UNECE/ILO/EUROSTAT and Statistics Canada
Meeting on Measuring Quality of Employment
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Manual on Decent Work Indicators (DWIs): Methodology and Progress

How can DWIs and ILO's manual be used for Quality of Employment work?

ILO Department of Statistics

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18 Main Statistical Decent Work Indicators

1 – Employment-to-population ratio (S)
2 – Unemployment rate (S)
3 – Youth not in education and not in employment (S)
4 – Informal employment (S)
5 – Working poverty rate (S)
6 – Low pay rate (below 2/3 of average hourly earnings) (S)
7 – Excessive hours (more than 48 hours per week) (S)
8 – Incidence of children in child labour (S)
9 – Precarious employment rate
10 – Occupational segregation by sex
11 – Female share of employment in ISCO-08 sub-major groups 11,12 and 13
12 – Occupational injury rate, fatal
13 – Share of population above a specified age benefiting from a pension (S)
14 – Public social security expenditure (% of GDP)
15 – Union density rate (S)
16 – Enterprises belonging to employer organization [rate]
17 – Collective bargaining coverage rate (S)
18 – Indicator for Fundamental Principles and Rights at Work (Freedom of Association and Collective Bargaining) to be developed by the Office

Draft Definitions and Interpretation Highlights of Main Decent Work Indicators Under the Decent Work Measurement Framework

1. Employment opportunities
1. M – Employment-to-population ratio (S)

Description:

- The employment-to-population ratio (EPR) is defined as the share of the specified working age population that is employed.

- **Employment-to-population ratio (e.g., 15+ years) =**
  (total employment (15+ years) / working age population (15+ years)) X 100

- **Objective/interpretation highlights:**

- Indicates the overall demand for labour in an economy
- An increasing trend usually indicates increasing employment opportunities within the economy in terms of quantity.
- No optimal value
- EPR alone is insufficient for assessing the employment opportunities dimension of decent work

1. Employment opportunities
2. M – Unemployment rate (S)

- Unemployment rate: Refers to unemployed persons as a percent of the economically active population (EAP).

  Unemployment rate (UR) = (Unemployed persons / EAP) X 100

  Objective/interpretation highlights:

- Signals to some extent underutilization of the labour supply in an economy where unemployment is an option
- Progress is measured by achieving acceptably low UR levels
- The UR is relatively volatile; trends should be analyzed jointly with changes in measures of total labour supply and labour demand

1. Employment opportunities
3. M – Youth not in education and not in employment, 15-24 years (S)

- Youth not in education and not in employment (NEET) is the percentage of youth who are not in employment and not in education or training.

- NEET (%) = (Number of unemployed youth + number of youth not economically active – (youth in these two categories who are in education or in training)) / (Total number of youth) X 100

Objective/interpretation highlights:

- Indicates a broader measure of potential youth labour force participants than youth unemployment
- A high NEET rate could mean that a large number of youth are discouraged workers, engaged in unpaid household chores, or do not have access to education or training

1. Employment opportunities
4. M – Informal employment rate (S)

- The informal employment rate (IER) is defined as the number of informal jobs as a percent of total jobs:

  Informal employment rate = (Number of informal jobs/Total number of jobs) X 100

Objective/Interpretation highlights:

- The informal employment rate (IER) indicates the share of employment which is in informal jobs, whether carried out in formal sector enterprises, informal sector enterprises, or households, during a given reference period.

- A decreasing IER indicates progress with respect to the proportion of jobs lacking basic social or legal protections or jobs in informal sector enterprises (excluding formal employees of informal sector enterprises).

Informal employment: conceptual framework

Production units by type	Jobs by status in employment								
	Own-account workers		Employers		Contributing family workers	Employees		Members of producers' cooperatives	
	Informal	Formal	Informal	Formal	Informal	Informal	Formal	Informal	Formal
Formal sector enterprises					1	2			
Informal sector enterprises (a)	3		4		5	6	7	8	
Households (b)	9					10			

(a) As defined by the Fifteenth International Conference of Labour Statisticians (excluding households employing paid domestic workers).

(b) Households producing goods exclusively for their own final use and households employing paid domestic workers.

Note: Cells shaded in dark grey refer to jobs, which, by definition, do not exist in the type of production unit in question. Cells shaded in light grey refer to formal jobs. Un-shaded cells represent the various types of informal jobs.

Informal employment: Cells 1to 6 and 8 to 10.

Employment in the informal sector: Cells 3 to 8.

Informal employment outside the informal sector: Cells 1,2, 9 and 10.

