Seven indicators to measure decent work: An international comparison

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As part of its effort to promote the goal of decent work for all, the International Labour Office is developing different sets of statistical indicators for measuring decent work across the world. In broad terms, the goal is to provide “opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity” (ILO, 1999, p. 3). Implicit in this statement are six dimensions of what constitutes decent work. The first two dimensions (opportunities for work and freedom of choice of employment) relate to the availability of work and the acceptability of the type of work involved. The other four dimensions (productive work, equity, security and dignity at work) are concerned with the extent to which the work is decent.

Based on this general framework, a set of thirty statistical indicators has been identified for initial consideration (See Anker et al., 2002, and in this issue of the Review). These indicators are organized under ten headings concerned with decent work itself and an eleventh on economic and social context. Each of the first ten headings is meant to represent a characteristic of work that individuals would consider a key element of decent work. In the process of measurement and analysis that will be carried out in the next few years, certain indicators may be dropped for proving insufficiently informative or too complex, and others may be added to cover uncharted or difficult areas such as freedom of association and social dialogue. Pending the development of a comprehensive and widely accepted system of decent work indicators,

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one can at this stage shed light only on some specific aspects – hopefully with bright beams!

This article presents a selection of seven particular indicators amenable to measurement for a large number of countries, with data on them compiled from national labour force surveys of recent years. Here, the indicators are slightly redefined and reset within a more concise framework. What the proposed indicators measure are in effect “decent work deficits”, namely low hourly pay, excessive hours of work for economic or involuntary reasons, national unemployment, children not at school (as a proxy for child labour), youth unemployment, the male-female gap in labour force participation, and old age without pension.

Following a brief outline of methodology in the first section of the article, subsequent sections successively take up each of the proposed seven indicators. Each indicator is introduced in turn, with a succinct discussion of its significance, issues related to the quality and international comparability of the relevant data, illustrative tables and, where applicable, alternative approaches. A concluding section shows how the proposed set of indicators might be used to establish a ranking of countries – subject to a number of caveats.

Outline of methodology

The selected indicators are schematically represented in figure 1, which divides the population 10 years and older according to age and labour force status (employed, unemployed, and not economically active). The population below working age (10-14 years old) is further subdivided according to school enrolment, while the employed are subcategorized into “low hourly pay”, “excessive hours of work for economic or involuntary reasons” and “others”, on the understanding that the first two sub-categories may not be mutually exclusive. Among the unemployed, the young (15-24 years old) are distinguished as a special category. The working-age population that is not economically active is subdivided according to age (15-64 years and 65 years and over), with further subdivisions of the prime-age population according to labour force attachment, and of the old age population according to pension benefit. The labour force attachment category offers the possibility of calculating a broad measure of unemployment, where necessary, by including in the count of the unemployed persons who were not seeking work during the job-search period but otherwise some had formal attachment to the labour force.

Framed in this fashion, the selected indicators are mostly additive in that a country’s decent work profile may be constructed by pooling the resulting information for each country. In this framework, the gender dimension is measured by disaggregating all statistics by sex, and by
Figure 1. Schematic representation of selected decent work indicators

Population aged 10 years and over

Population below working age (10-14 years old)

Working-age population (15 years old and over)

Economically active population (labour force)

Employed

Not enrolled at school

Enrolled at school

Low hourly pay

Excessive hours of work (for economic or involuntary reasons)

Other

Unemployed

Unemployment

Youth share of unemployment

Labour force attachment

No labour force attachment

Below 65 years old

65 years and over

Without pension

With pension

Indicator 1

Indicator 2

Indicator 3

Indicator 5

Indicator 3, 5 bis

Indicator 7

Indicator 4

Male-female gap in labour force participation =

\[
\text{Male LFPR} - \text{Female LFPR}
\]

\[
(\text{LFPR} = \text{Labour force/Working age population})
\]
considering an additional indicator on the male-female gap in labour force participation.

