, especially since they do not usually take into account the informal sector and informal employment.

---

17. UNSD: *System of National Accounts 2008* (New York, 2009). Available at: http://unstats.un.org/unsd/national account/docs/SNA2008.pdf

Interpretation guidelines

Productivity growth refers to the volume of output rising faster than the volume of inputs.[18]

The main limitation of labour productivity as an indicator lies in the fact that it associates changes in output with only one factor of production, labour. Most significantly, the amount of capital used by labour or changes in that capital is/are not taken into account. However, investment in technology, human capital and increase in inputs other than labour can affect labour productivity growth.[19]

Computing labour productivity as GDP per employed person (or per hours worked) does not separate labour productivity from the capital used and/or changes in labour force composition. SNA 2008 recommends measuring labour productivity per hours worked as it allows more detailed analysis, for example, measuring productivity by industry thus making it possible to take into account multiple jobs in different industries.[20]

Analysing labour productivity growth together with employment indicators, for example, the employment-to-population ratio or the unemployment rate can inform about labour utilization. For instance, a combination of low labour productivity with low unemployment and a rising GDP can point to high labour utilization. Labour productivity is dependent on both employment and GDP which are subject to different factors of seasonality and volatility.[21]

CONT-4. Income (consumption) inequality (percentile ratio P90/P10)

Measurement objective and rationale

The P90/P10 percentile ratio (decile dispersion ratio) shows how the incomes (consumption) of those at the 90th percentile (top) and at the 10th percentile (bottom) of income (consumption) distribution compare.

Method of computation

Income inequality refers to the ratio of the average incomes of households in the top percentile to that of households in the bottom percentile of income distribution. It is calculated as:

$$\frac{P90}{P10} \text{ (income)} = \frac{\text{Average income of the 90th percentile}}{\text{Average income of the 10th percentile}}$$

In addition to the income percentile ratio, a consumption percentile ratio could be calculated.

Concepts and definitions

An income (consumption) percentile ratio summarizes the relative distance between two points on the income (consumption) distribution and is a relative measure of inequality. The top of the distribution is the 90th percentile and the bottom is the 10th percentile. This gives an indication about the size of the gap between the richest and the poorest households in each country: the higher this ratio, the greater the level of inequality.

18. Australian Bureau of Statistics: *Feature Article, A Spotlight on Quarterly Labour Productivity.* Australian Economic Indicators (November 2008). Available at: http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/1350.0Feature+Article1Nov+2008

19. Australian Bureau of Statistics: Ibid.

20. UNSD: *System of National Accounts 2008* (New York, 2009). Available at: http://unstats.un.org/unsd/national account/docs/SNA2008.pdf

21. Australian Bureau of Statistics: Ibid.

Recommended data sources and metadata

Data on household income, including income in kind, consumption and expenditure are generally collected through household budget surveys or other surveys covering income and expenditure.

As households headed by women may be concentrated in the bottom decile, disaggregation by the sex of the household head is recommended. However, this relationship should be carefully studied to take into account national circumstances and the definition of head of household as adopted in the data collection, which may not necessarily be related to the chief source of economic support. Whether households are headed by women or men, gender relations – especially the situation of women in society, including their participation in paid employment – as well as relations of power between women and men, affect intra-household resource allocation and use.

Interpretation guidelines

This indicator is easy to interpret, as it provides the average income/consumption of the richest decile as a multiple of the average income/consumption of the poorest decile. The main shortcoming is that it does not provide information on the distribution of income within the deciles or in the middle of the income distribution.

The decile dispersion ratio could remain the same if the incomes of the 90th and 10th percentile change by the same amount in the same direction. In other words, it satisfies the "mean independence" criterion of inequality measures.[22] This indicator may not reflect changes in inequality when it is due to transfers between deciles other than the 90th and 10th percentile.

Other indicators that can be used to measure inequality are the Gini coefficient and the Share of poorest quintile in national consumption. The Gini coefficient is a summary indicator of the degree of inequality. It lies between 0 and 1, with values closer to 0 representing a lesser degree of inequality, and values closer to 1 representing greater inequality. In most of the countries, the value of the Gini coefficient is between 0.2 and 0.4. The poorest quintile's percentage share of national income or consumption is the share that accrues to the bottom fifth (quintile) of the population. Generalized entropy measures and Atkinson's inequality measures are more complicated to compute but satisfy all criteria of indicators of inequality.[23]

CONT-5. Inflation rate (CPI)

Measurement objective and rationale

The consumer price index (CPI) is a summary indicator "designed to measure changes over time in the general level of prices of goods and services that a reference population acquires, uses or pays for". The CPI has multiple uses, the two main ones being:

(i)   Adjusting of wages and benefits to take into account changes in the cost of living and consumer prices; and

(ii) Indicating average price inflation.[24]

---

22. The other criteria desirable for inequality measures are: population size independence, symmetry, Pigou-Dalton Transfer sensitivity, decomposability and statistical testability. See J.Haughton and S. R. Khandker: *Handbook on poverty and inequality,* The International Bank of Reconstruction and Development/The World Bank (Washington, D.C. 2009).
23. J. Haughton, and S. R. Khandker: op. cit.
24. ILO: *Resolution concerning consumer price indices*, adopted by the Seventeenth International Conference of Labour Statisticians (Geneva, 24 November-3 December 2003). Available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---integration/---stat/documents/normativeinstrument/wcms_087521.pdf

Method of computation

The CPI is constructed as a weighted average of a large number of elementary aggregate indices. Each of the elementary aggregate indices is estimated using a sample of prices for a defined set of goods and services obtained in, or by residents of, a specific region from a given set of outlets or other sources of consumption goods and services. Given the multiple uses of the CPI, there are various ways of constructing it.[25]

Concepts and definitions

The **CPI** can be constructed as a fixed-basket price index where the change in the price of a basket of goods and services, representative of a household's consumption pattern for a reference period, is monitored. The CPI can also take the form of a cost-of-living-index (COLI) where the "effects of price changes on the cost of achieving a constant standard of living (i.e. level of utility or welfare)" are measured.[26]

As the prices of different goods and services do not all change at the same rate, a price index is designed to reflect their average movements. A price index is typically assigned a value of 100 in a selected index base period, and the values of the index for other periods of time are intended to provide an estimate of the average percentage change in prices compared with the base period.

Recommended data sources and metadata

In addition to the index level showing the change from the index reference period, it is also useful to present derived indices, such as the one that shows changes in the major aggregates between: (i) the current month and the previous month; (ii) the current month and the same month of the previous year; and (iii) the average of the latest 12 months and the average of the previous 12 months. The indices should be presented in both seasonally adjusted and unadjusted terms.[27] As significant differences in the expenditure patterns and/or price movements between specific population groups or regions may exist, especially in the developing countries, separate indices for these population groups or regions may be computed.

Interpretation guidelines

The CPI measures price movements (i.e. relative changes) and not absolute price levels.

The CPI is not a complete measure reflecting all price changes in an economy.

The CPI does reflect the development of the prices of the items that particular individuals or households buy during the same period, as it is designed to represent the average experience of all private households. Variations from one individual/household to another can be important relative to this average.

It does not measure the "cost of living" as understood with reference to economic theory on consumers' behaviour.

Regional CPIs cannot be used to compare differences in price levels or living costs between one place and another, they measure only the changes that take place in each place over time.

In addition to the standard sub-indices published alongside the all-items CPI, special indices can be computed to suit user requirements; for example, separate indices for goods and for services, all-items index excluding seasonal products or excluding energy and petrol, etc.

An analysis of the contributions of various products or group of products to the overall change and an explanation of any unusual factors affecting the price changes of the major contributors to the overall change provide a powerful analytical tool for understanding movements in the CPI.

---

25. See ILO, IMF, OECD, Eurostat, UN, and WB: *Consumer price index manual. Theory and practice* (Geneva, 2004); and United Nations: *Practical Guide to Producing Consumer Price Indices* (New York and Geneva, 2009). Available at: http://live.unece.org/fileadmin/DAM/stats/publications/Practical_Guide_to_Producing_CPI.pdf

26. ILO: Ibid.

27. ILO, IMF, OECD, Eurostat, UN, and WB: Ibid; and United Nations: Ibid.

CONT-6. Employment by branch of economic activity

Measurement objective and rationale

This indicator gives the share of employment by economic activity, as indicated by the International Standard Industrial Classification of all Economic Activities (ISIC).[28] It provides information on the relative importance of different economic activities with regard to employment opportunities.

Method of computation

The following formula is applied to all economic activities at the required level of disaggregation. It is recommended for presenting the share of employment in agriculture, industry and services.

$$\text{Employment in economic activity}_i (\%) = \frac{\text{Number of employed in economic activity}_i}{\text{Total number of employed}} \times 100$$

Concepts and definitions

See the introduction to this chapter for a definition of ***employed persons*** and for the International Standard Industrial Classification of All Economic Activities which defines the economic sectors.

Recommended data sources and metadata

While labour force surveys constitute the preferred primary source of information, some of the data can also be obtained from other sources such as population censuses, establishment censuses and surveys, other household surveys, administrative records of different types, as well as official estimates based on results from several of these sources.

The breakdown of the indicator by sex allows for the analysis of gender segregation of employment by economic activity. It is possible to see to what extent men and women are equally distributed across the different economic activities, and whether, for instance, females are concentrated in services and in labour-intensive industries where wage rates are generally below those in the industry. Further disaggregation by occupation and age would facilitate detailed analysis.

Interpretation guidelines

Information on the distribution of employment by economic activity is particularly useful for identifying broad shifts in employment at different stages of development. These shifts over time would indicate labour flows from one sector for example, agriculture and other labour-intensive activities to other(s) such as industry and services. Employment by branch of economic activity should be interpreted in combination with indicators on urban-rural migration as the labour flows may coincide with such migration. The indicator can be analysed together with the CONT-10 Female share of employment by industry (ISIC tabulation category).

The indicator can inform policymaking in various ways. For instance, by studying trends over time, it is possible to identify individual industries and services where employment is growing, regressing or stagnating. Combined with information on job vacancies by economic activity, it can indicate where demand for labour is focused, and thus could guide policymakers responsible for designing skills and training programmes to develop coherent national and sectoral human

---

28. UNSD: *International Standard Industrial Classification of All Economic Activities (ISIC) Rev. 4* (New York, 2008). Available at: http://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=27

resources development plans, including training and re-training. This information is essential to mitigate labour mismatch and subsequently create employment.

CONT-7. Education of adult population (adult literacy rate, adult secondary school graduation rate)

Measurement objective and rationale

Education of adult population can be measured through two indicators: adult literacy rate and adult secondary graduation rate. The adult literacy rate gives a snapshot of the basic level of education and the capability to access written information in a given country. The adult graduation rate from secondary school shows the proportion of adults who have had formal schooling. There is no specific literacy goal or target in the Millennium Development Goals, although Goal 2: Achieve universal primary education by 2015 is closely associated with it. In particular, MDG indicator 2.3: Literacy rate of 15–24 year-olds, women and men used to monitor progress towards Target A: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling is directly linked with CONT-7.

Method of computation

Education of adult population refers to two indicators.

(a) The adult literacy rate gives the proportion of the literate adults. It is calculated as:

$$\text{Adult literacy rate} = \frac{\text{Total number of literate adults}}{\text{Total number of adults}}$$

(b) Adult secondary level graduation rate refers to the ratio of the number of adults who have graduated from secondary school to the number of adults who should have graduated. It can be calculated as:

$$\text{Adult secondary school graduation rate} = \frac{\text{Total number of adults who have graduated from secondary school}}{\text{Total number of adults who should have graduated from secondary school}}$$

Concepts and definitions

The Recommendation concerning the International Standardization of Educational Statistics (ISES) adopted by UNESCO's General Conference in 1958 concluded that "a person is literate who can with understanding both read and write a short simple statement on his (her) everyday life." National definitions tend to vary slightly from the standard definition.

UNESCO distinguishes between "adults" aged 15 years and over and "mature adults" aged 25 years and over. Coverage of persons aged 15 and above may facilitate the analysis of the indicator together with other Decent Work indicators covering the working-age population.

The secondary school graduation rate should represent the number of students who graduated from secondary level education, as a percentage of those who should have graduated. The rate may not be easy to capture because students do not all go through the same steps to obtain a diploma.

Recommended data sources and metadata

Literacy statistics reported by the UNESCO Institute of Statistics (UIS) are most often based on self-reported data from population censuses and reports through household surveys of the respondent's own literacy status and those of other household members. Another source of information is through direct literary assessments.

Information on graduation rates comes from administrative records. The age coverage of this indicator could vary from country to country based on the length of the secondary school education. For instance, the entry to lower secondary education is indicated as "some 6 years after primary education" whereas the end would be "after some 9 years of schooling since the beginning of primary school education". The entry age to upper secondary education is indicated as usually 15–16 years in ISCED 1997.[29]

Disaggregation by sex and, if possible, by ethnicity is recommended for both indicators in order to analyse any gender/ethnic discrepancies in terms of access to education and participation in socio-economic life.

Interpretation guidelines

Literate people are better able to access other education and employment opportunities; and, collectively, literate societies are better geared to meet development challenges.[30] Illiteracy, on the other hand, brings with it a loss of human potential and economic capacity. It tends to prevail in low-income countries where severe poverty is widespread.

Some research provides evidence of economic benefits to the raising of the literacy level of the population; see, for example, Naudé (2004), who used panel data for the period 1970 to 1990 for 44 African countries and found that literacy was among the variables with a positive effect on GDP per capita growth.[31] The sparse evidence that exists indicates that the returns to investment in adult literacy programmes generally compare favourably with those from investments in primary education.[32]

UNESCO advises against drawing strict comparison of the extent of illiteracy between countries. However, following the course of progress within each country over several decades, can offer some useful lessons.

Graduation rates are a fundamental indicator of whether or not the nation's public school system is doing what it is intended to do: enrol, engage, and educate youth to be productive members of society. Unacceptably low graduation rates, particularly among poor and minority students, reflect high costs in terms of lost potential to both the early school-leaver and to society at large.

CONT-8. Labour share of GDP

Measurement objective and rationale

Labour share of GDP is the ratio of total compensation of employees to the GDP. The purpose of this indicator is to measure how much of the gross value added accrues to labour.

Method of computation

Both the numerator and the denominator should be provided in the same unit, for example, the nominal national currency.

$$\text{Labour share of GDP} \;=\; \frac{\text{Total compensation of employees}}{\text{GDP}}$$

---

29. United Nations Educational, Scientific and Cultural Organization (UNESCO): *International Standard Classification of Education (ISCED-97)* (1997). Available at: http://www.uis.unesco.org/TEMPLATE/pdf/isced/ISCED_A.pdf

30. UNESCO Institute of Statistics: *International Literacy Statistics: A Review of Concepts, Methodology and Current Data* (Montreal, 2008). Available at: http://www.uis.unesco.org/template/pdf/Literacy/LiteracyReport2008.pdf

31. W. A. Naudé: "The effects of policy, institutions and geography on economic growth in Africa: An econometric study based on cross-section and panel data". *Journal of International Development* (2004), Vol. 16, pp. 821–49.

32. UNESCO Institute of Statistics: Ibid.

Concepts and definitions

Compensation of employees is the total in-cash or in-kind remuneration payable to the employee by the enterprise for the work performed by the employee during the accounting period. Compensation of employees includes: (i) wages and salaries (in cash or in kind) and (ii) social insurance contributions payable by employers. For further details on the components of compensation of employees, please see the *System of National Accounts 2008*.[33]

For a definition of ***employed persons*** and of ***employees***, as well as of ***GDP***, see the introduction to this chapter.

Recommended data sources and metadata

The preferred primary data sources for this indicator are the national accounts estimates of labour share of GDP. The periodicity of this indicator will hence depend on the national accounts data produced in the given country, for instance, quarterly and/or annually.

Interpretation guidelines

In general, labour share in GDP will underestimate the proportion of gross value added accrued to labour, as it covers only the compensation of employees and not that of the self-employed. In order to interpret this indicator effectively, it is important to consider it together with GDP trends. For instance, if the labour share in GDP is declining in the midst of economic growth, this can be interpreted as stagnation or slower growth in wages and/or employment.

CONT-9. Real GDP per capita in PPP$ (level and growth rate)

Measurement objective and rationale

The Gross Domestic Product is one of the measures of national output for a given country's economy. GDP in PPP terms is used to compare national wealth across countries. GDP per capita gives the amount of GDP/wealth per person on average. In this way, it is also used as a macro indicator of well-being.

Method of computation

GDP at current prices is GDP at prices of the current reporting period. Also known as nominal GDP, GDP in PPP$ is converted to international dollars using purchasing power parity rates. GDP per capita in PPP$ is GDP converted to international dollars using the PPP rates, divided by the midyear population:

$$\text{GDP per capita in PPP\$} = \frac{\text{GDP in PPP\$}}{\text{Population}}$$

In order to compute the real GDP per capita in PPP terms, one way is to take the nominal GDP per capita in PPP$ for a given base year, and apply the growth rates of GDP per capita, at constant prices (volume growth rates) in order to revise the series backwards and forwards. The use of PPP allows having common units across space, and the use of growth rates of real GDP series in national currency allows time series analysis.

The growth rate can be presented as a percentage change from the previous year.

---

33. UNSD: *System of National Accounts 2008* (New York, 2009). Available at: http://unstats.un.org/unsd/national account/docs/SNA2008.pdf

Concepts and definitions

For a definition of **GDP**, see the introduction to this chapter.

GDP per capita should be measured in PPP terms, i.e. as the current price GDP of a country converted into U.S. dollars on the basis of the purchasing power parity (PPP) of the country's currency. PPP is a method to eliminate price level differences in currency conversion of GDP. "Purchasing power parities (PPPs) are used in producing a reliable set of estimates of the levels of activity between countries, expressed in a common currency. Purchasing power parity (PPP) is defined as the number of units of country B's currency that are needed in B to purchase the same quantity of individual goods or services as one unit of country A's currency will purchase in A. Typically, PPP is expressed in terms of the currency of a base country, with the US dollar commonly being used. PPPs are thus weighted averages of the relative prices, quoted in national currency, of comparable items between countries. Used as deflators, they enable cross-country comparisons of GDP and its expenditure components".[34]

Recommended data sources and metadata

The recommended primary data sources for this indicator are the national accounts estimates of the labour share of GDP. The periodicity of this indicator will hence depend on the national accounts data produced in the given country, for example quarterly and/or annually.

Interpretation guidelines

GDP per capita is often used as an indicator of the standard of living in a country. It is assumed that with the increased production and GDP, the living standards of individuals will tend to increase as well.

There are a number of limitations to the use of GDP as an indicator of the living standard, including the fact that it excludes activities that are not provided through the market, such as services produced by the households for their own consumption, transaction taking place in the informal economy or in illegal markets, etc. Exclusion or underreporting of these activities may understate the GDP.

Changes in GDP per capita are related to changes in the share of the working-age population, in the employment-to-population ratio, hours worked per capita and GDP per hours worked, i.e. labour productivity. The relations between these indicators can be explained through the identity below, where hours worked refer to total hours actually worked:

$$\frac{GDP}{Total\ population} = \frac{GDP}{Hours} \times \frac{Hours}{Total\ employed} \times \frac{Total\ employed}{Working\ age\ population} \times \frac{Working\ age\ population}{Total\ population}$$

Note that the second, third and fourth terms on the right hand side can be combined to give hours per capita.[35] Hence, it is recommended to analyse this indicator together with labour productivity (CONT-3) and the employment-to population ratio (EMPL-1).

---

34. UNSD: *System of National Accounts 2008* (New York, 2009). Available at: http://unstats.un.org/unsd/national account/docs/SNA2008.pdf

35. For a comparative analysis of these indicators across provinces in Canada see J.R. Baldwin, M. Brown and J. P. Maynard: *Interprovincial Differences in GDP per Capita, Labour Productivity and Work Intensity: 1990–2003* (Statistics Canada, Ottawa, 2005). Available at: http://dsp-psd.pwgsc.gc.ca/Collection/Statcan/11-624-M/11-624-MIE2005011.pdf

CONT-10. Female share of employment by economic activity (ISIC)

Measurement objective and rationale

Female share of employment by economic activity informs about the employment opportunities for women and gives an indication of the extent to which women have equal access to employment in different economic activities.

Method of computation

This indicator is computed as the share of women employed expressed as a percentage of total employment in a given economic activity. The following formula is applied to all economic activities at the required disaggregation. It is recommended to present the share of employment in agriculture, industry and services.

$$\text{Share of women in employment in economic activity}_i\ (\%) = \frac{\text{Number of women employed in economic activity}_i}{\text{Total number of employed in economic activity}_i} \times 100$$

Concepts and definitions

For a definition of *employed persons* and of *The International Standard Industrial Classification*, see the introduction to this chapter.

Recommended data sources and metadata

While labour force surveys constitute a primary source of information, some of the data can also be obtained from other sources such as population censuses, establishment censuses and surveys, other household surveys, administrative records of different types, as well as official estimates based on results from several of these sources.

Further disaggregation, for example, by age, ethnicity, location (urban/rural), etc. can be useful for in-depth analysis. Disaggregation of data should assist policy makers in monitoring the progress achieved, creating enabling environments that promote decent, productive work for both women and men, as well as implementing specifically targeted policies and programmes.

Interpretation guidelines

This indicator supports the analysis of segregation by sex of employment by economic activity. It is possible to see to what extent men and women are equally distributed across the different economic activities, and to check whether females are concentrated in the services and in labour-intensive industries where wage rates are generally lower.

CONT-11. Earnings inequality (percentile ratio P90/P10)

Measurement objective and rationale

The purpose of this indicator is to give a measure of inequality solely based on income from employment. The indicator is measured at the individual level (unlike CONT-4, for which income or consumption is measured at the household level) and hence is more easily analysed in conjunction with other labour force indicators. Average earnings is the preferred concept for this indicator, as they cover supplementary remuneration such as overtime pay and hence are more directly related to the hours actually worked than the average real wage rates.

Method of computation

This indicator refers to the ratio of the average earnings of employees in the top percentile to that of employees in the bottom percentile of earnings distribution. It is calculated as:

$$\frac{P90}{P10} \text{ (earnings)} = \frac{\text{Average earnings of employees in the 90th percentile}}{\text{Average earnings of employees in the 10th percentile}}$$

Concepts and definitions

For a definition of **employed persons and employees**, see the introduction to this chapter. **Earnings** in this context refer to regular remuneration received from employers, in cash and in kind. These i include direct wages and salaries for time worked or work done, remuneration for time not worked (for example, paid annual leave), as well as bonuses and gratuities regularly received. They exclude employers' contributions paid to social security and pension schemes in respect of their employees, as well as the benefits received by employees under these schemes. Earnings also exclude severance and termination pay.[36]

Recommended data sources and metadata

The preferred sources of data are establishment surveys or labour force surveys including information on earnings. In the absence of the above, other household surveys with employment and income data such as household budget surveys or household income surveys can be used. When the data source is an establishment survey or administrative sources, not all jobs will be taken into account and the coverage of the data source is likely to be limited to formal establishments. This may give a partial view of the situation, especially in developing countries where the informal sector is important.

When figures for this indicator are reported, detailed information on the coverage, as well as the definitions of employee and earnings used should be given in order to facilitate the analysis. Disaggregation of the indicator by sex is highly recommended. Further breakdown by location (urban/rural), economic activity and occupation may be useful for policymaking.

Interpretation guidelines

This decile dispersion ratio gives a measure of inequality based on income from employment for employees only. Considering the level of the average earnings and comparing them with the minimum wage or median earnings in the country would provide (albeit partial) information on the well-being of these persons and would facilitate analysis. It has to be noted that wages do not cover the total income or consumption capacity of an individual. Hence, this indicator should not be taken as a measure of well-being per se.

The level of earnings is important to consider, as the decile dispersion ratio may remain the same although an upward or a downward shift may occur in the levels of average wages of the two groups. When level values are compared over time, they should be adjusted for inflation.

---

36. ILO: *Resolution concerning an integrated system of wage statistics,* adopted by the Twelfth International Conference of Labour Statisticians (Geneva, October 1973). Available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_087496.pdf

CONT-12. Poverty measures

Measurement objective and rationale

Poverty here is measured using two indicators: the Headcount Index and the Poverty Gap Index. The indicators give information on the well-being of the population by indicating the poverty status and the severity of poverty, respectively. Both of these poverty measures are also MDG indicators under Goal 1: Eradicate extreme poverty and hunger, Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day.

Method of computation

The Headcount Index is computed as the percentage share of the population living below the national poverty line:

$$\text{Headcount ratio (\%)} = \frac{\text{Number of persons living in households below the poverty line}}{\text{Total population}} \times 100$$

The formal equation for it is:

$$\text{Headcount Index} = \frac{1}{N}\sum_{i=1}^{N} I\left(y_i < z\right)$$

where N is the total population, I is a function that takes the value of 1 if the expression in the parentheses is true and 0 otherwise, y_i is the household expenditure/income and z is the poverty line.

The Poverty Gap Index, on the other hand, "is the mean distance separating the population from the poverty line (with the non-poor being given a distance of zero), expressed as a percentage of the poverty line".[37] In other words, the Poverty Gap Index "adds up the extent to which individuals on average fall below the poverty line, and expresses it as a percentage of the poverty line". The formal equation for it is:

$$\text{Poverty Gap Index} = \frac{1}{N}\sum \frac{G_i}{z}$$

where N is the total population, G_i is the poverty gap $(z - y_i)$, where y_i is the expenditure/income and z is the poverty line.

Concepts and definitions

Households are defined as poor if their personal income (consumption expenditure) is below a specified threshold, referred to as the "poverty line". The threshold level can be set at the amount of net income necessary to buy a specified quantity of household goods and services, referred to as the "absolute poverty line". Alternatively, it is taken as a cut-off point in the distribution of income (or consumption expenditure) such as 60 per cent of the median value, referred to as the "relative poverty line". While many countries have established their own poverty line, the international poverty line of 1.25 US$ at 2005 purchasing power parity (PPP$) is generally used to monitor progress towards eradicating working poverty at the international level under MDG Target 1B.[38]

---

37. United Nations: *Indicators for monitoring the Millennium Development Goals* (New York, 2003). Available at: http://mdgs.un.org/unsd/mdg/Resources/Attach/Indicators/HandbookEnglish.pdf
38. J. Haughton and S. R. Khandker: *Handbook on Poverty and Inequality* (The World Bank, Washington, D.C., 2009).

Recommended data sources and metadata

While the data for computing poverty measures comes from surveys such as household income, expenditure surveys and household budget surveys, population censuses can provide the population data when the time of data collection is close enough to the other surveys used.

The Headcount Index is commonly disaggregated by location (urban/rural) and is sometimes provided at other sub-national levels. If data is available by sex of household head, it should be used for both poverty indicators.

Interpretation guidelines

The Headcount Index gives the human size of poverty. The advantage of using this index as a poverty measure is that it is simple to construct and interpret. However, it does not take into account the intensity of poverty (how poor the poor are) or intra-household allocation (whether different members of a household enjoy different levels of well-being).

The Poverty Gap Index, on the other hand, can be interpreted as the cost of eliminating poverty, expressed in relative terms to the poverty line. In an ideal world where 100 per cent targeted and efficient transfers are feasible, the Poverty Gap Index gives the sum of all transfers needed to bring every poor household to the poverty line where the Poverty Gap Index equals 0. Another way to interpret the Poverty Gap Index is as "the ratio of the minimum cost of eliminating poverty with perfect targeting (that is G_i) to the maximum cost with no targeting (that is z...)".[39]

---

39. J.Haughton and S. R. Khandker: op. cit.

LEGAL FRAMEWORK INDICATOR 1
Labour administration

Scope

Labour administration is defined as "public administration activities in the field of national labour policy". Those activities include policy *shaping*, *formulation* and *implementation* via a labour administration system. It requires an institutional framework for coordination, in addition to one for consultation with and participation by social partners.

Selected ILS on labour administration

The Labour Administration Convention, 1978 (No. 150), and Recommendation No. 158, require ratifying countries to ensure the organization and effective operation of a system of labour administration and to secure consultation, co-operation and negotiations between the public authorities and the most representative organizations of employers and workers. The labour administration system is responsible for, or contributes to, the preparation, administration, coordination, checking and review of national labour policy and is responsible for preparation and implementation of laws and regulations to give effect to this policy. Further ILO instruments of reference, dealing with partial aspects of labour administration are the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144), the Employment Policy Convention, 1964 (No. 122), the Labour Inspection Conventions (No. 81 and No. 129), as well as the Employment Service Convention, 1948 (No. 88).

Information provided in the indicator

Law, policy and institutions: Existence of a national labour policy/sectoral labour policies (employment policy, social security, vocational training and education, industrial relations, labour protection including OSH, etc)? Which workers are included within the scope of labour administration? Is there a coordination system within the labour administration system for the implementation of national labour policy? Is there an institutional and/or legislative framework which integrates the Labour administration system with its essential functions (labour standards, industrial relations, employment, information and research)? Are there services which deliver technical advice and other services? Is there an institutional framework which allows for the involvement of social partners in labour administration functions? What are the resources (budget share) allocated to the Ministry entrusted with labour administration functions?

Evidence of implementation effectiveness: Comments from ILO supervisory bodies, if any.

Ratification of ILO Conventions: The Labour Administration Convention, 1978 (No. 150).

Additional sources of information

ILO sources
- Lab/Admin website: http://www.ilo.org/labadmin;
- Labour administration audit reports, if any.

Additional information: the share of budget (compared to overall governmental budget) allocated to ministries in the field of labour administration; development of the budget allocated to the Ministry of labour or other ministries in the field of labour administration over a period of ten years and in the situation of a crisis; and resource situation (human and material) in general.

Information on the scope of the law and type of contracts

Scope of the law: Information on which categories of workers the legislation applies to. How does the legislation define workers and employers? What are the conditions for being considered a worker or employer under the legislation? Are there any categories of workers which are excluded from the application of the legislation? Are any establishments excluded from the application of the legislation? Are there any specific regulations with regard to certain categories of workers?

Type of contracts: Information on the type of employment contracts regulated by the legislation. How does the legislation define an employment contract? What are the formal and substantial requirements of an employment contract? Does the legislation provide for temporary; fixed term; and permanent employment contracts? What is the maximum period for fixed term employment contracts? Does the legislation provide for part-time employment? Does the legislation regulate probationary periods? Are there any limits to probationary periods? Are there any specific regulations with regard to certain categories of workers?

Employment opportunities

2

A key dimension of decent work, the substantive element ***Employment opportunities*** is comprised of indicators that provide insights as to the quantity of labour demand and supply in an economy. It thus targets an important aspect of the labour market conditions faced by workers and potential workers, as well as employers. Moreover, it includes indicators which permit the analysis of the quality of employment measured through the lens of informal employment and other key components of total employment. This element also targets indicators related to labour slack and the underutilization of labour among which the unemployment rate is often used as a main indicator to signal changes in the business cycle.

In general terms, it includes indicators derived from the basis of the labour force measurement framework, relying in particular on the concepts of employment, unemployment, workers in the labour force and not in the labour force. These indicators are measured in relation to a broader reference variable of the population. Many of them are defined in terms of disaggregation of labour force concepts, allowing data users to understand key differences in employment opportunities experienced by component groups; for example, by age group, level of educational attainment or status in employment.

Employment opportunities encompass the largest set of indicators within the decent work measurement framework, and comprises eleven statistical indicators (Table 2). The legal framework indicators corresponding to these statistical indicators are: Government commitment to full employment and Unemployment insurance.

Some of the indicators are in fact components of others (for example, the youth unemployment rate is a disaggregation by age of the unemployment rate) while others are highly complementary and should be analysed jointly, including the employment-to-population ratio, unemployment rate and labour force participation rate. Whenever possible, all indicators should be disaggregated by sex in order to evaluate the differences in employment opportunities experienced by women and men.

The interpretation of the indicators requires careful analysis, as changes in the levels or trends in a given indicator must be understood in terms of underlying components and factors and, moreover, should be evaluated jointly with changes in other related decent work indicators, both quantitative and qualitative (i.e. rights at work/legal framework) indicators. In addition, it is important to analyse them together with economic and social context indicators. Thus a decline in a given indicator in one country could contribute towards progress in that dimension while signalling a deterioration in that particular area in another country due to differences in underlying components or factors.

It is worth noting that three of the five employment-related Millennium Development Goal (MDG) indicators are contained under Employment opportunities, namely the Employment-to-population ratio, the Proportion of own-account and contributing family workers in total employment, and Share of wage employment in non-agricultural employment (disaggregated by sex). While the MDG indicators were conceived as part of a broad development agenda targeting developing countries, their inclusion here among the full set of decent work indicators is intended to allow countries at all levels of development to monitor them.

Table 2. Overview of decent work indicators for employment opportunities

Statistical Decent Work Indicators	Income concept	Coverage	Preferred data source
EMP-1. Employment-to-population ratio (M)	Working-age population Employment	Employed persons	LFS Population census Other household surveys (with employment module)
EMP-2. Unemployment rate (M)	Unemployment Labour force	Unemployed persons	LFS Other household surveys (with employment module)
EMP-3. Youth not in education and not in employment (M)	Youth Education/Training	Youth (15–24)	LFS Population census Other household surveys (with employment module)
EMP-4. Informal employment (M)	Employment Informal employment Informal sector	Employed persons	LFS Other household surveys (with employment module)
EMP-5. Labour force participation rate (A)	Employment Unemployment Labour force Working-age population	Labour force	LFS Population census Other household surveys (with employment module)
EMP-6. Youth unemployment rate (A)	Unemployment Labour force Youth	Youth labour force	LFS Population census Other household surveys (with employment module)
EMP-7. Unemployment by level of education (A)	Unemployment Education	Unemployed persons	LFS Other household surveys (with employment module)
EMP-8. Employment by status in employment (A)	Employment ICSE (status)	Employed persons	LFS Other household surveys (with employment module)
EMP-9. Proportion of own-account and contributing family workers in total employment (A)	Employment Own-account workers Contributing family workers	Employed persons	LFS Population census Other household surveys (with employment module)
EMP-10. Share of wage employment in non-agricultural employment (A)	Employment Classification of economic activity (ISIC)	Wage employees	LFS Other household surveys Establishment surveys Administrative data
EMP-11. Labour underutilization (F)*	n/a	n/a	n/a
Legal framework indicators: L2 – Government commitment to full employment L3 – Unemployment insurance			

* This indicator under development by the ILO will allow data users to analyse the levels and trends of one or more alternative measures to the unemployment rate, EMPL-2. The concept of labour underutilization was discussed during the 18th Conference of Labour Statisticians in 2008, which adopted Resolution III, concerning the development of measures of labour underutilization, and containing recommendations on the future work of the Office on this topic. Progress on the topic has been achieved by the ILO Working Group for the Advancement of Employment and Unemployment Statistics which is expected to present a standard on the measurement of labour underutilization during the 19th ICLS in 2013.

As many of the indicators share common concepts and definitions (See Table 2) this introduction provides some key concepts and definitions.

The *reference population* comprises usual residents living in the country during the reference period, regardless of legal residency status or citizenship. For statistical purposes, the *working-age population* comprises all persons above a specified minimum age threshold for which an inquiry on economic activity is made. While no international standard on age limits exists, for purposes of statistical measurement the working-age population is commonly defined as persons aged 15 years and older, but this varies from country to country.

The concepts of *employment* and *unemployment* concern the supply of labour for the production of economic goods and services (that is, they refer to productive activity *within the*

production boundary) as defined by the United Nations systems of national accounts and balances during a specified time-reference period.

The **employed** comprise all persons of working age who during a specified brief period, such as one week or one day, were in the following categories: a) paid employment (whether at work or with a job but not at work); or b) self-employment (whether at work or with an enterprise but not at work). Temporary absence from work includes reasons such as illness, maternity and parental leave, holiday, training, and industrial disputes.[1]

The concept **at work** refers to persons who during the reference period performed some work for wage or salary, in cash or in kind (for paid employment), or persons who during the reference period performed some work for profit or family gain, in cash or in kind (for self-employment). For operational purposes, the notion "some work" may be interpreted as work for at least one hour. Employed persons include those persons of working age who worked for at least one hour during the reference period as contributing family workers (formerly referred to as unpaid family workers) working in a family business.

The **unemployed** comprise all persons of working age who were: a) without work during the reference period, i.e. were not in paid employment or self-employment; 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 recent period to seek paid employment or self-employment.[2] For purposes of international comparability, the period of job search is often defined as the preceding four weeks, but this varies from country to country.
It should be noted that the ILO recommendations in some circumstances allow countries to apply a relaxed definition of unemployment; that is, taking into account persons who only meet the criteria of "without work" and "currently available for work".

The **economically active population (EAP)** comprises 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.[3]

The **labour force** or "**currently active population**" comprises all persons who fulfil the requirements for inclusion among the employed or the unemployed as previously defined. It therefore consists of all persons of working age who were either employed or unemployed.

Many of these indicators are best calculated using estimates derived from a **labour force survey** (LFS). The primary objective of the LFS is to obtain reliable estimates about the labour force of a given population based on a sample of households. This instrument permits the estimation of the number of persons employed as well as the size of the working-age population and can be designed to provide both stock and flow estimates. It generally covers all workers, including all self-employed persons and often allows disaggregation of data by demographic variables such as sex, age group and in some cases, ethnic group. Moreover, it often allows breakdown by status in employment, occupation and economic activity.

---

1. ILO: *Resolution concerning statistics of the economically active population, employment, unemployment and underemployment*, adopted by the Thirteenth International Conference of Labour Statisticians. (Geneva, October 1982). Available at: http://www.ilo.org/global/statistics-and-databases/standards-and-guidelines/resolutions-adopted-by-international-conferences-of-labour-statisticians/WCMS_087481/lang--en/index.htm
2. ILO: Ibid.
3. ILO: Ibid.

STATISTICAL INDICATORS

EMPL-1. Employment-to-population ratio (EPR) – (M)

Measurement objective and rationale

The employment-to-population ratio (EPR) is the first of the four main indicators (denoted by an "M") within the Employment opportunities substantive element. , It is often considered a basic yardstick for understanding the overall demand for labour in an economy as provides information on the ability of an economy to generate employment.

Method of computation

The EPR is defined as the percentage of employed persons in the working-age population. The indicator is calculated as follows:

$$\text{EPR (\%)} = \frac{\text{Number of employed persons in the working – age population}}{\text{Total number of persons in the working – age population}} \times 100$$

For a given component group of the working-age population, the EPR is the percentage of this group that is employed. For example, the EPR for women would be calculated as:

$$\text{EPRw (\%)} = \frac{\text{Number of employed women in the working – age population}}{\text{Total number of women in the working – age population}} \times 100$$

Concepts and definitions

For the definitions of *working-age population* and *employment*, see the introduction to this chapter.

Recommended data sources, metadata and disaggregation

Both employment and population estimates should be derived from the same source whenever possible. The preferred official national data source for this indicator is a household-based labour force survey (LFS). The population census and/or other household surveys with an appropriate employment module may also be used to obtain the required data to calculate the EPR, and employment and population related administrative records may also serve as an additional source. Nonetheless, such sources may have limitations related to periodicity (in the case of a population census), geographic coverage or worker coverage about which data users should be made aware. When the EPR is published, appropriate metadata (or statistical documentation information) regarding the data should be provided to users. For the EPR, it is recommended that as minimum information, data on the source, data reference period, population coverage and geographic coverage be made easily available to data users.

Disaggregation of the EPR by component groups such as sex, age group, urban and rural areas, and educational attainment provides measures by which to evaluate the relative differences in employment demand across different population groups. Disaggregation of total employment by key classifications such as status in employment, economic activity, and occupation provides valuable information regarding the structure of employment whose changing composition will affect the EPR.

Interpretation guidelines

An increasing trend in the EPR usually indicates increasing employment demand within the economy in terms of the quantity of workers.

A high ratio is not necessarily a positive result, as it may signal, for example, limited education options for young people, minimal or non-existent unemployment assistance or other social

benefits and/or economic hardship. Ratios above 80 per cent often indicate an abundance of low quality jobs. Sharp increases could point to decreasing levels of labour productivity if not matched by increases in GDP.