2. Adequate earnings and productive work
5. M – Working poverty rate (S)

Working poverty rate (WPR) (2 indicators):

Persons in the EAP(or employed) who live in households with incomes below the nationally defined poverty line as a percent of total persons in the EAP (or employed)

Calculations:

1. (Number of persons in the EAP living in households with incomes below the nationally defined poverty line/Total number of persons in the labour force) X 100
2. (Number of employed persons living in households with incomes below the nationally defined poverty line/Total number of employed persons) X 100

Objective/Interpretation highlights:

- The indicators measure the extent to which poverty characterizes the EAP (indicator 1) or employed population (indicator 2).
- In economies with little unemployment, small differences will be observed between the two indicators.
- Declining WPR indicates progress towards reducing poverty among the EAP (indicator 1) or among the employed (indicator 2)
- Factors: High time-related underemployment, low earnings and/or high UR.

2. Adequate earnings and productive work
6. M – Low pay rate (S)

- **Two indicators provide a measure of low pay:**

  1. (Number of employees with hourly earnings below two-thirds of the median hourly earnings/Total number of employees) X 100

  2. (Number of employed persons with monthly employment-related income below two-thirds of average monthly employment-related income/Total number of employed persons) X 100

  - One must define whether employees (or employed persons) are those with full-time jobs only or include all full and part-time workers.

  Objective/Interpretation highlights:

  - Indicates the share of workers that have low pay relative to the median hourly earnings (or employment related income) of all workers
  - A high low pay rate indicates a large share of workers clustered in the lower end of the earnings or employment-related income distribution

3. Decent hours
7. M – Excessive hours (more than 48 hours per week) (S)

Two indicators provide a measure of excessive hours:

1. (Number of persons employed who work 49 hours or more per week, usual hours)/Total number of persons employed X 100
2. (Number of persons employed who work 49 hours or more per week, actual hours)/Total number of persons employed X 100

- Recommended time bands: Break of 49+ hours, and other lower weekly hour time bands; national thresholds may be considered instead of 49+ hours.

Objective/Interpretation highlights:

- Indicates the share of workers whose working time, measured by usual or actual hours of work, exceeds the international threshold of 48 hours (ILO Convention No. 1 (1919))
- A rising indicator points to increasing numbers of employed persons working excessive hours
- Should be analyzed together with remuneration indicators to see whether pay or employment-related income is keeping pace.

4. Combining work, family and personal life

- Currently no main statistical indicator; developmental work to be done on:
  - F – Asocial / unusual hours
  - F – Maternity protection
- Legal framework currently covers:
  - L – Maternity leave (incl. weeks of leave, and rate of benefits)
  - L – Parental leave

5. Work that should be abolished
8. M – Child labour (S) (1)

- Main indicator:
  - Incidence of children in child labour =

    (Number of children in child labour / total number of children) X 100

Objective/interpretation highlights:

- The incidence of children in child labour reflects the share of children engaged in prohibited work

- An increase in the incidence of child labour or of the incidence of children engaged in hazardous work suggests a growing risk to the healthy development of children.
  - The weekly hours of such working children should be analyzed along with key factors such as the types of hazardous work in order to determine the magnitude of the risk.

Conceptual framework: statistical identification of child labour

Framework for statistical identification of child labour

Age group	General production boundary					
	SNA production				Non-SNA production	
			Worst forms of child labour			
	(1a) Light work[3]	(1b) Regular work[4]	(2a) Hazardous work	(2b) Worst forms of child labour other than hazardous work	(3a) Hazardous unpaid household services[1]	(3b) Other non-SNA production
Children below the minimum age specified for light work (for example, 5–11 years)[2]	Employment below the minimum age for light work	Employment below the general minimum working age	Employment in industries and occupations designated as hazardous, or work for long hours and/or at night in industries and occupations not designated as hazardous	Children trafficked for work; forced and bonded child labour; commercial sexual exploitation of children; use of children for illicit activities and armed conflict	Unpaid household services for long hours; involving unsafe equipment or heavy loads; in dangerous locations; etc.	
Children within the age range specified for light work (for example, 12–14 years)[2]						
Children at or above the general minimum working age (for example, 15–17 years)[2]						

[1] (3a) is applicable where the general production boundary is used as the measurement framework for child labour.
[2] Age-group limits may differ across countries depending upon the national circumstances.
[3] Where applicable at the national level.
[4] Children in employment other than those covered under columns (1a), (2a) and (2b).

Denotes child labour as defined by the resolution.

Denotes activities not considered child labour.