Using labour force surveys as the principal source of data for compiling decent work indicators has a number of advantages. Firstly, it ensures compatibility of the resulting indicators both in relation to each other and in relation to national estimates of employment and unemployment. Secondly, labour force surveys around the world are standardized to a significant extent, so that decent work indicators based on them are likely to display greater international comparability than would otherwise be the case (see Mehran, 1995). Thirdly, most national labour force surveys are conducted on a regular basis – some annually, others quarterly or monthly – thus guaranteeing the continuity of indicators compiled from them. And lastly, the use of labour force surveys for constructing decent work indicators may positively contribute to the development of the surveys themselves: any gaps and weaknesses in measuring the characteristics of employment can be identified and addressed through experimentation and testing.¹

Low hourly pay

A key aspect of decent work for most workers is no doubt adequate pay. In Measuring decent work with statistical indicators, Anker et al. (2002, and in this issue of the Review) define adequate pay as half the median hourly pay among employees or as an absolute minimum, whichever is greater. Thus, workers earning less than this threshold value would be considered as low paid. A national indicator of decent pay is the percentage of low paid workers in the country, as shown for the United Kingdom in figure 2: the median of gross hourly earnings among the employees is £7.5, the threshold of 50 per cent of the median is £3.8; and according to the figure, 9.3 per cent of the employees in the United Kingdom had gross hourly earnings below that threshold in 2001.

Defining adequate pay in terms of the distribution of hourly earnings in each country is meant to accommodate differing national norms regarding the “decency” of pay as well as differences in hours of work among workers in each country. Since the median of the distribution determines the relative position of a typical worker in that distribution, it is indeed plausible that national norms as to what constitutes decent pay are tied to the median. Also, as total earnings depend on the

¹ A fully referenced list of the 75 national labour force surveys used to compile the decent work indicators presented in this article is available from the authors on request. A forthcoming paper will identify areas where labour force surveys could be enhanced, arguing for the formulation of decent work modules to be attached to national labour force surveys.
number of hours worked, which may differ from one worker to another, the best basis for comparison among workers is clearly hourly earnings.

Formulating the indicator in terms of a percentage of the median makes it independent of national currencies and greatly facilitates international comparison. The choice of 50 per cent of the median has the virtue of simplicity, but it is also consistent with empirical results showing that minimum wages established through democratic processes are often close to half the median wage: national values vary from about 25 to 50 per cent in the OECD countries (OECD, 1997). Another advantage of the proposed definition of low pay is its wide applicability, including in countries that have either not adopted minimum wage legislation or which have set the statutory minimum wage far below the prevailing market wage. Calculations show that changing the choice of 50 per cent of the median to another percentage, say, 40 or 60 per cent, does not affect the relative positions of countries with respect to the low pay indicator.

A possible disadvantage of the median methodology is that the indicator may be confounding low pay and unequal pay, and actually
measuring the inequality of hourly earnings among countries. Another disadvantage is that the rate of pay determined by 50 per cent of the median may, over time, indicate an increase in the percentage of workers with low pay in a situation where the real pay of low paid workers has actually risen. For these reasons, it would also be useful to monitor pay rate inequalities and the real value of the earnings of workers in the lowest pay bracket.

Attached to the low pay indicator is a proviso for an absolute minimum floor. This is needed for countries where 50 per cent of the median hourly earnings would fall below that absolute threshold. The proposed threshold corresponds to an hourly pay rate of US$0.65 and applies to all countries. It is calculated as the hourly earnings necessary for a full-time year-round worker (working eight hours per day, six days per week and 50 weeks per year) to support at least one person besides himself or herself at a level above the poverty line of US$2 per day set by the World Bank and the United Nations. Alternative approaches to setting such a threshold may be based on the national poverty line or the cost of minimum food requirements in each country.

Table 1 shows the low hourly pay indicator for eight countries with a view to examining differences in coverage and definitions, as well as in data structure and its effects on the resulting statistics. The eight countries were chosen for geographic diversity and ready availability of the required labour force survey data. They are Costa Rica, Iran, Japan, Jordan, Macau/China, Mexico, Switzerland and the United Kingdom. Switzerland has the lowest percentage of workers with low hourly earnings (5.6 per cent), and Mexico has the highest (17.0 per cent).

It is instructive to note that in countries with low percentages of decent earnings the relative incidence of low pay is about equal among men and women, while in countries with high percentages of decent earnings, the incidence of low pay is relatively higher among women than it is among men. In other words, where low pay is widespread, it applies equally to men and women, but where it is “selective” it affects relatively more women than men.