A low ratio means that a large share of the working-age population is unemployed and/or not attached to the labour force. Persons may not be in the labour force for reasons such as enrolment in an educational institution, retirement, carrying out domestic chores in their own household, illness or incapacity for work. Still others in this group may express a desire to work and be available to work but may not be seeking work for various reasons, both economic and noneconomic. This kind of information is essential for interpreting the EPR of various demographic groups, including youth, women and older persons.

There is no optimal value and the EPR alone is not sufficient for assessing the employment opportunities dimension of decent work. For a better understanding of the labour demand and labour supply dynamic, changes in the indicator should be analysed jointly with changes in other key employment opportunities indicators (especially the unemployment rate and the labour force participation rate).

The EPR is relatively stable in the short term as compared with the unemployment rate and may vary over the medium-to-long term thus reflecting the impact of social, cultural, technological and economic changes as well as employment policy initiatives. Short-term changes in the EPR should be evaluated using seasonally-adjusted data.

Employment elasticity seeks to measure the employment intensity of output growth and may provide insights regarding changes in the EPR vis-à-vis GDP growth. Such elasticity can be disaggregated by economic activity for a more targeted analysis. Elasticity volatility may be an issue, which requires caution in the interpretation of results.

EMPL-2. Unemployment rate (UR) – (M)

Measurement objective and rationale

The unemployment rate (UR) signals to some extent the underutilization of the labour supply. It reflects the inability of an economy to generate employment for those persons who want to work but are not doing so, even though they are available for employment and actively seeking work. It is thus seen as an indicator of the efficiency and effectiveness of an economy to absorb its labour force and of the performance of the labour market.

Method of computation

The UR is defined as the percentage of unemployed persons in the labour force. The indicator is calculated as follows:

$$UR\ (\%) = \frac{\text{Number of unemployed persons in the working – age population}}{\text{Total number of persons in the labour force}} \times 100$$

For a given component group of the labour force, the UR is the percentage of this group that is unemployed. For example, the UR for youth would be calculated as:

$$UR_y\ (\%) = \frac{\text{Number of youth in the working – age population who are unemployed}}{\text{Total number of youth in the labour force}} \times 100$$

Concepts and definitions

For the definitions of *unemployment* and *labour force*, see the introduction to this chapter.

Recommended data sources, metadata and disaggregation

The preferred official national data source for this indicator is a household-based labour force survey. A population census and/or other household surveys with an appropriate employment module may also be used to obtain the required data. Unemployment registers can also serve as instruments to collect data on unemployment levels, and are commonly used in many EUROSTAT Member states to supplement the information obtained in quarterly labour force surveys.

When the UR is published, appropriate metadata (or statistical documentation information) regarding the data should be provided to users. For the UR, it is recommended that information on the data source, data reference period, population coverage and geographic coverage be made available to data users. Moreover, it is essential that data users be informed whether the standard unemployment definition (which applies to all three criteria)[4] or the relaxed or partially relaxed definition of unemployment (where the job search criterion is not applied in all cases) is used.

Calculation of the unemployment rate by component groups such as by sex and age group provides a useful profile with regard to the lack of access to employment of persons within key demographic groups of the economy. The UR may also be disaggregated by marital status, educational attainment, migrant status, race or ethnicity and for any other demographic groups that may demonstrate a differentiated access to employment or suffer from discrimination in the labour market. It is advisable to disaggregate according to the duration of unemployment such as long-term unemployment (or the number of persons who have been unemployed for a year or more), which tends to rise during economic downturns. Disaggregation by geographical area (especially rural/urban) is also highly desirable. Other indicators which provide additional detail on the unemployment situation are: previous status in employment, industry and occupation group for persons formerly employed.

Interpretation guidelines

Progress is measured by achieving acceptably low UR levels. Frictional unemployment is always present as persons laid off from their jobs seek new ones and new entrants and re-entrants to the labour market begin their job search. At the same time, structural unemployment is also commonly present as industry-occupation staffing patterns shift over time. Thus in the best of circumstances, the UR can be expected to remain above zero.

In most developed countries, the unemployment rate continues to prove its usefulness as an important indicator of labour market performance, and specifically, as a key measure of labour underutilization. In developing countries, the significance and meaning of the unemployment rate is much more limited. In the absence of unemployment insurance, other unemployment relief schemes or social safety nets, the majority of persons of working age must engage in some form of economic activity, however insignificant or inadequate. These persons often work in the informal economy and in self-employment characterized by poor working conditions and inadequate social protection.

The indicator is often used to analyse gender differences in labour force behaviour and trends. The unemployment rate is often higher for women than for men, but it varies by country. While labour markets have unique characteristics reflecting their particular social, cultural and economic factors, this overall result points to the fact that worldwide, women are more likely than men to exit and re-enter the labour force for family-related reasons. Moreover, there is a general "crowding" of women into fewer occupations of lower decision-making status as compared to men so that women often find a smaller number of opportunities for employment. Other gender inequalities, for example in access to education and training, also negatively affect how women fare in finding jobs.

---

4. The only exception might be for future starters, that is, persons who are not working, but available to work and expect to start a job within a limited time period.

The UR is relatively volatile. It is measured monthly or quarterly in most developed countries that have an established statistical system but less frequently in others. In order to conduct sound short-term trend analysis, it is advisable to seasonally adjust the UR to filter out usual seasonal fluctuations and typical calendar effects within the movements of the time series under review.

UR trends should be analysed with changes in total output measured by the Gross Domestic Product (GDP). Healthy economic growth is often associated with a decrease in the UR, but this may depend on the point in the business cycle. At the start of economic expansion, the unemployment rate may actually increase as discouraged workers and other persons previously not in the labour force test the labour market by commencing a job search.

Changes in the UR should also be analysed jointly with measures of total labour supply and labour demand, in particular the labour force participation rate (LFPR) and the employment-to-population ratio (EPR), respectively.[5] In most cases, a decline in the UR is accompanied by an increase in the EPR. Occasionally however, the UR declines in the context of falling labour demand.

The UR should also be analysed together with complementary measures of labour slack and labour underutilization, including time-related underemployment and discouraged workers whose ranks often increase during periods of economic weakness.

Complementary indicators regarding the proportion of the unemployed who benefit from unemployment insurance schemes or temporary work schemes (where they exist) should be analysed together with the unemployment rate. Moreover, information on the availability of job skills development training and/or apprenticeships and the number of persons benefitting from such programmes (including separately the number of unemployed who benefit) should be collected and analysed jointly with the unemployment rate.

EMPL-3. Youth not in education and not in employment (NEET) – (M)

Measurement objective and rationale

The indicator for youth not in education and not in employment, or NEET, provides a measure of the youth who are outside the educational system and not in employment, and thus serves as a broader measure of potential youth labour market entrants than youth unemployment.

Method of computation

The NEET is defined as the percentage of youth who are not in employment and not in education or training. The indicator is calculated as follows:

$$\text{NEET (\%)} = \frac{\begin{array}{c}\text{Number of unemployed youth} + \text{Number of youth not} \\ \text{economically active} - (\text{Number of youth not economically active} \\ \text{and unemployed youth who are in education or training})\end{array}}{\text{Total number of youth}} \times 100$$

For a specific component of the youth population, the NEET is the percentage of this group who are not in employment and not in education or training. For example, the rural NEET would be calculated as:

$$\text{NEETr (\%)} = \frac{\begin{array}{c}\text{Number of rural unemployed youth} + \text{Number of rural youth not} \\ \text{economically active} - (\text{Number of rural youth not economically active} \\ \text{and rural unemployed youth who are in education or training})\end{array}}{\text{Total number of rural youth}} \times 100$$

---

5. See EMPL-5 and EMPL-1.

Concepts and definitions

For statistical purposes, the United Nations defines *youth* as those persons between the ages of 15 and 24 years, and as the age group recommended to define unemployed youth. In practice, many national statistics offices apply definitions of youth which differ from the international standard. Youth not economically active are youth who are not employed or unemployed.

According to the International Standard Classification of Education (ISCED), *education* is defined as organized and sustained communication designed to bring about learning.[6] Youth in both formal and non-formal educational programmes should be included in the scope of coverage for NEET. However, youth in informal educational programmes should not be included as they do not fall within the scope of ISCED for measuring participation in education.

Formal education is defined in ISCED as education that is institutionalized, intentional, and planned through public organizations and recognized private bodies which in their totality make up the formal education system of a country. *Non-formal education*, like formal education is defined in ISCED as education that is institutionalized, intentional and planned by an education provider but is considered an addition, alternative and/or a complement to formal education. *Informal learning*, which is to be excluded from the scope of NEET, is defined in ISCED as forms of learning that are intentional or deliberate, but not institutionalized.

The *training* concept as used in NEET refers to non-academic learning in which trainees acquire specific skills intended for vocational or technical jobs. *Vocational training* prepares trainees for jobs that are based on manual or practical activities, and for skilled operative jobs, both blue and white collar which are related to a specific trade, occupation or vocation. *Technical training*, on the other hand, imparts learning that can be applied in intermediate-level jobs, in particular those of technicians and middle managers.

The coverage of vocational and technical training includes only programmes that are solely school-based vocational and technical training. Employer-based training is, by definition, excluded from the scope of NEET.

Recommended data sources, metadata and disaggregation

The preferred official national data source for this indicator is a household-based labour force survey. The population census and/or other household surveys with an appropriate employment module can also be used to obtain the required data.

When the NEET is published, appropriate metadata (or statistical documentation information) regarding the data should be provided to users. For this indicator, it is recommended that information on the data source, data reference period, population coverage and geographic coverage be made available to data users. Moreover, the definition of youth (i.e. the age band) as well as of the concept of "in education and training" used to calculate the indicator should be made clear to data users. In some countries, more than one youth age group may be identified for policy purposes, for example ages 15−17 (adolescents of working age) and 18−24 (young adults).

The breakdown of NEET by sex can reveal differences in the extent to which young women and men are outside of the educational and training system and employment. A breakdown by geographical area (urban/rural) and by other relevant characteristics such as educational attainment[7] may inform policy actions in view of addressing the labour potential of the youth population. Similarly, breakdowns by youth who are not economically active can provide insights as to the reasons why youth who are in this group and want a job are not in the labour force, including for example discouragement, disability, lack of transportation, domestic chores, etc.

---

6. For more information, see the International Standard Classification of Education (ISCED) developed by UNESCO: http://www.uis.unesco.org/Education/Pages/international-standard-classification-of-education.aspx

7. For more information, please refer to ISCED-2011: http://www.uis.unesco.org/Education/Documents/UNESCO_GC_36C-19_ISCED_EN.pdf

Interpretation guidelines

A high NEET rate as compared with the youth unemployment rate could mean that a large number of youths are discouraged workers, or do not have access to education or training. Some of these youths may be unable to participate in education or in employment due to severe disabilities or lack of transportation among other factors, and it is important to evaluate such reasons for potential policy interventions.

A high NEET rate among females as compared with males is often an indication that female youths are engaged in household chores such as washing clothes, cooking, cleaning and taking care of siblings. Such activities can be detected in the labour force survey questionnaire with appropriate probing of persons who are not in the labour force or through time-use surveys. When they involve excessive hours, such activities prevent female youth from going to school, thus placing young women at risk of not gaining the skills they need to succeed in the labour market.

While the NEET rate includes unemployed and not-in-labour force youth who are not in training, it may be useful to analyse information on the availability of existing job skills development training and/or apprenticeships in the economy and the number of youth benefitting from such programmes (including separately the number of unemployed youth who benefit) together with the NEET.

If no job skills training or apprenticeship programmes exist, it could be useful to develop a core set of indicators related to the skills gap or requirements vis-à-vis jobs that exist or are likely to be in demand and that are suitable for youth at different levels of educational attainment. Such a core set of indicators could complement the NEET and provide information for policy action related to enhancing the youth labour supply and employability, for example through the development of targeted skills training or apprenticeship programmes.

EMPL-4. Informal employment rate (IER) – (M)

Measurement objective and rationale

Informal employment is a job-based concept and encompasses those jobs that generally lack basic social or legal protections or employment benefits and may be found in the formal sector, informal sector or households. Nearly all categories of informal sector employment are also classified as informal employment. The informal employment rate (IER) is considered an important indicator regarding the quality of employment in an economy, and is relevant to developing and developed countries alike.

Method of computation

The informal employment rate (IER) is defined as the percentage of persons in total employment who are in informal employment. The indicator is calculated as:

$$\text{IER (\%)} = \frac{\text{Number of employed persons in informal employment}}{\text{Total number of employed persons}} \times 100$$

For a specific group of the employed population, the IER is the percentage of this group that are in informal employment. For example, IER for women would be calculated as:

$$\text{IERw (\%)} = \frac{\text{Number of employed women in informal employment}}{\text{Total number of employed women}} \times 100$$

Concepts and definitions

The definition of *employment* is provided in the introduction to this chapter.

Two separate but related concepts of informality are relevant for this indicator: ***employment in the informal sector*** and ***informal employment***. These concepts refer to different aspects of the informalization of employment, as employment in the informal sector is an enterprise-based concept and informal employment is a job-based concept.

The ***informal sector*** consists of unregistered and/or small unincorporated private enterprises engaged in the production of goods or services for sale or barter.[8] The enterprises typically operate on a small scale at a low level of organization, with little or no division between labour and capital as factors of production.. Labour relations are based mostly on casual employment, kinship or personal and social relations. The fixed and other assets do not belong to the production units as such but to their owners, and the units cannot engage in transactions or enter into contracts with other units, nor incur liabilities, on their own behalf. An unincorporated enterprise is a production unit that is not constituted as a separate legal entity independently of the individual (or group of individuals) who owns it, and for which no complete set of accounts is kept.

Employment in the informal sector refers to the total number of jobs in informal sector enterprises. For practical reasons, the concept is measured as the number of persons employed in informal sector enterprises in their main job.[9]

The key characteristics of informal employment are that it is a job-based concept (focus on characteristics of the job) that includes: (1) all jobs (main and secondary jobs); (2) jobs in all types of production units; (3) workers in all status in employment; and (4) all branches of economic activity (agriculture and non-agriculture). This final element is particularly important in economies where subsistence agriculture exists.

Informal employment, which encompasses all of the jobs included in the concept of employment in the informal sector (except those which are classified as formal jobs in informal sector enterprises), refers to those jobs that generally lack basic social or legal protections or employment benefits and may be found in formal sector enterprises, informal sector enterprises or households.[10]

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 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 they are considered employed given that the production comprises an important contribution to total household consumption.

For operational reasons the concept is measured as the number of persons employed (and not the number of jobs) in informal employment in their main job. Where they exist, employees holding formal jobs in informal sector enterprises should be *excluded* from informal employment.

As regards (v) above, 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 (such as advance notice of dismissal, severance pay, paid annual or sick leave).

---

8. ILO: *Resolution concerning statistics of employment in the informal sector* adopted by the 15th ICLS (January 1993).
9. ILO: *Resolution concerning statistics of employment in the informal sector* adopted by the 15th ICLS (January 1993).
10. ILO: *Guidelines concerning a statistical definition of informal employment* adopted by the 17th ICLS (November 2003).

Recommended data sources, metadata and disaggregation

The preferred official national data source for this indicator is a household-based labour force survey which should include questions specifically designed to capture information on informal employment. Other household surveys with an appropriate employment module that includes questions targeting informal employment can also be used to obtain the required data.

When the IER is published, appropriate metadata (or statistical documentation information) regarding the data should be provided to users. For the IER, it is recommended that information on the data source, data reference period, population coverage and geographic coverage be made available to data users. Moreover, it is essential that data users be informed regarding the operational definition used to define informal employment.

The breakdown of the IER by sex is useful for understanding gender differentials. The IER may also be disaggregated by age group (including child labour categories) to obtain the age profile of informal employment, and by other classifications including geographic area (urban/rural) and educational attainment. Disaggregating informal employment by status in employment and simultaneously by type of production unit (formal sector enterprises, informal sector enterprises, and households) is also recommended. New indicators may be obtained from these component categories.

Given its relatively low volatility, the frequency of data collection and dissemination for the IER may be less than that for other key employment opportunities indicators such as the unemployment rate.

Interpretation guidelines

A decreasing IER indicates progress as regards the proportion of persons employed that generally lack basic social or legal protections or employment benefits, whether they work in the formal sector, informal sector, or households.

As informal employment is comprised of several component categories defined by status in employment and type of production unit, data users are advised to analyse the levels and changes in component rates which may differ in direction and magnitude from the overall change in the IER. Analysts are encouraged to track those components which are numerically important and those in which workers are most likely to be at risk of poverty or not covered by social safety nets. Thus, countries with high concentrations of self-employed workers may wish to monitor the trends in component groups such as contributing family workers and workers producing goods for their own final use.

Employees in informal employment and its subcomponents (such as those in the formal sector, or paid domestic workers) may be of particular relevance to countries with a high proportion of employees in total employment where the informal sector is very small. Analysing the levels and trends of the component categories of informal employment will be critical to addressing policy needs.

It is also recommended that data users analyse the trends of the proportion of total employment in the informal sector and evaluate this jointly with changes in the IER to analyse the interaction between the two indicators. Employment in the informal economy is defined as the sum of employment in the informal sector and informal employment which is outside the informal sector. It is also useful to track this aggregate indicator to understand the full dimensions of informality in an economy.

The IER is an indicator which reflects the social, economic and legal framework context in an economy and may vary over the medium or long term depending on changes in this context. It may be helpful to analyse the IER jointly with other decent work indicators classified under Chapter 3, Adequate earnings and productive work – as informal employment does not by itself indicate poor employment-related income or earnings – under Chapter 4, Decent working hours and Chapter 7, Stability and security of work.

EMPL-5. Labour force participation rate (LFPR) – (A)

Measurement objective and rationale

The labour force participation rate (LFPR) provides information about the relative size of the supply of labour currently available for the production of goods and services in an economy. It is a key indicator of the potential for economic growth.

Method of computation

The LFPR is defined as the number of persons in the labour force given as a percentage of the working-age population. The indicator is calculated as:

$$\text{LFPR (\%)} = \frac{\text{Number of persons employed + Number of persons unemployed}}{\text{Total number of persons in the working-age population}} \times 100$$

For a given group of the working-age population, the LFPR is the percentage of this group that is in the labour force. For example, the LFPR for women would be calculated as:

$$\text{LFPRw (\%)} = \frac{\text{Number of women employed + Number of women unemployed}}{\text{Total number of women in the working-age population}} \times 100$$

Concepts and definitions

For the definitions of *employment*, *unemployment*, *labour force* and *working-age population*, see the introduction to this chapter.

Recommended data sources, metadata and disaggregation

The preferred official national data source for this indicator is a household-based labour force survey.[11] The population census and/or other household surveys with an appropriate employment module may also be used to obtain the required data.

When the LFPR is published, appropriate metadata (or statistical documentation information) regarding the data should be provided to users. It is recommended that as minimum information, data on the source, reference period, population coverage and geographic coverage be made easily available to data users.

The breakdown of this indicator by sex and age gives a more detailed profile of the demographic structure of the labour supply in the economy. Disaggregation by classifications such as geographic area (urban/rural) and educational attainment are also valuable for analysis.

Interpretation guidelines

As an indicator of the overall labour supply in an economy, the LFPR is generally relatively stable over the short term as compared with the unemployment rate. It may vary over the medium-to-long term reflecting the impact of socio-cultural, demographic, economic, and legal framework changes as well as employment and educational policy initiatives. For example, increases in the legal school leaving age could reduce the value of the LFPR, while rising educational attainment among women and an increasing acceptance of women's participation in the labour market often leads to a higher LFPR.

There is no optimal value of the LFPR and the indicator alone is not sufficient for assessing the employment opportunities dimension of decent work. At the macroeconomic level, what is observed are average aggregated labour force participation rates for the whole population

---

11. For additional information on the labour force survey, please refer to the recommended data sources and metadata section of the indicator EMPL-1. Employment-to-population ratio (EPR), presented above in this chapter.

or subgroups (male, female, prime age, youth, etc.). Month-to-month changes or quarter-to-quarter changes in the LFPR should be evaluated using seasonally-adjusted data.

When analysing LFPR disaggregated by age group, the data often present an inverted U shape as the labour supply is relatively small among younger workers, then increases as successive age groups enter the labour market, and finally declines as older workers begin to exit the labour force for reasons of retirement, health or other reasons. The LFPR disaggregated by sex and age group presented on the same graph often reveals a "double inverted U" effect, with men's LFPR taking on higher values than women's for each respective age group. This reflects the fact that in many economies, men are still more likely than women to participate in the labour force.

Youth LFPRs are more sensitive to economic changes than adult LFPRs. During times of economic downturns, young workers who lack the job experience and tenure of adult workers are often more likely to become unemployed and also to exit the labour force as they become discouraged by the lack of job prospects or decide to return to school to gain new skills.

As a measure of the labour supply in an economy, the LFPR should be analysed together with the employment-to-population ratio (EPR), a key measure of labour demand. The joint analysis of the changes in the EPR and the LFPR is essential to understanding movements in the unemployment rate (UR).

EMPL-6. Youth unemployment rate (YUR) – (A)

Measurement objective and rationale

This indicator reflects the extent to which youth are available to work and are seeking employment in a given economy. As youth often have little or no work experience, they usually suffer higher unemployment rates and have fewer employment opportunities (often in jobs with low pay and poor social protection) as compared with adults.

Method of computation

The youth unemployment rate (YUR) is defined as the proportion of the youth labour force that is unemployed. The indicator is calculated as:

$$\text{YUR (\%)} = \frac{\text{Number of unemployed youths}}{\text{Total number of persons in the youth labour force}} \times 100$$

For a given group of unemployed youth, the YUR is the percentage of this group that is unemployed. For example, the YUR for females would be calculated as:

$$\text{YURf (\%)} = \frac{\text{Number of unemployed female youths}}{\text{Total number of females in the youth labour force}} \times 100$$

Concepts and definitions

For the definitions related to *unemployment* and *labour force*, see the introduction to this chapter.

For statistical purposes, the United Nations defines *youth* as those persons between the ages of 15 and 24 years, and as the age group recommended to define unemployed youth. It is thus recommended that the youth labour force refer to all persons aged 15−24 who are either employed or unemployed. In practice, many national statistics offices apply definitions of youth which differ from the international standard.

Recommended data sources, metadata and disaggregation

The preferred official national data source for this indicator is a household-based labour force survey. A population census and/or other household surveys with an employment module can be used to obtain the required data.

When the YUR is published, appropriate metadata (or statistical documentation information) regarding the data should be provided to users. For the YUR, it is recommended that information on the definition of youth, data source, data reference period, population coverage and geographic coverage be made available to data users. Moreover, it is essential that data users be informed whether the standard unemployment definition (which applies to all three criteria)[12] or the relaxed or partially relaxed definition of unemployment (where the job search criterion is not applied in all cases) is used.

The breakdown of the YUR by sex provides useful information on the different access to employment as experienced by female and male youths. The YUR may also be calculated for urban and rural areas, as well as for educational attainment groups, race or ethnicity and for other demographic groups that may demonstrate a differentiated access to employment or suffer from discrimination in the labour market. The YUR may also be disaggregated by age to enable the analysis of unemployment differences between component youth groups, for example, between those aged 15–17 (children) and 18–24 (young adults).

Interpretation guidelines

As in the case of the unemployment rate, progress in the YUR is measured by achieving acceptably low levels. Given that frictional unemployment is always present as new entrants and re-entrants begin their job search and that structural unemployment is also commonly present as economic activity-occupation staffing patterns shift over time, the YUR can be expected to remain above zero. For additional interpretation guidelines regarding the unemployment rate which also generally apply to the YUR, please see the section on the unemployment rate (UR).

The YUR is typically two to three times higher than the adult unemployment rates in economies throughout the world. One reason is that youth comprise the majority of first-time job seekers, who usually have difficulties finding employment due to lack of experience and inadequate access to job vacancy information. Another factor is that youth tend to have high job turnover rates and at each separation they risk a spell of unemployment.

There are gender differences in the unemployment experience of young persons. Female youth tend to have higher unemployment rates than their male counterparts, but this varies by country. Possible explanations are similar to those for the total female labour force described previously under EMPL-2. Like the UR, the YUR is relatively volatile. Monthly or quarterly changes in the YUR should be evaluated using seasonally-adjusted data.

As in the case of the UR, YUR trends should be analysed jointly with changes in measures of total youth labour supply, in particular the youth labour force participation rate, and youth labour demand, especially the youth employment-to-population ratio. Declining youth unemployment rates could in some cases signal not an increasing labour demand for young workers, but a falling labour supply among youth.

It may also be useful to examine the YUR in relation to the following supplementary indicators: (a) ratio of the youth unemployment rate to the adult unemployment rate, (b) youth unemployment as a proportion of the total unemployment, and (c) youth unemployment as a proportion of the youth population.

Information on the availability of existing job skills development training and/or apprenticeships and the number of youth benefitting from such programmes (including separately the number of unemployed youth who benefit) should be collected and analysed jointly with the YUR. It is useful to monitor job placement of youth who have completed these programmes in order to monitor their effectiveness.

---

12. The only exception might be for future starters; that is, persons who are not working, but available to work and expect to start a job within a limited time period.

EMPL-7. Unemployment by level of educational attainment (ULEA) – (A)

Measurement objective and rationale

The indicator for unemployment by level of educational attainment (ULEA) aims to provide insights into the human capital dimension of unemployment with the potential implications that is has for both employment and education policy.

Method of computation

ULEA is defined as the number of unemployed persons with a specified level of educational attainment given as a percentage of the total number of persons who are unemployed. The indicator is calculated as:

$$\text{ULEA (\%)} = \frac{\text{Number of unemployed persons with a given level of educational attainment}}{\text{Total number of persons who are unemployed}} \times 100$$

For a given group of the unemployed, the ULEA is the percentage of this group that has a given educational attainment level. For example, the ULEA for women would be calculated as:

$$\text{ULEAw (\%)} = \frac{\text{Number of unemployed women with a given level of educational attainment}}{\text{Total number of women who are unemployed}} \times 100$$

Concepts and definitions

For the definition of *unemployment*, see the introduction to this chapter.

The *five levels of educational attainment* recommended are: (i) no schooling (less than 1 year); (ii) pre-primary level (less than primary); (iii) primary level; (iv) secondary level; and (v) tertiary level. The levels are based on the following categories of the International Standard Classification of Education, 1997 (ISCED-97): no schooling (category X); pre-primary education (Level 0); primary education or first stage of basic education (Level 1); lower secondary or second stage of basic education (Level 2); upper secondary education (Level 3); post-secondary non-tertiary education (Level 4); first stage of tertiary education (Level 5); and second stage of tertiary education (Level 6).[13]

Recommended data sources, metadata and disaggregation

The preferred official national data source for this indicator is a household-based labour force survey. A population census and/or other household surveys with an appropriate employment module may also be used to obtain the required data. Unemployment registers can also serve as instruments to collect data on unemployment levels, and are commonly used in many EUROSTAT Member states to supplement the information obtained in quarterly labour force surveys.

When the ULEA is published, appropriate metadata (or statistical documentation information) regarding the data should be provided to users. For the ULEA, it is recommended that information on the data source, data reference period, population coverage and geographic coverage be made available to data users. It is essential that data users be informed whether the standard unemployment definition (which applies to all three criteria)[14] or the relaxed or partially relaxed definition of unemployment (where the job search criterion is not applied in all cases) is used. Moreover, the definitions for the educational attainment levels should be provided to users.

---

13. United Nations Educational, Scientific and Cultural Organization: *International Standard Classification of Education* (ISCED-97) (UNESCO, 1997). http://www.uis.unesco.org/TEMPLATE/pdf/isced/ISCED_A.pdf

14. The only exception might be for future starters; that is, persons who are not working, but available to work and expect to start a job within a limited time period.

The breakdown of this indicator by sex provides information for the analysis of gender differences in the unemployed by educational attainment. The indicator can also be analysed for urban and rural areas, ethnicity and for other demographic groups that may demonstrate a differentiated access to education or employment and thus suffer from discrimination in the labour market.

Interpretation guidelines

Progress is achieved when the ULEA for different educational attainment groups reaches acceptably low levels and when gaps between different educational attainment groups are also acceptably low. Achieving acceptable levels should be considered in the context of national circumstances. However, as in the case of the unemployment rate (UR), the ULEA alone will not adequately reflect labour underutilization. It should also be analysed together with complementary measures of labour slack and labour underutilization, including time-related underemployment and discouraged workers whose ranks often increase during periods of economic weakness or recession.

ULEA levels and trends over time should be analysed together with the volume of unemployment in each educational attainment group to understand whether unemployment affects a large number of people in selected groups.

In many economies, unemployment rates are often highest among persons with lower levels of educational attainment. This reflects the fact that the demand for workers with higher levels of educational attainment (with more professional and technical skills) is higher in many economies than that for workers with lower levels of schooling (less skilled workers). However, in countries where unemployment insurance schemes or social safety nets are weak or non-existent, persons with lower levels of education without alternative income sources will need to find or create employment for themselves, resulting in downward pressure on the unemployment rate for this group in particular. This is especially true in rural areas where the educational infrastructure is weak and subsistence farming is prevalent. Such factors should be taken into consideration when interpreting results.

EMPL-8. Employment by status in employment (ESE) – (A)

Measurement objective and rationale

Employment by status in employment (ESE) provides information on how jobs held by persons are classified, based on the associated type of economic risk and the type of authority of job incumbents over establishments and other workers.

Method of computation

The ESE refers to the number of workers in each category of the status in employment classification given as a percentage of the employed population. The indicator is calculated as:

$$\text{ESE (\%)} = \frac{\text{Number of workers in a given status in employment category}}{\text{Total employed population}} \times 100$$

For a given group of the total employed population, the ESE is the percentage of this group that is classified in a given status in employment category. For example, the ESE for women would be calculated as:

$$\text{ESEw (\%)} = \frac{\text{Number of employed women in a given status in employment category}}{\text{Total number of women who are employed}} \times 100$$

Concepts and definitions

For the definition *of employment*, see the introduction to this chapter.

As defined by the *International Classification of Status in Employment* (ICSE-93), employed persons are classified according to the following categories: (a) employees; (b) employers; (c) members of producers' cooperatives; (d) own-account workers; (e) contributing family workers (formerly referred to as unpaid family workers); and (e) workers not classifiable by status.[15]

The groups in the ICSE-93 are defined with reference to the distinction between "paid employment" jobs and "self-employment" jobs. *Paid employment jobs* are those jobs where the incumbents hold explicit (written or oral) or implicit employment contracts which give them a basic remuneration not directly dependent upon the revenue of the unit for which they work. *Self-employment jobs* are those jobs where the remuneration is directly dependent upon the profits (or the potential for profits) derived from the goods and services produced (where own consumption is considered to be part of profits). The incumbents make the operational decisions affecting the enterprise, or delegate such decisions while retaining responsibility for the welfare of the enterprise.

Employees are all those workers who hold "paid employment jobs". It is often useful to differentiate between key components of the employee group. *Employees with stable contracts* are those employees who have had, and continue to have, an explicit (written or oral) or implicit contract of employment, or a succession of such contracts, with the same employer on a continuous basis. *Regular employees* are those employees with stable contracts for whom the employing organization is responsible for payment of relevant taxes and social security contributions and/or where the contractual relationship is subject to national labour legislation.

Employers are those workers who, working on their own account or with one or a few partners, hold a 'self-employment job', and, in this capacity, on a continuous basis have engaged one or more persons to work for them in their business as employee(s). The partners may or may not be members of the same family or household.

Own-account workers are those workers who, working on their own account or with one or more partners, hold a 'self-employment job' and have not engaged *on a continuous basis* any employees to work for them during the reference period. The partners may or may not be members of the same family or household.

Members of producers' cooperatives are workers who hold a 'self-employment' job in a co-operative producing goods and services, in which each member takes part on an equal footing with other members in determining the organization of production, sales and/or other work of the establishment, the investments and the distribution of the proceeds of the establishment amongst their members.

Contributing family workers (CFW) are those workers who hold a 'self-employment' job in a market-oriented establishment operated by a related person living in the same household, who cannot be regarded as partners, because their degree of commitment to the operation of the establishment, in terms of working time or other key factors, is not at a comparable level to that of the head of the establishment.

---

15. ILO: *Resolution concerning the International Classification of Status in Employment (ICSE)* adopted by the Fifteenth International Conference of Labour Statisticians (Geneva, January 1993). Available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---integration/---stat/documents/normativeinstrument/wcms_087562.pdf

Recommended data sources, metadata and disaggregation

The preferred official national data source for this indicator is a household-based labour force survey. This instrument permits the estimation of the number of persons employed. It generally covers all workers, including all self-employed persons and often allows disaggregation of data by demographic variables such as sex, age group and in some cases, ethnic group.

Other household surveys with an appropriate employment module may also be used to obtain the required data to calculate the ESE, and employment-related administrative records may serve as an additional source. Nonetheless, such sources may have limitations related to periodicity, geographic coverage or worker coverage about which data users should be made aware.

When the ESE is published, appropriate metadata (or statistical documentation information) regarding the data should be provided to users. For the EPR, it is recommended that information on the data source, data reference period, population coverage, definition of status of employment categories and geographic coverage be made easily available to data users.

Disaggregation of the ESE by component groups such as sex, age group, and urban and rural areas, provides measures by which to evaluate the relative differences in employment cross-tabulated by status in employment and simultaneously with a selected key variable. Care must be taken to ensure the statistical reliability of such cross-tabulations if the estimates are derived from a sample survey.

Interpretation guidelines

Classification of an employed person into any of the aforementioned status in employment categories by itself is not an indication of decent work and data users are encouraged to analyse the indicator with complementary indicators which provide information regarding decent work deficits among the component categories. However, to the extent that the categories reveal a degree of economic risk and type of authority, the categories by their definitions do suggest some important differences.

The category of employees is a heterogeneous group that includes both formal and informal workers and workers in the formal and informal sectors. As a result, analysing the informal characteristics of employees should be done together with the analysis of the extent to which employees have stable versus unstable contracts and the extent to which there are regular versus irregular employees in the economy. Regular employees are the most privileged component group (among employees) while irregular employees and those with unstable contracts are characterized by decent work deficits in this particular dimension.

Each of the ICSE categories corresponding to self-employed jobs (that is, employers, own-account workers, members of producers' cooperatives and contributing family workers) is characterized as having a greater degree of economic risk than that of employees since their remuneration is directly dependent upon the profits or potential for profits. However, employers, by definition, hold positions of authority over employees while own-account workers and producers' cooperatives may supervise other workers including employees.[16]

Therefore, a clear hierarchy does not exist among these self-employed and employee groups in terms of *both* economic risk and authority. Nonetheless, contributing family workers are viewed as having the highest economic risk and least authority of all the groups, and are thus at greatest risk of decent work deficits in this dimension.

The analysis of the indicator disaggregated by sex is recommended in order to understand the different experiences of men and women as regards status in employment. For example, in countries where contributing family workers are prevalent, it is common for the majority of these to be women. It follows that these female workers experience a higher degree of economic risk and greater lack of authority vis-à-vis other status in employment categories.

Since employment by status in employment reflects the structure of employment, changes in the indicator can be expected to occur slowly over time. Economic development is often accompanied by an increasing proportion of employees and a decline in self-employment jobs.

---

16. According to the ICSE-93, own-account workers may supervise employees but not on a continuous basis.

Moreover, it is recommended that the indicator be analysed together with complementary indicators disaggregated by status in employment which may point to decent work deficits in key areas including informal employment, employment-related income (or earnings in the case of employees), and excessive hours of work. To the extent that certain status-in-employment categories like contributing family workers (CFW) are associated with notable decent work deficits, progress in the indicator would be achieved by a declining trend in that particular component (fewer CFW relative to total employment) and/or by progress made vis-à-vis the complementary indicators which establish decent work deficits in that worker category.

EMPL-9. Proportion of own-account workers and contributing family workers in total employment (POACFW) – (A)

Measurement objective and rationale

This indicator provides information regarding the proportion of workers whose status in employment may place them at a higher degree of economic risk than other employed persons. It is an aggregation of two of the components of indicator EMPL-8, Employment by status in employment (ESE).[17]

Method of computation

The POAFCW is defined as the percentage of total employed persons who are own-account workers or contributing family workers. It is calculated as:

$$\text{POACFW (\%)} = \frac{\text{Total number of own-account workers and contributing family workers}}{\text{Total employed population}} \times 100$$

For a given group of the total employed population, the POACFW is the percentage of this group that is classified as own-account workers and contributing family workers. For example, the POACFW for women would be calculated as:

$$\text{POACFWw (\%)} = \frac{\text{Number of women own-account workers} + \text{women contributing family workers}}{\text{Total number of women who are employed}} \times 100$$

Concepts and definitions

For the definition of *employment*, see the introduction to this chapter.

For the definitions associated with *own-account workers* and *contributing family workers* see the section on concepts and definitions under indicator EMPL-8, Employment by status in employment.

Recommended data sources, metadata and disaggregation

The preferred official national data source for this indicator is a household-based labour force survey. Other household surveys with an appropriate employment module may also be used to obtain the required data to calculate the POACFW, and employment-related administrative

---

17. It should be noted, as indicated under indicator EMPL-8, Employment by status in employment (ESE), that status in employment categories other than own-account workers and contributing family workers may also experience decent work deficits in specific dimensions. Thus for example, employees with unstable contracts and irregular employees do not meet the standards of decent work in that dimension.

records may serve as an additional source. Nonetheless, such sources may have limitations related to periodicity, geographic coverage or worker coverage about which data users should be made aware. When the POACFW is published, appropriate metadata (or statistical documentation information) regarding the data should be provided to users. For the POACFW, it is recommended that information on the data source, data reference period, population coverage, definitions used for own-account workers and contributing family workers, and geographic coverage be made easily available to data users.

Disaggregation of the POACFW by component groups such as sex and urban and rural areas provides information to help evaluate the relative differences within the aggregate group of own-account and contributing family workers by one of these key variables. Care must be taken to ensure the statistical reliability of such cross-tabulations if the estimates are derived from a sample survey.

Interpretation guidelines

As stated under indicator EMPL-8, Employment by status in employment (ESE), contributing family workers (CFW) (workers who hold a self-employment job in a market-oriented establishment operated by a related person living in the same household) are viewed as having the highest economic risk and least authority of all the status in employment groups, and are therefore at greatest risk of decent work deficits in this dimension.

By virtue of their status in employment, CFW are classified in informal employment reflecting the fact that they are likely to hold jobs without clearly agreed working conditions or social protection. In many economies, CFW tend to be women, warranting disaggregation and analysis of the indicator by sex.

Some own-account workers (that is, workers holding self-employment jobs who may be working alone or with one or more partners and have not hired any employees on a continuous basis) may have inadequate employment conditions (for example, inadequate employment-related income and excessive hours) and jobs of short duration. This may be especially true in developing countries among many own-account informal sector enterprises and own-account subsistence agriculture production units.

Thus, high levels of the indicator may point to inadequate employment conditions. However, in order to establish *actual decent work deficits* among own-account workers and CFW, the indicator should be analysed together with other indicators, including informal employment of own-account workers and CFW, employment-related income of such workers relative to cost of living, excessive hours and social protection coverage. To the extent that the indicator is associated with decent work deficits, progress in the indicator would be achieved by a declining trend over time and/or by progress made as regards the complementary indicators which establish decent work deficits in specific dimensions.

EMPL-10. Share of wage employment in non-agricultural employment (SENAE) – (A)

Measurement objective and rationale

The share of wage employment in non-agricultural employment (SENAE) provides information about the proportion of employees in the non-agricultural sector. Employees may be exposed to less economic risk than some categories of self-employed workers; however, this applies primarily to employees with stable contracts and in particular to regular employees, as defined by the International Classification of Status in Employment, ICSE-93. Regular employees are the most privileged component group of employees while irregular employees and those with unstable contracts are characterized by decent work deficits in this particular dimension.