6. Stability and security of work
9. M – Precarious employment rate

- Precarious employment rate =

  (Number of workers in precarious employment / total number of workers) X 100

- Can be broken down by employees or own account workers, and also by type of precarious employment

Objective/Interpretation highlights:

- Indicates the share of workers in precarious types of employment which includes casual workers, workers in short-term employment and workers in seasonal employment
- An increasing precarious employment rate indicates rising instability and declining security in the types of work contracts in the economy

7. Equal opportunity and treatment in employment
10. M – Occupational segregation by sex (1)

The percentage of women employed in each 2-digit ISCO sub-major group = (Wi/Ni) X 100

Where Wi = number of employed women in the 2-digit occupational group and Ni = total employed persons in the 2-digit occupational group

Objective/Interpretation highlights

- Occupational segregation based on sex has a negative effect on labour market efficiency and is a major labour market rigidity, and has been found to be a major determinant of male-female wage differentials.

- The share of women employed in each ISCO sub-major group is a useful indication of:
  - the opportunity of women to work in all types of occupations in an economy
  - the extent to which an occupation group is feminized.

7. Equal opportunity and treatment in employment
11. M – Female share of employment in ISCO-08 sub-major groups 11,12 and 13*

The female share of employment in ISCO-08 sub-major groups 11, 12 &13 = (Number of employed women in ISCO-08 sub-major groups 11,12 & 13) / (total employed persons in these groups) X 100

Objective/Interpretation highlights

- The indicator measures the extent to which chief executives, senior officials and legislators; administrative and commercial managers; and production and specialized services managers in a country are women.

- Women's access to these positions in the labour market will both influence and be influenced by women's overall status in society.

- An increase in the indicator suggests that women are gaining an increasing share of the high-status occupations that are associated with influence, power and decision-making authority.

* If ISCO-88 is used then the corresponding groups are ISCO-88 sub-major groups 11 and 12

8. Safe work environment
12. M – Occupational injury rate, fatal (1)

Incidence rates of fatal occupational injuries =

(Number of new cases of fatal injury during the calendar year) / (total number of workers in the reference group during the year) X 100,000*

*Type of rate will be per 100,000 workers employed, per 100,000 employees, per 100,000 workers insured, depending on the individual country.

Objective/interpretation highlights:

- Indicates the number of new reported or compensated cases of fatal injury during the calendar year as a share of total number of workers in the reference group during the year

- A rise or fall in the indicator may reflect:
  - changes in conditions of work and the work environment
  - modifications in reporting procedures or data collection methods
  - revisions to laws or regulations governing the reporting or compensation of injuries

9. Social security
13. M – Share of population above the statutory retirement age (or aged 65 years and over) benefiting from an old-age pension (S)

- Share of population above the statutory retirement age (e.g. aged 65 and above) benefiting from an old-age pension = (Number of persons (e.g. aged 65 years) and above benefiting from an old-age pension) / (total population (e.g. 65 years) and above) X 100

Additional indicator:

- Average old-age pension benefits per month per person above the statutory retirement age (or aged 65 and above) benefitting from an old-age pension (in national currency, real terms)

Objective/interpretation highlights:

- The indicators show the share of older persons who receive a pension, and the extent to which the average pension benefits received are adequate given cost of living in a country.
- A rise in the first indicator indicates increasing pension coverage of older persons.
- A real increase in the second indicator suggests that pension benefits on average are improving among older persons, and thus beneficiaries are less likely to fall into poverty.

9. Social security
14. M – Public social security expenditure (% of GDP)

- Public social security expenditure = (Public expenditure on social security contingencies during the year) / (Gross Domestic Product for the same year) X 100

- Interpretation: an increase in the indicator suggests greater public outlays for social security contingencies as a share of GDP. It does not indicate population coverage for such contingencies or average expenditure for those covered.

10. Social dialogue, workers' and employers' representation
15. M – Union density rate (S)

- Definition: Density Rate

$$ADR = \frac{\text{membership - (retired + students + unemployed)}}{\text{wage and salaried employees - ineligible groups}}$$

- Interpretation: A changing DR indicates changes in trade union membership relative to the number of eligible employees. It may also indicate changes in national legislation or reporting requirements as regards trade union membership.

10. Social dialogue, workers' and employers' representation

16. M – Enterprises belonging to employer organisation [rate]

- Definition: Under development; rate could be weighted by employment in each enterprise or establishment.

- An employers' organisation: is defined as an independent association of employers, constituted for the purposes of furthering and defending the employers' interests.

- Reference: ILO Convention 87 Freedom of Association and Protection of the Right to Organise Convention, 1948

10. Social dialogue, workers' and employers' representation
17. M – Collective bargaining coverage rate (S)

- Definition: Adjusted Coverage Rate (ACR)

$$ACR = \frac{\text{covered employees}}{\text{wage and salaried employees - ineligible groups}}$$

'Covered employees' includes those covered by extension.

Interpretation: A changing ACR indicates changes in employees covered by collective bargaining relative to the number of eligible employees. It may also indicate changes in national legislation or reporting requirements as regards collective bargaining.

Reducing decent work deficits globally –promoting quality of employment on each workplace