The results reported here should be interpreted with caution because the underlying national data differ in scope and coverage, and the degree of approximation in computing the indicator varies from country to country depending on the structure of the available data. All data refer to the employed population except for Iran, Switzerland and the United Kingdom where they cover only employees. The restricted

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2 Iran and UK (employees); Switzerland (employees except apprentices); Macau/China, Iran and Japan (all employed persons); Costa Rica (all employed persons with known income); Jordan (all employed persons except unpaid family workers); and Mexico (all employed persons except persons without work and currently available for work who had made arrangements to take up paid employment or undertake self-employment activity at a date subsequent to the reference period).
Table 1. Low pay by sex in eight countries: Percentage of workers with hourly earnings below 50 per cent of the median

<table>
<thead>
<tr>
<th>Country (Year)</th>
<th>Low pay rate (%)</th>
<th>Men (%)</th>
<th>Women (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Switzerland (2001)</td>
<td>5.6</td>
<td>22.0 (53.8)</td>
<td>78.0 (46.2)</td>
</tr>
<tr>
<td>United Kingdom (Autumn 2001)</td>
<td>9.3</td>
<td>40.9 (52.7)</td>
<td>59.1 (47.3)</td>
</tr>
<tr>
<td>Macau, China (2nd Quarter 2002)</td>
<td>10.9</td>
<td>31.5 (51.5)</td>
<td>68.5 (48.5)</td>
</tr>
<tr>
<td>Costa Rica (2000)</td>
<td>11.5</td>
<td>70.0 (68.3)</td>
<td>30.0 (31.7)</td>
</tr>
<tr>
<td>Japan (2001)</td>
<td>13.7</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Iran (2001)</td>
<td>14.7</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Jordan (November 2001)</td>
<td>15.4</td>
<td>88.2 (68.7)</td>
<td>11.8 (13.3)</td>
</tr>
<tr>
<td>Mexico (2000)</td>
<td>17.0</td>
<td>66.6 (67.0)</td>
<td>33.4 (33.0)</td>
</tr>
</tbody>
</table>

Note: The figures in parentheses give the shares of male and female employment in total employment.


scope of the data for Switzerland and the United Kingdom may to some extent explain the relatively low figures reported for these countries.

In general, the data on hours of work and earnings relate to the main job, except for Japan and Jordan, where they refer to all jobs.3 There are also differences in the definition of hours of work as between actual hours worked during the reference week (Iran, Japan, Jordan, Macau/China, Mexico), normal weekly hours of work according to the worker’s contract (Switzerland), and usual hours of work (Costa Rica, United Kingdom). The other source of differences is the definition of earnings: monthly earnings (Costa Rica, Jordan, Macau/China, Mexico); earned income during the past year (Iran, Japan); monthly, hourly or annual gross earnings depending on the respondent’s reply (Switzerland and United Kingdom).

There are no international empirical results indicating the effects of these differences, but one may assume that, all else being equal, the broader the definition, the higher the measured indicator value. For example, Stuttard and Jenkins (2001) compared United Kingdom data on survey respondents’ hourly rates of pay (a narrow definition) with the derived hourly pay obtained as a ratio of gross weekly earnings received to usual weekly hours of work (a broader definition). According to their report, it seems likely that the use of the derived variable

3 In the case of Macau/China, no information is available on whether the data refer to the main job or all jobs.
“led to overestimates” of the number of people earning less than the national minimum wage (ibid., p. 59). Their report also shows that when the second job (broader definition) is added to the main job (narrower definition), the percentage of respondents with hourly pay below the national minimum wage generally increases among 18-21 year-olds, but not necessarily among employees aged 22 years and over (ibid., p. 62).