Method of computation

The SENAE is defined as the percentage of total employment in the non-agricultural sector that is represented by employees. The indicator is calculated as:

$$\text{SENAE (\%)} = \frac{\text{Number of employees in the non-agricultural sector}}{\text{Total employment in the non-agricultural sector}} \times 100$$

For a given group of the total employed population in the non-agricultural sector, the SENAE is the percentage of this group that is classified as employees. For example, the SENAE for women would be calculated as:

$$\text{SENAEw (\%)} = \frac{\text{Number of women employees in the non-agricultural sector}}{\text{Total women in employment in the non-agricultural sector}} \times 100$$

Concepts and definitions

For the definition of *employment,* see the introduction to this chapter.

For the definition of *employees*, see the section on concepts and definitions under indicator EMPL-8, Employment by status in employment.

This indicator is defined in part by the *classification of economic activity*, in particular, the non-agricultural sector. The classification by economic activity refers to the main activity of the establishment in which a person worked during the reference period.

If possible, the classification used should be the International Standard Industrial Classification of All Economic Activities (ISIC), which provides a framework for the international comparison of national statistics, or a national classification that allows easy conversion to the ISIC. Moreover, it is best to use the latest version, ISIC Revision 4.

The non-agricultural sector comprises industry and services activities. Industry includes mining and quarrying (including oil production), manufacturing, construction, electricity, gas, and water (categories B-F in ISIC Rev. 4). Services include wholesale and retail trade and restaurants and hotels; transport, storage, and communications; financing, insurance, real estate and business services; and community, social and personal services (categories G-U in ISIC Rev. 4).[18]

Recommended data sources, metadata and disaggregation

The preferred official national data source for this indicator is a household-based labour force survey (LFS) or an employment-based establishment survey with good coverage of non-agricultural sectors. A LFS permits the estimation of the *number of persons employed* and generally allows disaggregation of data by economic activity and demographic variables such as sex, age group, etc. An establishment survey captures the *number of jobs* by economic activity and may be used to calculate ESE if it allows disaggregation of data by sex.

Other household surveys with an appropriate employment module may also be used to obtain the required data to calculate the indicator, and employment-related administrative records may serve as an additional source. Nonetheless, such sources may have limitations related to periodicity, geographic coverage or worker coverage about which data users should be made aware.

When the SENAE is published, appropriate metadata (or statistical documentation information) regarding the data should be provided to users. For the SENAE, it is recommended that information on the data source, data reference period, population coverage, definition of the non-agricultural sector, and geographic coverage be made easily available to data users.

Disaggregation of the SENAE by key variables such as sex, age group, educational attainment, economic activity group within the non-agricultural sector, working time (hours actually

---

18. UNSD: *International Standard Industrial Classification of All Economic Activities (ISIC) Rev. 4* (New York, 2008). Available at: http://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=27

worked or hours paid for and working time arrangements), and establishment size may provide useful information for analysing the relative differences between employees in non-agricultural employment. Care must be taken to ensure the statistical reliability of such cross-tabulations if the estimates are derived from a sample survey.

In order to help understand the nature of employee contracts in the economy and thus interpret appropriately the changes in the indicator, it is recommended that the total number of eemployees in the non-agricultural sector be disaggregated by (1) those with stable contracts and (2) regular employees.

Interpretation guidelines

Classification of an employed person as an employee or engaged in a given economic activity or aggregate grouping (in this case, non-agricultural employment) by itself is not an indication of decent work, and data users are encouraged to analyse the indicator jointly with complementary indicators such as earnings and excessive hours of employees.

This category of employees is a heterogeneous group that includes both formal and informal employees and employees in the formal and informal sectors. Analysing the incidence of informality among this category of workers is therefore recommended. Moreover, it is recommended that data users analyse the extent to which employees have stable versus unstable contracts and also the extent to which regular versus irregular employees are employed in the economy. Regular employees are the most privileged component group of employees while irregular employees and those with unstable contracts are characterized by decent work deficits in this particular dimension.

The analysis of the indicator disaggregated by sex is recommended in order to measure the degree to which women have equal access to paid employment in the industry and services sectors. It also provides information on the openness of labour markets to women in these sectors. In this case too, joint analysis with complementary indicators (earnings, excessive hours) and type of employees is recommended.

Changes in this indicator can be expected to occur slowly over time given that the categories relating to status in employment and economic activity classification reflect the structure of employment. Economic development is often accompanied by an increasing proportion of employees and a decline in self-employment jobs. Employees can be found in establishments of all sizes and it is therefore useful to analyse the indicator by establishment size.

A progress would be achieved by an increase of the indicator if employees are not associated with notable decent work deficits (high proportions of unstable contracts and irregular employees, excessive hours, low earnings, high rates of informal employees). The increase of the indicator needs to be analyzed with the progress made vis-à-vis the indicators which establish the decent work deficits among the group (for example, by achieving higher proportions of stable and regular contracts among employees).

The value of this indicator could decrease through an increase in the number of employed persons engaged in self-employment, for example as a result of rural-urban migration. In recent years, with urbanization and rapid rural-urban migration, non-agricultural wage employment has not been able to keep pace with urban population growth. Many urban workers, unsuccessful in finding suitable wage employment, rely on self-employment to support themselves and their families.

LEGAL FRAMEWORK INDICATOR 2
Government commitment to full employment

Scope
An employment policy contains the state's strategy to achieve full productive and freely chosen employment, to overcome unemployment and underemployment, to stimulate economic growth and development, raise levels of living, and meet workforce requirements.

Selected ILS on employment policy
The Employment Policy Convention, 1964 (No. 122), a governance Convention, requires ratifying states to declare and pursue an *active employment policy* designed to promote full, productive and freely chosen employment. This policy needs to take due account of the stage and level of economic development and the mutual relationships between employment objectives and other economic and social objectives, and is pursued by methods that are appropriate to national conditions and practices. Convention No. 122 also requires ratifying states to consult workers' and employers' representatives and representatives of other persons affected such as those working in the rural sector and the informal economy.

Information provided in the indicator

> **Law, policy or institutions:** Information concerning the national law or stated government policy committing to full employment; the structure in place to implement/stimulate full employment, including its membership and date of last meeting.
>
> **Evidence of implementation effectiveness:** Comments of the ILO supervisory bodies (if any).
>
> **Ratification of ILO Conventions:** Employment Policy Convention, 1964 (No. 122).

Additional sources of information
ILO sources
- CEACR: General Survey concerning employment instruments in light of the 2008 Declaration on Social Justice for a Fair Globalization, ILC, 99th Session, 2010 (http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_123390.pdf) and Article 19 Government report (if Convention No. 122 has not been ratified);
- Employment Sector website (http://www.ilo.org/employment/lang--en/index.htm).

LEGAL FRAMEWORK INDICATOR 3
Unemployment insurance

Scope
Unemployment insurance aims to provide income support, usually over a limited period, to those who face temporary unemployment.

Selected ILS on unemployment insurance
The Social Security (Minimum Standards) Convention, 1952 (No. 102) and the Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168) are applicable in situations where earnings of a protected person, who is capable of, and available for, work are suspended or lost due to the inability to obtain suitable employment. Unemployment benefits are usually granted (1) after completion of a certain qualifying period of contributions or employment, and (2) for a limited period; the amount paid may depend on the previous salary or be a flat rate. Convention No. 102 covers nine branches of social security, including unemployment. Part IV provides for periodical payments, corresponding to at least 45 per cent of the reference wage. Convention No. 168 covers cases of full unemployment, partial unemployment (temporary reduction in the normal statutory hours of work) and suspension or reduction of earnings due to a temporary suspension of work (without break in the employment relationship). It provides for periodical payments, corresponding to at least 50 per cent of the reference wage. Beyond the initial period, it is possible to apply special rules of calculation; the total benefits to which the unemployed may be entitled must however guarantee them healthy and reasonable living conditions in accordance with national standards.

Information provided in the indicator

Law, policy or institutions: Information on national law requiring unemployment insurance; coverage of the law; information on who is considered unemployed under the law.

Qualifying Conditions: Duration/number of contributions, or other, to qualify?

Benefits (level and duration): Replacement level of the unemployment insurance and duration.

Financing: How are the benefits financed?

Evidence of implementation effectiveness: Comments by ILO supervisory bodies, if any.

Coverage of workers in law: Broad estimate of the workforce covered by the law.

Coverage of workers in practice: See SECU 1.

Ratification of ILO Conventions: The Social Security (Minimum Standards) Convention, 1952 (No. 102), Part IV and the Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168).

Additional sources of information
ILO sources
- CEACR: General Survey concerning social security instruments in light of the 2008 Declaration on Social Justice for a Fair Globalization, ILC, 100th Session, 2011 (*not yet published*) and Article 19 reports;
- SECSOC website – http://www.ilo.org/public/english/protection/secsoc/;
- GESS Country Profiles, (http://www.socialsecurityextension.org/gimi/gess/ShowCountryProfiles.do?aid=2);

Other sources
- ISSA Country Profiles (http://www.issa.int/aiss/Observatory/Country-Profiles);
- *Social security throughout the world:* http://www.socialsecurity.gov/policy/docs/progdesc/ssptw/

Adequate earnings and productive work

3

In order to be decent, work has to be productive and provide workers with adequate earnings. One of the objectives of the ILO, as set down in the Declaration of Philadelphia, is to ensure "a just share of the fruits of progress to all, and a minimum living wage to all employed and in need of such protection". Equally, promoting adequate earnings and productive work is a central element of the Decent Work Agenda and the Millennium Development Goals. Seven statistical indicators are introduced in this section to help countries to monitor the progress they have made in achieving this objective. The legal framework indicator corresponding to these statistical indicators is the statutory minimum wage.

Since many of the indicators share common concepts and definitions (See Table 1) this introduction provides some of the key concepts and definitions.

Wages: Wages in this context refer to total earnings, i.e. total regular remuneration received from employers, in cash and in kind. They include direct wages and salaries for time worked or work done, remuneration for time not worked (for example, paid annual leave), as well as bonuses and gratuities regularly received. They are reported gross, i.e. before deduction of taxes and mandatory contributions to social security, and exclude employers' contributions paid to social security and pension schemes in respect of their employees, as well as the benefits received by employees under these schemes. Earnings also exclude severance and termination pay.[1] The concept is relevant for EARN-2, EARN-3, EARN-4 and EARN-5.

Consumer Price Index (CPI): The Consumer Price Index measures changes over time in the general level of prices of consumer goods and services that households acquire, use or pay for consumption. It is constructed as a weighted average of a large number of elementary aggregate indices. Each of the elementary aggregate indices is estimated using a sample of prices for a defined set of goods and services obtained in, or by residents of, a specific region from a given set of outlets or other sources of consumption goods and services. The index aims to measure the change in consumer prices over time or it may also aim to measure the effects of price changes on the cost of achieving a constant standard of living (i.e. level of utility or welfare). This concept is called a cost-of-living index (COLI). For this indicator, the CPI is used to adjust for inflation and to provide the real average hourly earnings in a given occupation.[2] See CONT-5 for a more detailed definition of CPI. Information on the CPI is needed to convert nominal wages into real wages in EARN-3 and EARN-4.

---

1. ILO: *Resolution concerning an integrated system of wage statistics,* adopted by the Twelfth International Conference of Labour Statisticians (Geneva, October 1973). Available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_087496.pdf

2. ILO, IMF, OECD, Eurostat, UN, and WB: *Consumer price index manual. Theory and practice.* (Geneva, 2004); and UNECE: *Practical guide to producing Consumer Price Indices* (Geneva, 2009).

Table 3. Overview of decent work indicators for adequate earnings and productive work

Statistical Decent Work Indicators	Income concept	Coverage	Measure of central tendency	Preferred data source
EARN-1. Working Poor Rate (WPR) – (M)	Total household income/consumption	Total employed population	Mean equivalized per capita household income	HIES and LSMS with employment modules LFS with household income module
EARN-2. Low Pay Rate (LPR) – (M)	Gross earnings	All employees	Low-pay threshold based on median	LFS with earnings module Establishment surveys
EARN-3. Average Hourly Earnings in Selected Occupations (AHE) – (A)	Gross earnings	All employees	Mean, per hour	LFS with earnings module Establishment surveys
EARN-4. Average Real Wages – (A)	Gross earnings	All employees	Mean, per month	LFS with earnings module, establishment surveys
EARN-5. Minimum Wage as a Percentage of the Median Wage – (A)	Gross earnings	All employees	Median monthly wage as numerator	LFS with earnings module, establishment surveys, wage orders for minimum wage rates
EARN-6. Manufacturing Wage Index – (A)	n/a (Index of wage rates)	All employees in manufacturing	n/a (Index of wage rates)	Establishment surveys
EARN-7. Employees with Recent Job Training – (A)	n/a	All employees	n/a	LFS with module on training
Legal Framework Indicator: L4 – Statutory Minimum Wage				

Employed persons: Indicator EARN-1 is computed for all employed persons. Persons of working age are classified as employed if, during a short reference period such as a day or a week, (i) they did some work (even for just one hour) for pay, profit or family gain, in cash or in kind; or (ii) they were attached to a job or had an enterprise from which they were 'temporarily' absent during this period (for such reasons as illness, maternity, parental leave, holiday, training, industrial dispute). Employed persons include those persons of working age who worked for at least one hour during the reference period as contributing family workers (formerly referred to as unpaid family workers) working in a family business.[3]

It should be noted that the concept of employment does not include household members engaged in the provision of unpaid services for their own family use, such as cooking at home or caring for their own children as well as volunteers providing services to households for their own final use. These activities are not included within the production boundaries of the System of National Accounts (SNA).[4] However, persons engaged in the production of economic goods and services for their own and household consumption should be considered to be in self-employment if such production comprises an important contribution to the total consumption of the household.[5]

Employees: Indicators EARN-2, EARN-3, EARN-4, EARN-5 and EARN-7 are usually computed for all employees. Employees are all those workers who hold 'paid employment jobs'. These are jobs where the incumbents hold explicit (written or oral) or implicit employment contracts which give them a basic remuneration that is not directly dependent upon the revenue of the unit for which they work (this unit can be a corporation, a non-profit institution, a government unit or a household). Some or all of the tools, capital equipment, information systems and/or

3. ILO: *Resolution concerning statistics of the economically active population, employment, unemployment and underemployment*, adopted by the Thirteenth International Conference of Labour Statisticians (Geneva, October 1982). Available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---integration/---stat/documents/normativeinstrument/wcms_087481.pdf

4. UNSD: *System of National Accounts 2008* (New York, 2009). Available at: http://unstats.un.org/unsd/nationalaccount/docs/SNA2008.pdf

5. ILO: Ibid.

premises used by the incumbents may be owned by others, and the incumbents may work under the direct supervision of, or according to strict guidelines set by the owner(s) or persons in the owners' employment. Persons in 'paid employment jobs' are typically remunerated by wages and salaries, but may be paid by commission from sales, by piece-rates, bonuses or in-kind payments such as food, housing or training.[6]

6. ILO: *Resolution concerning the International Classification of Status in Employment (ICSE,*.adopted by the Fifteenth International Conference of Labour Statisticians (Geneva, January 1993). Available at: http://www.ilo.org/wcmsp5/ groups/public/---dgreports/---integration/---stat/documents/normativeinstrument/wcms_087562.pdf

STATISTICAL INDICATORS

EARN-1. Working poverty rate (WPR) – (M)

Measurement objective and rationale

The concept of the working poor aims to measure how many workers, despite being in employment, live in poverty. The working poverty rate therefore gives the proportion of the employed population living in households that are classified as poor, i.e. have consumption or income levels below a determined national or international poverty line. WPR is also an MDG indicator (1.6) for monitoring progress towards Goal 1: Eradicate extreme poverty and hunger, Target 1B: Achieve full and productive employment and Decent Work for all, including women and young people.

Method of computation

$$\text{WPR (\%)} = \frac{\text{Number of employed persons living in poor households}}{\text{Total number of employed}} \times 100$$

The above definition depends on the availability of household survey data which include poverty and employment variables together.

Concepts and definitions

For a definition of **employed persons**, see the introduction to this chapter.

Household in poverty: Households are defined as poor if their personal consumption expenditure or income is below a specified threshold, referred to as the "poverty line".[7] The threshold level can be set at the amount of net income necessary to buy a specified quantity of household goods and services, referred to as the "absolute poverty line". Alternatively, it is taken as a cut-off point in the distribution of consumption expenditure or income such as 60 per cent of the median value, referred to as the "relative poverty line". While many countries have established their own poverty line, and monitor progress towards eradicating working poverty accordingly, the international poverty line of 1.25 US$ in 2005 purchasing power parity (PPP$) is generally used to monitor progress under MDG Target 1B.

Recommended data sources and metadata

The preferred data source is a household survey with variables that can identify both the poverty status of households and give information on the economic activity of the household's members. Examples include household income and expenditure surveys (HIES), living standards measurement surveys (LSMS) with employment modules, or labour force surveys (LFS) that collect information on household income.

It has to be noted, however, that employment estimates derived from a household survey other than the labour force survey may not be robust due to the differences in the design and questionnaire of the survey and sampling.[8] Conversely, a labour force survey is not the best tool for collecting household consumption or income data given the shorter reference period, the limits of the questionnaire and survey implementation. A possibility is to use data from a household income and expenditure survey, as well as the labour force survey when the respondent

---

7. For a discussion of measures of welfare see A. Deaton: *The analysis of household surveys: A microeconometric approach* (The Johns Hopkins University Press, Baltimore, 1997); and J. Haughton and S: R. Khandker: *Handbook on Poverty and Inequality* (The World Bank, Washington, D.C., 2009).

8. E. Bardasi. et al.: "Do Labor Statistics Depend on How and to Whom the Questions Are Asked? Results from a Survey Experiment in Tanzania," *World Bank Economic Review* (2011), advance access published online June 14, 2011.

households are matched, as is done, for instance, in the Philippines.[9] Given the shortcomings that many HIES/LSMS and related surveys have in terms of probing questions to determine employment status, when the surveys are good enough to obtain working poverty estimates, it is necessary to document metadata, such as the reference period for employment, and whether certain categories of workers are excluded. In order to determine likely biases in the working poverty estimate, it is also desirable to compare the employment and unemployment rates derived from the HIES/LSMS to estimates derived from a labour force survey from the same year. Disaggregation by sex and location (urban/rural) is highly recommended. Other informative breakdowns can be done by age band, economic activity, status in employment and education level.

Interpretation guidelines

The WPR combines the data on household income/consumption with that of labour market indicators measured at the individual level and sheds light on the relationship between poverty and employment. Generally, the more a country is developed, the smaller its absolute WPR should be. In other words, countries with lower levels of labour productivity and wages, higher shares of workers in subsistence agriculture and excessively high employment-to-population ratios are likely to have higher working poverty rates. If national poverty thresholds are used, this general pattern may not be the case.

Note that poverty is a concept that is applied to households, and not to individuals. Based on the assumption that households pool their income, the question asked is whether a household's total income is sufficient to lift the entire household out of poverty. The poverty status of a household is therefore a function of the income generated by those household members who work (plus of possible transfer payments) and the number of household members. Whether a worker is counted as working poor therefore depends on his own income, the income of other household members and the number of household members – for example, children – who need to be supported.

It is important to note that in some countries, household production for their own final use is an important component of consumption or income, although it is not yet systematically measured. If a country decides to include this kind of production in measuring living standards, the WPR may differ significantly. If the underlying data for calculating the WPR are not available, the low pay rate can be used to give information on the well-being of the working population, even though this indicator is limited to wage income and employees (see EARN-2).

EARN-2. Low pay rate (LPR) – (M)

Measurement objective and rationale

The low pay rate aims to capture how many paid employees are working for low wages. It is defined as the proportion of paid employees whose hourly wages at all jobs equal less than two-thirds of the median hourly wages of all employees.

Method of computation

$$\text{LPR (\%)} = \frac{\text{Number employees paid less than } ^2/_3 \text{ of median wage}}{\text{Total number of employees}} \times 100$$

9. United Nations Economic and Social Commission for Asia and the Pacific: *Micro- and Macro-based Approaches for Estimating Working Poverty*, Note by the Secretariat. United Nations Economic and Social Commission for Asia and the Pacific, Committee on Poverty Reduction, 12–14 December 2007. Available at: http://www.unescap. org/pdd/CPR/ CPR2007/English/CPR4_5E.pdfhttp://www.unescap. org/pdd/CPR/CPR2007/English/CPR4_5E.pdf

Concepts and definitions

For a definition of **employees** and **wages**, see the introduction to this chapter.

Recommended data sources and metadata

In order to be able to obtain earnings data on all jobs, labour force surveys or other household surveys that include an employment module should be used. In practice, sample surveys of establishments, such as an occupational or industry wage survey, provide data on the distribution of earnings and hours of work. Possibly, administrative records related to social security may be used as a source of data. However, when the data source is other than a household survey, not all paid jobs will be taken into account and the coverage of the data source is likely to be limited to formal sector establishments. This may give a partial view of the situation, especially in developing countries where the informal sector is a major source of employment.

While industrialized countries calculate the LPR with reference to hourly earnings (or convert part-time jobs into full-time equivalents), this information is often not available in reliable form for many developing countries. In this case, the LPR can be calculated on the basis of monthly earnings (although this is not ideal). When presenting the data, the reference period which was used should be made clear. Note that the LPR, as a relative indicator, can be calculated either on the basis of nominal wage data or on the basis of real wage data (i.e. adjusted for inflation).

The breakdown of the LPR by sex and location (urban/rural) is crucial. This and further breakdowns by occupation, economic activity, education and migration status can help to identify typical characteristics of low-paid workers, which can serve as a basis for policy interventions such as minimum-wage setting.

Interpretation guidelines

The LPR is a relative measure, which depends on the distribution of hourly earnings in a country. It is likely to decrease when the low-paid at the bottom end of the distribution increase their hourly earnings relative to other workers. If all workers increase (or decrease) their hourly earnings by relatively the same proportion the rate would remain the same. It is therefore useful to analyse the indicator in conjunction with EARN-4 that maps trends in average real wages. The use of the median wage as a reference point to establish the low-pay threshold helps to limit the influence of outliers in the wage data at the level of the threshold.

In addition to the analysis of time-series data, it is highly informative to compare low-pay incidence between different groups of workers. Typically, women workers have a higher incidence of low pay than men, and low pay tends to be concentrated in certain occupations or economic activities, for example, among domestic workers.

As a measure of "relative" low pay, this indicator complements the "absolute" measure provided by the working poverty rate (WPR). The joint analysis of both is thus necessary to obtain a better understanding of the adequacy of earnings and the relationship between income from employment and living standards. Typically, a decrease in the LPR will signal an improvement in the living conditions of workers at the bottom end of the wage distribution, and therefore contribute to a decline in the WPR. However, there can be cases where the creation of new, low-wage employment generates additional household income and an increase in the LPR coincides with a falling WPR.[10]

The cut-off point of two-thirds of the median hourly earnings used for the LPR may be unrealistic for developing countries, as in many of these countries this value would be below the absolute subsistence minimum. In such circumstances, it may be advisable to use the minimum living wage as the cut-off point instead, and to document the choice of the low-pay threshold in the metadata.

---

10. See Chapter 2 of the ILO, *Decent Work Country Profile for Austria* (Geneva, 2009).

EARN-3. Average hourly earnings in selected occupations (AHE) – (A)

Measurement objective and rationale

The AHE indicator refers to the arithmetic average of the hourly earnings of the paid employees in a given occupation. AHE provides information on the remuneration of paid employees in specific occupations and hence is more informative for targeted policy making. The choice of the occupations depends on the country and the size of the occupational group is an important determining factor.

Method of computation

AHE refers to the arithmetic average of the hourly earnings of paid employees in different occupations. The indicator is calculated as:

Step 1

Option a:

$$\text{AHE}_i = \frac{\text{Total earnings for paid employees in occupation}_i}{\text{Total hours worked by paid employees in occupation}_i}$$

Option b:

$$\text{AHE}_i = \frac{\sum_{j=1}^{n}(\text{AHE}_{ij} \times H_{ij})}{\sum_{j=1}^{n} H_{ij}}$$

Step 2

$$\text{Real AHE}_i = \frac{\text{AHE}_i}{\text{CPI}}$$

When calculating average hourly earnings from establishment surveys that usually contain firm-level data on total wages and total hours, Option 'a' is the natural choice to calculate AHE. However, when using household surveys, it can be difficult to compute total earnings and total hours worked. In this case, Option b can be used where a weighted average of the AHE of all workers in an occupation is calculated. Note that the hours worked are used as a weight so that the AHE of workers who work more hours have a greater weight.

When the indicator is computed from labour force surveys or other household surveys that contain data about the hourly earnings of individual employees, Option b is the natural choice for the first step, AHE_i refers to the average hourly earnings of individual, j, in occupation, i. Similarly H_{ij} refers to the number of hours worked by individual, j, in occupation, i. The numerator results in the sum of the total wage bill for all paid employees in occupation i, divided by the sum of total hours worked by paid employees in the same occupation. In effect, it calculates a weighted average of the hourly earnings off all employees in a given industry, where the number of hours worked serves as a weight.

Concepts and definitions

For a definition of **Consumer Price Index (CPI), wages** and **employees**, see the introduction to this chapter.

Recommended data sources and metadata

Sample surveys of establishments, such as occupational or industry wage surveys, provide data on average earnings and hours of work. In the absence of the above, labour force surveys and

other household surveys with employment and income data such as household budget surveys or household income surveys can be used. Possibly, administrative records related to social security may also be used as a source of data.

It is important to give information on the CPI used to adjust this indicator, for example, the end-of-year or average CPI and whether the reference periods of the numerator and the denominator match.

It is essential to study this indicator disaggregated by sex, and further disaggregation by age band (youth versus adult population) and location (urban/rural) can also be helpful. Disaggregation by educational attainment, status in employment and economic activity may be interesting if the sample size permits representative estimates.

Interpretation guidelines

The analysis of this indicator has to be conducted for different occupations separately in order to be sufficiently informative for policy making. In particular, it is useful for setting wage rates through collective bargaining and for minimum wage fixing in countries where minimum wage rates are set by occupation.

EARN-4. Average real wages (ARW) – (A)

Measurement objective and rationale

This indicator aims to capture the general evolution of wage income over time. Real wages have been defined in the *Resolution concerning the international comparison of real wages* adopted by the Eighth ICLS (1954) as the goods and services which can be purchased with wages or are provided as wages. They are calculated by dividing nominal monthly wages by the CPI in order to control for changes in consumer prices over time.

Method of computation

ARW refers to the arithmetic average of total monthly real earnings for employees for all jobs.

Step 1

$$\text{Average nominal earnings} = \frac{\text{Total nominal earnings per month}}{\text{Total number of employees}}$$

Step 2

$$\text{ARW} = \frac{\text{Average nominal earnings}}{\text{CPI}} \times 100$$

Concepts and definitions

For a definition of **Consumer Price Index (CPI), wages** and **employees**, see the introduction to this chapter.

Recommended data sources and metadata

The preferred sources of data are establishment surveys or labour force surveys that collect information on earnings. In the absence of the above, other household surveys with employment and income data such as household budget surveys or household income surveys can be used. When the data source is an establishment survey or an administrative record, not all jobs will be taken into account and the coverage of the data source is likely to be limited to formal sector

establishments. This may give a partial view of the situation, especially in developing countries where the informal sector is a major source of employment.

It is important to give information on the CPI used to adjust this indicator, for example, the end-of-year or average CPI and whether the reference periods of the numerator and the denominator match.

ARW should be disaggregated by sex and if possible by age band, location (urban/rural), status in employment and economic activity in order to inform policy making.

Interpretation guidelines

Note that real wage statistics are usually based on gross earnings. This affects the explanatory power of the indicator with regard to the monetary aspects of purchasing power, for which net wages are relevant (i.e. wages after deduction of taxes and mandatory contributions to social security).

Earnings data show fluctuations which reflect the influence of changes both in wage rates and in supplementary wage and non-wage payments. Weekly, daily and monthly earnings are also dependent on variations in hours of work. The fluctuations of average earnings obtained from global payrolls or responses to household surveys are also influenced by compositional changes, i.e. the relative importance of males, females, unskilled and skilled labour, full-time and part-time workers etc. among those in paid employment.

Sometimes, counter-intuitive developments can be observed over the business cycle. For example, during a recession low-skilled workers with temporary employment contracts might be the first to be dismissed by enterprises. Since the remaining work-force then consists of relatively better-paid workers, this can bias trends in average wages upwards. The reverse effect can sometimes be observed during the recovery, when low-paid workers are often the first to be re-hired. However, this effect is often dominated by changes in working time that generally decrease during a recession (and hence monthly wages fall) and increase during a recovery (when monthly wages rise as a result). Some countries therefore also compute average real monthly wages of full-time workers or full-time equivalents.

EARN-5. Minimum wage as percentage of median wage – (A)

Measurement objective and rationale

Statutory minimum wages benefit from the force of law and establish a wage floor in order to protect low-paid workers against unduly low wages. To determine the level of minimum wages in relation to the overall pay structure, the indicator expresses them as a percentage of median wages. For the latter, median monthly earnings is the preferred concept. They are based on the same definition as EARN-4 "Average Real Wages" except that they are expressed in nominal terms and that the measure of central tendency is the median (and not the mean).

Method of computation

This indicator refers to the minimum wage expressed as a percentage of median monthly wage and is calculated as:

$$\text{Monthly minimum wage as \% of median wage} = \frac{\text{Monthly minimum wage}}{\text{Median monthly wage}} \times 100$$

Concepts and definitions

For the definition of **wages**, see the introduction to this chapter. The denominator for this indicator corresponds to EARN-4, except that the measure of central tendency is the median (and

not the mean) and that the nominal value is used. This helps to minimize the impact of extreme values and outliers.

Minimum wages: Minimum wages benefit from the force of law and may be defined as the lowest level of wage rate permitted, which is enforceable under threat of penal or other appropriate sanctions. The Minimum Wage Fixing Convention, 1970 (No. 131), which considers that minimum wage systems are necessary to protect wage earners against unduly low wages, calls for setting levels that take into consideration: (a) the needs of workers and their families, taking into account the general level of wages in the country, the cost of living, social security benefits, and the relative living standards of other social groups; as well as (b) economic factors, including the requirements of economic development, levels of productivity and the desirability of attaining and maintaining a high level of employment.[11]

According to the Minimum Wage Fixing Recommendation, 1970 (No. 135), the minimum wage fixing machinery can take a variety of forms, such as the fixing of minimum wages by (a) statute; (b) decision of the competent authority, with or without formal provision for taking account of recommendations from other bodies; (c) decisions of wages boards or councils; (d) industrial or labour courts or tribunals; or (e) giving the force of law to provisions of collective agreements. The system of minimum wages may be applied either by fixing a single minimum wage of general application or by fixing a series of minimum wages applying to particular groups of workers.

When countries have multiple minimum wage rates, one option is to calculate a single national indicator by using as a numerator a weighted average of the different minimum wage rates or the most representative rate. An alternative is to calculate multiple indicators, for example by region or industry (depending on the minimum wage structure). In this case, both the minimum wage rate and the median wage should refer to the same group of paid employees.

Recommended data sources and metadata

The underlying data for the numerator can be obtained from official sources, such as wage orders or laws that set the minimum wage. The preferred sources of data for the denominator are establishment surveys that allow the estimation of the median earnings or labour force surveys that include information on income from paid employment. In the absence of the above, other household surveys with employment and income data such as household budget surveys, or household income surveys can be used. When the data source is other than a household survey, not all paid jobs will be taken into account and the coverage of the data source is likely to be limited to formal establishments.

When there is a change in minimum wages during the course of a given year, the valid value as of 30 June or as of 31 December is taken. The information on the level of minimum wage as well as its coverage should be indicated for each data point.

Interpretation guidelines

Expressing minimum wage (typically set between one-third and two-thirds of the median wage) as a percentage of the median earnings provides information on the relevance and potential effectiveness of the minimum wage in improving the relative position of low-paid workers in a given country. If a minimum wage is set at a very low level, it will not meet this objective. On the other hand, if the minimum wage is too high relative to the median wage, this may have negative effects on compliance and/or employment generation.

---

11. ILO: *The Minimum Wage Fixing Convention, 1970 (No. 131)*. Available at: http://www.ilo.org/ilolex/cgi-lex/convde.pl?C131

Measurement objective and rationale

The manufacturing wage index (MWI) is used to measure the change in wage rates in the manufacturing sector (Section C under ISIC Rev.4).[12] It measures how wage rates in the manufacturing sector in the latest year compare with those for the last base year when the index equalled 100. Statistics on average wages in manufacturing are also influenced by shifts in employment between different industries (for example, from textiles manufacturing to machinery manufacturing), hence the index controls for changes in the structure of employment in order to isolate the effect of changes in wage rates.

Method of computation

The manufacturing wage index is constructed as a Laspeyres price index.

$$\text{Manufacturing wage index} = \sum_{i=1}^{n}\left[\frac{w_i^t}{w_i^o}\times\left(\frac{w_i^o\times e_i^o}{\sum_{i=1}^{n}w_i^o\times e_i^o}\right)\right]$$

Where w_i^t is the average wage rate of employees in group i, for instance, employees working in the manufacturing of food products (it is possible to introduce additional variables such as sex and part-time/full-time workers in grouping employees), at current year t, and w_i^o is the average wage rate of employees in group i at base year o. The number of employees in group i at base year o is given by e_i^o. The expression in the parentheses comprises the weight based on the base period.[13]

Concepts and definitions

For a definition of ***employees***, see the introduction to this chapter.

Wage Rate: wages can refer to the price of labour service, workers' income or to the cost to an employer. For each of these uses, different data sources and methodologies have to be used. Since the purpose of the manufacturing wage index is to inform on the trend of labour cost, it is an index of wage rates. The nominal wage rates cover basic wages, cost-of-living allowances and other guaranteed and regularly paid allowances, but exclude overtime payments, bonuses and gratuities, family allowances and social security contributions made by employers. Ex gratia payments in kind, supplementary to normal wage rates, are also excluded.

As indicated above, the MWI is constructed as a Laspeyres' index. For wage statistics, the Laspeyres formula is preferred, as it keeps base period weights over time considering that data availability on the current period is often limited.

Recommended data sources and metadata

Sample surveys of establishments may provide data on average wage rates. Wage indices can be updated quarterly and annually. Indices of wage rates, including for manufacturing, are often compiled by central banks as part of their programmes to monitor changes in prices.

When providing manufacturing wage index data, detailed information on the construction of the index should be provided. For instance, the computation of lower level indices, the aggregation structure and the aggregation formula should be given. In addition, weighting procedures should be explained, for example, if different weights are used by economic activity, sex and

---

12. UNSD: *International Standard Industrial Classification of All Economic Activities (ISIC) Rev. 4.* (New York, 2008). Available at: http://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=27
13. Swiss Federal Statistical Office: *Statistic of the wage evolution – Swiss wage index – Methodological foundations* (2005).

hours of work. Similarly, the coverage of the wage data should be clearly indicated, and should include, for instance conceptual coverage as well as geographical, economic activity, etc. Any revisions, for instance, of the base year should be explained.

Interpretation guidelines

Index numbers are used in measuring trends or changes in levels, such as seasonal variations, business cycles, etc. Hence, the MWI does not give information on wage levels per se but only on relative change in wages rates in the manufacturing sector. It can be a useful substitute when data on EARN-4 "Average real wages" are not available. However, as a measure of labour costs it is less meaningful from the perspective of the worker and is of limited relevance in countries where wage employment in the manufacturing sector represents only a small fraction of total wage employment.

This indicator is related to changes in the wage rate and corrects for changes in the structure of employment in the various industries. As the MWI keeps the base period weights constant over time, the nominal wage index can take a different path from the nominal average wages. In addition, wage indices with different base years can diverge. Note that the MWI is normally calculated in nominal terms since often its primary purpose is to monitor inflationary pressure emerging from wages. Nominal wage rates are therefore only informative about changes in real wage rates when they are compared to changes in the CPI.

EARN-7. Employees with recent job training (past year) – (A)

Measurement objective and rationale

This indicator provides information on the share of employees who have received job training in the last 12 months and is a measure of skills development provided by the employer.

Method of computation

$$\text{Employees with recent job training (\%)} = \frac{\text{Number of employees who had training in the last 12 months}}{\text{Total number of employees}} \times 100$$

Concepts and definitions

For a definition of *employees*, see the introduction to this chapter.

Training: The 18th ICLS *Resolution concerning the measurement of working time* provides a definition of training to be counted as part of actual hours worked. This refers to "training and skills enhancement required by the job or for another job in the same economic unit, at or away from the work location. In a paid-employment job this may be given by the employer or provided by other "units".[14]

This definition is highly relevant to the measurement of decent work and is likely to be measured in labour force surveys that measure working time.

---

14. ILO: *Report II, Measurement of Working Time*. Eighteenth International Conference of Labour Statisticians (Geneva, 24 November-5 December, 2008).

Recommended data sources and metadata

It is recommended to use the labour force survey or other household surveys that include an employment module in order to collect the required data. Sample surveys of establishments may provide data on occupational training financed by the employer, albeit limited to formal establishments.

It is possible to disaggregate the indicator by sex, by location (urban/rural), occupation and economic activity in order to help to identify targeted policy actions.

Interpretation guidelines

The indicator gives the share of persons who have recently participated in training. It does not provide information on the content, quality or duration of training. If further information on the coverage of the training activities and the duration, etc. can be categorized, it may be useful for more in-depth analysis.

3

LEGAL FRAMEWORK INDICATOR 4
Statutory minimum wage

Scope

The minimum wage is calculated either on the basis of time or output and constitutes a level which may not be undercut. Its application is guaranteed by law. The minimum wage should be determined taking into account the minimum needs of the worker and his/her family, in light of the prevailing national economic and social conditions.

Selected ILS on minimum wage

The Minimum Wage Fixing Convention, 1970 (No. 131) requires ratifying states to establish a minimum wage fixing system capable of setting and periodically reviewing and adjusting minimum wage rates. These rates are legally binding.

Information provided in the indicator

Law, policy or institutions: Information on the existence of a national minimum wage-fixing system. Are regional or sectoral minimum wages set instead of, or in addition to, a national minimum wage? How is the minimum wage fixed (by law, collective agreement or award from a minimum wage board or other)? What structure is in place to set and/or implement the minimum wage? Who are the members of this structure? When was the minimum wage last adjusted? Which workers are covered by minimum wages? Which workers are excluded?

Minimum wage levels: Level of the minimum wage in local currency and if possible in $US; and if possible as a percentage of the mean wage actually paid (in the sector if applicable).

Evidence of implementation effectiveness: Comments of ILO supervisory bodies (if any).

Coverage of workers in law: Broad estimate of workforce covered by minimum wage legislation.

Coverage of workers in practice: Broad estimate of workers covered in practice (methodology TBD).

Ratification of ILO Conventions: The Minimum Wage Fixing Convention, 1970 (No. 131) (if not ratified, Convention No. 26 and/or Convention No. 99).

Additional sources of information

ILO sources
• TRAVAIL Database of Conditions of Work and Employment Laws
  (http://www.ilo.org/dyn/travail/travmain.home).

Decent working time

4

Adequate working time arrangements constitute an essential part of Decent Work. The Decent working time substantive element covers indicators that are related to employment and working time; that is, the time associated with activities within the System of National Accounts (SNA) production boundary and the arrangement of this time.

Included in the scope are two types of indicators: (1) those that provide information on *employment* by working time band(s) or according to a lack of work relative to a working time threshold and (2) those that focus on measures of time worked by employed persons, that is, the *hours worked*. Such measures complement each other, offering information on the number of employed persons working long or short hours and the actual hours worked per employed person.

Five statistical indicators[1] are included as follows: (1) Employment in excessive working time (more than 48 hours per week) (M), (2) Employment by weekly hours worked (A), (3) Average annual working time per employed person (A), (4) Time-related underemployment rate (A), and (5) Paid annual leave (F). Whenever possible, these indicators should be disaggregated by sex in order to analyse differences in the working time indicators between women and men. The Legal Framework Indicators corresponding to these statistical indicators are: Paid annual leave and Maximum hours of work.

Employment in excessive working time and time-related underemployment, which fall under the first type of indicator, can reveal deficits in the quality of employment as regards the dimension of working time. The average of annual hours worked per employed person measures the volume of time worked and serves as a more refined indicator of labour input for a given year as compared to the total average of annual employment.

The interpretation of the indicators is best carried out through a joint analysis with other related decent work indicators, both qualitative (e.g. normal hours of work defined in national legislation and paid annual leave) and quantitative indicators (e.g. the unemployment rate and employment-related income or earnings), as well as context indicators such as GDP growth. Additional topics suggested for joint analysis include combining work, family and personal life; working time of child labour;[2] stability and security of work (including precarious employment and working time) and labour productivity defined by using a working time variable for labour input.

Since many of the indicators share common concepts and definitions (See Table 4) this introduction provides some of the key concepts and definitions.

---

1. The five statistical indicators are divided into main, additional and future indicators as follows: one main indicator (denoted "M"), three additional indicators (denoted "A") and one future indicator (denoted "F").

2. Note that according to the *Resolution concerning statistics of child labour* adopted by the Eighteenth International Conference of Labour Statisticians (2008), the concept of child labour may be measured with respect to the general production boundary.

Statistical Decent Work Indicators	Concepts	Coverage	Preferred data source
TIME-1. Employment in excessive working time (more than 48 hours per week) – (M)	Employment Working time	Employed persons	LFS, household survey with employment module, establishment survey
TIME-2. Employment by weekly hours worked – (A)	Employment Working time	Employed persons	LFS, household survey with employment module, establishment survey
TIME-3. Average annual working time per employed person – (A)	Employment Working time	Employed persons	LFS, household survey with employment module, establishment survey
TIME-4. Time-related underemployment rate – (A)	Employment Working time Time-related underemployed persons	Employed persons	LFS, household survey with employment module, administrative records
TIME-5. Paid annual leave – (F)	Under development	Employees	LFS, household survey with employment module, administrative records
Legal Framework Indicators: L5 – Paid annual leave L6 – Maximum hours of work			

* Classified as a future indicator ("F") within the Decent Working Time substantive element, paid annual leave is an indicator under development by the ILO. It is an indicator that will seek to quantify the incidence (and perhaps also key provisions) of paid annual leave among employees.

Employment: the concept of employment concerns the supply of labour for the production of economic goods and services (that is, it refers to productive activity *within the production boundary*) as defined by the United Nations systems of national accounts and balances during a specified time-reference period. The *employed* comprise all persons of working age who during a specified brief period, such as one week or one day, were in one of the following categories: a) paid employment (whether at work or with a job but not at work); or b) self-employment (whether at work or with an enterprise but not at work). Temporary absence from work includes reasons such as illness, maternity and parental leave, holiday, training, and industrial disputes.[3]

At work: the concept at work refers to persons who during the reference period performed some work for wage or salary, in cash or in kind (for paid employment), or persons who during the reference period performed some work for profit or family gain, in cash or in kind (for self-employment). For operational purposes, the notion "some work" may be interpreted as work for at least one hour. Employed persons include those persons of working age who worked for at least one hour during the reference period as contributing family workers (formerly referred to as unpaid family workers) working in a family business.

Hours actually worked: the preferred concept of working time used to calculate the indicators in this chapter is hours actually worked. This concept is defined as the time spent in a job for the performance of activities that contribute to the production of goods and/or services during a specified short or long reference period. It applies to all types of jobs and is not linked to administrative or legal concepts of working time. For purposes of the working time indicators presented in this chapter, it refers to time spent on productive activities defined within the SNA production boundary. It covers time spent directly on and in relation to productive activities, as well as down time and resting time. Hours actually worked excludes time not worked, such as annual and sick leave, public holidays, parental leave, commuting time, educational activities and longer pauses, for example lunch breaks.[4]

---

3. ILO: *Resolution concerning statistics of the economically active population, employment, unemployment and underemployment*, adopted by the Thirteenth International Conference of Labour Statisticians (Geneva, October 1982). Available at: http://www.ilo.org/global/statistics-and-databases/standards-and-guidelines/resolutions-adopted-by-international-conferences-of-labour-statisticians/WCMS_087481/lang--en/index.htm
4. ILO: *Resolution concerning the measurement of working time*, adopted by the Eighteenth International Conference of Labour Statisticians: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_112455.pdf

Hours paid for: should hours actually worked not be adequately captured by data collection instruments, as a secondary option countries may consider using the concept of hours paid for.[5] For a paid-employment job, hours paid for refers to the time for which employees have received payment from their employer (at normal or premium rates, in cash or in kind) during a specified reference period, regardless of whether the hours were actually worked or not. It includes time paid but not worked such as paid annual leave, paid public holidays and certain absences such as paid sick leave, and excludes time worked but not paid by the employer, such as unpaid overtime, and absences that are not paid by the employer, such as unpaid educational leave or maternity leave.[6]

Data on working time reported should reflect the hours worked in different types of working time arrangements (e.g. full-time or part-time) and include the hours worked in all jobs of employed persons (if the data are derived from a labour force survey).

Labour force survey – source (LFS): the indicators in this chapter are best calculated using estimates derived from a labour force survey. The primary objective of the LFS is to obtain reliable estimates about the labour force of a given population based on a sample of households. This instrument permits the estimation of the number of persons employed and working time variables (including hours actually worked of employed persons) and can be designed to provide both stock and flow estimates. It generally covers all workers, including all self-employed persons and often allows disaggregation of data by demographic variables such as sex, age group and in some cases, ethnic group. Moreover, it often allows breakdowns by status in employment, occupation and economic activity.

4

---

5. Unlike the concept of hours actually worked, the concept "hours paid for" covers the working time of covered employees only and thus excludes the hours worked of self-employed workers, a category which may be particularly important in developing countries.
6. Idem.

STATISTICAL INDICATORS

TIME-1. Employment in excessive working time (more than 48 hours per week) – (M)

Measurement objective and rationale

The indicator of employment in excessive working time (EEWT) provides information about the share of employed persons whose hours worked exceed 48 hours per week. It is an indicator of exposure to overwork; that is, of persons experiencing working time that exceeds the threshold beyond which negative effects on workers become visible – not only on workers' health, but also on their safety (for instance increasing injury hazard rates) and on work-life balance.

Method of computation

EEWT is defined as the percentage of the employed population whose hours actually worked in the reference week in all jobs exceed 48 hours, i.e. 49 hours or more, per week.

$$\text{EEWT (\%)} = \frac{\text{Number of employed persons whose number of hours actually worked is more than 48 hours per week}}{\text{Total number of employed persons}} \times 100$$

Concepts and definitions

For the definition of *employment* and *working time* concepts, see the introduction to this chapter.

While data users may wish to apply the national thresholds which are used to define excessive working time for national monitoring, they are encouraged to use the 48-hour threshold to construct the indicator in order to enhance international data comparability. The principle of the 8-hour day or the 48-hour week threshold was first adopted in ILO Convention No. 1, Hours of Work (Industry) Convention, 1919 and later in the Hours of Work (Commerce and Offices) Convention, 1930 (No. 30). This threshold was referenced in 2008 in the *Resolution concerning the measurement of working time*, adopted by the Eighteenth International Conference of Labour Statisticians (ICLS). In particular, the ICLS Resolution recommends that States collect and report working time statistics for different hour bands, including the band "up to and including 48 hours".

Recommended data sources, metadata and disaggregation

The preferred official national data source for this indicator is a household-based labour force survey (LFS). A LFS permits the estimation of the number of *employed persons* and generally allows disaggregation of data by economic activity and demographic variables such as sex, age group, etc. The concept of hours actually worked (cross tabulated with employed persons) is best captured through a labour force survey or other household survey with an appropriate employment module. Nonetheless, household surveys other than labour force surveys may have limitations related to periodicity, geographic coverage or worker coverage about which data users should be made aware.

An employment-based establishment survey (intended to capture the *number of jobs* by economic activity) with good economic activity coverage may be considered only as a secondary option. This type of instrument excludes self-employment from the survey scope, is generally better suited to capturing data on the concept of hours paid for and may not allow disaggregation of data by sex.

If a country applies a different excessive working time threshold in the national context it is encouraged to produce estimates using both the national threshold as well as the "over 48 hours" threshold in order to facilitate international comparisons.

When the EEWT is published, appropriate metadata (or statistical documentation information) regarding the data should be provided to users. For this indicator, it is recommended that as minimum information, data on the source, reference period, population coverage, job coverage (main job or all jobs), definition of excessive hours (if different from "over 48 hours per week") and geographic coverage be made easily available to data users.

Disaggregation of EEWT by sex is recommended and is fundamental to understanding the different experiences of women and men as regards employment in excessive working time. Disaggregating EEWT by urban and rural areas, status in employment (especially employees versus self-employed workers and in particular the latter's component category "contributing family workers"), as well as by other household-related variables, such as presence of dependents, can provide useful information regarding conditions of work prevailing for these different groups.

Interpretation guidelines

Progress is achieved when acceptably low levels of employment in excessive working time (EEWT) are achieved according to national circumstances. Progressive increases in the indicator point to a deterioration of decent work in this dimension.

The labour market adjustment mechanisms most evident during periods of cyclical economic expansion or contraction are changes in employment levels, working time, as well as changes in employment-related income which over a given interval of time may occur in one, two or even all three dimensions simultaneously. Such cyclical changes are best monitored through short-term observations (e.g. quarterly or continuous LFS), and it is recommended that data be seasonally adjusted in order to capture true underlying trends.

As employment in excessive working time is often sensitive to the business cycle (potentially, pro-cyclical), it is recommended that the indicator be analysed together with changes in total output (e.g. GDP growth), as well as other key indicators such as the employment-to-population ratio and mean weekly hours actually worked. While average working time often declines during recessions, there may be economic sectors or status in employment categories that experience increases in employment in excessive working time if layoffs of some workers (e.g. temporary hires) yield longer work hours for remaining workers. It is therefore recommended that the indicator be analysed by economic sector, status in employment categories, and/or by stability and security of work (e.g. contract duration).

If reliable estimates are available, data users may wish to evaluate indicators for employment-related income or earnings cross-tabulated by employment in excessive working time in order to evaluate the adequacy of hourly remuneration among those working excessive hours.

It is recommended that employment in excessive working time be analysed for differences between women and men. Given that employment by definition covers productive work within the SNA production boundary, it is found that in many countries a higher percentage of men in paid employment work excessive hours as compared to women in paid employment.[7] To the extent that working time data are available for work activities in relation to the general production boundary (measured for example through time-use surveys), it is recommended that data users analyse employment in excessive working time jointly with information regarding the share of men's and women's responsibility for unpaid household service work, by age-group, household composition (presence of dependants), marital status, etc.

---

7. Lee, Sangheon et al.: *Working Time Around the World* (Geneva,, ILO, 2007); and Eurofound: *Changes over time – First findings from the fifth European Working Conditions Survey* (Dublin, Eurofound, 2010). Available at: http://www.eurofound.europa.eu/pubdocs/2010/74/en/3/EF1074EN.pdf

TIME-2. Employment by weekly hours worked (hours in standardized hour bands) – (A)

Measurement objective and rationale

The indicator of employment by weekly hours worked (EWHW) provides information on the distribution of employed persons according to weekly hours they have actually worked. This indicator is also an indirect measure of how much time employed people can dedicate to other activities, such as household work, family, leisure and recreation, and self-development.

Method of computation

EWHW is defined as the percentage of the employed population whose weekly hours actually worked in all jobs correspond to a selected weekly hours' time band, i.

$$\text{EWHW (hour band (i)) (\%)} = \frac{\text{Number of employed persons whose weekly hours actually worked fell within hour band (i)}}{\text{Total number of employed persons}} \times 100$$

Concepts and definitions

For the definition of *employment* and *working time* concepts, see the introduction to this chapter.

Recommended data sources, metadata and disaggregation

The preferred official national data source for this indicator is a household-based labour force survey (LFS). A LFS permits the estimation of the number of *employed persons* and generally allows disaggregation of data by economic activity and demographic variables such as sex, age group, etc. The concept of hours actually worked (cross-tabulated with employed persons) is best captured through a labour force survey or other household survey with an appropriate employment module. Nonetheless, household surveys other than labour force surveys may have limitations related to periodicity, geographic coverage or worker coverage about which data users should be made aware.

An employment-based establishment survey (intended to capture the *number of jobs* by economic activity) with good economic activity coverage may be considered only as a secondary option. This type of instrument excludes self-employment from the survey scope, is generally better suited to capturing data on the concept of hours paid for and may not allow disaggregation of data by sex.

The weekly hours' band intervals selected should reflect national circumstances. However, in order to enhance data comparability between countries, it is recommended that countries provide data for the following weekly hours' band intervals (using the concept of hours actually worked in the reference week): (1) no hours actually worked, (2) 1–14 hours, (3) 15–29 hours, (4) 30–34 hours, (5) 35–39 hours, (6) 40–48 hours, (7) 49 hours or more, and (8) Total (all weekly hours' band categories).

When the EWHW is published, appropriate metadata (or statistical documentation information) regarding the data should be provided to users. For this indicator, it is recommended that as minimum information, data on the source, reference period, population coverage, job coverage (main job or all jobs), and geographic coverage be made easily available to data users.

Disaggregation of EWHW by sex is recommended and is fundamental to understanding the different experiences of women and men as regards the distribution of employment by selected weekly hours' bands. Disaggregating EWHW by urban and rural areas, status in employment (especially employees versus self-employed workers and in particular the latter's component category "contributing family workers"), as well as by other household-related variables, such as presence of dependants, can provide useful information regarding conditions of work prevailing for these different groups.

Interpretation guidelines

The indicator provides information on the distribution of employed persons according to the weekly hours they have actually worked. Economies will present different distributions from one another and also show changes over time in the distribution, reflecting differences *inter alia* in macroeconomic conditions and the business cycle, employment policy, social and cultural factors.

The full distribution of working time in an economy can make an important contribution towards understanding the type of working time regime which exists. For example, the clustering of hours actually worked around one or more time band value(s) may indicate adherence to statutory or collectively-bargained norms regarding working time.

There is no ideal distribution for employment by weekly hours worked; however, high concentrations of workers in the time band "49 hours or more", which classifies workers in excessive working time, points to a decent work deficit in this dimension. Thus, progress is achieved when acceptably low levels of employment in excessive working time are achieved.

Workers classified in the lower weekly hours' time bands may be voluntarily working short hours or may experience time-related underemployment, the latter indicating a lack of decent work in this dimension. This indicator can thus be used as a screening indicator before studying in depth the phenomenon of inadequate employment.

The adjustment mechanisms in the labour market most evident during periods of cyclical economic expansion or contraction are changes in employment levels, working time as well as changes in employment-related income which over a given interval of time may occur in one, two or even all three dimensions simultaneously. Such cyclical changes are best monitored through short-term observations (, quarterly or continuous LFS), and it is recommended that data be seasonally adjusted in order to capture true underlying trends.

Analysis of the indicator disaggregated by sex often reveals important differences in the distribution of working time of women and men. Women are often more likely to work in part-time jobs (which often lack social protection) while men are more likely to work excessive hours, in both cases reflecting employment activities within the SNA production boundary.

TIME-3. Average annual working time per employed person (A)

Measurement objective and rationale

The indicator for average annual working time per employed person (AAWTE) or equivalently, average annual hours actually worked per employed person, is a measure of the aggregate level of labour utilization in an economy in terms of the working time of employed persons.

Method of computation

This indicator is defined as the total number of hours actually worked of all employed persons in a year given as a percentage of the total average number of employed persons during the year. It is calculated as:

$$\text{Average annual hours actually worked per employed person} = \frac{\text{Total annual hours actually worked of all employed persons}}{\text{Total average number of employed persons over the year}} \times 100$$

The numerator, i.e. the total annual hours actually worked of all employed persons, is best calculated by aggregating weekly or monthly hours actually worked of this group over the entire year.

Concepts and definitions

For the definition of *employment* and *working time* concepts, see the introduction to this chapter.

Recommended data sources, metadata and disaggregation

The preferred official national data source for this indicator is a household-based labour force survey (LFS). A LFS permits the estimation of the number of *employed persons* and generally allows disaggregation of data by economic activity and demographic variables such as sex, age group, etc. The concept of hours actually worked is best captured through a labour force survey or other household survey with an appropriate employment module. Nonetheless, household surveys other than labour force surveys may have limitations related to periodicity, geographic coverage or worker coverage about which data users should be made aware.

An employment-based establishment survey (intended to capture the *number of jobs* by economic activity) with good economic activity coverage may be considered only as a secondary option. This type of instrument excludes self-employment from the survey scope, is generally better suited to capturing data on the concept of hours paid for and may not allow disaggregation of data by sex.

When the AAWTE is published, appropriate metadata (or statistical documentation information) regarding the data should be provided to users. For this indicator, it is recommended that as minimum information, data on the source, reference period, population coverage, job coverage (main job or all jobs), and geographic coverage be made easily available to data users.

It is recommended to study this indicator by sex, and if possible by age, status in employment, occupation and economic activity as well as geographic area (urban/rural).

Interpretation guidelines

The indicator is intended to measure aggregate average annual levels of labour utilization per employed person through the working time concept of hours actually worked. This is a more refined measurement of labour utilization than average annual employment since it reflects the labour input of workers across the working time distribution, i.e. those who work long, average and short hours, rather than count their labour input equally.

Similar to other working time indicators, changes in this indicator will reflect changing economic structure and macroeconomic conditions, the business cycle, employment policy, as well as social and cultural factors, etc. Yet, because this is an annual indicator, it is not susceptible to seasonal factors and will reflect fundamental underlying changes in working time. The analysis of the year-over-year changes in this indicator jointly with changes in total output, the employment-to-population ratio and employment-related income (or total earnings where employees represent an important employment component) will be useful to understand the mechanisms through which changes in GDP growth are being transmitted to the labour market: i.e. through adjustments in employment, working time and/or employment-related income.

Progress in the indicator is achieved when an acceptable level of average annual hours actually worked per employed person is observed. To help determine this, data users may wish to establish time band thresholds of low, average, and high annual working hours that are based on national circumstances.[8]

When disaggregated by sex, age group, status in employment group, economic activity or occupation group, the indicator provides information about the aggregate working time per worker in the various sub-groups of the employed population over a given year. Breakdowns by sex often reveal a gender gap in annual working time within the SNA production boundary (men working longer hours in employment than women, on average).

Breakdowns by economic activity, occupation group or status in employment allow data users to evaluate the effect of such variables on aggregate working time, for example due to differences in paid leave of employees (including public holidays) or related to the seasonality of employment of some economic activities or occupation groups (e.g. agricultural sector and occupations).

---

8. To accomplish this, data users are advised to consider the range of working time arrangements prevalent in the economy (e.g. part-time and full-time work) as well as holidays and weekends which may reduce the working time of some workers during the course of the year.

TIME-4. Time-related underemployment rate (TRU) (A)

Measurement objective and rationale

The time-related underemployment rate (TRU) is a measure of labour underutilization that provides information regarding the share of employed persons who are willing and available to increase their working time (for production within the SNA production boundary) and worked fewer hours than a specified time threshold during the reference period. It signals inadequate employment and complements other indicators of labour slack and labour underutilization, such as the unemployment rate and discouraged workers.

Method of computation

The TRU is defined as the percentage of employed persons who worked less than a specified threshold of hours during the reference period and were willing and available to work more hours than those worked in their job(s). The indicator is calculated as:

$$\text{TRU (\%)} = \frac{\text{Number of employed persons who are in time-related underemployment}}{\text{Total number of employed persons}} \times 100$$

When the denominator is replaced by the labour force, i.e. the sum of employed and unemployed persons, the resulting indicator can supplement the unemployment rate.[9]

Concepts and definitions

For the definition of *employment* and *working time* concepts, see the introduction to this chapter.

The measurement of *time-related underemployment* is considered an integral part of the framework for measuring the labour force. The time-related underemployed includes all employed persons whose working time in all jobs is "insufficient in relation to an alternative employment situation in which the person is willing and available to engage". The criteria for defining time-related underemployment are: (i) willingness to work additional hours;[10] (ii) availability to work additional hours and, (iii) having worked (total number of *hours actually worked*) below a threshold of working hours. The threshold of working time has to be determined at the national level in order to identify those who worked a sufficient number of hours and to integrate the labour demand aspect into the indicator.[11]

Examples of practices used to determine a national threshold of hours actually worked include the boundary between full-time and part-time employment; median values, averages, or norms for hours of work as specified in relevant legislation; and collective agreements, or agreements on working time arrangements or labour practices in countries. In some instances, countries may consider applying sub-national thresholds of hours actually worked in addition to a national threshold, for example in the agricultural and non-agricultural sectors where working time norms may be quite different.

---

9. For the definition of the labour force, please refer to the chapter introduction of Employment opportunities.

10. Note that in the number of time-related underemployed, those who want to work one additional hour and those who want to work, for instance, 15 additional hours are given the same weight.

11. ILO: *Resolution concerning the measurement of underemployment and inadequate employment situations*, adopted by the Sixteenth International Conference of Labour Statisticians, October 1998. Available at: http://www.ilo.org/global/statistics-and-databases/standards-and-guidelines/resolutions-adopted-by-international-conferences-of-labour-statisticians/WCMS_087487/lang--en/index.htm.

Recommended data sources, metadata and disaggregation

The preferred official national data source for this indicator is a household-based labour force survey (LFS). A LFS permits the estimation of the number of *employed persons* and generally allows disaggregation of data by demographic variables such as sex, age group, etc. The concept of hours actually worked is best captured through a labour force survey or other household survey with an appropriate employment module. Nonetheless, household surveys other than labour force surveys may have limitations related to periodicity, geographic coverage or worker coverage about which data users should be made aware. Administrative records may in some cases provide adequate data to calculate the indicator.

When the TRU is published, appropriate metadata (or statistical documentation information) regarding the data should be provided to users. For this indicator, it is recommended that as minimum information, data on the source, reference period, population coverage, job coverage (main job or all jobs), national threshold of hours worked used to define the TRU and time unit, as well as geographic coverage be made easily available to data users.

It is recommended to disaggregate the TRU by sex and if possible by age, educational attainment, geographic area (urban/rural) and economic activity (of the main job). Additional disaggregation may include status in employment categories and occupation group (of the main job). Data users may also wish to disaggregate the TRU by persons actively seeking additional work in order to confirm the willingness and availability of the underemployed to increase their working time.

Interpretation guidelines

Time-related underemployment is an employment indicator that highlights a particular decent work deficit, namely labour underutilization in the dimension of working time. As some degree of time-related underemployment is likely to exist even during periods of favourable employment conditions, progress is achieved when the TRU reaches an acceptably low level according to national circumstances.

The TRU is often counter-cyclical, increasing during economic recessions and declining with economic expansion. The cyclical changes in the indicator are best monitored through short-term observations (quarterly or continuous LFS), and it is recommended that data be seasonally adjusted in order to capture underlying trends.

It is recommended that the indicator be analysed together with changes in total output (e.g. GDP growth) as well as other key indicators such as the employment-to-population ratio, the unemployment rate and employment-related income (or earnings where employees are an important component of total employment) in order to establish the key transmission mechanisms of economic changes to the labour market or new employment policies that may affect working time and related indicators.

Data users may wish to analyse the rate of volume of time-related underemployment, i.e. the volume of time-related underemployment as a share of potential time for work of the employed population.[12]

When the denominator used to calculate the TRU is the labour force instead of total employed persons, it is possible to compare this with the unemployment rate as a distinct measure of labour underutilization or even to add the two indicators together in order to yield a summary indicator of labour underutilization.

---

12. Ibid.

LEGAL FRAMEWORK INDICATOR 5
Maximum hours of work

Scope

The number of daily and weekly hours in excess of which any time worked is remunerated at overtime rates. The aim of limiting hours of work is to preserve the workers' health and well-being and to ensure their productiveness and motivation. While this indicator focuses specifically on maximum hours of work, it is essential to also look at daily and weekly rest periods, as well as annual leave in order to have a better understanding of working time.

Selected ILS on hours of work

The Hours of Work (Industry) Convention, 1919 (No. 1) and the Hours of Work (Commerce and Offices) Convention, 1930 (No. 30) are the most relevant conventions. *Convention No. 1*: 8 hours a day; 48 hours a week (56 hours a week if continuous work in shifts; averaging working hours over a period of time is possible + temporary or general exceptions). It applies to industrial workers. *Convention No. 30*: 8 hours a day; 48 hours a week (flexibility allowed if hours do not exceed 10 hours a day; allows flexibility in case of force majeure, local holidays or accident; exceptional legislation may be adopted allowing hours of work to be distributed + temporary or general exceptions). It applies to persons employed in commerce and office sectors. It does not extend to those employed in agriculture, maritime, fisheries or domestic services.

Information provided in the indicator

> **Law, policy or institutions:** Is there a national law (supplemented by regulations or collective agreement?) on maximum working hours? What is the definition of "working hours"? How is overtime remunerated? Which workers are covered by the law? Which workers are excluded?
>
> **Number of hours allowed:** What is the limit for normal working hours? Is there a limit on overtime?
>
> **Evidence of implementation effectiveness:** Comments of ILO supervisory bodies (if any).
>
> **Coverage of workers in law:** Broad estimate of the workforce covered by the law.
>
> **Coverage of workers in practice:** Broad estimate of workers covered in practice (methodology TBD).
>
> **Ratification of ILO Conventions:** The Hours of Work (Industry) Convention, 1919 (No. 1) and the Hours of Work (Commerce and Offices) Convention, 1930 (No. 30).

Additional sources of information

ILO sources
- CEACR: General Survey concerning the Hours of Work (Industry) Convention, 1919 (No. 1), and the Hours of Work (Commerce and Offices) Convention, 1930 (No. 30), ILC, 93th Session, 2005 (http://www.ilo.org/public/english/standards/relm/ilc/ilc93/pdf/rep-iii-1b.pdf) and Article 19 Government report (if the relevant Convention has not been ratified);
- TRAVAIL Database of Conditions of Work and Employment Laws (http://www.ilo.org/dyn/travail/travmain.home).

LEGAL FRAMEWORK INDICATOR 6
Paid annual leave

Scope

Paid annual leave refers to the period during which a worker is off work while continuing to (1) receive an income and (2) be entitled to social protection. Other forms of paid leave, which are not considered annual leave, include public holidays, sick leave, weekly rest, and maternity and parental leave. The aim of annual leave is to preserve workers' health and well-being and ensure their productiveness and motivation.

Selected ILS on paid annual leave

Under the Holidays with Pay Convention (Revised), 1970 (No. 132), every person to whom the Convention applies shall enjoy at least *three working weeks* of annual paid holiday for one year of service.

Information provided in the indicator

> **Law, policy or institutions:** Is annual leave provided for by legislation (or collective agreement)? Which workers are covered by the law?
>
> **Qualifying conditions:** Duration/type of contract?
>
> **Levels of leave:** What paid annual leave is required by the law?
>
> **Evidence of implementation effectiveness:** Comments of the ILO supervisory bodies (if any).
>
> **Coverage of workers in law:** Estimate of the workforce covered by the law.
>
> **Coverage of workers in practice:** Broad estimate of workers covered in practice (methodology TBD).
>
> **Ratification of ILO Conventions:** The Holidays with Pay Convention (Revised), 1970 (No. 132). If not ratified, the Holidays with Pay Convention, 1936 (No. 52) and the Holidays with Pay (Agriculture) Convention, 1952 (No. 101).

Additional sources of information

ILO sources

- CEACR: General Survey concerning the Hours of Work (Industry) Convention, 1919 (No. 1), and the Hours of Work (Commerce and Offices) Convention, 1930 (No. 30), ILC, 93th Session, 2005 (http://www.ilo.org/public/english/standards/relm/ilc/ilc93/pdf/rep-iii-1b.pdf) and Article 19 Government report (if the relevant convention has not been ratified);
- TRAVAIL Database of Conditions of Work and Employment Laws (http://www.ilo.org/dyn/travail/travmain.home).

Combining work, family and personal life

5

The substantive element Combining Work, Family and Personal Life covers a small set of decent work indicators related to standards and fundamental principles and rights at work and social protection. Two statistical indicators have been identified in this grouping, both of which are established as future indicators where developmental work is to be done by the Office: (1) Asocial/unusual hours and (2) Maternity protection. The Legal Framework Indicators corresponding to the statistical indicators are: (1) Maternity leave (including weeks of leave, and rate of benefits) and (2) Parental leave.

Some pilot experiences at the national level provide inputs for initial discussion and analysis of potential statistical indicators.[1]

1. Brazil

In Brazil, the following statistical indicators have been tested:

- Home-to-work commuting time, given as a percent by time band (S)[2]
- Average weekly hours spent on housework and in the main job (S)

This country has also identified four additional statistical indicators which are being further developed:

- Access to childcare facilities:
  – Percent of employed women aged 16 years and over with children up to 3 years old as a percent of total employed women and by frequency of childcare use[3]
- Administrative record data on maternity leave (social insurance) and corroboration with household survey data on fertility and the labour market:
  – Maternity leave beneficiaries granted job leave as a percent of employed women in child-bearing age who had children over the past year.
- Family arrangements:
  – Percent distribution of families by type of family living arrangements
- Family care (restriction of activities):
  – Percent of persons that have difficulties to carry out basic activities (eating, walking, etc.) due to health problems[4]

---

1. For sources of the information presented here, see the Decent Work Country Profiles of the selected countries: http://www.ilo.org/mdw and www.ilo.org.map
2. Note that a similar indicator has been developed in Indonesia for key metropolitan areas.
3. A second indicator proposes the child age range of 4 to 6 years.
4. The indicator targets the demand for personal care in households, which is increasing due to the ageing population. The indicator may be measured as a percent of families or households that have at least one family member under care.

2. Tanzania

In Tanzania, time-use survey data were used to calculate the distribution of time devoted to key categories of daily activities, disaggregated by sex.[5] The categories used are:

- Employment
- Primary production
- Service for income
- Household maintenance
- Care of family
- Community service
- Learning
- Mass media use
- Social and cultural
- Personal care

3. Ukraine

In Ukraine, the following statistical indicators have been used to measure the Combining Work, Family and Personal Life dimension of decent work:

- Relative number of workers on leave to care for a child until attainment of a statutory age, in percent of the registered number of employees
- Relative number of women on maternity leave, in percent of the registered number of employees
- Share of economically inactive population performing household (family) duties, caring for children, sick and other family members, in percent
- Share of children enrolled in pre-school education, in percent
- Total fertility rate (per woman)

4. Indonesia

In Indonesia, various statistical indicators have been used from different sources:

- Coverage of workers by maternity leave benefits (number of men and women having enjoyed the benefit of paternity/ maternity leave, and their proportion in per cent of informal workers and formal workers) from specific surveys at provincial level
- Informal and casual employment rates and the proportion of workers with excessive working hours, given the direct implications for the allocation of family and private life time
- The female labour force participation rate
- Commuting times between home and work, given their impact on the time allocated to family and personal life (proportion of workers having less than 30 minutes, between 31 and 60 minutes and more than 60 minutes, by sex and marriage status) from a specific study on metropolitan areas in Indonesia.

---

5. A similar indicator has been developed in South Africa, where categories included unpaid care work which includes household maintenance (housework), care of persons in the household (mainly childcare), and unpaid care for people from other households.

5. Philippines

In Philippines, three statistical indicators have been used from labour force surveys:

- Economic inactivity rate due to household/family duties (percent of working age population, by sex and age bands)

- The proportion of the employed who are married (percent of employed, by sex and age bands)

- The proportion of the employed who are household heads (percent of employed, by sex and age bands).

The first indicator aims to measure the segment of the working age population who are outside of the labor force, voluntarily or involuntarily, due to household/family duties, e.g., taking care of young children or the elderly.

The other two indicators indicate the proportion of the employed that are doubly burdened as workers and as family members, and who have to strike a balance between potentially competing demands on their time and attention.

Another source has been used (establishments surveys) to measure the proportion of establishments implementing various programs to help workers balance their work and family responsibilities: flexible work schedule, compressed workweeks, work and family programs and conducting seminars on balancing work as well as non-statutory leave arrangements allowed by employers (use of leave benefits to attend to urgent family concerns, extended maternity leave with pay and without pay, extended paternity leave with pay and without pay, flexible holiday schedule, time off in lieu of extra hours worked, career break, study leave).

7. Cambodia

In Cambodia, despite the absence of data on the extent to which working men and women benefit from the work-life balance provisions of the labour law, the following statistical indicators have been used:

- Factory compliance rates (compliance rates: % of factories complying with maternity leave) in the garment sector, to assess whether or not employers pay their staff for maternity leave

- Excessive working hours, that can be damaging since they not only infringe on the ability to balance work-family responsibilities, but they may also have a negative effect on individual and family health and wellbeing

- Commuting patterns in Cambodia since nine in every ten employed workers worked outside the home

- The share of employed persons working at home by sex.

LEGAL FRAMEWORK INDICATOR 7
Maternity leave

Scope
Maternity leave provides women with time off work, before and after childbirth, to prevent harm to themselves and to their unborn child and to allow them to recover from childbirth and nurse their child. The aim of maternity leave is to allow women to successfully combine their reproductive and productive roles. It is, with other measures protecting against the dismissal of expectant women and women on maternity leave (see Legal Framework Indicator 10), one of the essential element to achieve equality of opportunity and treatment.

Selected ILS on maternity leave
The Maternity Protection Convention, 2000 (No. 183) is the most up-to-date convention on maternity protection; earlier relevant instruments (Maternity Protection Convention, 1919 (No. 3) and Maternity Protection Convention (revised), 1952 (No. 103)) are, however, still in force in certain countries. Maternity *protection* is broader than maternity *leave* and covers, with maternity leave, health protection, leave in case of illness or complications, cash and medical benefits, employment protection and non-discrimination as well as provisions on breastfeeding.

Regarding maternity leave, Convention No. 183 provides for a minimum of *14 weeks of maternity leave* to women to whom the instrument applies (Recommendation No. 191 extends this to *18 weeks*). Women on maternity leave are entitled to a cash benefit which ensures that they can maintain themselves and their child in proper conditions of health and with a suitable standard of living (*no less than two-thirds* of her previous earnings). Convention No. 3: limited to women employed in public or private industrial or commercial undertakings. It provided basic protection by, *inter alia*, entitling women to 12 weeks' maternity leave with cash benefits. Convention No. 103 extended the scope of the protection. The Social Security (Minimum Standards) Convention, 1952 (No. 102), Part VIII: provides for periodical payments, corresponding to at least 45% of the reference wage.

Convention No. 183 states that benefits are to be provided through compulsory social insurance or public funds, or in a manner determined by national law and practice (however, an employer may be liable to the cost of maternity cash benefits (1) where that employer specifically agrees to do so; (2) where such liability was provided for in national law or practice prior to the date of adoption of the Convention; or (3) where such liability is subsequently agreed upon by the government and the representative organizations of employers and workers).

> **Law, policy or institutions:** Do laws (or collective agreement) guarantee paid maternity leave? Which workers are covered by this system? Which workers are excluded?
>
> **Qualifying conditions:** Length of contract, type of contract, number of contributions, etc?
>
> **Benefits (level and duration):** How many weeks of maternity leave are required? Is it paid or unpaid?
>
> **Financing:** How are the benefits financed? What are the contributions?
>
> **Evidence of implementation effectiveness:** Comments of ILO supervisory bodies (if any).
>
> **Coverage of workers in law:** Broad estimate of workers covered in law.
>
> **Coverage of workers in practice:** See COMB-2.
>
> **Ratification of ILO Conventions:** The Maternity Protection Convention, 1919 (No. 3), the Maternity Protection (revised), 1952 (No. 103), the Maternity Protection Convention, 2000 (No. 183) and the Social Security (Minimum Standards) Convention, 1952 (No. 102).

Additional sources of information

ILO sources
- TRAVAIL Database of Conditions of Work and Employment Laws (http://www.ilo.org/dyn/travail/travmain.home);
- ILO: Maternity at work: A review of national legislation. Findings from the ILO's Conditions of Work and Employment Database. Second edition, 2010 (http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_124442.pdf);
- SECSOC website – http://www.ilo.org/public/english/protection/secsoc;

Other sources
- *ISSA: maternity* http://www.issa.int/aiss/Observatory/Country-Profiles;
- *Social security throughout the world:* http://www.socialsecurity.gov/policy/docs/progdesc/ssptw/.

LEGAL FRAMEWORK INDICATOR 8
Parental leave

Scope

Parental leave refers to longer periods of leave for either or both parents (or adoptive parents), to be taken after maternity and paternity leave. It offers qualifying parents the right to take time off work to look after their child. It can help strike a better balance between work and family responsibilities.

ILS on parental leave

The Workers with Family Responsibilities Convention, 1981 (No. 156) requires ratifying states to make it a goal of national policy to enable persons with family responsibilities, in relation to their dependent children and other members of their immediate family who clearly need their care or support, who are engaged or wish to engage in employment to exercise their right to do so without being subject to discrimination and, to the extent possible, without conflict

between their employment and family responsibilities. The Workers with Family Responsibilities Recommendation, 1981 (No. 165) defines parental leave as the possibility available to either parent of obtaining leave of absence, without relinquishing employment and with rights resulting from employment being safeguarded, within a period immediately following maternity leave.

Information provided in the indicator

Law, policy or institutions: Do laws/collective agreement guarantee parental leave? Which workers are covered by this system? Which workers are excluded?

Qualifying conditions: Are there any qualifying conditions?

Benefits (level and duration): What is the length of parental leave? Is it paid or unpaid?

Financing: How are the benefits financed? What are the contributions?

Evidence of implementation effectiveness: Comments of ILO supervisory bodies (if any).

Coverage of workers in law: Broad estimate of workers covered in law.

Coverage of workers in practice: Broad estimate of workers covered in practice (methodology TBD).

Ratification of ILO Conventions: The Workers with Family Responsibilities Convention, 1981 (No. 156).

Additional sources of information

ILO sources

- TRAVAIL Database of Conditions of Work and Employment Laws (http://www.ilo.org/dyn/travail/travmain.home);
- ILO: Maternity at work: A review of national legislation. Findings from the ILO's Conditions of Work and Employment Database. Second edition, 2010 (http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_124442.pdf);

Other sources

- *ISSA: maternity* http://www.issa.int/aiss/Observatory/Country-Profiles;
- *Social security throughout the world:* http://www.socialsecurity.gov/policy/docs/progdesc/ssptw/.

Work that should be abolished

6

International Conventions and the ILO Declaration on Fundamental Principles and Rights at Work require that certain types of work, such as child and forced labour, should be abolished. With this goal in mind, measurement of work that should be abolished is essential in order to gauge its incidence, distribution and characteristics and thus ultimately inform action and monitor progress towards its elimination. For the purpose of statistical measurement, national legislation, where available, and guidelines provided by international labour standards, international statistical standards and other international instruments should be used as the starting point for developing statistical concepts and definitions of child labour and forced labour. Therefore, in accordance with relevant international standards, this section presents the concepts, definitions, and statistical measurement of child labour and forced labour.

Five statistical indicators are presented and two legal framework indicators on Child labour and Forced labour (Table 6).

Since many of the indicators share common concepts and definitions (See Table 6) this introduction provides some of the key concepts and definitions.

The 18th Conference of Labour Statisticians (ICLS, 2008) established directions for the statistical measurement of child labour. The resulting *Resolution concerning statistics of child labour* adopted at the Conference set forth the definitions that guide all subsequent statistical work on child labour.

Child labour may be measured in terms of the engagement of children in productive activities either on the basis of the general production boundary, or on the basis of the SNA production boundary. For the purpose of the ILO global estimation of child labour, child labour is measured on the basis of the SNA production boundary. Child labour under the SNA production boundary is a subset of "children in employment" or "working children". It includes all persons aged 5 to 17 years who, during a specified time period, were engaged in one or more of the following categories of activities:

(a) worst forms of child labour; and

(b) employment below the minimum age, excluding children in permissible light work.

In terms of the implementation of this framework, the estimate of child labour consists of all children in the age group 5 to 14 who are in economic activity, excluding those between 12 and14 years old who spend less than 14 hours a week on their jobs, unless their activities or occupations are hazardous by nature or circumstances. Added to this, is the category of children 15 to 17 years old in hazardous work.[1]

According to the international statistical standards, children are considered to be in child labour if they are (i) below the age of 12 and working; (ii) aged 12 to 14 years and usually

---

1. For further details on the ILO estimation of child labour, see Y. Diallo et al.: *Global child labour developments: Measuring trends from 2004 to 2008* (Geneva, ILO/IPEC, 2010). A specific sequential procedure for measuring child labour within the framework of the international standards is schematically presented (page 19).