Errors in international comparisons occur not only because of national-level differences in scope and definitions, but also because of differences in the structure of the available data. For Switzerland and the United Kingdom the calculations are based on the full distribution of hourly pay, but in the other cases – in particular where hourly pay data were not directly available – the indicators are calculated using grouped data on the cross-tabulation of earnings and hours of work. In the case of Macau/China the grouped data are limited to the marginal distributions, adding a further source of differential error.¹ That the error is likely not to be too large though can be seen from the following example. The median hourly earnings estimated for Macau/China on the basis of the marginal distributions is 23.0 Patacas, not far from the value of 22.2 Patacas obtained as the ratio of median monthly earnings (4,574 Patacas) to the median of weekly hours worked (47.6 hours), adjusted for 4.33 (52/12) weeks per month.

Excessive hours of work

The percentage of people working excessive hours is an indicator that measures several aspects of decent work. Not only do excessive and/or atypical hours of work put workers’ physical and mental health at risk, but they also interfere with the balance between work and fam-

<table>
<thead>
<tr>
<th>(a) Incomplete Hours Category</th>
<th>(b) Independence Hours Category</th>
<th>(c) Dependence Hours Category</th>
<th>(d) Final Hours Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings Category 1</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>x</td>
<td>x</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>20</td>
<td>30</td>
<td>20</td>
</tr>
</tbody>
</table>

¹ For the estimation of a joint distribution on the basis of marginal distributions (a), two extreme cases are considered: total independence; and total dependence. According to the independence model (b), the distribution of the number of persons among the different earnings categories is the same for each level of hours worked. Thus, the number of persons in a particular earnings and hours category is estimated by a cross-product ratio as indicated below:

The top left corner cell, for example, is estimated by 10x20/50=4. Similarly, the other cells are estimated by the ratio of the cross product of the margin totals to the grand total, i.e., 10x30/50=6, 40x20/50=16, and 30x40/50=24. The dependence model (c) assumes that persons with lower earnings are working lower hours. The cells are estimated by placing all workers with lowest earnings in the lowest hours cell, balancing the other cells to respect the marginal values. The final estimates (d) are obtained by the simple average of the two extreme cases. A special computer programme developed in S-PLUS implements the methodology for any number of rows and columns.
ily life and are often an indication of low hourly wages. In accordance with the ILO's Hours of Work (Industry) Convention, 1919 (No. 1), which stipulates that weekly working time should not exceed 48 hours, the *excessive hours of work* indicator is herein defined as the percentage of workers whose usual hours of work in all jobs exceed 48 hours a week for economic or involuntary reasons.

Preference is thus given to calculating usual hours rather than hours actually worked over a given reference period, although the latter tends to be more widely used in national statistics. Indeed, the measurement of usual hours is less likely to include exceptionally long hours worked on account of a cyclical surge in demand; it is also more likely to reflect inadequate wages. The qualifier "economic or involuntary reasons" is added to distinguish long hours worked for voluntary reasons - e.g. personal ambition or dedication - from long hours worked for involuntary reasons, such as the nature of the work, industry standards, exceptional circumstances or low hourly pay. The indicator is specified for all jobs held, and not only the respondent's main job. Where a single job fails to generate enough income to live on, workers may combine two or more jobs in order to provide for their families.

Using data from those national labour force surveys whose working time categories include a range of 49 or more hours, the percentages of people working excessive hours have been analysed for 43 countries. The analysis draws on published data available at the ILO, except for the European countries, for which the source is EUROSTAT. The 43 countries are divided into three groups: *high rate countries* (those where more than 40 per cent of workers work excessive hours), *intermediate rate countries*, and *low rate countries* (those where less than 20 per cent of workers work 49 or more hours per week). The distribution of countries between these three groups is shown in figure 3. Of the 12 high-rate countries, 11 are developing countries and only one is an industrialized country. The 21 low-rate countries comprise 15 industrialized countries, five transition economy countries and one developing country. What emerges is that people in developing countries work longer hours than those in transition economy or industrialized countries. This pattern may be an indication of low wages and low labour productivity in the developing countries.