Table 6. Overview of decent work indicators for work that should be abolished

Statistical Decent Work Indicators	Concepts	Coverage	Preferred data source
ABOL-1. Child labour rate – (M)	Child labour	Children 5–17 years	Household-based child labour survey
ABOL-2. Hazardous child labour rate – (A)	Child labour Hazardous work by children	Children 5–17 years	Labour force surveys with child labour module Establishment surveys administered at children's workplace Population census Other household survey with employment module
ABOL-3. Rate of worst forms of child labour (WFCL) other than hazardous work – (A)	Child labour Hazardous work by children	Children 5–17 years	Sector-specific surveys
ABOL-4. Forced labour rate – (A)	Forced labour	Employed persons	Dedicated surveys Forced labour modules in household income and expenditure surveys, labour force surveys and child labour surveys Establishment surveys
ABOL-5. Forced labour rate among returned migrants – (A)	Forced labour Trafficking in persons	Employed persons	Household survey (migration, labour force or household income and expenditure surveys) with a module on forced labour Administrative records
Legal Framework Indicators: L9 – Child Labour L10 – Forced Labour			

working more than 14 hours per week; (iii) aged 12 to 14 years, usually working 14 hours or less per week (permitted light work), but stated s/he was working in a designated hazardous industry and/or occupation or worked under hazardous conditions; (iv) aged 15 to 17 years and usually working more than 42 hours per week; and (v) aged 15 to 17 years and usually working less than or 42 hours per week (normal work), but stated s/he was working in a designated hazardous industry and/or occupation.[2]

Hazardous work by children is statistically defined in terms of the engagement of children in activities of a hazardous nature (designated hazardous industries and occupations) or as work under hazardous conditions, for example, long hours of work in tasks and duties which by themselves may or may not be of a hazardous nature for children (paragraph 21 of the *Resolution concerning statistics of child labour*). The measurement of children in these hazardous work conditions depends on the extent to which the relevant elements are covered by the surveys.

In the implementation of this framework by ILO,[3] the total number of children in designated hazardous industries, designated hazardous occupations, as well as children with long hours of work and those working in other hazardous work conditions comprise in aggregate the total number of children in hazardous work. When the SNA production boundary is the basis for child labour measurement, "hazardous work by children" is a subcategory of "child labour", which in turn is a subcategory of "children in economic activity" or "children in employment". Therefore, children below the age of 18 years are considered to be engaged in hazardous work[4] if (i) they performed "tasks and duties of hazardous nature even for one hour during the reference period (designated hazardous occupations)" or (ii) "worked long hours (usually working more than 42 hours per week) or worked under hazardous conditions" regardless of the tasks and duties being of hazardous nature or not. The hazardous occupations are designated by national legislation.[5]

---

2. ILO: *Resolution concerning statistics of child labour,* adopted by the Eighteenth International Conference of Labour Statisticians (Geneva, 2008). Available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---integration/---stat/documents/normativeinstrument/wcms_112458.pdf

3. See Y. Diallo et al.: op. cit.

4. See Y. Diallo et al.: op. cit.

5. ILO: *Resolution concerning statistics of child labour,* adopted by the Eighteenth International Conference of Labour Statisticians (Geneva, 2008). Available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---integration/---stat/documents/normativeinstrument/wcms_112458.pdf

Some countries may also designate hazardous industries, for example, mining and quarrying. In addition, the criterion of working conditions can be expanded to cover an unhealthy work environment, unsafe equipment or heavy loads, dangerous work location and exposure to abuse, in addition to long working hours.[6]

Forced labour is defined as "all work or service which is extracted from any person under the menace of any penalty and for which the said person has not offered him or herself voluntarily." In terms of measuring forced labour, two criteria are applied: (i) involuntariness/deception, and (ii) penalty and coercion. A methodology[7] including operational criteria to measure involuntariness and coercion in a survey has been developed. The criterion of involuntariness covers the three phases of an employment relationship during which coercion may be applied: recruitment (i.e. entry into the employment relationship), conditions of work and living conditions if imposed by employer (i.e. during the employment), and possibility to leave employer (i.e. exit from the relationship). The assessment of a forced labour situation requires the presence of the criteria of both involuntariness and coercion.

The relevant international standards are the Forced or Compulsory Labour Convention, 1930 (No. 29)[8] and the Abolition of Forced Labour Convention, 1957 (No. 105).[9] The legal definition of forced labour is closely aligned with the definition of Trafficking in Persons.[10]

<div style="text-align:right">6</div>

---

6. ILO: Ibid.

7. ILO: *Hard to see, harder to count: Survey guidelines to estimate forced labour of adults and children* (Geneva, 2011).

8. ILO: *The Forced or Compulsory Labour Convention, 1930 (No. 29)*. Available at: http://www.ilo.org/ilolex/cgi-lex/convde.pl?C029

9. ILO: *The Abolition of Forced Labour Convention, 1957 (No. 105)*. Available at: http://www.ilo.org/ilolex/cgi-lex/convde.pl?C105

10. United Nations: *Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime* (2000). The definition of human trafficking is subject to different interpretations in national law and practice. It is therefore the responsibility of national competent authorities to determine the relevant categorization of victims, according to national standards.

STATISTICAL INDICATORS

ABOL-1. Child labour rate (CLR) – (M)

Measurement objective and rationale

The international standards define the target population for measuring child labour as "all persons in the age group from 5 to 17 years" (paragraph 9 of the *Resolution concerning statistics of child labour*).[11] CLR is the percentage of overall child population in child labour aged 5 to 17 years.

The term *child labour* reflects the engagement of children in prohibited work and, more generally, in types of work to be eliminated as they are socially and morally undesirable as guided by national and international standards.

Method of computation

$$\text{Child labour rate (\%)} = \frac{\text{Number of children in child labour aged 5 to 17}}{\text{Total number of children aged 5 to 17}} \times 100$$

Concepts and definitions

For a definition of **child labour**, see the introduction to this chapter.

Recommended data sources and metadata

The preferred data source for this indicator is the household-based child labour survey. In the absence of the above, labour force surveys with a child labour module, as well as establishment surveys administered at children's workplace or a population census/other household survey with an employment module may be used.

The CLR should be disaggregated by sex, as there are significant differences in the experiences of girls and boys with respect to child labour. This is particularly so when hazardous unpaid household services are included in the measurement of child labour (hazardous unpaid household services – not all unpaid household services – are included in the estimate of child labour when child labour is measured on the basis of the general production boundary).

Also, cultural norms, especially with respect to the age of marriage of girls, may impact on the value of the CLR (married girls would tend to be excluded when data is being collected on the grounds that they are no longer children). Analysis by urban/rural location would identify more clearly the economic activities and occupations in which child labour predominate, and thus facilitate the formulation of action programmes to address its elimination.

Interpretation guidelines

Several elements in the definition of child labour require national consensus and consistency with the national legislation. This includes the list of designated hazardous occupations and/or industries, a cut-off point in terms of weekly hours worked and legislated minimum age of employment. Differences between countries regarding the measurement of employment and of usual hours of work also apply when computing the CLR. Another key challenge is the quality of data collection methods, considering the possible variation in the nature of the target population.

---

11. ILO: *Resolution concerning Statistics of Child Labour,* adopted by the Eighteenth International Conference of Labour Statisticians (Geneva, 2008). Available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---integration/---stat/documents/normativeinstrument/wcms_112458.pdf

The above international standard definition includes hazardous unpaid household services as child labour when child labour is measured on the basis of the general production boundary.[12] These are services performed in the child's own household that are "performed (a) for long hours, (b) in an unhealthy atmosphere, involving unsafe equipment or heavy loads, (c) in dangerous locations, and so on." Countries differ in the application of this criterion in their measurement of child labour.[13]

Child labour indicators should be analysed together with indicators such as Children not in school and other education and/or health-related indicators for the age group concerned.

ABOL-2. Hazardous child labour rate (HCLR) – (A)

Measurement objective and rationale
HCLR gives the prevalence of hazardous work among the population of children aged 5 to 17 years. In this way, the indicator reveals the extent of hazardous work within the category of child population aged 5 to 17 years.

Method of computation

$$\text{Hazardous child labour rate (\%)} = \frac{\text{Number of children in hazardous child labour aged 5 to 17}}{\text{Total number of children aged 5 to 17}} \times 100$$

Concepts and definitions
For a definition of ***child labour*** and ***hazardous work by children***, see the introduction to this chapter.

Recommended data sources
The preferred data source for this indicator is the household-based child labour survey. In the absence of the above, labour force surveys with a child labour module, as well as establishment surveys administered at children's workplace or a population census/other household survey with an employment module may be used.

A list of hazardous occupations and industries in which employment of children is prohibited, as identified by individual countries, is very useful for the estimation of hazardous child labour. The HCLR should be disaggregated by sex, as there are significant differences in the experiences of girls and boys with respect to hazardous child labour.

Interpretation guidelines
Several elements in the definition of child labour require national consensus and consistency with national legislation. This includes the list of designated hazardous occupations and/or industries, a cut-off point in terms of weekly hours worked and legislated minimum age of employment. The differences between countries regarding the measurement of employment and of usual hours of work also apply when computing the CLR. Another key challenge is the quality of data collection methods, considering the possible variation in the nature of the target population.

---

12. This inclusion is not systematic since child labour may be measured in terms of the engagement of children in productive activities either on the basis of the general production boundary, or on the basis of the SNA production boundary.
13. ILO: *Report III, Child Labour Statistics*. Eighteenth International Conference for Labour Statisticians (Geneva, 2008).

6

The above international standard definition includes *hazardous unpaid household services* as child labour. These are services performed in the child's own household that are "performed (a) for long hours, (b) in an unhealthy atmosphere, involving unsafe equipment or heavy loads, (c) in dangerous locations, and so on." Countries differ in the application of this criterion when measuring child labour.

Child labour indicators should be analysed together with indicators such as Children not in school and other education and/or health-related indicators for the age group concerned.

ABOL-3. Rate of worst forms of child labour (WFCL) other than hazardous work (ROWFCL) – (A)

Measurement objective and rationale

The ROWFCL indicator gives the prevalence of the worst forms of child labour other than hazardous work among the population of children in the age group 5 to 17 years.

Method of computation

$$\text{ROWFCL (\%)} = \frac{\text{Number of children in ROWFCL aged 5 to 17}}{\text{Total number of children aged 5 to 17}} \times 100$$

Concepts and definitions

For a definition of **child labour** and **hazardous work by children**, see the introduction to this chapter.

Hazardous work is a component of the worst forms of child labour. Hazardous work is defined by Article 3(d) of the Worst Forms of Child Labour Convention, 1999 (No. 182). The "worst forms of child labour other than hazardous work" refer to child trafficking, forced child labour, bonded child labour, children in armed conflict/child soldiers, commercial sexual exploitation of children and children in illicit activities, as defined by Article 3(a), 3(b) and 3(c) of the Convention.[14]

Recommended data sources and metadata

Household surveys are not an effective data collection tool for identifying most of the worst forms of child labour other than hazardous work, as most of these activities are clandestine and illicit. There are also difficulties with regard to interviewing children due to fear of the employer or guardian. Methodologies are currently being developed by SIMPOC for estimating the number of children in "the worst forms of child labour other than hazardous work'" and some sector-specific surveys have been piloted for testing.[15]

The ROWFCL should be disaggregated by sex, as there are significant differences in the experiences of girls and boys.

Interpretation guidelines

Several elements in the definition of child labour require national consensus and consistency with national legislation. This includes the list of designated hazardous occupations and/or

---

14. ILO: *The Worst Forms of Child Labour Convention*, 1999 (No. 182). Available at: http://www.ilo.org/ilolex/cgi-lex/convde.pl?C182

15. ILO: *Hard to see, harder to count: Survey guidelines to estimate forced labour of adults and children,* 2011 and 2012 editions.

industries, a cut-off point in terms of weekly hours worked and legislated minimum age of employment. Another key challenge is the quality of data collection methods, given the nature of the target population.

Child labour indicators should be analysed together with indicators such as Children not in school and other education and/or health-related indicators for the age group concerned.

ABOL-4. Forced labour rate – (A)

Measurement objective and rationale

This indicator provides the magnitude of forced labour (or the stock of those currently in forced labour) in a given country at a given point in time. In other words, the indicator is the proportion of the employed that are currently in forced labour.

Method of computation

$$\text{Forced labour rate (\%)} = \frac{\text{Number of employed in forced labour}}{\text{Total number of employed}} \times 100$$

Alternatively, the absolute number of workers in forced labour or households affected by forced labour may be provided (requiring that at least one household member is in forced labour).

Concepts and definitions

For a definition of **forced labour**, see the introduction to this chapter.

Recommended data sources and metadata

The most appropriate data collection tools for forced labour depends on the forms of forced labour to be surveyed (e.g. state – or military imposed, forced labour in the private economy, including commercial sexual exploitation). Up until now, methodologies to survey only forced labour in the private economy have been developed and tested by the ILO.

Data on forced labour is best collected through a dedicated survey but it is also possible to include forced labour modules in household income and expenditure surveys, as well as labour force surveys and child labour surveys (when the coverage is limited to children in forced labour, which is one of the worst forms of child labour). The recommended reference period for measuring the forced labour rate should be short, for instance, the last seven days, as the purpose is to capture those *currently* in forced labour. The reference periods of the numerator and the denominator should be the same.

If the scope of the survey is limited to an economic activity, it is also possible to use establishment surveys, although this would cover only formal establishments.

The greatest limitation for this indicator is the difficulty in getting a large enough set of observations which permits extrapolation and the required breakdowns.

It is crucial to report the reference period together with the figures, as well as the international and national criteria for identifying forced labour.

The forced labour rate should be given by sex, age, economic activity, location (urban/rural), and informal/formal employment, if possible. It is also important to analyse forced labour by its form, i.e. (i) state – or military imposed, and (ii) private economic exploitation, and to analyse as well the main mechanisms of forced labour (i.e. the forms of coercion and deception employed). Although the main purpose of this indicator is to measure the national forced labour rate, it may be more efficient to limit the scope of the survey to those economic activities (ISIC) and/or geographical areas where forced labour is known to be concentrated. In any case, such

concentration should be taken into account when designing the sample, for example, by over-sampling in activities and/or areas where forced labour is known to exist. This approach is also recommended for estimating forced labour among internal labour migrants.

Interpretation guidelines

All operational criteria regarding forced labour have to be customized according to the national context in order to be relevant to the situations of forced labour existing in the country and they also need to be consistent with the national legislation on forced labour. The framework for the identification of forced labour on the basis of the operational criteria is part of the survey methodology proposed by the ILO.

Although forced labour usually takes place in the context of a paid employment relationship (whether formal or informal), it can also occur in disguised employment relationships, in which similar means of coercion are used against the own-account worker.

If this indicator is measured through a labour force or an establishment survey, it is unlikely to detect forced labour in illicit activities such as drug trade.

ABOL-5. Forced labour rate among returned migrants – (A)

Measurement objective and rationale

This indicator reveals the proportion of returned labour migrants (economically active migrants) for a given reference period (12–24 months) who have been in forced labour (including as a result of trafficking). The indicator relates to decent work for the nationals of a given country who have worked abroad.

Method of computation

$$\text{Forced labour rate among returned migrants (\%)} = \frac{\text{Number of returned migrants who have been in forced labour}}{\text{Total number of returned labour migrants}} \times 100$$

It is recommended to present this indicator as a percentage of the total number of returned migrants. If this is not possible, the denominator could be the total number of labour emigrants from the country (whether or not they have returned to their source country).

If data are available on labour emigrants, it may be possible to measure the proportion of households affected by forced labour among migrants (requiring that at least one household member be in forced labour abroad, currently or previously).

Concepts and definitions

According to the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime (2000), trafficking in persons refers to "the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation".[16]

---

16. United Nations: *Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime* (2000).

Exploitation, according to the Protocol, includes, "at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude or the removal of organs".[17]

Recommended data sources and metadata

The recommended data collection instrument for this indicator is a dedicated household survey (migration, labour force or household income and expenditure surveys) with a module on forced labour. The recommended reference period for measuring the forced labour rate among returned migrants is the last 12 to 24 months, as those previously involved in forced labour abroad should be captured.

When the denominator is total labour emigrants, administrative records or registers (from source or destination countries where data exchange is available) can also be used.

The greatest limitation for this indicator for the forced labour rate is the difficulty in getting a large enough set of observations which permits extrapolation and the required breakdowns. In addition, when entire households migrate outside the country, they fall out of the sampling frame making it impossible to capture them through household surveys conducted in the source country.

It is crucial to report the reference period together with the figures, as well as the international and national criteria for forced labour. The scope of the indicator does not cover trafficking for purposes other than forced labour.

The forced labour rate among returned migrants should be provided by sex, age, by type of forced labour, by type of recruitment and by economic activity, if possible. It is also important to analyse forced labour by its form, i.e. (i) state – or military imposed, and (ii) private economic exploitation. Since the main purpose of the indicator is to measure forced labour rate among returned migrants, it may be more efficient to limit the scope of the survey to those geographical areas or at least to oversample in these areas if they are known to be concentrated in certain geographical areas.

Interpretation guidelines

All operational criteria of forced labour have to be customized according to the national context in order to be relevant to the situations of forced labour existing in the country and they also have to be consistent with the national legislation on forced labour and trafficking. The framework for the identification of forced labour on the basis of the operational criteria is part of the methodology proposed by the ILO.

---

17. United Nations: Ibid. The definition of human trafficking is subject to different interpretations in national law and practice. It is therefore the responsibility of national competent authorities to determine the relevant categorization of victims, according to national standards.

LEGAL FRAMEWORK INDICATOR 9
Child labour

Scope

Designating a particular form of work as "child labour" depends on the child's age, the type of work performed, the conditions under which it is performed and the decisions made by individual countries. "Child labour" is often described and condemned as work that deprives children of their childhood, their potential and their dignity, and that is harmful to their physical and mental development.

Selected ILS on child labour

The fundamental Convention on Minimum Age, 1973 (No. 138) requires the *general minimum working age* to be not less than the age of completion of compulsory schooling and, in any case, not less than 15 years. It sets the minimum age for *hazardous work* at 18 (16 under certain strict conditions) Hazardous work is work which, by its nature or the circumstances in which it is carried out, is likely to jeopardize or harm the health, safety or morals of children who are involved. The exact list of hazardous work must be determined in each country after tripartite consultation. Several flexibility options are foreseen: for example, an exception for *light work* may be allowed as from 13 years of age. Light work is work that is not harmful and does not hinder schooling, within a limited number of hours in permitted types of work only. Developing states may initially set the general minimum age at 14 (12 for light work).

The fundamental Convention on the Worst Forms of Child Labour, 1999 (No. 182) defines a "child" as a person under 18 years of age. It requires ratifying states to eliminate the worst forms of child labour. This needs to be prohibited in national legislation and includes all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour, including forced or compulsory recruitment of children for use in armed conflict; child prostitution and pornography; using children for illicit activities, in particular for the production and trafficking of drugs; and work which is likely to harm the health, safety or morals of children.

Information provided in the indicator

> **Law, policy or institutions:** Is there a national law on minimum age for employment or work? What is the minimum age (General age for admission to employment; Admission to/prohibition of hazardous work + determination of the list)? Are there exceptions, e.g. for light work, if so, definition and conditions?
>
> **What is the scope of the minimum age legislation/regulation**? Are there exclusions from the coverage of the law, such as family enterprises, family farms, domestic work, agriculture? Are there sanctions?
>
> **Is there a national law on compulsory education**? Does the end of it coincide with the minimum working age?
>
> **Is there a national policy on the elimination of child labour, including its worst forms**? Is there a national plan/programme of action against child labour? Is there an institution (Commission, Board, Ministry, Unit) responsible for taking action against child labour?
>
> **Evidence of implementation effectiveness:** Comments of ILO supervisory bodies (if any), including comments on court cases concerning child labour and its worst forms? Labour inspection records and its findings on child labour? Documented results of the execution of the plan/programme of action? Any relevant reports on children?
>
> **Ratification of ILO Conventions:** The Minimum Age Convention, 1973 (No. 138) and the Worst Forms of Child Labour Convention, 1999 (No. 182).

Additional sources of information

ILO sources

- Country baselines under the ILO Declaration Annual Review (2000–2010): the Effective Abolition of Child Labour (CL) – for countries which haven't ratified the C138 and/or the C182 (http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_091263.pdf);
- Accelerating action against child labour. Report of the Director-General, International Labour Conference, 99th session, 2010 (http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_126752.pdf);
- IPEC website: http://www.ilo.org/ipec/lang--en/index.htm.

LEGAL FRAMEWORK INDICATOR 10
Forced labour

Scope

Forced labour occurs when work or service is exacted by the State or individuals who have the will and power to threaten workers with severe deprivations.

Selected ILS on forced labour

The fundamental Convention on Forced Labour, 1930 (No. 29) prohibits all forms of forced or compulsory labour, which is defined as "all work or service which is exacted from any person *under the menace of any penalty* and for which the said person *has not offered himself voluntarily*." Exceptions are provided for work required by compulsory military service, normal civic obligations, as a consequence of a conviction in a court of law (provided that the work or service in question is carried out under the supervision and control of a public authority and that the person carrying it out is not hired to or placed at the disposal of private individuals, companies or associations), in cases of emergency, and for minor communal services performed by the members of a community in the direct interest of the community. The Convention also requires that the illegal extraction of forced or compulsory labour be punishable as a *penal offence*, and that ratifying states ensure that the relevant penalties imposed by law are *adequate and strictly enforced*.

The fundamental Convention on the Abolition of Forced Labour, 1957 (No. 105) prohibits forced or compulsory labour as a means of political coercion or education or as a punishment for holding or expressing political views or views ideologically opposed to the established political, social or economic system; as a method of mobilizing and using labour for purposes of economic development; as a means of labour discipline; as a punishment for having participated in strikes; and as a means of racial, social, national or religious discrimination.

The fundamental Convention on the Worst Forms of Child Labour, 1999 (No. 182) considers forced or compulsory labour, including child trafficking and forced recruitment for armed conflict, by anyone under 18 years of age as one of the worst forms of child labour to be tackled urgently.

6

Information provided in the indicator

> **Law, policy or institution:** Is there a provision in legislation regarding the prohibition, criminalization and punishment of forced labour, including trafficking for forced labour? Is trafficking defined? How? Is there a plan of action/national policy regarding the elimination of forced labour? Is there an institution coordinating action against forced labour? Is there an institution responsible for enforcing the ban on forced labour and/or trafficking?
>
> **Evidence of implementation effectiveness:** Comments of ILO supervisory bodies (if any).
>
> **Ratification of ILO Conventions:** Forced Labour Convention, 1930 (No. 29), the Abolition of Forced Labour Convention, 1957 (No. 105).

Additional sources of information

ILO Sources
- CEACR: General Survey concerning General Survey concerning the Forced Labour
- Convention, 1930 (No. 29), and the Abolition of Forced Labour Convention, 1957 (No. 105), ILC, 96th Session, 2007 (http://www.ilo.org/public/english/standards/relm/ilc/ilc96/pdf/rep-iii-1b.pdf) and Article 19 Government report (if the C29 and/or C105 have not been ratified);
- DECLARATION Country baselines under the ILO Declaration Annual Review (2000–2010): the Elimination of All Forms of Forced or Compulsory Labour (FL) http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_091264.pdf; Or see Status by Country: http://www.ilo.org/declaration/follow-up/annualreview/ratificationstatus/lang--en/index.htm.

Stability and security of work

7

Stability and security of work is a dimension that allows the differentiation of workers between those whose jobs are characterized by a degree of relative permanence and reliability in terms of the absence of subsistence working conditions, from those whose jobs provide no expectation of a long-lasting employment relationship. The indicators are given in terms of the share of employment falling into a particular category of unstable or insecure worker.

While the concept of precarious employment centres on the duration of job contracts (which may be renewed with the same employer over long periods of time yielding "employees with stable contracts") or the possibility of rapid dismissal, the concept of job tenure focuses on the length of time workers have been in their current or main job or with their current employer, regardless of the contract duration.

The measurement of the concepts which are used to define the indicators requires adequate questionnaire design. In order to be reliable, the estimates will require a sufficient sample size as the concepts refer to subgroups of employment which are best analysed through disaggregation by key components and classifications.

Stability and security of work covers four statistical indicators within the decent work measurement framework as follows: (1) Precarious employment rate (M); (2) Job tenure (A); (3) Subsistence worker rate (A); and (4) Real earnings of casual workers (A).[1] The main criteria used to measure the concepts are, respectively length of contract duration or ease of dismissal by an employer, length of job tenure, characterization as subsistence workers and casual workers. The Legal Framework Indicator corresponding to these statistical indicators is Termination of employment.

Changes in the levels or trends in a given indicator are best understood when taking into account the changes in underlying components. The four indicators should be analysed together with changes in other related decent work indicators, both quantitative and qualitative. The rights at work and legal framework indicator that has been identified for decent work indicators is employment protection legislation (including notice of termination in weeks).

It is important to analyse the four indicators together with economic and social context indicators, and, in the case of subsistence workers, it may also be beneficial to analyse the indicator jointly with environmental, climatic and land/natural resource use indicators.

Since many of the indicators share common concepts and definitions (See Table 7) this introduction provides some of the key concepts and definitions.

---

1. At the time of the Expert Group Meeting in September 2008, only two indicators had been identified for this substantive element: (1) "Stability and security of work" (M), for which developmental work was to be done by the Office, and (2) "Number and wages of casual/daily workers". Three new indicators listed above have replaced indicator (1) (of which only one is a main indicator, M), and the indicator (2) has been modified and incorporated as a complementary indicator to the new indicator, "Precarious employment rate" and "Real earnings of casual workers".

Table 7. Overview of decent work indicators for stability and security of work

Statistical Decent Work Indicators	Concepts	Coverage	Preferred data source
STAB-1. Precarious employment rate (M)	Employed persons Works in precarious employment	Employed persons	LFS, other household surveys
STAB-2. Job tenure (A)	Employed persons Job tenure	Employed persons	LFS, other household surveys
STAB-3. Subsistence worker rate (A)	Employed persons Self-employed Subsistence workers	Employed persons	LFS, other household surveys with employment module
STAB-4. Real earnings of casual workers (A)	Employment Earning Hours actually worked CPI	Employed persons	LFS (with information by job contract duration) Other household surveys (with employment, earnings and hours data)
Legal Framework Indicator: L11 – Termination of employment			

The concept of *employment* concerns the supply of labour for the production of economic goods and services (that is, it refers to productive activity *within the production boundary*) as defined by the United Nations systems of national accounts and balances during a specified time-reference period.

The *employed* comprise all persons of working age who during a specified brief period, such as one week or one day, were in the following categories: a) paid employment (whether at work or with a job but not at work); or b) self-employment (whether at work or with an enterprise but not at work). Temporary absence from work includes reasons such as illness, maternity and parental leave, holiday, training, and industrial disputes.[2]

The concept *at work* refers to persons who during the reference period performed some work for wage or salary, in cash or in kind (for paid employment), or persons who during the reference period performed some work for profit or family gain, in cash or in kind (for self-employment). For operational purposes, the notion "some work" may be interpreted as work for at least one hour. Employed persons include those persons of working age who worked for at least one hour during the reference period as contributing family workers (formerly referred to as unpaid family workers) working in a family business. The indicators in this chapter are best calculated using estimates derived from a *labour force survey* (LFS). The primary objective of the LFS is to obtain reliable estimates about the labour force of a given population based on a sample of households. This instrument permits the estimation of the number of persons employed as well as the size of the working age population and can be designed to provide both stock and flow estimates. It generally covers all workers, including all self-employed persons and often allows disaggregation of data by demographic variables such as sex, age group and in some cases, ethnic group. Moreover, it often allows breakdowns by status in employment, occupation and economic activity.

2. ILO: *Resolution concerning statistics of the economically active population, employment, unemployment and underemployment*, adopted by the Thirteenth International Conference of Labour Statisticians. (Geneva, October 1982). Available at: http://www.ilo.org/global/statistics-and-databases/standards-and-guidelines/resolutions-adopted-by-international-conferences-of-labour-statisticians/WCMS_087481/lang--en/index.htm

STATISTICAL INDICATORS

STAB-1. Precarious employment rate – (M)

Measurement objective and rationale

The precarious employment rate (PER) provides information regarding the share of the employed whose contract of employment, whether verbal or written, is of relatively short duration or whose contract can be terminated on short notice.

Method of computation

The PER is defined as the percentage of employed persons who are in precarious employment. The indicator is calculated as follows:

$$\text{PER (\%)} = \frac{\text{Number of persons who are in precarious employment}}{\text{Total number of employed persons}} \times 100$$

The indicator may be complemented by a component indicator by calculating the share of a given component in total precarious employment. For example, the share of casual workers in precarious employment (CWPE) would be calculated as:

$$\text{CWPE (\%)} = \frac{\text{Number of casual workers}}{\text{Total number of persons who are in precarious employment}} \times 100$$

Concepts and definitions

For the definition of ***employed persons***, see the introduction to this chapter.

Workers in precarious employment can either: (a) be workers whose contract of employment leads to the classification of the incumbent as belonging to the groups of "casual workers", "short-term workers" or "seasonal workers"; or (b) be workers whose contract of employment will allow the employing enterprise or person to terminate the contract at short notice and/or at will, with the specific circumstances to be determined by national legislation and custom. In the case of workers falling under category (a) above, workers may be classified as "employees" or "own-account workers" according to the characteristics of the employment contract.[3]

Workers under category (a) refer to the following:

• Casual workers: contracts are not expected to continue for more than a very short period.

• Seasonal workers: contract duration is influenced by seasonal factors such as climate, public holidays, agriculture season, etc.

• Short-term workers: contracts are expected to last for a short period, but longer than that of casual workers.[4]

The common element among the precarious employment categories is the precarious, short-term nature of the employment contracts (category a) or their instability, as employers may terminate them upon short notice (category b).

---

3. Despite this, concept measurement methods are better suited for capturing employees than own-account workers.

4. ILO: *Resolution concerning the International Classification of Status in Employment (ICSE)*, adopted by the Fifteenth International Conference of Labour Statisticians (Geneva, January 1993). Available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_087562.pdf

Recommended data sources, metadata and disaggregation

The preferred official national data source for this indicator is a household-based labour force survey (LFS) which includes information by job contract duration. Other household surveys with an appropriate employment module may also be used to obtain the required data to calculate the PER. Nonetheless, such sources may have limitations related to periodicity, geographic coverage or worker coverage about which data users should be made aware.

When the PER is published, appropriate metadata (or statistical documentation information) should be provided to users (data on the source, reference period, population coverage and geographic coverage and the definition of precarious employment).

Breakdowns of the indicator by component groups such as sex, age group, urban and rural areas, and educational attainment provides measures by which to evaluate the relative differences in precarious employment across different groups. Disaggregation by key classifications such as economic activity (agricultural and non-agricultural), status in employment (employee or own-account workers), and key occupation groups may also be quite valuable for the analysis of precarious employment.

Interpretation guidelines

Progress in the precarious employment rate is measured by achieving acceptably low levels according to national circumstances and/or a declining trend. An increasing trend in the indicator corresponds to a worsening of the decent work situation in this dimension, as it points to an increasing number of jobs becoming unstable and/or insecure.

Different experiences suggest that the indicator is sensitive to changes in the business cycle, having a counter cyclical nature. An economic downturn or recession may result primarily in layoffs of employees with short-term contracts, who are often younger and less experienced workers. When an economy begins a period of expansion, businesses may wish to avert risk and keep costs down, at least initially, by cautiously hiring workers on short-term contracts.

In the aggregate, the decisions of companies regarding their employees during the business cycle depend on the economic structure, product/service demand and prices in the output market, as well as labour supply. It is therefore worth analysing this indicator together with indicators of GDP growth by sector, labour force participation rate, unemployment rate and average earnings. An analysis of the differences by gender for each of the components of precarious employment is valuable for understanding the gender dimension of the indicator.

Seasonal employment may occur in key industries, such as agriculture or tourism, and hiring may be subject to special legislation which should be analysed jointly with the indicator. Seasonal employment contracts in agriculture may be defined by work gang or crew members whose working conditions (including health, safety and sanitation) and earnings may be inadequate. Similarly, workers in casual employment are often hired as day labourers in sectors such as construction or agriculture where working conditions and pay can be substandard.

Some degree of overlap may exist between this indicator and the one for informal employment, reflecting the fact that jobs in precarious employment generally lack basic social or legal protections or employment benefits. Assessing the extent to which self-employment jobs are precarious could be done in terms of defining the stability of the enterprises in which they work; for example, an analysis of the average time that self-employed enterprises remain in operation (disaggregated by formal/informal sector) could be carried out.

It should be noted that some workers (including working students) may prefer casual, seasonal, or short-term jobs; hence it is important to identify whether the engagement in this type of employment is voluntary or not, given the possibility of an alternative employment situation that is not precarious.

Measurement objective and rationale

The job tenure indicator measures the length of time workers have been in their current or main job or with their current employer and is valuable for analysing the degree of fluidity in the job market. There are two indicators for job tenure: (i) mean job tenure for all employed persons and (ii) per cent distribution of employed persons by length of job tenure.

Method of computation

1. The mean job tenure gives the mean number of years of tenure per employed person. It is calculated as:

$$\text{Mean job tenure} = \frac{\text{Total number of years of job tenure among employed persons}}{\text{Total number of employed persons}} \times 100$$

2. The percentage distribution of employed persons by length of job tenure is computed as:

$$\begin{array}{l}\text{Percentage of employed persons} \\ \text{with job tenure in length of time i}\end{array} = \frac{\begin{array}{c}\text{Number of employed persons whose job} \\ \text{tenure falls in length of time i}\end{array}}{\text{Total number of employed persons}} \times 100$$

Where *i* is a standardized job tenure time band.

Concepts and definitions

For the definition of ***employment***, see the introduction to this chapter.

Note within the status of employment categories, ***employees with stable contracts*** are those "employees" who have had, and continue to have, an explicit (written or oral) or implicit contract of employment, or a succession of such contracts, with the same employer on a continuous basis.[5]

Job tenure measures the length of time employed persons have been in their current or main job (self-employed workers) or with their current employer (employees).

Job tenure time band categories should reflect national circumstances. Nonetheless, data users are encouraged to apply the following categories for purposes of international comparability: (1) less than 6 months, (2) 6 months or more but less than 12 months, (3) one year or more but less than 5 years and (4) 5 years or more but less than 10 years and (5) 10 years or more.

Recommended data sources, metadata and disaggregation

The preferred official national data source for these indicators is a household-based labour force survey (LFS). Other household surveys with an appropriate employment module may also be used to obtain the required data to calculate the indicators. Nonetheless, such sources may have limitations related to periodicity, geographic coverage or worker coverage about which data users should be made aware.

Appropriate metadata (or statistical documentation information) should be provided to users when job tenure data are published (data on the source, reference period, population coverage and geographic coverage, definition of job tenure).

---

5. For more information regarding status in employment categories, please refer to decent work indicator EMPL-8. Employment by status in employment (ESE). See also: ILO: *Resolution concerning the International Classification of Status in Employment (ICSE),* adopted by the Fifteenth International Conference of Labour Statisticians (Geneva, January 1993). Available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_087562.pdf

7

Disaggregation of the indicators by component groups such as sex, age group, urban and rural areas, and educational attainment provides interesting measures on the relative differences across different groups. Disaggregation by key classifications such as economic activity, status in employment (employees and self-employed workers), and key occupation groups may also be quite valuable for the analysis of job tenure.

Interpretation guidelines

A mean job tenure which is increasing may be interpreted as increasing employment security and thus an improvement in decent work in this dimension.

However, this indicator should be analysed cautiously with regard to the point in time of the business cycle and take into account the key transmission mechanism of changes in total output to the labour market (i.e. whether employment, working time and/or employment-related income or earnings are most affected). For instance, during periods of economic recession or contraction, when a large number of workers risk losing their jobs, mean job tenure may tend to increase, as those laid off are often workers with shorter tenure. In this scenario, the share of employed persons with job tenure in the lower time band categories would likely decrease, while the share in higher time band categories would increase.

At times of increasing employment opportunities, the mean job tenure may tend to decrease as there would be a higher number of newly employed persons (new entrants or persons changing employers). In this case, the share of employed persons with employment tenure in the lower time band categories would likely increase.

The age distribution of the labour force is also important to consider in analysing job tenure, as younger workers tend to have shorter tenure and therefore less job stability. Hence, in an economy where the labour force mostly comprises younger persons, the mean job tenure is expected to be lower. Women workers may be more likely to show greater flows into and out of the labour force due to child-bearing, and thus present lower mean job tenure than men of the same age group.

It is recommended that data users analyse the indicators disaggregated by status in employment, and in particular, by the employees and self-employed workers categories in order to evaluate the different experiences of these groups as regards job tenure. Employees who are in informal employment may present poor job tenure characteristics. Moreover, it may be quite useful to disaggregate the indicators by economic activity in order to identify the sectors where turnover of labour tends to be more rapid or on the contrary, slower.

STAB-3. Subsistence worker rate – (A)

Measurement objective and rationale

The subsistence worker rate (SWR) measures the share of employed persons who work in subsistence production of goods or services; that is, production which constitutes the predominant consumption of the household. Such workers face enormous challenges of stability and security of work due to the nature of the work which is often dependent upon rights to use land and water resources as well as favourable climatic and environmental conditions.

Method of computation

The subsistence worker rate is defined as the percentage of employed persons who are subsistence workers. It is calculated as:

$$\text{Subsistence worker rate} = \frac{\text{Total number of persons employed as subsistence workers}}{\text{Total number of employed persons}} \times 100$$

Concepts and definitions

For the definition of *employment*, please see the concepts and definitions section in the chapter introduction.

The International Classification of Status in Employment (ICSE-93) defines *self-employment jobs* as those jobs where the remuneration is directly dependent upon the profits (or the potential for profits) derived from the goods and services produced – where own consumption is considered to be part of profits. The incumbents make the operational decisions affecting the enterprise, or delegate such decisions while retaining responsibility for the welfare of the enterprise.[6]

Subsistence workers are workers who hold a "self-employment job" and in this capacity produce goods or services which are predominantly consumed by their own household and constitute an important basis for its livelihood.[7] They are defined according to activities that fall within the production boundary of the System of National Accounts, i.e. including all production of goods for own use, but excludes all production of services for own final consumption within households.[8]

Subsistence workers are primarily found in agriculture, forestry and fishing activities; it is thus essential to properly code these economic activities if one seeks to capture such workers. For operational purposes, it may be useful to target International Standard Classification of Occupations (ISCO-08) Sub-Major Group 63, "Subsistence farmers, fishers, hunters and gatherers".

Subsistence workers should in theory be included in the measurement framework of informal employment (a category in the production unit "households"). However, many countries that measure informal employment exclude the agricultural sector although this is where the majority of subsistence workers are often found.

Recommended data sources, metadata and disaggregation

The preferred official national data source for these indicators is a household-based labour force survey (LFS). Other household surveys with an appropriate employment module may also be used to obtain the required data to calculate the indicators. Nonetheless, such sources may have limitations related to periodicity, geographic coverage or worker coverage about which data users should be made aware.

Appropriate metadata (or statistical documentation information) should be provided to users when subsistence worker data are published (data on the source, reference period, population coverage and geographic coverage, definition of subsistence workers).

Disaggregation of the indicators by component groups such as sex, age group, urban and rural areas, and educational attainment provides measures by which to evaluate the relative differences in subsistence workers across different groups. Disaggregation by ethnicity (including indigenous populations) where data are available may also be very useful. Disaggregation by key classifications such as economic activity and occupation may also be quite valuable. In particular, if estimates are sufficiently reliable, disaggregation of ISCO-08 sub major group 63, "Subsistence farmers, fishers, hunters and gatherers" into 3-digit minor groups may help to better quantify the types of subsistence occupations which are prevalent.

---

6. ILO: *Resolution concerning the International Classification of Status in Employment (ICSE),* adopted by the Fifteenth International Conference of Labour Statisticians (Geneva, January 1993). Available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_087562.pdf

7. Ibid.

8. Production of services is excluded except for the services produced by employing paid domestic staff and the own-account production of housing services by owner-occupiers.

Interpretation guidelines

An increasing subsistence worker rate may be interpreted as declining stability and security of work, and thus a deterioration of decent work in this dimension.

While subsistence workers are mainly found in developing countries, they may also exist in developed countries, particularly in less developed regions or regions facing extreme economic hardship. Economies that suffer prolonged contractions, experience mass layoffs of workers and do not offer adequate employment opportunities or safety nets may witness unemployed persons seeking refuge in subsistence production activities.

Similarly, employees whose real earnings are well below cost of living and who are living in extreme poverty may abandon their paid employment and join the ranks of subsistence workers where the "payoff" is higher per unit of time worked. In some economies, subsistence workers may include some workers with higher levels of education. It is recommended that the indicator be analysed by level of educational attainment.

Subsistence workers often suffer deficits of decent work in other dimensions, and it is recommended that the indicator be analysed jointly with other indicators which are disaggregated by economic activity (agriculture, forestry, fishing) or occupation group (ISCO-08 sub major group 63), including excessive working time, working poverty, safe work environment, and social security indicators.

A cycle of poverty within subsistence-worker households may exist whereby children do not attend school and begin working alongside adult subsistence workers, later becoming adult subsistence workers themselves. Child labour is often prevalent in areas of subsistence production, and it is recommended that the subsistence worker rate be measured jointly with the incidence of child labour, the working time of children (using the general production boundary)[9] and the percentage of children not in school by geographic area.

If data on environmental degradation (e.g. soil erosion, destruction of forests, or contamination of water resources) and adverse climatic conditions (e.g. severe droughts or flooding) in regions populated by subsistence workers are available, it may be useful to analyse this information together with the subsistence worker rate by region. Moreover, if qualitative policy or legal framework information is available on the access of subsistence workers to land and water resources, this will also contribute to a better understanding of the stability and security of subsistence workers.

STAB-4. Real earnings of casual workers – (A)

Measurement objective and rationale

The indicator for the real earnings of casual workers conveys information about the remuneration in real terms of one of the most precarious types of employment.

Method of computation

Real earnings of casual workers are obtained by adding the total nominal earnings per hour of casual workers over a given reference period and deflating the amount.

Step 1

$$\text{Mean nominal hourly earnings of casual workers} = \frac{\text{Total nominal earnings of casual workers}}{\text{Total number of hours actually worked by casual workers}}$$

---

9. ILO: the *Resolution concerning statistics of child labour*, adopted by the 18th International Conference of Labour Statisticians (2009). Available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/--stat/documents/normative instrument/wcms_112458.pdf

Step 2

$$\text{Real mean hourly earnings of casual workers} = \frac{\text{Mean nominal hourly earnings of casual workers}}{\text{CPI in decimal form}}$$

Concepts and definitions

For the definition of *employment*, please see the introduction to Chapter 2.

Earnings refer to regular remuneration received from employers, in cash and in kind. This includes direct wages and salaries for time worked or work done, remuneration for time not worked (e.g. paid annual leave), as well as bonuses and gratuities regularly received. This definition of earnings excludes contributions paid to social security and pension schemes by employers in respect of their employees, as well as the benefits received by employees under these schemes. Earnings also exclude severance and termination pay.[10] It should be noted that most casual workers do not receive earnings components other than direct wages (see introduction to Chapter 3).

The concept of *hours actually worked* is defined as the time spent in a job for the performance of activities that contribute to the production of goods and/or services during a specified short or long reference period. It applies to all types of jobs and is not linked to administrative or legal concepts of working time. For purposes of the working time indicators presented in this chapter, it refers to time spent on productive activities defined within the SNA production boundary. This concept covers time spent directly on and in relation to productive activities, as well as down time and resting time, but excludes time not worked, for example, annual and sick leave, public holidays, parental leave, commuting time, educational activities and longer pauses, such as lunch breaks (see the introduction to Chapter 4).[11]

The *Consumer Price Index* (CPI) is a current social and economic indicator that is constructed to measure changes over time in the general level of prices of consumer goods and services that households acquire, use or pay for consumption. The index aims to measure the change in consumer prices over time. This may be done by measuring the cost of purchasing a fixed basket of consumer goods and services of constant quality and similar characteristics and using these to be representative of households' expenditure during a year or other specified period. Such an index is called a fixed-basket price index (see Chapter 1).

For this indicator, the CPI is used to adjust for inflation and thus provide the real average hourly earnings among casual workers.[12]

10. ILO: *Resolution concerning an integrated system of wage statistics, a*dopted by the Twelfth International Conference of Labour Statisticians (Geneva, October 1973). Available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_087496.pdf

11. ILO: *Resolution concerning the measurement of working time*, adopted by the Eighteenth International Conference of Labour Statisticians (Geneva, 2009). Available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_112455.pdf

12. A consumer price index is usually estimated as a series of summary measures of the period-to-period proportional change in the prices of a fixed set of consumer goods and services of constant quantity and characteristics, acquired, used or paid for by the reference population. Each summary measure is constructed as a weighted average of a large number of elementary aggregate indices. Each of the elementary aggregate indices is estimated using a sample of prices for a defined set of goods and services obtained in, or by residents of, a specific region from a given set of outlets or other sources of consumption goods and services; see ILO: *Resolution concerning consumer price indices,* adopted by the Seventeenth International Conference of Labour Statisticians (Geneva, 2003). Available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_087521.pdf

Recommended data sources, metadata and disaggregation

The preferred official national data source for these indicators is a household-based labour force survey (LFS) which includes information by job contract duration. In the absence of a LFS, other household surveys with data on employment, earnings and hours can be used. Nonetheless, such sources may have limitations related to periodicity, geographic coverage or worker coverage about which data users should be made aware.

Appropriate metadata (or statistical documentation information) should be provided to users when data are published on real earnings of casual workers (data on the source, reference period, gross or net earnings concept used, population coverage and geographic coverage, currency unit).

Disaggregation of the indicators by component groups such as sex, age group, urban and rural areas, provides measures by which to evaluate the relative differences in job tenure across different groups. Disaggregation by key classifications such as economic activity may also be quite valuable for the analysis of this indicator.

Interpretation guidelines

Given that the indicator provides information about the average earnings per hour of casual workers, progress is made in this dimension when the earnings reach an acceptable level vis-à-vis a low pay threshold of real median weekly earnings (i.e. more than two-thirds of such earnings). It will therefore be helpful to obtain information on the average weekly hours actually worked of casual workers in order to assess the adequacy of the real weekly earnings. Declining trends in the indicator point to a worsening purchasing power of casual workers, who by definition are in one of the most precarious types of employment.

It is important to analyse the real earnings of casual workers together with the number of such workers and their relative importance within precarious employment and in total employment. Such information will shed light on the magnitude of the deficit in decent work as regards casual workers. The average real earnings of casual workers may be analysed together with indicators under "adequate earnings and productive work", and in particular, it may be useful to evaluate the extent of working poverty among casual workers and their households. Casual workers are often employed in industries such as construction and agriculture, where occupational safety and health problems may be prevalent. It is therefore recommended that such indicators be also analysed by economic sector and by safe work environment indicators.

LEGAL FRAMEWORK INDICATOR 11
Termination of employment

Scope

The rules regulating termination of employment aim to ensure the employer's right to dismiss a worker for a valid reason and the worker's right not to be deprived of work unfairly.

Selected ILS on termination of employment

The Termination of Employment Convention, 1982 (No. 158), and its corresponding Recommendation No. 166, deal with termination of employment at the initiative of the employer. Employment should not be terminated unless there is a *valid reason* for such termination connected with the worker's capacity or conduct or the business' operational requirements. Reasons which are not considered valid include those based on union membership or participation in union activities, filing of a complaint against an employer, race, colour, sex, marital status, family responsibilities, pregnancy, religion, political opinion, national extraction or social origin, temporary absence due to illness, or absence from work during maternity leave. The Convention also deals with, *inter alia*, period of notice, right of the worker to defend him or herself before termination, appeal procedures against dismissal, severance pay, unemployment insurance, as well as, in cases of dismissals for economic reasons, consultation with workers' representatives and advance notification to be given to authorities.

Information provided in the indicator

Law, policy or institutions: Does the national labour law (including collective agreements, arbitration awards and court decisions) set conditions on dismissals? Which workers/enterprises are covered/excluded by the law?

Substantive requirements for dismissals: authorized and prohibited grounds, categories of workers enjoying particular protection?

Procedure for individual dismissals: Form of notification, length of notice by tenure, pay in lieu of notice?

Collective dismissals for economic reasons: Definition? Prior consultations notification and/or approval by workers' representatives and public authorities? Priority rules for dismissal and re-employment?

Severance pay: Calculation by tenure, redundancy payments?

Evidence of implementation effectiveness: Comments by ILO supervisory bodies, if any.

Coverage of workers in law: Estimate of workers covered by the law (methodology TBD).

Coverage of workers in practice: Broad estimate of workers covered in practice (methodology TBD).

Ratification of ILO Conventions: The Termination of Employment Convention, 1982 (No. 158).

Additional sources of information

ILO sources
- DIALOGUE EPLex: http://www.ilo.org/dyn/terminate/termmain.home;
- DIALOGUE Termination of Employment Digest: http://www.ilo.org/public/english/dialogue/ifpdial/downloads/term/digest.pdf (last up-date 1998, replaced by EPLex).

7

Equal opportunity and treatment in employment

<div style="text-align:right">8</div>

Promoting equal opportunity and treatment in employment is a central element of the Decent Work Agenda and the Millennium Development Goals. The indicators introduced in this section can help countries to monitor the progress they have made in achieving this objective. Four statistical indicators have been developed and four others are to be developed by the ILO. The Legal Framework Indicators corresponding to these statistical indicators are: Equal remuneration of men and women for work of equal value and Equal opportunity and treatment (Table 8).

Since many of the indicators share common concepts and definitions (See Table 8) this introduction provides some of the key concepts and definitions.

Persons of working age are classified as **employed** if, during a short reference period such as a day or a week, (i) they did some work (even for just one hour) for pay, profit or family gain, in cash or in kind; or (ii) they were attached to a job or had an enterprise from which they were 'temporarily' absent during this period (for such reasons as illness, maternity, parental leave, holiday, training, industrial dispute). Employed persons include those persons of working age who worked for at least one hour during the reference period as contributing family workers (formerly referred to as unpaid family workers) working in a family business.[1]

It should be noted that the concept of employment does not include household members engaged in the provision of unpaid services for their own family use such as cooking at home or caring for their own children, as well as volunteers providing services to households for their own final use. These activities are not included within the production boundaries of the System of National Accounts (SNA).[2] However, persons engaged in the production of economic goods and services for their 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 (see Chapter 2).[3]

Employees are all those workers who hold "paid employment jobs". These are jobs where the incumbents hold explicit (written or oral) or implicit employment contracts which give them a basic remuneration that is not directly dependent upon the revenue of the unit for which they work (this unit can be a corporation, a non-profit institution, a government unit or a

---

1. ILO: *Resolution concerning statistics of the economically active population, employment, unemployment and underemployment*, adopted by the Thirteenth International Conference of Labour Statisticians. (Geneva, October 1982). Available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---integration/---stat/documents/normativeinstrument/wcms_087481.pdf

2. UNSD: *System of National Accounts 2008*. (New York, 2009). Available at: http://unstats.un.org/unsd/nationalaccount/docs/SNA2008.pdf

3. ILO: *Resolution concerning statistics of the economically active population, employment, unemployment and underemployment*, adopted by the Thirteenth International Conference of Labour Statisticians (Geneva, October 1982). Available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---integration/---stat/documents/normativeinstrument/wcms_087481.pdf

Table 8. Overview of decent work indicators for equal opportunity and treatment in employment

Statistical Decent Work Indicators	Concepts	Coverage	Preferred data source
Indicators developed			
EQUA-1. Occupational segregation by sex – (M)	Employment	Employed persons	LFS, other household surveys with an employment module Establishment surveys Administrative records
EQUA-2. Female share of employment in senior and middle management – (M)	Employment ISIC	Employed persons	
EQUA-3. Gender wage gap – (A)	Employees Earnings	Employees	LFS, other household surveys with an employment module including earnings data Establishment surveys Administrative data
EQUA-4. Share of women in wage employment in the non-agricultural sector – (A)	Employees ISIC	Employees	
Indicators to be developed by the ILO			
EQUA-5 (A) Indicator for Fundamental Principles and Rights at Work (Elimination of discrimination in respect of employment and occupation)	n/a	n/a	n/a
EQUA-6 (A) Measure of discrimination by race/ethnicity/of indigenous people/of (recent) migrant workers/rural workers where relevant and available at the national level*	n/a	n/a	n/a
EQUA-7 (F) Measure of dispersion for sectoral/occupational distribution of (recent) migrant workers	n/a	n/a	n/a
EQUA-8 (F) Measure for employment of persons with disabilities *	n/a	n/a	n/a
Legal framework indicators: L12 – Equal remuneration of men and women for work of equal value L13 – Equal opportunity and treatment			

These indicators can comprise a set of indicators disaggregated by ethnicity in order to give a profile of discrimination in the country: Employment-to-population ratio (EPR), Labour force participation ratio (LFPR), Unemployment rate, Average real wages, etc. Ethnicity is a recommended level of disaggregation for key indicators.

household). Some or all of the tools, capital equipment, information systems and/or premises used by the incumbents may be owned by others, and the incumbents may work under direct supervision of, or according to strict guidelines set by the owner(s) or persons in the owners' employment. Persons in "paid employment jobs" are typically remunerated by wages and salaries, but may be paid by commission from sales, by piece-rates, bonuses or in-kind payments such as food, housing or training.[4]

---

4. ILO: *Resolution concerning the International Classification of Status in Employment (ICSE)*, adopted by the Fifteenth International Conference of Labour Statisticians (Geneva, January 1993). Available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---integration/---stat/documents/normativeinstrument/wcms_087562.pdf

STATISTICAL INDICATORS

EQUA-1. Occupational segregation by sex – (M)

Measurement objective and rationale

This indicator and its three measures provide information on the tendency for men and women to work in different occupations, – where an occupation refers to a set of jobs whose main tasks and duties are characterized by a high degree of similarity. In this way, the indicator sheds light on the extent to which women and men benefit from different opportunities and treatment in work life.

Method of computation

Three measures of occupational segregation by sex are being proposed:

(a) Female share of employment (relative to the male share) in each of the ISCO sub-major groups

(b) Occupational distribution of employment by sex (using sub-major groups)

(c) Duncan Index of Dissimilarity (using sub-major groups)

If W_i and M_i are respectively the numbers of employed females and employed males in the ith ISCO sub-major group;
W will be the total number of employed females: $W = \Sigma W_i$; and
M will be the total number of employed males: $M = \Sigma M_i$
N_i will be the total employed persons in sub-major group i: $N_i = W_i + M_i$ and
N will be the total employed persons: $N = \Sigma N_i = W + M$
The proposed measures are computed as follows:

(a) The female share of employment in the ith ISCO sub-major group = W_i/N_i

(b) The female occupational distribution is obtained by computing W_i/W for the ith ISCO sub-major group; and correspondingly the male occupational distribution is obtained by computing M_i/M

(c) The Index of Dissimilarity (ID) is given by ID = $\frac{1}{2} \Sigma |(W_i/W) - (M_i/M)|$ where the summation is of the absolute difference over all sub-major groups.

Concepts and definitions

For a definition of **employed persons**, see the introduction to this chapter.
The International Standard Classification of Occupations (ISCO) organizes jobs into a clearly defined set of groups according to the tasks and duties undertaken in the job. The first version of ISCO was published in 1958 and since then ISCO has been revised in 1968, 1988 and 2008.[5]

Recommended data sources and metadata

The recommended data source for this indicator is the labour force survey or, if not available, other household surveys with an employment module. In the absence of either of the above, establishment surveys or administrative records may be used to gather information on the female share of employment by the required ISCO groups. In cases where establishment surveys

8

---

5. ILO: *International Standard Classification of Occupations (ISCO)*. Available at: http://www.ilo.org/public/english/bureau/stat/isco/index.htm

or administrative records are used, the coverage is likely to be limited to formal enterprises or enterprises of a certain size. Information on the enterprises covered should be provided with the figures.

When comparing figures across years, any changes in the versions of ISCO used should be taken into account.

Besides analysing occupational segregation by sex, these measures can be calculated for any two groups that need to be compared, for example, workers with disability versus those without. Metadata on the coverage and concepts used for the measures should be clearly identified.

Interpretation guidelines

This first measure indicates the extent to which there is a concentration of women (and men) in each sub-major group of occupations. It can be used in two ways as follows:

(i) This measure is frequently used to discuss the degree of feminization of occupational groups. A group in which the female share of employment is high (for example, more than 80 per cent), may be considered as "female dominated". If the female share is low (for example, less than 20 per cent), it may be taken as "male dominated". Other occupations are considered as "integrated occupations". The share can vary depending on the overall share of women in employment.

(ii) Given the relationship between ISCO-88 and ISCO-08 major groups and skill level, increases in the female shares in Major Groups 1, 2 and 3 may be interpreted as progress with regard to the extent to which women are accessing managerial or high-skill jobs. Care should be exercised, however, in the interpretation of data with respect to specific high-skill groups such as teachers and nurses that have traditionally been female dominated. In these cases an increase in the share of female employment may reflect an increase in segregation.

The second measure shows the number of females and the number of males employed in each occupational group, as a proportion of total female and male employment, respectively. Differences between the female and male distributions of occupations may reflect gender differences in access to employment opportunities in each occupational group. It allows identification of the groups in which employed females (and males) tend to work. Taken together with the first measure, it allows an analysis not only of the access that females have to a particular occupational group, relative to males, but also of the proportion of females employed in the said occupational group.

The Duncan Index of Dissimilarity is the most popular summary indicator of segregation. It ranges from 0 to 1, with 0 meaning no occupational segregation and 1 being complete occupational segregation between the two sexes. An increase in the Index of Dissimilarity will mean a greater tendency of men or women to do different jobs. The Duncan Index represents full integration as being a situation in which the occupational distribution for each sex is the same as the occupational distribution of the total employed population. The index measures the tendency of labour markets to be segmented on the basis of sex, but it does not identify which occupational groups create these differences. As a single value, the index has the advantage that comparisons over time and between countries are easier to present. A disadvantage of using this index is that changes over time, as well as differences between countries are not only driven by the sex composition of occupations but also by the occupational structure of the labour market.

Measurement objective and rationale

This indicator refers to the proportion of females in total employment in senior and middle management corresponding to the ISCO-88 categories 11 (legislators and senior officials) and 12 (corporate managers). In this way, the indicator provides information on the proportion of women who are employed in decision-making and management roles in government, in large enterprises and institutions. ISCO-88 Sub-major group 13 – general managers – is not included in the calculation of this indicator, as this group mainly includes managers of small enterprises.

Method of computation

$$\text{Female share of employment in ISCO 88, 11 and 12 (\%)} = \frac{\text{Number of women employed in ISCO 88, 11 and 12}}{\text{Total number of employed in ISCO 88, 11 and 12}} \times 100$$

Concepts and definitions

For a definition of **employed persons**, see the introduction to this chapter.

The International Standard Classification of Occupations (ISCO) organizes jobs into a clearly defined set of groups according to the tasks and duties undertaken in the job. The first version of ISCO was published in 1958 and since then, ISCO has been revised in 1968, 1988 and 2008.[6] This indicator is based on the ISCO-88 structure. When statistics are based on the ISCO-68, major group 2 will be used; where they are based on ISCO-08, sub-major groups 11, 12 and 13 will be used. If statistics are not disaggregated at the sub-major level, then major group 1 will be used.

Recommended data sources and metadata

The recommended data source for this indicator is the labour force survey or, if not available, other household surveys with an employment module. In the absence of either of the above, establishment surveys or administrative records may be used to gather information on the female share of employment by the required ISCO groups. In cases where establishment surveys or administrative records are used, the coverage is likely to be limited to formal enterprises or enterprises of a certain size. Information on the enterprises covered should be provided with the figures.

When comparing figures across years, any changes in the versions of ISCO that are used should be taken into account.

If the sample size permits, it may be of interest to cross-tabulate this indicator by economic activity (ISIC) or disaggregate further to observe the share of females that exists across more detailed occupational groups.

Interpretation guidelines

The female share of employment in ISCO-88 11 and 12 provides some insight into women's power in decision making and in the economy. However, its principle limitation is that it does not reflect differences in the levels of responsibility of women in these high and middle level positions or the importance of the enterprises and organizations in which they are employed.

---

6. ILO: *International Standard Classification of Occupations (ISCO)*. Available at: http://www.ilo.org/public/english/bureau/stat/isco/index.htm

EQUA-3. Gender wage gap – (A)

Measurement objective and rationale

This indicator measures the relative difference between the average hourly pay for men and the average hourly pay for women.

Method of computation

The gender wage gap is the difference between the gross average hourly earnings of male and female employees expressed as percentage of gross average hourly earnings of male employees.

$$\text{Gender pay gap (\%)} = \frac{(E_m - E_w)}{E_m} \times 100$$

where E_m is the gross average hourly earnings of men in any given population group and E_w is the gross average hourly earnings of women.

Concepts and definitions

For a definition of **employees**, see the introduction to this chapter.

Earnings in this context refer to regular remuneration received from employers, in cash and in kind. The concept includes direct wages and salaries for time worked or work done, remuneration for time not worked (e.g. paid annual leave), as well as bonuses and gratuities that are regularly received. It excludes the contributions paid by employers to social security and pension schemes in respect of their employees, as well as the benefits received by employees under these schemes. Earnings also exclude severance and termination pay.[7]

Recommended data sources and metadata

The preferred data source for this indicator is the labour force survey or other household surveys with an employment module including earnings data, because this is the only source that guarantees full coverage of paid employment, including paid employment in the informal economy. Still, they have a number of drawbacks as concerns the elaboration of statistics on earnings. First, depending on the methodology used to capture information, the quality of statistics on earnings may be variable, especially for workers in the informal sector. Second, statistics may relate to net earnings (after deductions for social security schemes and advance income tax). And third, the calculation of hourly earnings requires assumptions about the hours worked for periods outside of the usual reference period (of a week). This is because hourly earnings are based on statistics on earnings and on hours worked but these are usually collected for different reference periods. In the absence of the above, establishment surveys may be used; however, the coverage is likely to be limited to workers in formal enterprises or enterprises of a certain size. Information on the coverage should be provided with the figures. Administrative records can also be used as another data source, although this would imply that coverage in terms of workers, concepts and economic activity would be reduced. Should hourly data on earnings not be available, another variant of earnings data may be used, such as monthly, weekly, etc. However, the interpretation will differ slightly from the hourly data since monthly and weekly earnings data also capture differences between men and women as concerns the number of hours worked.

The analytical capacity of the indicator is much stronger when disaggregated. Most importantly, gender pay gap can be best analysed by occupational group (ISCO), economic activity (ISIC), level of education or age group.

---

7. ILO: *Resolution concerning an integrated system of wage statistics*, adopted by the Twelfth International Conference of Labour Statisticians. (Geneva, October 1973). Available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_087496.pdf

Interpretation guidelines

The gender pay gap measures the extent to which the wages of men differ from those of women. When the gender pay gap equals "0", it denotes equality of earnings. Positive values reflect the extent to which women's earnings fall short of those received by men, where a value closer to "100" denotes more inequality than a value closer to "0". Negative values reflect the extent to which women's earnings are higher than men's (though these are rarely encountered in reality). The gender pay gap presented above is in an unadjusted form. Specifically, this means that some of the difference between the average hourly earnings of men and women can be explained by observable characteristics, such as differences in education or experience. In this regard, while the gender pay gap is a useful measure to show on average how far behind women are, it is less useful for understanding the underlying reasons for which the gap exists.

The gender pay gap is calculated for paid employees only, as earnings data are typically available for employees. Hence, the gender pay gap does not cover large numbers of own-account workers or employers, especially in the informal sector where income differences between men and women may be larger. The gender pay gap does not capture either income differences between the sexes that result from uneven access to paid employment. For instance, when men are over-represented among paid employees (with relatively high incomes) and women are over-represented among the self-employed in the informal sector (with relatively low incomes), the overall gap in incomes is likely to be greater than what can be captured by the gender wage gap.

EQUA-4. Share of women in wage employment in the non-agricultural sector – (A)

Measurement objective and rationale

This indicator presents the share of women in paid employment in the non-agricultural sector as a percentage of total paid employment in the non-agricultural sector. It is MDG indicator 3.2, under Target 3A: Eliminate gender disparity in primary and secondary education, preferably by 2005 and in all levels of education no later than 2015 and Goal 3: Promote gender equality and empower women.

Method of computation

$$\text{Share of women in wage employment in the non agricultural sector (\%)} = \frac{\text{Number of women in paid employment in the non-agricultural sector}}{\text{Total number of persons in paid employment in the non-agricultural sector}} \times 100$$

Concepts and definitions

For a definition of *employed persons* and *employees*, see the introduction to this chapter.

The International Standard Industrial Classification of All Economic Activities (ISIC) classifies productive activities in a set of activity categories. The non-agricultural sector refers to all economic activities excluding agriculture (ISIC, Revision 4 section A). Industry can be understood as including mining and quarrying (including oil production), manufacturing, construction, electricity, gas, and water (, i.e. categories B-F in ISIC, Revision 4). Services can be understood as including wholesale and retail trade and restaurants and hotels; transport, storage, and communications; financing, insurance, real estate and business services; and community, social and personal services (categories G-U in ISIC, Revision 4).[8]

---

8. UNSD: *International Standard Industrial Classification of All Economic Activities, Revision 4* (2008). Available at: http://unstats.un.org/unsd/cr/registry/isic-4.asp

Recommended data sources and metadata

The preferred data source for this indicator is the labour force survey or other household surveys with an employment module. In the absence of the above, establishment surveys may be used, however, the coverage is likely to be limited to workers in formal enterprises or enterprises of a certain size. Information on the coverage should be provided with the figures. Another data source is administrative records, although this would imply that coverage in terms of workers and economic activity would be reduced.

The versions of ISIC used should be harmonized as and when the indicator is analysed over time.

The indicator can be disaggregated by geographical location and broken down further by economic activity.

Interpretation guidelines

The indicator may vary from 0 (only men) to 100 per cent (only women). Equal numbers of women and men in the sectors would give an indicator value of 50 per cent.

Progress is assessed by an increase in the value of the indicator (often aiding poverty reduction). Due to growing levels of development and related structural economic changes, production tends to move from the agricultural sector towards the non-agricultural sectors. At the same time, this causes a movement to paid employment jobs away from other types of jobs, with an accompanying emergence of monetized industrial and services sectors. The extent to which women have access to paid employment could thus reflect their integration into the monetary economy while benefiting from a more regular and largely monetary income. This in turn would be expected to have a positive impact on women's autonomy and decision-making powers.

In some countries, non-agricultural wage employment represents only a small portion of total employment. Therefore, this indicator should be considered together with additional information on the situation of women in the labour market: for instance, the share of women in total employment – by status in employment, level of education, level of remuneration, wage differentials, and women's and men's access to social protection – as well as in unemployment and in the economically active population.

Another indicator that can be used for similar analysis is Female share of employment by ISIC category (CONT-10). That indicator may be analysed together with EMPL-10 Share of wage employment in non-agricultural employment.

LEGAL FRAMEWORK INDICATOR 12
Equal opportunity and treatment

Scope

Discrimination exists when laws, rules or practices explicitly cite a particular ground, such as sex, race, etc.(see below) to deny equal opportunities (*direct discrimination*), or although neutral on the surface, lead in practice to exclusions (*indirect discrimination*). Freedom from discrimination is a fundamental human right and is essential for workers to be able to choose their employment freely, to develop their potential to the full and to obtain economic rewards on the basis of merit.

ILS on equal opportunity and treatment

The Discrimination (Employment and Occupation) Convention, 1958 (No. 111) requires ratifying states to declare and pursue a national policy designed to promote, by methods appropriate to national conditions and practice, equality of opportunity and treatment in respect of employment and occupation, with a view to eliminating any discrimination in respect thereof. It defines discrimination as "any distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation". The Equal remuneration Convention, 1951 (No. 100) requires ratifying countries to ensure the application to all workers of the principle of *equal remuneration for men and women workers for work of equal value*. The term "remuneration" includes the ordinary, basic or minimum wage or salary and any additional emoluments payable directly or indirectly, whether in cash or in kind, by the employer to the worker and arising out of the worker's employment.

Information provided in the indicator

Law, policy or institutions: Is there a national law or stated government policy on equal opportunity and treatment in employment and occupation? What grounds of discrimination are covered? Is there a national mechanism to promote or protect this right (Equal Opportunities Commission, etc.)? Does the mechanism have enforcement or advisory powers? Is there an individual right of complaint? Have there been court cases or other legal proceedings to enforce this right? If so, what remedies have been provided or penalties imposed? Which workers are covered by the law?

Evidence of implementation effectiveness: Comments of ILO supervisory bodies (if any).

Coverage of workers in law: Estimate of the workforce covered by the law/policy.

Ratification of ILO Conventions: The Equal remuneration Convention, 1951 (No. 100) and the Discrimination (Employment and Occupation) Convention, 1958 (No. 111).

Additional sources of information

ILO sources

- Country baselines under the ILO Declaration Annual Review (2000–2010): Elimination of Discrimination in Respect of Employment and Occupation (DISC) – http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_091265.pdf (for information on countries which have not ratified the fundamental conventions No. 100 and No. 111);
- Equality at work: tackling the challenges. Global report under the follow-up to the ILO Declaration on Fundamental Principles and Rights at Work. Report of the Director-General, 2007 (http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---webdev/documents/publication/wcms_082607.pdf).

LEGAL FRAMEWORK INDICATOR 13
Equal remuneration of men and women for work of equal value

Scope

Equal remuneration for men and women for work of equal value refers to rates of remuneration established without discrimination based on sex.

Selected ILS on Equal remuneration of men and women for work of equal value

The fundamental Equal Remuneration Convention, 1951 (No. 100) requires ratifying countries to ensure the application to all workers of the principle of equal remuneration for men and women workers for work of *equal value*. The term "remuneration" is broadly defined to include the ordinary, basic or minimum wage or salary and any additional emoluments payable directly or indirectly, whether in cash or in kind, by the employer to the worker and arising out of the worker's employment. The principle of equal pay applies to all workers. Reference to "work of *equal value*" takes into account the gender dimensions of work. The Discrimination (Employment and Occupation) Convention, 1958 (No. 111), defines discrimination as "any distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation".

Information provided in the indicator

> **Law, policy or institutions:** Is there a national law or stated government policy on equal remuneration for work of equal value based on sex? How is remuneration defined? How is equal value defined? Is there a national mechanism to promote or protect this right (Equal Opportunities Commission, etc.)? Have there been court cases or other legal proceedings to enforce this right? If so, what remedies have been provided or penalties imposed? Which workers are covered by the law?
>
> **Evidence of implementation effectiveness:** Comments of ILO supervisory bodies (if any).
>
> **Coverage of workers in law:** Estimate of the workforce covered by the law/policy.
>
> **Ratification of ILO Conventions:** The Equal remuneration Convention, 1951 (No. 100) and the Discrimination (Employment and Occupation) Convention, 1958 (No. 111).

Additional sources of information

ILO sources

- Country baselines under the ILO Declaration Annual Review (2000–2010): Elimination of Discrimination in Respect of Employment and Occupation (DISC) – http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_091265.pdf (for information on countries which have not ratified the fundamental conventions No. 100 and 111);
- Equality at work: tackling the challenges. Global report under the follow-up to the ILO Declaration on Fundamental Principles and Rights at Work. Report of the Director-General, 2007 (http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---webdev/documents/publication/wcms_082607.pdf).

Safe work environment

<div style="text-align: right">

9

</div>

Occupational safety and health at work are vital components of decent work. The extent to which workers are protected from work-related hazards and risks is captured, assessed and monitored through four indicators: (i) Occupational injury frequency rate, fatal; (ii) Occupational injury frequency rate, non-fatal; (iii) Time lost per occupational injury; (iv) Labour inspection (Inspectors per 10,000 employed persons). The legal framework indicators corresponding to these statistical indicators are: OSH labour inspection and Employment injury benefits (Table 9).

Since many of the indicators share common concepts and definitions (See Table 9) this introduction provides some of the key concepts and definitions.

Occupational injury: any personal injury, disease or death resulting from an occupational accident. An occupational injury is different from an occupational disease, which comes as a result of an exposure over a period of time to risk factors linked to the work activity. Diseases are included only in cases where the disease arose as a direct result of an accident.

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. 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; that is, while engaged in an economic activity, or at work, or carrying out the business of the employer.

Workers in the reference group: workers in the reference group refer to the average number of workers in the particular group under consideration and who are covered by the source of the statistics of occupational injuries (for example, those of a specific sex or in a specific economic activity, occupation, region, age group, or any combination of these, or those covered

Table 9. Overview of decent work indicators for safe work environment

Statistical Decent Work Indicators	Concepts	Coverage	Preferred data source
SAFE-1. Occupational injury frequency rate, fatal – (M) SAFE-2. Occupational injury frequency rate, non-fatal – (A) SAFE-3. Time lost per occupational injury – (A)	Occupational injury Occupational accident Fatal and non-fatal occupational injury Days lost by cases of temporary incapacity	Workers in the reference group	National systems for the notification of occupational injuries Administrative data Household surveys Establishment surveys
SAFE-4. Labour inspection (Inspectors per 10,000 employed persons) – (A)	Employment Labour inspection	Employed persons	
Legal Framework Indicators: L15 – OSH labour inspection L14 – Employment injury benefits			

by a particular insurance scheme, accident notification systems, or household or establishment survey).

The four indicators could be used by enterprises, governments and other stakeholders to formulate policies and programmes for the prevention of occupational injuries, diseases and deaths. They could also be used to monitor the implementation of these programmes and to signal particular areas of increasing risk such as a particular occupation, industry or location.

Although the principal objective of the indicators is to provide information for prevention purposes, they may be used for a number of other purposes, such as:

- to identify the occupations and economic activities where occupational injuries occur, along with their extent, severity and the way in which they occur, as a basis for planning preventive measures;

- to set priorities for preventive efforts;

- to detect changes in the pattern and occurrence of occupational injuries, so as to monitor improvements in safety and reveal any new areas of risk;

- to inform employers, employers' organizations, workers and workers' organizations of the risks associated with their work and workplaces, so that they can take an active part in their own safety;

- to evaluate the effectiveness of preventive measures;

- to estimate the consequences of occupational injuries, particularly in terms of days lost or costs; and

- to provide a basis for policy-making aimed at encouraging employers, employers' organizations, workers and workers' organizations to introduce accident prevention measures.

STATISTICAL INDICATORS

SAFE-1. Occupational injury frequency rate, fatal – (M)

Measurement objective and rationale

The fatal occupational injury frequency rate provides information on the number of fatal occupational injury cases per hours worked by the concerned population during the reference period. It is a measure of the risk of having a fatal occupational injury based on the duration of exposure to adverse work-related factors.

Method of computation

The fatal occupational injury frequency rate is calculated as the number of new cases of fatal injury during the reference year divided by the total number of hours worked by workers in the reference group during the reference year, multiplied by 1,000,000.

$$\text{Fatal occupational injury frequency rate} = \frac{\text{Number of new cases of occupational fatalities during the reference period}}{\text{Total number of hours worked by workers in the reference group during the reference period}} \times 1{,}000{,}000$$

Ideally, the denominator should be the number of hours actually worked by workers in the reference group. When this is not possible, the denominator can be calculated on the basis of normal hours of work taking into account entitlements to periods of paid absence from work, such as paid vacations, paid sick leave and public holidays.

If the data needed for calculating the frequency rate are not available, the incidence rate defined below may be calculated instead.

The fatal occupational injury incidence rate is calculated as the number of new cases of fatal injury during the reference year divided by the average number of workers in the reference group during the reference year, multiplied by 100,000.

$$\text{Fatal occupational injury incidence rate} = \frac{\text{Number of new cases of occupational fatalities during the reference period}}{\text{Total number of workers in the reference group during the reference period}} \times 100{,}000$$

In calculating the average number of workers, the number of part-time workers should be converted to full-time equivalents. For the calculation of rates, the numerator and the denominator should have the same coverage. For example, if self-employed persons are covered in the statistics of fatal occupational injuries they should also be covered in the denominator.

Concepts and definitions[1]

For the definitions of *occupational injury*, *occupational accident*, *workers in the reference group,* see the introduction to this chapter.

Fatal occupational injury: an occupational injury leading to death within one year of the day of the occupational accident.

Case of fatal occupational injury: the case of a worker fatally injured as a result of one occupational accident, and where death occurred within one year of the day of the accident.

---

1. For more detailed information refer to ILO: *Resolution concerning statistics of occupational injuries (resulting from occupational accidents)*, adopted by the Sixteenth International Conference of Labour Statisticians (October 1998). Available at: http://www.ilo.org/global/statistics-and-databases/standards-and-guidelines/resolutions-adopted-by-international-conferences-of-labour-statisticians/lang--en/index.htm

Recommended data sources and metadata

The recommended data sources are national systems for the notification of occupational injuries (such as, labour inspection records and annual reports; insurance and compensation records, death registers), supplemented by household surveys (especially in order to cover informal sector enterprises and the self-employed) and/or establishment surveys.

The metadata should specify (i) whether the data relate to cases of occupational injury which have been reported (to an accident notification system or to an accident compensation scheme), compensated (by an accident insurance scheme) or identified in some other way (for example through a survey of households or establishments) and (ii) whether cases of occupational disease and cases of injury due to commuting accidents are included in the statistics.

The indicator should be compiled at least once a year for a reference period of not more than a year.

Interpretation guidelines

Data on occupational injuries are essential for planning preventive measures. The role of the indicators is to identify important areas to which attention should be paid. In order to be able to design more targeted prevention mechanisms and related policies it is recommended to disaggregate and analyse this indicator by sex, occupation, economic activity, or any combination of these. For instance, workers in occupations and activities of highest risk can be targeted more effectively for inspection visits, development of regulations and procedures, and also for safety campaigns.

When measured over a period of time, the data can reveal progress or deterioration in occupational safety and health, and thus point to the effectiveness of prevention measures.

This indicator is volatile and strong annual fluctuations may occur due to unexpected but significant accidents or national calamities. The underlying trend should therefore be analysed.

For a more comprehensive analysis, the indicator should be analysed together with the incidence rate of new cases of occupational injuries, severity of new cases of non-fatal occupational injuries and days lost per new case of non-fatal occupational injury. In addition, the non-fatal occupational injury frequency rate (SAFE-2) should be computed in order to have a more complete picture of risks at work.

SAFE-2. Occupational injury frequency rate, non-fatal – (A)

Measurement objective and rationale

The non-fatal occupational injury frequency rate provides information on the number of new cases of non-fatal occupational injury per hours worked by the concerned population during the reference period. It is a measure of the risk of having a non-fatal occupational injury based on the duration of exposure to adverse work-related factors.

Method of computation

The non-fatal occupational injury frequency rate is calculated as the number of new cases of non-fatal injury during the reference year divided by the total number of hours worked by workers in the reference group during the reference year, multiplied by 1,000,000.

$$\text{Non-fatal occupational injury frequency rate} = \frac{\text{Number of new cases of non-fatal occupational injury during the reference period}}{\text{Total number of hours worked by workers in the reference group during the reference period}} \times 1{,}000{,}000$$

Ideally, the denominator should be the number of hours actually worked by workers in the reference group. When this is not possible, the denominator can be calculated on the basis of normal hours[4] of work, taking into entitlements to periods of paid absence from work, such as paid vacations, paid sick leave and public holidays.

If the data needed for calculating the frequency rate are not available, the incidence rate and/or severity rate defined below may be calculated instead.

The non-fatal occupational injury incidence rate is calculated as the number of new cases of non-fatal injury during the reference year, divided by the number of workers in the reference group during the reference year, multiplied by 100,000.

$$\text{Non-fatal occupational injury incidence rate} = \frac{\text{Number of new cases of non-fatal occupational injury during the reference period}}{\text{Total number of workers in the reference group during the reference period}} \times 100{,}000$$

In calculating the average number of workers, the number of part-time workers should be converted to full-time equivalents.