The comparability of data across countries is sensitive to a number of factors. First, it is difficult to measure hours of work through surveys, especially when responses can be given by proxy. But even where responses are given in person, there is a tendency across all categories of workers to inflate hours of work. Second, inter-country variability may be explained by the proportion of self-employed workers in the labour force. Indeed, these workers tend to overestimate their working time because their personal life and their economic activity are sometimes not easy to differentiate. Other issues that interfere with
Figure 3. Excessive hours of work in 43 countries (49 hours or more per week)

High rate\(^1\)  
(12 countries)

Industrialized  
(1)

Developing  
(11)

Industrialized countries: Turkey  
Transition countries: None  
Developing countries: Bangladesh, Costa Rica, Hong Kong (China), Jordan, Republic of Korea, Macau (China), Nepal, Peru, Sri Lanka, United Republic of Tanzania, Thailand

Intermediate rate\(^2\)  
(10 countries)

Industrialized  
(5)

Developing  
(4)

Transition  
(1)

Industrialized countries: Australia, Greece, Iceland, Japan, United Kingdom  
Transition countries: Poland  
Developing countries: Indonesia, Mauritius, Mexico, Yemen

Low rate\(^3\)  
(21 countries)

Developing  
(1)

Transition  
(5)

Industrialized  
(15)

Industrialized countries: Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United States  
Transition countries: Estonia, Lithuania, Romania, Russian Federation, Slovakia  
Developing countries: Jamaica

\(^1\) High rate: \(\geq 40\) per cent of total employment.  \(^2\) Intermediate rate: between 20 and 39 per cent of total employment.  \(^3\) Low rate: \(< 20\) per cent of total employment.

Source: National labour force surveys.
international comparability include the measurement of hours actually worked as opposed to usual hours of work, a focus on the main job only instead of all jobs held, and statistics that do not specify a category of 49 or more hours.

For example, 13 per cent of workers in Canada usually work 49 or more hours per week in all jobs (Canada, 1996, p. B-36, table 23). But according to the data on hours actually worked in all jobs, the proportion of people having worked such long hours during the reference week is 16 per cent, i.e. 3 percentage points higher. Based on the main job only, the corresponding proportions for usual hours and hours actually worked in the reference week drop to 11 and 15 per cent, respectively. Such variations in definitions obviously produce different results.

In line with the definition of excessive hours of work, all country data were standardized to the category of “49 hours or more”. This adjustment required assuming that workers were evenly distributed within each of the published working-time categories. In addition, to enhance international comparability, table 2 shows (in parentheses) the percentage of workers in each employment status category.

In Denmark and Spain, the proportions of workers working excessive hours are low, at 12 and 15.2 per cent respectively. As the table shows, the rates are significantly lower among employees than they are among self-employed workers. The gap between the rate for employees and the rate for all workers is wider in Spain than it is in Denmark (7 and 3.6 percentage points, respectively). This can be attributed to Spain's higher proportion of self-employed workers (18.2 per cent), compared to Denmark’s (8 per cent).

Yemen and Turkey have high proportions of workers with excessive hours, at 29.3 and 39.6 per cent, respectively. In these two countries, the proportion of self-employed workers who work excessive hours is as high as in Denmark and Spain, but the rates among employees are higher (at 31.2 and 38.3 per cent for Yemen and Turkey, respectively). In both countries, however, the proportion of family workers – among whom the rates are lower than among employees – is close to that of self-employed workers. Thus, in countries with a high overall proportion of persons working 49 or more hours per week, the proportions are roughly the same for employees as they are for the general working population.

None of the labour force surveys used in this study inquired about workers’ reasons for working long hours. However, the Work Schedule Supplement of the United States Current Population Survey 2001 includes a question on respondents’ preferences as between money and time. Some 11.4 per cent of employees working 49 hours or more indicated that they would prefer to work fewer hours but earn less money; 20.3 per cent would prefer to work more hours but earn more money; and 68.2 per cent would prefer to work the same hours and earn the
<table>
<thead>
<tr>
<th>Country</th>
<th>Overall</th>
<th>Among employees</th>
<th>Among family workers</th>
<th>Among self-employed workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark (2001)</td>
<td>12.0</td>
<td>8.4 (91.1)</td>
<td>13.0 (92.8)</td>
<td>52.3 (8.0)</td>
</tr>
<tr>
<td>Spain (2001)</td>
<td>15.2</td>
<td>8.2 (79.9)</td>
<td>26.0 (1.9)</td>
<td>45.1 (18.2)</td>
</tr>
<tr>
<td>Yemen (1999)</td>
<td>29.3</td>
<td>31.2 (41.6)</td>
<td>22.3 (25.2)</td>
<td>45.8 (33.2)</td>
</tr>
<tr>
<td>Turkey (1994)</td>
<td>39.6</td>
<td>38.3 (41.1)</td>
<td>30.1 (28.4)</td>
<td>50.2 (30.6)</td>
</tr>
</tbody>
</table>