The non-fatal occupational injury severity rate is a useful indicator of the consequences of occupational injuries and is therefore important for prevention measures. It is calculated as the number of days lost as a result of new cases of occupational injury during the reference period, divided by the total amount of time worked by workers in the reference group during the reference period, multiplied by 1,000,000.

$$\text{Non-fatal occupational injury severity rate} = \frac{\text{Number of days lost due to new cases of non-fatal occupational injury during the reference period}}{\text{Total number of hours worked by workers in the reference group during the reference period}} \times 1{,}000{,}000$$

This should be calculated only for temporary incapacity for work. The amount of time worked by workers in the reference group should preferably be measured in hours actually worked.

For the calculation of each of the above rates, the numerator and the denominator should have the same coverage. For example, if self-employed persons are covered in the statistics of non-fatal occupational injuries they should also be covered in the denominator.

Concepts and definitions[2]

For the definitions of ***occupational injury***, ***occupational accident***, and ***workers in the reference group,*** see the introduction to this chapter.

Cases of non-fatal injury with lost work time (permanent and temporary incapacity):

- Cases of permanent incapacity for work are cases of occupational injury where the persons injured were unable to work from the day of the accident, and were never able to perform again the normal duties of work in the job or post occupied at the time of the occupational accident causing the injury.

- Cases of temporary incapacity are cases of occupational injury where the workers injured were unable to work from the day after the day of the accident, but were later able to perform again the normal duties of work in the job or post occupied at the time of the occupational accident causing the injury within a period of one year from the day of the accident.

---

2. For more detailed information, refer to ILO: *Resolution concerning statistics of occupational injuries (resulting from occupational accidents)*, adopted by the Sixteenth International Conference of Labour Statisticians (October 1998). Available at: http://www.ilo.org/global/statistics-and-databases/standards-and-guidelines/resolutions-adopted-by-international-conferences-of-labour-statisticians/lang--en/index.htm

Recommended data sources and metadata

The recommended data sources are national systems for the notification of occupational injuries (e.g. labour inspection records and annual reports; insurance and compensation records, death registers), supplemented by household surveys (especially in order to cover informal sector enterprises and the self-employed) and/or establishment surveys.

The metadata should specify (i) whether the data relate to cases of occupational injury which have been reported (to an accident notification system or to an accident compensation scheme), compensated (by an accident insurance scheme) or identified in some other way (for example through a survey of households or establishments) and (ii) whether cases of occupational disease and cases of injury due to commuting accidents are included in the statistics.

The indicator should be compiled at least once a year for a reference period of not more than a year.

Interpretation guidelines

Data on occupational injuries are essential for planning preventive measures. The role of the indicators is to identify important areas to which attention should be paid. In order to be able to design more targeted prevention mechanisms and related policies it is recommended to disaggregate and analyse this indicator by sex, occupation, economic activity, or any combination of these. Workers in occupations and activities of highest risk can be targeted more effectively for inspection visits, development of regulations and procedures, and also for safety campaigns. When measured over a period of time, the data can reveal progress or deterioration in occupational safety and health, and thus point to the effectiveness of prevention measures.

This indicator is volatile and strong annual fluctuations may occur due to unexpected but significant accidents or national calamities. The underlying trend should therefore be analysed.

For a more comprehensive analysis it is recommended to analyse this indicator together with the incidence rate of new cases of occupational injuries, severity of new cases of non-fatal occupational injuries and days lost per new case of non-fatal occupational injury. In addition, the fatal occupational injury frequency rate (SAFE-1) should be computed in order to have a more complete picture of risks at work.

SAFE-3. Time lost due occupational injuries – (A)

Measurement objective and rationale

Time lost due to occupational injuries is an indicator that measures the consequences of occupational injuries in terms of lost days. It may be used to design targeted prevention mechanisms and to estimate the cost of occupational injuries. Hence, it gives a quantifiable measure of the impact of the injuries which is comparable across cases.

Method of computation

Time lost per occupational injury is defined as the median or mean number of calendar days lost per new cases of non-fatal occupational injury resulting in temporary incapacity.

It is calculated by dividing the total number of days lost due to new cases of non-fatal injuries resulting in temporary incapacity during the reference year with the total number of occupational injuries in the reference group during the reference year.

$$\text{Time lost per occupational injury} = \frac{\text{Number of days lost due to new cases of occupational injuries during the reference period}}{\text{Number of occupational injuries during the reference period}}$$

Both the numerator and the denominator should have the same coverage.

Concepts and definitions[3]

For the definitions of *occupational injury*, *occupational accident*, and *workers in the reference group,* see the introduction to this chapter.

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

Cases of non-fatal injury with lost work time (permanent and temporary incapacity)

- Cases of permanent incapacity for work are cases of occupational injury where the persons injured were unable to work from the day of the accident, and were never able to perform again the normal duties of work in the job or post occupied at the time of the occupational accident causing the injury.

- Cases of temporary incapacity are cases of occupational injury where the workers injured were unable to work from the day after the day of the accident, but were later able to perform again the normal duties of work in the job or post occupied at the time of the occupational accident causing the injury within a period of one year from the day of the accident.

Days lost by cases of temporary incapacity: days lost due to temporary incapacity refer to the number of calendar days during which those persons temporarily incapacitated were unable to work, excluding the day of the accident, up to a maximum of one year. Time lost is counted inclusively from the day after the day of the accident until the day prior to the return to work. Recurrent absences due to an occupational injury should be counted as one case. Time lost excludes temporary absences from work for medical treatment of less than one day.

Recommended data sources and metadata

The recommended data sources are national systems for the notification of occupational injuries (e.g. labour inspection records, and annual reports, as well as insurance and compensation records) supplemented by household surveys (especially in order to cover informal sector enterprises and the self-employed) and/or establishment surveys.

The metadata should specify (i) whether the data relate to cases of occupational injury which have been reported (to an accident notification system or to an accident compensation scheme), compensated (by an accident insurance scheme) or identified in some other way (for example through a survey of households or establishments) and (ii) whether cases of occupational disease and cases of injury due to commuting accidents are included in the statistics.

If time lost due to permanent incapacity or death is measured, it should be compiled and disseminated separately from time lost due to temporary incapacity (death registers would be an additional source of data in this case).

The indicator should be compiled at least once a year for a reference period of not more than a year.

Interpretation guidelines

Time lost should be measured in terms of the number of calendar days during which the injured person is temporarily incapacitated, in order to assess the severity of the injury. If time lost is measured in workdays, attempts should be made to assess the total number of calendar days lost. The average number of calendar days lost is useful for targeting accident prevention, while the average number of workdays lost is useful for measuring the economic impact of the absence from work caused by the injury for both the worker and the employer. Where the purpose is to

---

3. For more detailed information refer to ILO: *Resolution concerning statistics of occupational injuries (resulting from occupational accidents)*, adopted by the Sixteenth International Conference of Labour Statisticians (Geneva, October 1998). Available at: http://www.ilo.org/global/statistics-and-databases/standards-and-guidelines/resolutions-adopted-by-international-conferences-of-labour-statisticians/lang--en/index.htm

estimate the full cost of occupational injuries, in addition to days lost or days of absence from work, other variables should be included in the estimation, such as production losses.

The measurement of time lost should cover only cases of temporary incapacity for work. If time lost as a result of permanent incapacity for work or a fatality is also measured, the information should be presented separately for temporary incapacity for work, permanent incapacity for work and fatalities.

In order to be able to design more targeted prevention mechanisms and related policies, it is recommended to disaggregate and analyse this indicator by sex, occupation, economic activity, or any combination of these.

It is recommended to analyse the trends of this indicator together with the frequency rates of new cases of occupational injuries and the severity of new cases of non-fatal occupational injuries.

SAFE-4. Labour inspection (Inspectors per 10,000 employed persons) – (A)

Measurement objective and rationale

The rate of inspectors per 10,000 employed persons is a crude proxy measure of the resources for monitoring and enforcing work conditions and standards.

Method of computation

$$\text{Labour inspection} = \frac{\text{Number of labour inspectors}}{\text{Number of employed persons}} \times 10,000$$

Concepts and definitions

The system of labour inspection is in charge of: (i) securing "the enforcement of the legal provisions relating to conditions of work and the protection of workers while engaged in their work;" (ii) supplying "technical information and advice to employers and workers concerning the most effective means of complying with legal provisions;" (iii) bringing "to the notice of the competent authority defects or abuses not specifically covered by existing laws".[4]

Persons of working age are classified as *employed* if, during a short reference period such as a day or a week, (i) they did some work (even for just one hour) for pay, profit or family gain, in cash or in kind; or (ii) they were attached to a job or had an enterprise from which they were 'temporarily' absent during this period (for such reasons as illness, maternity, parental leave, holiday, training, industrial dispute). Employed persons include those persons of working age who worked for at least one hour during the reference period as contributing family workers (formerly referred to as unpaid family workers) working in a family business (see Chapter 2).[5]

The concept of employment does not include household members engaged in the provision of unpaid services for own family use such as cooking at home or caring for own children as well as volunteers providing services to households for own final use. These activities are not included within the production boundaries of the System of National Accounts (SNA).[6] However,

4. ILO: *The Labour Inspection Convention, 1947 (No. 81)*. Available at: http://www.ilo.org/ilolex/cgi-lex/convde.pl?C081
5. ILO: *Resolution concerning statistics of the economically active population, employment, unemployment and underemployment*, adopted by the Thirteenth International Conference of Labour Statisticians (Geneva,, October 1982). Available at: http://www.ilo.org/global/statistics-and-databases/standards-and-guidelines/resolutions-adopted-by-international-conferences-of-labour-statisticians/lang--en/index.htm
6. UNSD: *System of National Accounts 2008* (New York, 2009). Available at: http://unstats.un.org/unsd/national account/docs/SNA2008.pdf

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 (see Chapter 2).

Recommended data sources and metadata

The required data for the numerator and the denominator can be obtained from administrative records and labour force surveys or other household surveys with an employment module. It is important to synchronize the reference periods used for computing the number of labour inspectors and the number of employed persons.

Interpretation guidelines

Labour inspectors are in charge of monitoring and evaluating many labour-related practices of which safety and health at the workplace is one. Hence, the indicator at hand may not give a complete picture of whether health- and safety-related practices at the workplace are monitored to a sufficient extent. In addition, it does not provide information on the number of inspections conducted or the quality of the work conducted by the labour inspectorate. In order to be able to evaluate the results, a benchmark of an acceptable or a desired number of labour inspectors per 10,000 employed persons is necessary.

9

LEGAL FRAMEWORK INDICATOR 14
Employment injury benefits

Income replacement in case of employment injury

Scope

Employment injury benefits provide compensation for work-related injuries and occupational diseases. They include medical care, cash benefits for temporary or permanent loss of earning and cash benefits in case of death of the breadwinner. This Legal Framework Indicator focuses on *income replacement in case of employment injury (*cash benefits for loss of earning).

Selected ILS on income replacement in case of employment injury

Contingencies covered by the Social Security (Minimum Standards) Convention, 1952 (No. 102) and the Employment Injury Benefits Convention, 1964 (No. 121) include, *inter alia*, morbid condition, incapacity for work or loss of faculty due to work-related injuries and occupational diseases. Convention No. 121 places an obligation to provide for a definition of "industrial accident" and a list and/or definition of occupational diseases. Convention No. 102 covers nine branches of social security, including employment injury benefits. Part VI provides, *inter alia*, for periodical payments corresponding to at least 50 per cent of the reference wage in cases of incapacity for work or invalidity. Convention No. 121 provides for periodical payments corresponding to at least 60 per cent of the reference wage. The rate should be revised following substantial changes in the cost of living. A lump sum is also permitted in some exceptional circumstances. No qualifying period may be prescribed; the benefits must be granted throughout the contingency.

Information provided in the indicator

Law, policy or institutions: Is there a national occupational safety and health insurance system providing for income replacement in case of employment injury? What workers are covered/excluded by the system? Who administers this system?

Qualifying conditions: What is the minimum level of incapacity giving entitlement to compensation? What are the other qualifying conditions, if any?

Benefits (level and duration): What cash benefits are payable for permanent incapacity (as percentage of previous earnings)? What cash benefits are payable for temporary incapacity (as percentage of previous earnings)? Other?

Financing: How are the benefits financed?

Evidence of implementation effectiveness: Comments of ILO supervisory bodies (if any).

Coverage of workers in law: Broad estimate of workers covered in law.

Coverage of workers in practice: Broad estimate of workers covered in practice (methodology TBD).

Ratification of ILO Conventions: The Social Security (Minimum Standards) Convention, 1952 (No. 102), the Employment Injury Benefits Convention, 1964 (No. 121), the Occupational Health and Safety Convention, 1981, (No.155) and the Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187).

Additional sources of information

ILO sources
- CEACR: General Survey concerning social security instruments in light of the 2008 Declaration on Social Justice for a Fair Globalization, ILC, 100th Session, 2011 (forthcoming) and Article 19 reports;
- GESS Country Profiles (http://www.socialsecurityextension.org/gimi/gess/Show CountryProfiles.do?aid=2);
- SECSOC website – http://www.ilo.org/public/english/protection/secsoc;

Other sources
- ISSA Country Profiles (http://www.issa.int/aiss/Observatory/Country-Profiles).

LEGAL FRAMEWORK INDICATOR 15
OSH labour inspection

Scope

Labour inspection in the field of occupational safety and health (OSH) involves examining a workplace to assess and control risks from health and safety at work from a perspective of work issues or other work-related pressures. It should be noted that the enforcement of health and safety regulations is only one dimension of the work of the labour inspectorate which is also concerned with the enforcement of regulations concerning working conditions in general.

Selected ILS on OSH Labour inspection

The Labour Inspection Convention, 1947 (No. 81) and Labour Inspection (Agriculture) Convention, 1969 (No. 129) are concerned with labour inspection in its broad sense. Convention No. 81 asks ratifying states to maintain a system of labour inspection for workplaces in industry and commerce (exceptions are possible with regard to mining and transport). It sets out the basic functions and fields of action covered by labour inspection, the duties and rights of labour inspectors as well as the basic lines of labour inspection as a system. Convention No. 129 is similar in content to Convention No. 81 but concerns agriculture and confers more rights to labour inspectors.

Other Conventions have specific provisions on OHS labour inspection: the Labour Inspection (Seafarers) Convention, 1996 (N. 178), the Occupational Safety and Health and the Working Environment Convention, 1981 (No. 155) and the Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187).

9

Information provided in the indicator

> **Law, policy or institutions:** Existence of a national labour inspection system and structure (is there a central authority which assumes a coordinating role and a decentralized labour inspection structure?); Legislative framework (does it allow inspectors to impose sanctions and executive measures themselves, without going through third units, and provide for their duties and rights?); Existence of an enterprise registry at central level and at the level of labour inspection units status of labour inspectors (civil servants with independent status? Stable employment?); Do they receive training? What resources do they have to undertake their tasks? Are there national/regional labour inspection plans/programmes?
>
> **Evidence of implementation effectiveness:** Comments of ILO supervisory bodies (if any).
>
> **Coverage of workers in law:** Broad estimate of workers covered by the law.
>
> **Coverage of workers in practice:** Broad estimate of workers covered in practice (methodology TBD).
>
> **Ratification of ILO Convention:** The Labour Inspection Convention, 1947 (No. 81), its 1995 Protocol, the Labour Inspection (Agriculture) Convention, 1969 (No. 129), the Convention concerning Occupational Safety and Health and the Working Environment, 1981 (No. 155) and the Convention concerning the promotional framework for occupational safety and health, 2006 (No. 187).

Additional sources of information

ILO sources
- Lab/Admin website: http://www.ilo.org/labadmin;
- LAB/Admin: Labour Inspection country profiles, if any (http://www.ilo.org/labadmin/info/lang--en/WCMS_DOC_LAB_INF_CTR_EN/index.htm);
- OSH profiles (NATLEX), if any;
- CEACR, *General Survey of the reports concerning the Labour Inspection Convention, 1947 (No. 81), and the Protocol of 1995 to the Labour Inspection Convention, 1947, and the Labour Inspection Recommendation, 1947 (No. 81), the Labour Inspection (Mining and Transport) Recommendation, 1947 (No. 82), the Labour Inspection (Agriculture) Convention, 1969 (No. 129), and the Labour Inspection (Agriculture) Recommendation, 1969 (No. 133)*, ILC, 95th Session, 2006 (http://www.ilo.org/public/english/standards/relm/ilc/ilc95/pdf/rep-iii-1b.pdf) and article 19 reports, if any;
- ILO Audit reports and TC projects reports, if any.

Other sources
- National registries and annual reports.

Social security

10

Social security covers all measures that provide benefits, whether in cash or in kind, to secure protection, *inter alia*, from (a) lack of work-related income (or insufficient income) caused by sickness, disability, maternity, employment injury, unemployment, old age, or death of a family member; (b) lack of access or unaffordable access to health care; (c) insufficient family support, particularly for children and adult dependants; (d) general poverty and social exclusion. Ten statistical indicators are introduced in this section, to monitor the progress made by the countries in achieving this objective and some of them are yet to be developed by the ILO. Three legal framework indicators correspond to these statistical indicators: Incapacity for work due to invalidity (income replacement in case of non-occupational invalidity); Incapacity for work due to sickness/sick leave (income replacement in case of sickness/sick leave); and Pension (public/ private) (Table 10).

An extended operational definition of social security that is relevant for the calculation of Decent Work Indicators comprises ten elements. Some of the indicators for the social security dimension refer to all of them (e.g. SECU-2. Public social security expenditure in percentage of GDP); others refer to one of the ten following elements, in particular as concerns coverage which has to be directly and separately measured for each of the specific branches:[2]

(1)   and (2) Medical care and income support in the form of cash sickness benefits, as defined in Parts II and III of the Social Security (Minimum Standards) Convention, 1952 (No. 102) and by the Medical Care and Sickness Benefits Convention, 1969 (No. 130);

(3), (4) and (5) Protection in old age, including income support and long-term care – income support old-age benefit; protection in disability, including income support but also medical care, rehabilitation and long term care – income support invalidity benefit; and protection of survivors in case of death of a family member ("breadwinner") – income support benefit as defined respectively in Parts V, IX and X of the Social Security (Minimum Standards) Convention, 1952 (No. 102) and by the Invalidity, Old-Age and Survivors› Benefits Convention, 1967 (No. 128);

(6)   Protection in maternity, including medical care and income support maternity benefit, as defined in Part VIII of the Social Security (Minimum Standards) Convention, 1952 (No. 102) and by the Revision of the Maternity Protection Convention (Revised), 1952 (No. 183);

---

1. The relevant ILO Conventions are: *The Social Security (Minimum Standards) Convention, 1952 (No. 102)*; *The Medical Care and Sickness Benefits Convention, 1969 (No. 130)*; *The Invalidity, Old-Age and Survivors' Benefits Convention, 1967 (No. 128)*; *The Revision of the Maternity Protection Convention (Revised), 1952 (No. 183)*; *The Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168)* and: *The Employment Injury Benefits Convention, 1964 (No. 121)*. All available at: http://www.ilo.org/ilolex/

2. See also ILO: "Chapter 1 Definitions, standards and concepts" in *World Social Security Report 2010/11, Providing coverage in times of crisis and beyond* (Geneva, 2010). Available at: http://www.ilo.org/gimi/gess/RessFileDownload. do?ressourceId=15263

Table 10. Overview of decent work indicators for social security

Statistical Decent Work Indicators	Concepts	Coverage	Preferred data source
Indicators developed			
SECU-1. Share of population above the statutory retirement age (aged 65 or above) benefiting from an old-age pension – (M)	Old-age pension Beneficiary	Population above the statutory retirement age or aged 65+	Administrative records Household surveys Population Census
SECU-2. Public social security expenditure (percentage of GDP) – (M)	Annual public social security expenditure	n/a	National accounts Social security scheme
SECU-3. Health expenditure not financed out of pocket by private households – (A)	Healthcare costs Out-of-pocket spending by private households	All Households	National health account Demographic health survey
SECU-4. Share of economically active population contributing to a pension scheme – (A)	Persons protected or affiliated Active contributors Labour force	Employed and unemployed persons	Administrative data Household surveys
Indicators to be developed by the ILO (future indicators)			
SECU-5 (F) Share of eligible population covered by (basic) health care provision	n/a	n/a	n/a
SECU-6 (F) Public expenditure on needs-based cash income support (% of GDP)	n/a	n/a	n/a
SECU-7 (F) Beneficiaries of cash income support (% of the poor)	n/a	n/a	n/a
SECU-8 (F) Sick leave	n/a	n/a	n/a
SECU-9 (F) Share of unemployed receiving regular periodic social security unemployment benefits	n/a	n/a	n/a
SECU-10 (F) Ratio of average old-age pension received to minimum wage	n/a	n/a	n/a
Legal Framework Indicator: L16 – Pension (public/private) L17 – Incapacity for work due to sickness/sick leave (Income replacement in case of sickness/sick leave) L18 – Incapacity for work due to invalidity (Income replacement in case of non-occupational invalidity)			

(7) Protection in "responsibility for the maintenance of children", including the provision in kind to, or in respect of, children, of "food, clothing, housing, holidays or domestic help" and of cash income support family benefits as defined in Part VII of the Social Security (Minimum Standards) Convention, 1952 (No. 102);

(8) Protection in unemployment, including income support in the form of unemployment benefits, and also other labour market policies promoting employment – income support benefits as defined in Part IV of the Social Security (Minimum Standards) Convention, 1952 (No. 102), and income support and other labour market policies as defined by the Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168);

(9) Protection in case of employment injury: medical care, rehabilitation and income support in the form of sickness, invalidity or survivors' benefit as defined in Part VI of the Social Security (Minimum Standards) Convention, 1952 (No. 102) and by the Employment Injury Benefits Convention, 1964 (No. 121);

(10) General protection against poverty and social exclusion through social assistance that provides protection to all residents without sufficient other means of income from work and not covered (or not covered sufficiently) by the social security branches listed above.

STATISTICAL INDICATORS

SECU-1. Share of population above the statutory retirement age (aged 65 or above) benefiting from an old-age pension – (M)

Measurement objective and rationale

This indicator measures the proportion of the population above the statutory retirement age or aged 65 and above that receives an old-age pension, which is a fundamental social security instrument. In this way, it sheds light on the size of the population benefiting from social security at older ages.

Method of computation

It is recommended to present the indicator as a percentage of the total number of persons above the statutory retirement age.

$$\text{Share of old-age pension beneficiaries (\%)} = \frac{\text{Number of old-age pension beneficiaries s above statutory retirement age}}{\text{Total number of persons above statutory retirement age}} \times 100$$

Concepts and definitions

An ***old – age pension*** refers to periodic payments intended: (i) to maintain the income of the beneficiary after retirement from gainful employment at the legal/standard age or (ii) to support the income of elderly persons (excluding support for a limited duration).

A ***beneficiary*** is "the person in respect of whom social security benefit is granted, irrespective of whether he is a titular beneficiary or not."

The benefits covered are periodic cash retirement benefits. They can be means-tested or non means-tested and provided through contributory or non-contributory schemes. Means-tested social benefits are social benefits which are explicitly or implicitly conditional on the beneficiary's income and/or wealth falling below a specified level. Contributory schemes are social protection schemes that require the payment of contributions, by the protected persons or by other parties on their behalf, in order to secure individual entitlement to benefits.[3] Conversely, non-contributory schemes normally do not require direct contribution from beneficiaries or their employers as a condition of entitlement to receive relevant benefits. Non-contributory schemes include a broad range of schemes including universal schemes for all residents and some categorical means-tested schemes. Non-contributory schemes are usually financed through tax or other state revenues.

Beneficiaries who receive supplementary benefits in complement to another basic old-age benefit (i.e. "second-pillar" schemes) are excluded to avoid double counting. The age limit can be set at the statutory retirement age or, in cases where international comparison is desired, at 65 or above.

To the extent possible, the numerator includes survivors' and disability benefits once the beneficiary reaches the statutory retirement age (or the age of 65). In other words, the numerator should capture all beneficiaries of an old-age pension, whether they themselves were participants in a social security scheme (contributors) or not, for instance, family members of deceased contributors who receive a part of the latter's pension. Both in the case of survivors' and disability benefits, it is important to note that only those who fall within the age group will be counted.

---

3. European Commission and Eurostat: *ESSPROS Manual – The European System of integrated Social Protection Statistics* (European Communities, 2008). Available at: http://epp. eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-RA-07-027/EN/KS-RA-07-027-EN.PDF

The denominator corresponds to the total size of the population defined as above the statutory retirement age or aged 65 or above. The same age group has to be used for the numerator.

For general information on social security statistics refer to the *Resolution concerning the development of social security statistics*, adopted by the Ninth International Conference of Labour Statisticians in April-May 1957.[4]

Recommended data sources and metadata

The administrative data on old-age pension schemes are often the most up-to-date and provide comprehensive information for the numerator of this indicator. In the absence of reliable administrative records, data from household surveys (household budget surveys and labour force surveys) could be used, provided that persons with old-age pensions can be identified. The recommended reference period for obtaining pension information through household surveys is the last 12 months or the last calendar year, depending on the country. Data from the population census should preferably be used for the denominator of the indicator.

When providing time series for this indicator, it is important to note any changes in the statutory retirement age. The indicator should be computed using the statutory retirement age that was valid at the time of data collection.

Even if 'supplementary' pension schemes – the main source of double counting – are excluded, some double counting may still occur. This is the case, for example, if recipients have moved between different pension schemes during the course of their working lives and receive pensions from several pension schemes when they are retired. The numerator can also be overestimated in cases such as in Luxembourg where a significant proportion of old-age pensioners (possibly included in the numerator) living on the other side of the border are not counted in the old-age national population (denominator). In order to avoid over-estimation of old-age pension beneficiaries (including through double counting), it would be necessary to conduct additional analyses on the national level or to use micro-data in order to complement/adjust administrative data collected at the scheme level.

Data for this indicator should be published with notes on data coverage (age group, social security schemes), reference period and any methodological breaks in the time series. The indicator should be disaggregated by sex and type of social security schemes and benefits.

Interpretation guidelines

This indicator does not capture all beneficiaries of an old-age pension; for example, it would not capture those who receive an old-age pension before reaching the statutory retirement age as a result of opting for early retirement or survivors' benefit below the age of statutory retirement.

The results (levels and changes over time) have to be analysed in relation to the contextual information, in particular regarding the type of schemes and combination of schemes existing in the country. These can include: contributory schemes, provident funds, universal or targeted schemes; defined benefit versus defined contribution schemes; private versus public; means tested or non means-tested benefits. For example, because of the ambiguous role of means-tested old-age pensions, two variants of coverage indicators can be calculated: one excluding and one including means-tested old-age pensions.

In order to observe effective coverage, this indicator of will preferably be analysed together with average old-age pension benefits per month per person who is above the statutory retirement age (aged 65 and above) and benefits from an old-age pension. When such information is not available, statutory information on the legal replacement rate can be considered in analysing this indicator. The legal replacement rates for specific branches of social security are usually measured (for cash periodic benefits) by benefit ratios or replacement ratios calculated for specified

---

4. ILO: *Resolution concerning the development of social security statistics*, adopted by the Ninth International Conference of Labour Statisticians (April-May 1957). Available at: http://www.ilo.org/global/statistics-and-databases/standards-and-guidelines/resolutions-adopted-by-international-conferences-of-labour-statisticians/WCMS_087550/lang--en/index.htm

categories of beneficiaries, using benefit formulas or benefit amounts specified in the legislation. For example, the Social Security (Minimum Standards) Convention, 1952 (No. 102) sets minimum replacement rates for cash benefits in seven of its nine branches (expressed as a percentage of total previous earnings of the beneficiary (or his/her breadwinner). It specifies that such minimum rates should apply to a defined "standard" beneficiary meeting qualifying conditions, and be guaranteed at least to those with earnings up to a certain prescribed selected level.[5] The fact that in most countries workers can postpone retirement and continue working after the statutory retirement age should be taken into account when interpreting the results.

SECU-2. Public social security expenditure (percentage of GDP) – (M)

Measurement objective and rationale

This indicator represents the total public social security expenditure expressed as a percentage of the Gross Domestic Product (GDP). Total public social security expenditure synthesizes the overall public redistributive effort and is closely correlated with the overall coverage. Public social security expenditure as a percentage of the total GDP reflects the social spending effort in a given country relative to the size of its economy.

Method of computation

$$\text{Public social security expenditure (\%)} = \frac{\text{Total annual public social security expenditure}}{\text{GDP}} \times 100$$

Concepts and definitions

Total **annual public social security expenditure** is the sum of expenditures (including benefit expenditure and administration costs) of all existing public social security/social protection schemes/programmes in the country. The scope of the indicator corresponds to the scope of the Social Security (Minimum Standards) Convention, 1952 (No.102), which establishes nine classes of benefits: medical care, sickness benefit, unemployment benefit, old-age benefit, employment injury benefit, family benefit, maternity benefit, invalidity benefit and survivors' benefit, plus other income support and assistance programmes, including conditional cash transfers, available to the poor and not included under the classes above.[6]

Both the numerator and the denominator should be in current prices and national currency.

For general information on social security statistics, refer to the *Resolution concerning the development of social security statistics*, adopted by the Ninth International Conference of Labour Statisticians in April-May 1957.[7]

Recommended data sources and metadata

The national aggregates of government spending can be obtained from the national accounts (general government accounts, as well as expenditure by function) or government finance statistics (expenditure by function). However, the desired functional disaggregation of expenditure

5. ILO: *The Social Security (Minimum Standards) Convention, 1952 (No. 102)*. Available at: http://www.ilo.org/ilolex/cgi-lex/convde.pl?C102

6. ILO: *The Social Security (Minimum Standards) Convention, 1952 (No. 102)*.Available at: http://www.ilo.org/ilolex/cgi-lex/convde.pl?C102

7. ILO: *Resolution concerning the development of social security statistics*, adopted by the Ninth International Conference of Labour Statisticians (April-May 1957). Available at: http://www.ilo.org/global/statistics-and-databases/standards-and-guidelines/resolutions-adopted-by-international-conferences-of-labour-statisticians/WCMS_087550/lang--en/index.htm

10

is often not available. Public social security expenditure is based on data extracted from the administrative social security scheme. Similarly, GDP is obtained from the national accounts. It is possible to estimate the proportion of the total amount of benefit received by men and women if the data on beneficiaries and benefits paid are available by sex in selected branches of social security, such as old-age pension, etc.. For analytical purposes, this indicator should be disaggregated by health and non-health public social security expenditure. Furthermore, when possible, it is useful to disaggregate the non-health social security expenditure by old-age benefit expenditure and other non-health social security expenditure.

Interpretation guidelines

This indicator is useful for comparative purposes at the national and scheme levels but its interpretation presents inherent difficulties. These include, from an overall perspective, the composition of the scheme or changes over time and in relation to the search for further contextual information, difficulties pertain to the interpretation of the legal framework, as well as of the economic and social context.

While social protection expenditure – in the longer run – is positively correlated with overall coverage (its scope, extent and level), it may also change due to factors other than changes in coverage, such as:

- Changes in social security expenditure are often countercyclical; a fall in total public social security expenditure as a percentage of GDP could result from higher employment rates (declining unemployment) or from a reduction in occupational injuries which could point towards progress. In other words, in specific branches of social security (e.g. employment injury insurance and unemployment, in particular) an increase or decrease in expenditure may be due to changes in the need or utilization of those benefits (such as more or fewer accidents at work) and not to changes in coverage.

- The demographic structure, and in particular the share of older persons, is another factor that can have a direct impact on old-age and health expenditure, as well as on the global public expenditure indicator.

- The size of the formal and informal economy has direct implications on the coverage of social insurance and other contributory schemes.

- Aggregate expenditure can be distributed in various ways among lower- and higher-income populations. Expenditure may be high (or increase) as a result of the expansion of a specific generous programme for a relatively narrow, better-off group of the population (such as civil servants, military personnel, etc.) In other words, an increase in the expenditure may not necessarily correspond to an increase in the number of people covered.

- This indicator should be analysed in relation to the different branches of social security covered at the statutory level and also to the respective share of the different branches (health, old-age, unemployment). Many developing countries do not have, at a statutory level, a comprehensive social system covering all nine branches as mentioned above. One common situation is a system covering long-term benefits (old-age, survivors and invalidity) and the work injury benefit.

- Countries differ in terms of the level of direct and indirect taxes levied on social benefits. Such changes over time in taxation rules within a given country should be taken into account when interpreting trends in social protection expenditure.

Social security systems around the world relate to various institutional structures, including public, private and mixed; compulsory and voluntary; universal and targeted programmes. This indicator relates to public expenditure and has to be considered in relation to the national context and the possible development of private social security schemes. In many countries, private (mandatory or voluntary) expenditure substitutes expenditure on public programmes. In Latin American and European Union countries with large private mandatory funded schemes,

focusing only on public expenditure does not provide an accurate picture of the social protection expenditures. For these countries, this indicator should be analysed in combination with private expenditures (making the distinction between mandatory and voluntary expenditures). Many of these arrangements are employment-based, but not all. Population groups which are covered can go beyond workers, as the common goal of social security is to provide basic protection against the financial consequences of basic life contingencies for workers and their families. Hence, in interpreting this indicator, it should be kept in mind that the social security expenditures also concern persons beyond the employed or the working age population.

SECU-3. Health expenditure not financed out of pocket by private households – (A)

Measurement objective and rationale

This indicator is used as a proxy of affordable access to health care. The percentage of total (public and private) healthcare expenditure which is not financed by out-of-pocket payments by private households is approximately equivalent to the percentage of total (public and private) healthcare expenditure in the country covered either by general government or by pre-paid private insurance, by private employers or NGOs.

Method of computation

$$\text{Healthcare expenditure not financed out of pocket by private households (\%)} = \frac{\text{Total healthcare expenditure} - \text{Out of pocket payments (OOP)}}{\text{Total expenditure on health care}} \times 100$$

Where:

Total healthcare expenditure = Public healthcare expenditure + Private healthcare expenditure

$$\text{Public healthcare expenditure} = \begin{array}{l}\text{Government expenditure on healthcare} \\ + \text{ Social security schemes expenditure on healthcare}\end{array}$$

Private healthcare expenditure = OOP + Private insurance + NPISH + Corporations

Non-profit institutions serving households (NPISH) and corporations in the above equations refer to those other than social security or health insurance. Out-of-pocket payments should ideally exclude cost-sharing payments for the purpose of this indicator.

Concepts and definitions

The level of financial protection provided by existing social health protection mechanisms refers to the proportion of **healthcare costs** covered through pooling and pre-payment mechanisms either by general government (national health services, social health insurance) or by private health insurance or other non-profit institutions and corporations. In other words, it is the proportion of costs *not borne* out of pocket at the point of service delivery. Levels of coverage become lower when out-of-pocket payments increase. High out-of-pocket payment rates thus indicate gaps in financial coverage, as well as insufficient financial protection provided by the existing social health protection mechanisms.

Out-of-pocket spending by private households (OOPs) is the direct outlay of households, including gratuities and payments in kind, made to health practitioners and suppliers of

10

pharmaceuticals, therapeutic appliances and other goods and services, whose primary intent is to contribute to the restoration or to the enhancement of the health status of individuals or population groups. OOPs expenditure comprises self-medication and other expenditure made directly by private households, irrespective of whether the contact with the healthcare system was established on referral or on the patient's own initiative, or whether it includes cost-sharing. Ideally, OOPs should be split into cost-sharing and OOPs excluding cost-sharing for the calculation of the indicator. Cost-sharing means that a health insurance or third party payers provide for beneficiaries to cover part of the medical cost via a fixed amount per service (co-payment) or a set share of the price tagged to services (co-insurance, also labelled in some countries 'ticket modérateur'), or a fixed amount to be borne before the third-party gets involved (deductible). OOPs without cost-sharing means that payments are borne directly by a patient without the benefit of insurance. These include informal payments to health care providers but exclude cost-sharing payments.[8]

In practice, however, it is difficult to separate the cost-sharing component of OOPs, especially in developing countries. In addition, cost-sharing often represents a negligible part of OOPs. As a consequence, total OOPs is used most of the time in computing the numerator of this indicator.

Recommended data sources and metadata

The preferred data source for this indicator is the National Health Account (NHA) for a given country.

The NHA provides information regarding expenditure on health by financing agent, i.e. for government expenditure (social security funds: social insurance), expenditure by other levels of general government (central, provincial or local) as well as for private expenditure (financed by private insurance, corporations, non-profit institutions and by households, out-of-pocket). One can calculate the above indicator using these components.

Alternatively, household surveys such as household budget surveys and demographic health surveys can be used to calculate this indicator.[9]

Interpretation guidelines

When interpreting this indicator, limitations related to the measurement of out-of-pocket expenditure[10] should be taken into account. These limitations are mostly due to the limited capacity to monitor and track meaningful change in out-of-pocket health spending, as well as catastrophic payments for healthcare over time. Difficulties also arise when separating cost-sharing from the rest of out-of-pocket expenditure.

More importantly, the multiple dimensions of health should be considered when measuring health coverage. One has to look at a number of interlinked indicators of effective access to health coverage: (i) statutory coverage by social health protection measures, (ii) affordability of healthcare services to households and (iii) availability and quality of services in terms of qualified health workforce, infrastructure, etc. Partial indicators widely available both at the national and international levels (WHO, OECD, Eurostat, ILO) relate to these different dimensions of coverage, for example: the percentage of persons covered by law; out-of-pocket expenditure as a percentage of total health expenditure; density of medical personnel of different skills and some infrastructure indicators; overall levels of healthcare spending; and, finally, information on the

---

8. OECD, Eurostat, WHO: *A System of Health Accounts* (2011). Available at: http://epp. eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-30-11-270/EN/KS-30-11-270-EN.PDF

9. In terms of methodology, the main manuals or guides are the following: WHO, World Bank and USAID (2003) *Guide to producing national health accounts* http://www.who.int/entity/nha/docs/English_PG.pdf and WHO *Statistical World Health Statistics 2010 Indicator compendium* (Interim version). http://www.who.int/whosis/indicators/WHS10_IndicatorCompendium_20100513.pdf; OECD, Eurostat, WHO (2011), *A System of Health Accounts* http://epp. eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-30-11-270/EN/KS-30-11-270-EN.PDF, http://www.oecd-ilibrary.org/social-issues-migration-health/a-system-of-health-accounts_9789264116016-en

10. WHO: "Limitations of methods for measuring out-of-pocket and catastrophic private health expenditures" in *Bulletin of the World Health Organization* (2009). Available at: http://www.who.int/bulletin/volumes/87/3/08-054379/en/index.html

actual utilization of selected healthcare services, such as percentage of births attended by skilled medical personnel, percentage of children vaccinated and so on.

Effective access to healthcare and levels of actual utilization certainly depend on all the above factors, as well as the availability of services with the level of financial protection being determined both by statutory coverage and effective coverage.[11] However, at the same time there are other factors that influence access, including cultural ones.

Finally, WHO definitions and metadata should be closely followed in interpreting this indicator (see Recommended data sources and metadata section for a list of methodological resources).

SECU-4. Share of economically active population contributing to a pension scheme – (A)

Measurement objective and rationale

This indicator aims to capture the share of the economically active population protected through a contributory pension scheme without double counting (with benefits guaranteed but not currently being received).

Method of computation

$$\text{Share of the economically active contributing to a pension scheme} = \frac{\text{Number of economically active contributing to an old-age pension scheme}}{\text{Total number of economically active persons}} \times 100$$

The age interval for this indicator should be the working age population below the statutory age for retirement, for example, 15 to 64.

Concepts and definitions

The scope of the numerator for this indicator is contributory or partially contributory pension schemes. The indicator focuses on active contributors who are a sub-group of the affiliated or protected population.

Active contributors are insured individuals who have made at least one contribution or on whose behalf at least one contribution has been made during the reporting period (i.e. the 12 month period).

Persons protected or affiliated are persons who are insured by the scheme. This includes persons who are active contributors, as well as persons who have not made any contributions or on whose behalf no contributions have been made during the reporting period but who are still protected by the scheme and would benefit should a contingency arise. For example, long-term unemployed persons who may no longer be contributing to the old-age pension scheme (and on whose behalf no contributions are being made) but who have the minimum number of contributions to qualify for an old-age benefit upon reaching the statutory age for retirement.[12]

In *contributory schemes*, entitlement to a benefit is based on contributions from insured persons and/or their employer.

---

11. See also ILO: "Chapter 1 Definitions, standards and concepts" in *World Social Security Report 2010/11*, *Providing coverage in times of crisis and beyond* (Geneva, 2010). Available at: http://www.ilo.org/gimi/gess/RessFileDownload. do?ressourceId=15263

12. ILO: *ILO Social Security Inquiry 2005 Manual* (Geneva, 2005). Available at: http://www.socialsecurityextension. org/gimi/gess/RessFileDownload.do?ressourceId=6622

As in the case of SECU-1 SECU-4 considers contributions for entitlement to periodic cash retirement benefits but here this is restricted to old-age contributory schemes. Contributors to supplementary schemes in addition to the basic old-age pension scheme, i.e. "second-pillar" schemes, are excluded to avoid double counting. Basic schemes are social protection schemes that guarantee a basic level of protection. Supplementary schemes are social protection schemes that top up cash benefits granted by the basic scheme, or extend the coverage of the basic scheme. According to this concept, "basic" does not relate to the level of benefits. In particular, it is not to be understood as referring to a minimum level of benefits; it may well be that the benefits provided by a basic scheme are fairly generous. The distinction between basic and supplementary rather reflects the relationship between different benefits. The reference population is the economically active population.

For further information refer to the *Resolution concerning the development of social security statistics*, adopted by the 9th International Conference of Labour Statisticians in April-May 1957 and to the *Resolution concerning statistics of the economically active population, employment, unemployment and underemployment*, adopted by the 13th International Conference of Labour Statisticians in October 1982.

The reference population is the economically active population. Persons of working age are classified as *employed* if, during a short reference period such as a day or a week, (i) they did some work (even for just one hour) for pay, profit or family gain, in cash or in kind; or (ii) they were attached to a job or had an enterprise from which they were 'temporarily' absent during this period (for such reasons as illness, maternity, parental leave, holiday, training, industrial dispute). Employed persons include those persons of working age who worked for at least one hour during the reference period as contributing family workers (formerly referred to as unpaid family workers) working in a family business.[13]

It should be noted that the concept of employment does not include household members engaged in the provision of unpaid services for their own family use, such as cooking at home or caring for their own children as well as volunteers providing services to households for their own final use. These activities are not included within the production boundaries of the System of National Accounts (SNA).[14] However, persons engaged in the production of economic goods and services for their 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 (see Chapter 2).[15]

Persons of working age are classified as *unemployed* if, during a short reference period such as a day or a week, they (i) were without work, i.e. did not work for even one hour in any economic activity (paid employment, self-employment, or unpaid work for a family business or farm); (ii) were available for work and; (iii) had taken active steps to seek work during a specified recent period. While no international standard exists regarding the recommended length of time for a person to conduct an active job search in order to be classified as unemployed, in practice, many countries have used a period of four weeks prior to the reference period.[16]

The *labour force* (total number of economically active persons) consists of all persons of working age who were either employed or unemployed.[17]

---

13. ILO: *Resolution concerning statistics of the economically active population, employment, unemployment and underemployment*, adopted by the Thirteenth International Conference of Labour Statisticians (Geneva, October 1982). Available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---integration/---stat/documents/normativeinstrument/wcms_087481.pdf

14. UNSD: *System of National Accounts 2008* (New York, 2009). Available at: http://unstats.un.org/unsd/national account/docs/SNA2008.pdf

15. ILO: Ibid.

16. ILO: Ibid.

17. ILO: Ibid.

For general information on social security statistics refer to *Resolution concerning the development of social security statistics*, adopted by the Ninth International Conference of Labour Statisticians in April-May 1957.[18]

Recommended data sources and metadata

Administrative data from old-age pension schemes often give the most up-to date and comprehensive information for this indicator. However, the availability and quality of such data vary across countries, and across schemes within countries. Very often, administrative data trace certain administratively registered events (such as payment of contributions or benefits) rather than the persons behind such events. This leads to double counting, in particular when aggregating administrative data. In such a case, a person can be contributing to the same scheme through more than one job, or to more than one scheme covering the same contingency, or be receiving similar types of benefit from more than one source.

Data from national household surveys (labour force surveys in particular and household budget surveys) can be used provided that persons contributing to an old-age pension scheme can be identified.

If the required data is available, the indicator should be disaggregated by sex, age, economic activity and status in employment.

Interpretation guidelines

The scope of this indicator is limited to contributory pension schemes which still represent a large majority of the existing pension schemes. However, some non-contributory schemes now exist, notably in developing countries, covering a larger part of the population than the contributory schemes which are limited to formal economy workers. Hence, the results (levels and changes over time) have to be analysed in relation to the contextual information, in particular regarding the type of schemes and combination of schemes existing in the country: contributory schemes, provident funds, universal or targeted schemes; defined benefit versus defined contribution schemes; and, private versus public schemes.

This indicator of effective coverage should be analysed together with additional information on:

- actual benefit levels for workers and the population (if not available, at least in relation to statutory information on the legal replacement rate); and

- information on the statutory provisions concerning eligibility for contributory benefits: the minimum contributory period required for being eligible for any periodic benefit (like a partial pension); the minimum contributory period required for a full periodic benefit or pension (possibly different for men and women).

When measuring the effective extent of coverage, a distinction has to be made between coverage measured in terms of protected persons and coverage measured in terms of actual beneficiaries. Protected persons are those who have benefits guaranteed but are not necessarily currently recipients of such benefits, e.g. persons who actively contribute to social insurance and are thus guaranteed benefits for a specified contingency. Actual beneficiaries are covered by SECU-1, for example, which as presently defined, includes beneficiaries from contributory and non-contributory schemes.

In Estimating the extent of the statutory coverage information on the groups covered by statutory schemes for a given branch in national legislation is used, as well as available statistical information on the number of persons concerned at the national level. The statutory coverage

10

rate for a given branch of social security is the ratio between the estimated number of people legally covered and – as appropriate – the total number of employees (that is, wage and salary workers), the total number of employed persons (including employees and the self-employed), the total number of economically active persons (including or not their dependants), or the total population. Measurements of effective coverage using SECU-4 should reflect how, in reality, the statutory provisions are implemented. Effective coverage is usually different from and, lower than, statutory coverage because of non-compliance, problems with enforcement of the legal provisions, or deviations of actual policies from the text of the legislation.

LEGAL FRAMEWORK INDICATOR 16
Pension (public/private)

Scope
Old – age social security refers to all benefits paid to persons who have withdrawn from the labour market due to retirement. They are paid to persons who meet certain requirements (insured active persons reaching retirement age, residence, nationality, etc).

Selected ILS on pension
Part V of the Social Security (Minimum Standards) Convention, 1952 (No. 102) provides for periodical payments, corresponding to at least 40 per cent of the reference wage. The rates of relevant benefits must be revised following substantial changes in the general level of earnings and/or the cost of living. The Invalidity, Old-Age and Survivors› Benefits Convention, 1967 (No. 128) provides for periodical payments, corresponding to at least 45 per cent of the reference wage. See also Invalidity, Old-Age and Survivors› Benefits Recommendation, 1967 (No. 131). A qualifying period may be prescribed (full benefit: 30 years of contributions or 20 years of residence; reduced benefits: 15 years of contributions or employment); these benefits last until the death of the beneficiary.

Information provided in the indicator

Law, policy or institutions: Is there a national law providing for pension benefits? What are the schemes? Who do they cover? Which is (are) the institution(s) responsible?

Qualifying conditions: What is the legal retirement age (female and male, if different retirement age)? Number of contributions or other qualifying conditions?

Benefits (level): Lump sum? Periodic payments?

Financing: How are the benefits financed? What are the contributions?

Evidence of implementation effectiveness: Comments of ILO supervisory bodies, if any.

Coverage of workers in law: Estimate of workforce covered by the law.

Coverage of workers in practice: See SECU-1.

Ratification of ILO Conventions: The Social Security (Minimum Standards) Convention, 1952 (No. 102), applicability of Part V, and Invalidity, Old-Age and Survivors' Benefits Convention, 1967 (No. 128).

ILO sources

- CEACR – General Survey concerning social security instruments in light of the 2008 Declaration on Social Justice for a Fair Globalization, ILC, 100th Session, 2011 (*forthcoming*) and Article 19 Government report (if the C102/C128 have not been ratified);
- GESS Country Profiles (http://www.socialsecurityextension.org/gimi/gess/Show CountryProfiles.do?aid=2);
- SECSOC website – http://www.ilo.org/public/english/protection/secsoc;

Other sources

- ISSA Country Profiles (http://www.issa.int/aiss/Observatory/Country-Profiles); this information is consolidated: Social Security Programs Throughout the World (SSPTW) (http://www.ssa.gov/policy/docs/progdesc/ssptw/);
- Mutual Information System on Social Protection (MISSOC) (31 countries) http://ec.europa.eu/social/main.jsp?catId=858&langId=en;
- Mutual Information System on Social Protection of the Council of Europe (MISSCEO) (15 countries) http://www.socialcohesion.coe.int/MISSCEO/.

LEGAL FRAMEWORK INDICATOR 17
Incapacity for work due to sickness/sick leave

Income replacement in case of sickness/sick leave

Scope

Income replacement in case of sickness is part of the health and sickness social security which covers any benefits provided to maintain, improve or restore the health of the person protected as well as his/her ability to work and to attend to his/her needs. Paid sickness benefits are periodic cash benefits paid on a regular basis as income replacement, as a result of temporary inability to work caused by illness and/or injury. They do not include other sickness cash benefits which are other cash payments such as allowances for intensive care, special bonuses, or benefits in kind.

Selected ILS on sickness benefits

According to the Income Security Recommendation, 1944 (No. 67) "sickness benefit should be paid [in cases of] loss of earnings due to abstention from work necessitated on medical grounds by an acute condition, due to disease or injury, requiring medical treatment or supervision". The Social Security (Minimum Standards) Convention, 1952 (No. 102), Part III, provides for periodical payments corresponding to at least 45 per cent of the reference wage. The Medical Care and Sickness Benefits Convention, 1969 (No. 130) provides for periodical payments, corresponding to at least 60 per cent of the reference wage. A qualifying period may be imposed; a waiting period of three days may be imposed; benefits are granted throughout the illness/injury; possibility to limit the duration of benefits to 26 weeks (Convention No. 102) or 52 weeks (Convention No. 130) in each case of sickness.

Information provided in the indicator

Law, policy or institutions: Existence of national law providing for sickness benefits? Type of programme? Who is covered? Existence of national law providing for sick leave? Who is covered? Which is (are) the institution(s) responsible?

Qualifying conditions: Duration of contribution, or a period of employment, or a period of residence? Waiting period?

Benefits (level and duration): Legal replacement rate (cash benefits as percentage of previous earnings); duration; indexation?

Financing: How are the benefits financed? What are the contributions?

Evidence of implementation effectiveness: Comments of ILO supervisory bodies (if any).

Coverage of workers in law: Estimate of workforce covered by the law.

Coverage of workers in practice: Broad estimate of workers covered in practice (methodology TBD).

Ratification of ILO Conventions: The Social Security (Minimum Standards) Convention, 1952 (No. 102), Part III, and the Medical Care and Sickness Benefits Convention, 1969 (No. 130).

Additional sources of information

ILO sources
- CEACR: General Survey concerning social security instruments in light of the 2008 Declaration on Social Justice for a Fair Globalization, ILC, 100th Session, 2011 *(forthcoming)* and Article 19 Government report (if the C102/C130have not been ratified);
- GESS: Country Profiles (http://www.socialsecurityextension.org/gimi/gess/ShowCountry Profiles.do?aid=2);

SECSOC database: http://www.ilo.org/dyn/sesame/IFPSES.SocialDatabase;

Other sources
- ISSA Country Profiles (http://www.issa.int/aiss/Observatory/Country-Profiles); this information is consolidated: Social Security Programs Throughout the World (SSPTW) (http://www.ssa.gov/policy/docs/progdesc/ssptw/);
- Mutual Information System on Social Protection (MISSOC) (31 countries) http://ec.europa.eu/social/main.jsp?catId=858&langId=en;
- Mutual Information System on Social Protection of the Council of Europe (MISSCEO) (15 countries) http://www.socialcohesion.coe.int/MISSCEO/.

LEGAL FRAMEWORK INDICATOR 18
Incapacity for work due to invalidity

Income replacement in case of non-occupational invalidity

Scope
Invalidity benefits cover any benefit arising from the partial or total inability of a protected person to participate in any gainful activity due to a non-occupational chronic condition resulting in a disease, injury, loss of a member or body function prior to attaining the standard retirement age. Invalidity benefits arise when the inability to engage in any gainful activity is likely to be permanent or persists after the period during which the beneficiary is entitled to a benefit for temporary incapacity.

ILS on income replacement in case of invalidity
The Social Security (Minimum Standards) Convention, 1952 (No. 102) covers nine branches of social security, including invalidity benefits. Part IX provides for periodical payments, corresponding to at least 40 per cent of the reference wage (Old-Age and Survivors› Benefits Convention, 1967 (No. 128): 50 per cent); the rates of relevant benefits must be revised following substantial changes in the general level of earnings and/or in the cost of living. A qualifying period may be prescribed (full benefit: 15 years of contributions or 10 years of residence; reduced benefits: five years of contributions or employment); these benefits last until pension benefits are granted or until the death of the beneficiary. See also Invalidity, Old-Age and Survivors› Benefits Recommendation, 1967 (No. 131).

Information provided in the indicator

Law, policy or institutions: Is there a national law providing for invalidity benefits in case of non-occupational injury, condition or disease? Type of programme? Who is covered? Which is (are) the institution(s) responsible?

Qualifying conditions: Minimum level of incapacity? Period of contribution/work? Waiting period?

Benefits (level): Legal replacement rate (cash benefits as percentage of earnings) or lump sum? Duration? Indexation?

Financing: How are the benefits financed? What are the contributions?

Evidence of implementation effectiveness: ILO supervisory bodies comments, if any.

Coverage of workers in law: Estimate of workers covered by the law.

Coverage of workers in practice: Rough estimate of workers covered in practice (methodology TBD).

Ratification of ILO Conventions: The Social Security (Minimum Standards) Convention, 1952 (No. 102) (applicability of Part IX), and Old-Age and Survivors' Benefits Convention, 1967 (No. 128).

10

Additional sources of information

ILO sources

- CEACR: General Survey concerning social security instruments in light of the 2008 Declaration on Social Justice for a Fair Globalization, ILC, 100th Session, 2011 (*forthcoming*) and Article 19 Government report (if the C102/C128 have not been ratified);
- GESS: Country Profiles (http://www.socialsecurityextension.org/gimi/gess/ShowCountryProfiles.do?aid=2);
- SECSOC database: http://www.ilo.org/dyn/sesame/IFPSES.SocialDatabase;

Other sources

- ISSA Country Profiles (http://www.issa.int/aiss/Observatory/Country-Profiles); this information is consolidated: Social Security Programs Throughout the World (SSPTW) (http://www.ssa.gov/policy/docs/progdesc/ssptw/);
- Mutual Information System on Social Protection (MISSOC) (31 countries) http://ec.europa.eu/social/main.jsp?catId=858&langId=en;
- Mutual Information System on Social Protection of the Council of Europe (MISSCEO) (15 countries) http://www.socialcohesion.coe.int/MISSCEO/.

Social dialogue, workers' and employers' representation

11

Social dialogue covers all types of negotiation, consultation and exchange of information between representatives of governments, employers and workers on issues of common interest. It covers both tripartite processes and institutions of social dialogue, such as social and economic councils; institutions, such as trade unions and employers' organizations; and processes, such as collective bargaining.

The main goal of social dialogue itself is to build consensus among actors in the world of work. Successful social dialogue structures and processes have the potential to resolve important economic and social issues, encourage good governance, advance social and industrial peace and stability, as well as to boost economic progress.

Hence, social dialogue plays a key role in achieving the ILO's objective of promoting opportunities for women and men to obtain decent and productive work in conditions of freedom, equality, security and human dignity. Social dialogue indicators are an important element in measuring progress of Decent Work. The extent to which the rights to social dialogue are exercised effectively is captured, assessed and monitored through four indicators (Table 11). A future indicator is to be developed by the ILO, for Fundamental Principles and Rights at Work (Freedom of Association and Collective Bargaining).[1]

The four statistical indicators are completed by three legal framework indicators: Tripartite consultations, Collective bargaining right and Freedom of association and the right to organize (Table 11).

Since many of the indicators share common concepts and definitions (See Table 11) this introduction provides some of the key concepts and definitions.

Persons of working age are classified as **_employed_** if, during a short reference period such as a day or a week, (i) they did some work (even for just one hour) for pay, profit or family gain, in cash or in kind; or (ii) they were attached to a job or had an enterprise from which they were 'temporarily' absent during this period (for such reasons as illness, maternity, parental leave, holiday, training, industrial dispute). Employed persons include those persons of working age who worked for at least one hour during the reference period as contributing family workers (formerly referred to as unpaid family workers) working in a family business.[2]

It should be noted that the concept of employment does not include household members engaged in the provision of unpaid services for own family use, such as cooking at home or caring for own children as well as volunteers providing services to households for own final use. These activities are not included within the production boundaries of the System of National

---

1. S.Hayter and V.Stoevska: "Social Dialogue Indicators, trade union density and collective bargaining coverage, International Statistical Inquiry 2008–09", *Technical Brief* (Industrial and Employment Relations Department, ILO, 2010).

2. ILO: *Resolution concerning statistics of the economically active population, employment, unemployment and underemployment*, adopted by the Thirteenth International Conference of Labour Statisticians (Geneva, October 1982). Available at: http://www.ilo.org/global/statistics-and-databases/standards-and-guidelines/resolutions-adopted-by-international-conferences-of-labour-statisticians/WCMS_087481/lang--en/index.htm

Table 11. Overview of decent work indicators for social dialogue

Statistical Decent Work Indicators	Concepts	Coverage	Preferred data source
DIAL-1. Trade union density rate – (M)	Trade union Employees Employment	Employed persons	LFS with data on union membership Administrative data Establishment surveys
DIAL-2. Enterprises belonging to an employers' organization – (M)	Employers' organization	Employers	Business registers Establishment surveys
DIAL-3. Collective bargaining coverage rate – (M)	Collective bargaining Collective bargaining agreement Employees Employment	Employed persons	LFS Administrative data Establishment surveys
DIAL-4. Days not worked due to strikes and lockouts – (M)	Strikes Lockouts	Employed persons	
Legal Framework Indicators: L19 – Freedom of association and the right to organize L20 – Collective bargaining right L21 – Tripartite consultations			

Accounts.[3] However, 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 (see Chapter 2).[4]

Employees refer to wage and salaried workers as defined by the International Classification of Status in Employment (ICSE-93). Employees are all those workers who hold "paid employment jobs". These are jobs where the incumbents hold explicit (written or oral) or implicit employment contracts which give them a basic remuneration that is not directly dependent upon the revenue of the unit for which they work (this unit can be a corporation, a non-profit institution, a government unit or a household). Some or all of the tools, capital equipment, information systems and/or premises used by the incumbents may be owned by others, and the incumbents may work under direct supervision of, or according to strict guidelines set by the owner(s) or persons in the owners' employment. Persons in "paid employment jobs" are typically remunerated by wages and salaries, but may be paid by commission from sales, by piece-rates, bonuses or in-kind payments, such as food, housing or training.[5]

---

3. UNSD: *System of National Accounts 2008* (New York, 2009). Available at: http://unstats.un.org/unsd/national account/docs/SNA2008.pdf

4. ILO: Ibid.

5. ILO: *Resolution concerning the International Classification of Status in Employment (ICSE),* adopted by the Fifteenth International Conference of Labour Statisticians (Geneva, January 1993). Available at: http://www.ilo.org/global/statistics-and-databases/standards-and-guidelines/resolutions-adopted-by-international-conferences-of-labour-statisticians/WCMS_087562/lang--en/index.htm

STATISTICAL INDICATORS

DIAL-1. Trade union density rate – (TUR) – (M)

Measurement objective and rationale

The trade union density rate provides a proxy measure of workers' representation and the influence of trade unions. It gives some indication of the extent of the exercise of freedom of association and it can help in assessing and monitoring the development of industrial relations.

Method of computation

The indicator is computed as the percentage of workers in a given reference group who are trade union members. Depending on the type of data available for both nominator and denominator, the following two types of density rates may be calculated:

$$\text{Comprehensive density rate} = \frac{\text{Total number of trade union members in employment}}{\text{Total number of employed}} \times 100$$

$$\text{Narrow density rate} = \frac{\text{Total number of trade union members in paid employment}}{\text{Total number of employees}} \times 100$$

If the data exist, an adjusted trade union density rate can be calculated using as a denominator the "total number of employed/employees who have the right to join a trade union" to exclude those who may not have the right to join a trade union (e.g. public sector or government services, domestic workers, etc.).

Concepts and definitions

For the purpose of this indicator, a trade union is defined as an independent workers' organization, constituted for the purpose of "furthering and defending the interests of workers".[6]

A ***workers' organization is independent*** if it "ha[s] the right to draw up [its] constitution [...] and rules, to elect [its] representatives in full freedom, to organize [its] administration and activities and to formulate [its] programmes." In other words, it is an independent organization which is free from government or other third-party interference in its internal affairs, and is able to carry out its economic and social mission irrespective of political changes in the country, – consistent with Art.3, Freedom of Association and the Right to Organise Convention, 1948 (No. 87) and the ILO *Resolution Concerning the Independence of the Trade Union Movement*, 1952.

Ideally, for the comprehensive density rate, the numerator should reflect the total number of trade union members in employment, and for the narrow density rate the total number of trade union members in paid employment (employees). The unemployed, students and the retired should be excluded.

For a definition of ***employed*** and ***employees***, see the introduction to this chapter.

Recommended data sources and metadata

The preferred data sources for this indicator are labour force surveys with data on union membership, as they can provide both the numerator and the denominator required for the indicator. The numerator and denominator should have the same coverage.

The most commonly available data sources, however, are administrative records of unions or records maintained by government agencies. These are imperfect as sources of statistics because

---

6. ILO: *The Freedom of Association and the Right to Organise Convention, 1948 (No. 87)*. Available at: http://www.ilo.org/ilolex/cgi-lex/convde.pl?C087

there are often problems related to updating, as well as a risk of double counting of union members who may belong to more than one union. Data reported from individual trade unions may suffer from the differences that may exist in the coverage and in the identification of trade unions. Administrative, financial and political interference could also lead to under-reporting or over-reporting of membership. Household-based surveys could provide a useful check with regard to the reliability of these reported numbers.

Alternatively, surveys of enterprises or establishments could also be a source of information on the numbers of workers belonging to a trade union. While a good source of statistics, these surveys tend to be limited to non-agricultural formal sector establishments or to establishments above a certain size.

When using LFS or administrative records as a source of statistics, a distinction should be made between trade union members who are employees, self-employed, unemployed and retired.

Since union membership tends to vary significantly across branches of economic activity and institutional sectors, it is important to compute density rates by at least institutional sectors (public and private) and if data are available, by economic activity (ISIC) as well. Disaggregation by sex is also important, and highly recommended if the data permit.

Interpretation guidelines

When interpreting trade union density rates, the coverage of statistics (e.g. coverage of the informal sector, public sector, agriculture, self-employed, etc.) should be taken into account.

As there are no internationally agreed guidelines for the collection of trade union statistics at the country level, there is a high degree of methodological variation across countries and over time. This and the scarcity of reliable and comprehensive data sources make the analysis of the level and the trends of the rates very difficult. Observable changes in levels and rates may only be reflecting changes in definitions and coverage of trade unions and members over time and space. When this indicator is computed using the total number of employees as the denominator, the share of employees in the employed population should be kept in mind.

While the trade union density rate gives some indication as to the extent of the exercise of freedom of association, it needs to be analysed within the national context (e.g. whether or not workers are free to organize strikes, etc.) and thus should be interpreted within the legal framework. Furthermore, the union density rate should not be used as the sole indicator of the bargaining power of unions. Countries with low density rates may have a very high coverage of workers through collective agreements; countries with high density rates may have very poor social dialogue. However, high density rates do not necessarily reflect a situation where the majority of employed persons may exercise freedom of association, such as would allow them to potentially benefit from trade union membership.

DIAL-2. Enterprises belonging to an employers' organization – (M)

Measurement objective and rationale

This indicator gives the share of enterprises belonging to an employers' organization. The indicator thus aims to provide information on the coverage and representativeness of employers' organizations which are a key partner in social dialogue.

Method of computation

The indicator is computed as follows:

$$\text{Enterprises belonging to an employers' organization (\%)} = \frac{\text{Number of enterprises belonging to an employers' organization}}{\text{Total number of enterprises}} \times 100$$

In some countries, it may be possible to estimate additional density rate by dividing the number of employees in enterprises that are members of an employers' organization by the total number of employees.

Concepts and definitions

Employers' organizations are institutions that are set up to organize and advance the collective interests of employers. Given that the range and content of such collective interests vary from one country to another, the structure, membership basis and functions of employers' organizations differ widely between countries.

Employers' organizations fulfil a variety of functions. The issues of membership growth, income generation and improvement of relations with members are important for all employers' organizations. The historic raison d'être for many employers' organizations is their direct role in the collective bargaining process. However, employers' organizations are also involved in influencing labour market and industrial relations environments in other ways, for example through participation in statutory bodies, consultations on labour market issues, as well as lobbying activities on behalf of their members.

Recommended data sources and metadata

The underlying data for this indicator may come from business registers and employers' organizations such as tax records, etc. In countries where regular establishment surveys are carried out, these data can be used to compute the rate of enterprises belonging to an employers' organization, provided that the questionnaire is designed appropriately. Establishment surveys may allow the update of membership status more frequently and hence may be more reliable. However, since the sample frame would be based on the existing business register, the shortcomings of the business register would also be reflected in the establishment survey data, for example, the exclusion of informal enterprises.

Interpretation guidelines

In order for an enterprise to be a member of an employers' organization, it may be required to register with an authority such as the tax administration. In this case, the numerator will refer solely to formal establishments and will disregard informal own-account workers' or employers' enterprises. Since the denominator is also derived from data sources based on business registers, its coverage is also limited to formal enterprises.

It is highly recommended to consider data on the relative size of the informal sector, provided they are available, in the analysis of enterprises belonging to an employers' organization, so as to inform on the overall representativeness of these organizations.

DIAL-3. Collective bargaining coverage rate – (M)

Measurement objective and rationale

This indicator indicates the proportion of workers in employment whose pay and/or conditions of employment are directly or indirectly (e.g. through extension clauses) determined by one or more collective agreement(s). This indicator thus provides a measure of the reach of collective bargaining agreements and, as such, can help in assessing and monitoring the development of industrial relations.

Method of computation

The collective bargaining coverage rate (CBA) is the percentage of workers in employment whose pay and/or conditions of employment are determined by one or more collective agreement (s).

$$\text{Comprehensive CBA rate} = \frac{\text{Number of workers in employment whose pay and conditions are determined by collective agreement}}{\text{Total number of employed}} \times 100$$

This indicator may be supplemented by another one that refers to employees only:

$$\text{Narrow CBA rate} = \frac{\text{Number of employees whose pay and conditions are determined by collective agreement}}{\text{Total number of employees}} \times 100$$

If the data exist, the adjusted CBA rate can be calculated using as a denominator the "total number of employees who have the legal right to collectively bargain" in order to exclude those who may not have the right to bargain (e.g. certain public sector employees, agricultural workers, domestic workers, etc.).

Concepts and definitions

A *collective bargaining agreement* refers to "all agreements in writing regarding working conditions and terms of employment concluded between an employer, a group of employers or one or more employers' organizations, on the one hand, and one or more representative workers' organizations, or, in the absence of such organizations, the representatives of the workers duly elected and authorised by them in accordance with national laws and regulations, on the other".[7]

Collective bargaining refers to "all negotiations which 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, for (a) determining working conditions and terms of employment; and/or(b) regulating relations between employers and workers; and/or(c) regulating relations between employers or their organizations and a workers' organization or workers' organizations".[8]

According to the C154, collective bargaining encompasses "negotiations which take place between an employer, a group of employers or one or more employers' organizations, [...] and one or more workers' organizations, [...] for determining working conditions and terms of employment."[9]

For a definition of *employed* and *employees*, see the introduction to this chapter.

---

7. ILO: Collective Agreements Recommendation, 1951 (No.91). Available at: http://www.ilo.org/ilolex/cgi-lex/convde.pl?R091

8. ILO: *The Promotion of Collective Bargaining Convention*, 1981 (No. 154). Available at: http://www.ilo.org/ilolex/cgi-lex/convde.pl?C154

9. ILO: Idem.

Recommended data sources and metadata

The most common sources for statistics on collective bargaining coverage are administrative records (maintained by unions or government agencies). The numerator and denominator should have the same coverage.

The reliability of the data collected from administrative records depends on whether the registration of collective agreements is obligatory. Since the duration of collective agreements may vary, care should be taken to also capture the coverage of agreements which have been registered in previous year(s) but are still valid.

Possible double counting of workers covered by agreements that are reached at different levels (in the case of multilevel bargaining structures) should be avoided. Also, as registered agreements possibly have no expiry date, there may be some element of under- or over-representation especially since information will only have been recorded when the agreement registration was first negotiated.

Labour force surveys have an advantage in terms of coverage as they include all types of workers and work situations. The data can also be cross-tabulated with other variables of interest, for example, variables related to employment conditions. However, the possible drawback of using labour force surveys to collect this type of data is that workers may not know their coverage status.

Establishment surveys can be used as an alternative and would deliver higher quality data. However, their coverage is often limited to large formal sector establishments only.

The indicator should be disaggregated by institutional sector (i.e. private and public sector) and by economic activity in order to identify those segments of the labour market in which collective bargaining has higher coverage. It should also be disaggregated by sex if data are available.

Interpretation guidelines

While this indicator gives some indication as to the exercise of collective bargaining rights, it does not necessarily reflect the direct outcome of negotiations. It does, however, reflect the particularity of the industrial relations system and type of labour regulation to which a country subscribes. This includes the number of collective agreements reached, the bargaining structure, as well as the interaction between the collective bargaining process, administrative regulations and labour law.

Centralized collective bargaining structures tend to be associated with high coverage rates. In countries with extension mechanisms, coverage is increased to include enterprises and workers who may not have participated in actual collective bargaining negotiations.

When this indicator is computed using the total number of employees as the denominator, the share of employees in the employed population should be kept in mind. A high collective bargaining coverage rate may not necessarily reflect that the majority of employed persons have access to the benefits of collective bargaining.

The collective bargaining coverage rate should be analysed within the national context and should be interpreted within the appropriate legal framework.

Measurement objective and rationale

Days not worked due to strikes and lockouts inform on the direct impact of labour disputes on production and can provide indirect information on the effectiveness of social dialogue in a country.

Method of computation

Days not worked due to strikes and lockouts are normalized to a standard unit "per 1,000 workers" in order to facilitate analysis across time and economic activities.
The indicator is calculated by dividing the total number of days not worked by workers involved, by the total number of workers covered by the statistics, and multiplying by 1,000. The numerator and denominator should have the same coverage.

$$\text{Days not worked due to strikes and lockouts per 1,000 workers} = \frac{\text{Time not worked by workers involved}}{\text{Total number of workers}} \times 1\,000$$

Concepts and definitions[10]

A *strike* is a temporary work stoppage carried out 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.

The concept of days not worked as a result of strikes and lockouts refers to the total number of working days during which work would normally have been carried out by each worker involved had there been no stoppage.
The concept of workers involved in a strike or a lockout covers those directly or indirectly involved at any time during a strike or lockout, whether the involvement was for the full duration of the strike or lockout, or only part of it. Workers who are unable to work as a result of the secondary effects of strikes or lockouts should not be included. Workers directly involved in a strike are those who have participated in the stoppage of the work whereas workers indirectly involved in a strike are those who were unable to work due to a strike. In the case of lockouts, workers directly and indirectly involved refer respectively to the "employees of establishments involved who were directly concerned by the labour dispute and who were prevented from working by the lockout" and "employees of the establishments involved who were not directly concerned by the labour dispute but who were prevented from working by the lockout".[11]

---

10. ILO: *Resolution concerning statistics of strikes, lockouts and other action due to labour disputes*, adopted by the Fifteenth International Conference of Labour Statisticians (Geneva, January 1993). Available at: http://www.ilo.org/global/statistics-and-databases/standards-and-guidelines/resolutions-adopted-by-international-conferences-of-labour-statisticians/WCMS_087544/lang--en/index.htm
11. ILO: Ibid.

Recommended data sources and metadata

The most common data sources for statistics on strikes and lock outs are administrative records (such as records of employers' or workers' organizations and/or labour relations records). Establishment surveys, as well as household based sample surveys, could also be used as a source of information.

The statistics should be published at least once a year, as rapidly as possible after the end of each reference period.

The metadata should indicate (i) the branches of economic activity and sectors covered; (ii) the forms of action and reasons for labour disputes covered; (iii) any lower limits fixed for the coverage of the action, in terms of the number of workers involved, duration, amount of time not worked or any combination thereof.

When possible, it is recommended to provide separate statistics for those workers who are directly and indirectly involved.

As concerns the rates that are calculated, the numerator and the denominator should have the same coverage in terms of economic activities, status in employment, etc.

Disaggregation by economic activity is highly recommended in order to identify the distribution of loss of working time due to strikes and lockouts across sectors.

Interpretation guidelines

Further information that is of interest for assessing the importance of strikes and lockouts includes: the number of strikes and lockouts; number of establishments involved; number of workers involved; total number of days lost; average number of workers involved per strike or lockout; average amount of time not worked per strike or lockout; average amount of time not worked per worker involved; and, the average duration of actions and causes for labour disputes. It is essential to analyse these indicators within the economic and social context (especially with reference to indicators of economic growth and labour productivity), and in relation to changes in employment opportunities/earnings and in legal provisions, for example, as concerns social security, termination of employment and the right to strike, etc.

LEGAL FRAMEWORK INDICATOR 19
Freedom of association and the right to organize

Scope
The freedom of association refers to the right to form and join workers' or employers' organizations to defend workplace interests. It includes the right of these organizations to conduct their internal administration in full freedom. It also comprises the promotion of collective bargaining between workers and employers and the right to strike.

Selected ILS on freedom of association
The Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) is a fundamental Convention which sets forth the right for all workers and employers to establish and join organizations of their own choosing without previous authorization. It includes the right of these organizations to conduct their internal administration in full freedom without dissolution or suspension by an administrative authority and the right to establish and join federations and confederations, which may in turn affiliate with international organizations of workers and employers. The Right to Organise and Collective Bargaining Convention, 1949 (No. 98) sets forth the right of workers to enjoy adequate protection against acts of anti-union discrimination and the right of workers' and employers' organizations to enjoy adequate protection against any acts of interference by each other. The right to collective bargaining is also guaranteed. Freedom of association and the right to collective bargaining are inseparable.

Information provided in the indicator

Law, policy or institutions: Is there a national law guaranteeing the right to join and form organizations for the protection of workplace interests (for employers and workers)? Is an authorization required to establish an organization? Minimum number of workers? Which workers are excluded from the law?

Evidence of implementation effectiveness: Comments from ILO supervisory bodies, if any. Information on CFA cases: There are XX active cases before the Committee on Freedom of Association and XX cases in which the Committee requests to be kept informed of developments. The allegations are generally related to XX.

Coverage of workers and employers in law: Estimate of workers covered by the law.

Coverage of workers and employers in practice: Estimate of workers covered in practice (methodology TBD).

Ratification of ILO conventions: The Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98).

Additional sources of information
ILO sources
- LibSynd Database (http://webfusion.ilo.org/public/db/standards/normes/libsynd/index.cfm?hdroff=1);
- *Freedom of association in practice: Lessons learned*, Global report under the follow-up to the ILO Declaration on Fundamental Principles and Rights at Work, ILC, 97th Session, 2008 (http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meeting document/wcms_091396.pdf);

- Country baselines under the ILO Declaration Annual Review (2000–2010): Freedom of Association and the Effective Recognition of the Right to Collective Bargaining (FACB) (http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_091262.pdf).

LEGAL FRAMEWORK INDICATOR 20
Collective bargaining right

Scope

Collective bargaining involves the negotiation and conclusion of collective agreements to determine terms and conditions of employment.

Selected ILS on collective bargaining

The Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) is a fundamental Convention which sets forth the right for all workers and employers to establish and join organizations of their own choosing without previous authorization. It includes the right of these organizations to conduct their internal administration in full freedom without dissolution or suspension by an administrative authority. The right to establish and join federations and confederations, which may in turn affiliate with international organizations of workers and employers, is also guaranteed. The Right to Organise and Collective Bargaining Convention, 1949 (No. 98) sets forth the right of workers to enjoy adequate protection against acts of anti-union discrimination and the right of workers' and employers' organizations to enjoy adequate protection against any acts of interference by each other. The right to collective bargaining is also guaranteed. Freedom of association and the right to collective bargaining are inseparable.

Information provided in the indicator

Law, policy or institutions: At what level may collective bargaining take place (enterprise, sector, national)? What does it cover? What institutions have been established to support collective bargaining? Are any occupations or sectors not allowed to bargain collectively? Is anti-union discrimination prohibited by the law? Is the right to strike recognized by law? May compulsory arbitration be imposed to halt strikes? Under what conditions? Are collective bargaining agreements extended by law to workers who are not union members, and/or to enterprises not covered directly by the agreement? Is there a national mechanism to promote or protect this right? Does the mechanism have enforcement or advisory powers? Is there a right of complaint? Who are the members of this mechanism?

Evidence of implementation effectiveness: Comments of ILO supervisory bodies (if any).

Coverage of workers in law: Estimate of workers covered by the law.

Coverage of workers in practice: Broad estimate of workers covered in practice (methodology TBD).

Ratification of ILO conventions: The Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98). Promotion of Collective Bargaining Convention, 1981 (No. 154), the ILO Resolution of 1952 concerning the independence of the trade union movement.

ILO sources

- LibSynd Database (http://webfusion.ilo.org/public/db/standards/normes/libsynd/index.cfm?hdroff=1);
- *Freedom of association in practice: Lessons learned*, Global report under the follow-up to the ILO Declaration on Fundamental Principles and Rights at Work, ILC, 97th Session, 2008 (http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meeting document/wcms_091396.pdf);
- Country baselines under the ILO Declaration Annual Review (2000–2010): Freedom of Association and the Effective Recognition of the Right to Collective Bargaining (FACB) (http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_091262.pdf).

LEGAL FRAMEWORK INDICATOR 21
Tripartite consultations

Scope

Tripartism entails dialogue and cooperation between governments, employers, and workers in the formulation of standards and policies dealing with labour issues. International labour standards are created and supervised through a tripartite structure which ensures that they have broad support from all ILO constituents.

Selected ILS on tripartite consultations

The governance convention on Tripartite Consultation (International Labour Standards), 1976 (No. 144) requires ratifying states to operate procedures which ensure effective consultations between representatives of the government, of employers and of workers on matters regarding the ILO (items on the agenda of the International Labour Conference, submissions to parliament of newly adopted ILO standards, re-examination of unratified conventions and recommendations, reports on ratified conventions, and proposals for denunciations of conventions). Consultations with employers and workers, represented on an equal footing, shall take place at least once every year.

Information provided in the indicator

Law policy or institutions: Existence of a national law or stated government policy establishing tripartite consultation mechanism on matters regarding the ILO; brief description of this mechanism and its members. Did any national tripartite body meet recently? What are its functions?

Evidence of implementation effectiveness: ILO supervisory bodies comments if any.

Ratification of ILO Conventions: The Tripartite Consultation (International Labour Standards) Convention 1976 (No. 144).

Additional sources of information

ILO sources

- DIALOGUE website (http://www.ilo.org/public/english/dialogue/ifpdial).