Notes: Employment status determined according to main job. The figures in parentheses give the percentages of employees, family workers and self-employed workers in relation to total employment. 1 Usual hours in main job and actual hours in secondary jobs (48 hours or more per week). 2 Hours actually worked in all jobs (48 hours or more per week). Hours actually worked in all jobs (49 hours or more per week). 3


same money. This finding suggests that most of the employees who work excessive hours do so for economic reasons (88.6 per cent).

Unemployment

The concept of unemployment was developed during the Great Depression of the 1930s as a means of measuring the number of people unable to find a job. The resulting “conventional” rate of unemployment measures the percentage of unemployed persons in the labour force. Following the 13th International Conference of Labour Statisticians (ICLS) in October 1982, persons of working age are considered unemployed if they are without a job, available for work and actively seeking work during some recent reference period.

National labour force surveys are the most comprehensive and internationally comparable sources of data on unemployment, because they mostly follow the ILO’s statistical recommendations. Such differences as do exist between countries relate primarily to the determination of minimum working age, which is not set by any international resolution. Minimum working age is set at national level. In most countries, it is 15 years.

Unemployment data from the national labour force surveys of 57 countries have been analysed. As shown in figure 4 below, it turns out that 23.5 per cent of the industrialized countries have a conventional rate of unemployment above 10 per cent, i.e. 76 per cent of them have a rate of unemployment below 10 per cent. Of the developing countries, 61 per cent have a rate below 10 per cent. This proportion is not so far

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5 Personal correspondence from Steve Hipple, United States Bureau of Labor statistics.
6 See the ICLS’s Resolution concerning statistics of the economically active population, employment, unemployment and underemployment (ILO, 1983, p. 1/4, para. 10).
from that observed among the industrialized countries. Indeed, some three quarters of the developing countries can be said to have relatively low unemployment.

In most countries, the rate of unemployment is regarded as an important indicator of labour market performance. In low-income countries, however, it makes a less meaningful indicator because people cannot afford to stay unemployed for very long in the absence of unemployment insurance or equivalent state support – even in societies characterized by strong family solidarity. Out of necessity, they must try to earn a living, typically by working in a self-employed capacity or in the informal sector. Many such countries therefore report low unemployment rates since the majority of their workforce is employed in the informal sector. In countries that do offer social protection, by contrast, unemployed workers can afford to stay out of a job while seeking employment more closely suited to their chosen career path, hence the higher rates of unemployment observed in these countries compared to low-income countries. In short, the conventional rate of unemployment does not make a good indicator for all countries.

The risk of unemployment is higher among employees than it is among self-employed workers. Wage employment is predicated upon some form of contract, be it explicit or implicit, between the worker and an employer. A contract of employment can be terminated by either of the parties thereto, while a self-employed worker who runs into economic trouble simply earns less, but does not typically register as unemployed. Significantly, most workers who become unemployed are former employees. In Turkey, for example, 50 per cent of the unemployed in 1994 were previously employees, 8 per cent of them were previously self-employed, and 42 per cent of them were first-time job-seekers (Turkey, 1994, p. 81, table E-37). Furthermore, most of the unemployed seek wage employment. The conventional notion of unemployment is thus of limited use in labour markets dominated by self-employment. However, the conventional rate of employment can be adjusted by taking into account only the population at risk, i.e. workers in wage employment.

The alternative indicator of unemployment suggested here is based on the number of unemployed workers divided by the number of labour force participants who are either in wage employment or seeking wage employment. Table 3 shows the conventional rate of unemployment together with the wage-employment-specific rate of unemployment for France and Sri Lanka.7

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7 Though rarely used in practice, the rate of wage-employment-specific unemployment is not a novel concept. It is referred to in the Resolution concerning statistics of the economically active population, employment, unemployment and underemployment, adopted by the 13th International Conference of Labour Statisticians held at Geneva in October 1982. Paragraph 21 (4) of this Resolution states that: “Unemployment rates, relevant to paid employment on one hand and to self-employment on the other, may be derived wherever considered useful and feasible” (ILO, 1983, p. 1/6).
Table 3. Rates of conventional and specific unemployment in two countries

<table>
<thead>
<tr>
<th></th>
<th>Rates of unemployment</th>
<th>Proportion of self-employment (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Conventional (%)</td>
<td>Wage-employment-specific (%)</td>
</tr>
<tr>
<td>France (2002)</td>
<td>8.9</td>
<td>9.9</td>
</tr>
<tr>
<td>Sri Lanka (2001)</td>
<td>8.7</td>
<td>14.2</td>
</tr>
</tbody>
</table>

1 Unemployed persons seeking to set themselves up in self-employment should be excluded from the calculation of the rate of wage-employment-specific unemployment.


As shown in table 3, Sri Lanka's conventional rate of employment is 8.7 per cent, and that of France 8.9 per cent. However, there is a wider gap between the two countries' wage-employment-specific rates of unemployment, which work out at 14.2 per cent and 9.9 per cent, respectively. The difference can be explained by the high proportion of self-employment in Sri Lanka (42.1 per cent) compared to that obtaining in France (10.8 per cent). For countries with a high percentage of self-employment, it is thus preferable to calculate the wage-employment-specific rate of unemployment simply because the self-employed are less likely to become unemployed than are workers in wage employment.

Figure 4 compares the percentages of developing, transition and industrialized countries whose conventional and specific rates of unemployment are 10 per cent or higher. Clearly, such rates of unemployment occur in a much higher percentage of developing countries (39.3 and 78.6 per cent) than industrialized countries (23.5 and 41.2 per cent).

Wage-employment-specific unemployment can be explained through its linear relationship to "conventional" or total unemployment. A linear regression shows that the main effect derives from a gap that is most significant in the developing countries. For example, if Belgium's conventional rate of unemployment is 8.6 per cent, its rate of wage-employment-specific unemployment will be 10.9 per cent. In Lebanon, whose conventional rate of unemployment is 8.3 per cent, the rate of wage-employment-specific unemployment works out at 13.6 per cent. The gap between the two rates is thus wider in developing countries than it is in the industrialized countries, with the transition-economy countries in between.

For international comparison, it is therefore preferable to calculate the wage-employment-specific rate of unemployment in order to keep the focus on the population at risk, because the conventional rate of unemployment is of limited use in countries whose labour markets are dominated by self-employment.
Children not at school

The forms of child labour targeted for elimination make a difficult concept to measure, and few national data are available on this question. Instead, the indicator proposed here measures the number of children who are not at school or, to be more specific, the number of children between 10 and 14 years of age who are not enrolled in a national educational programme. This indicator is calculated as the difference between 100 and the net school enrolment rate as defined by UNESCO. The net school enrolment rate for primary or secondary education refers to the number of children enrolled in primary or secondary schools and who are officially of an age to be enrolled in those schools, expressed as a percentage of the total population in the same age group.

The indicator used here is restricted to the age group between 10 and 14 years, because of the difficulty of ensuring international comparability in respect of the rates of non-enrolment of children aged five to nine years due to international variation in the age of compulsory schooling.

A recent study suggests that discrepancies between the numbers of children at work and numbers of children not at school – estimated for the year 2000 – offset each other on a global scale (ILO, 2002a).
Table 4 cross-tabulates data on educational and economic status, giving the percentage of children in each of four possible situations.

What needs to be measured is the number of children at work. To that end, the proportion of children at work is assumed to equate with that of children not at school minus children who are neither at work nor at school, plus those children who combine work and school. Should the number of children in these last two categories be nil, the number of children at work is the same as that of children not at school. Alternatively, if the numbers of children in those categories are equal, they cancel each other out, and the number of children at work can again be equated with the number of children not at school. This is what happens at the global level, although there may be significant gaps between these two numbers in individual countries.

Worldwide, 9.9 per cent of 10-14 year-olds combined school and work in 2000, while 10.1 per cent of them were neither at school nor at work, often engaged in forms of domestic work that do not count as economic activity. These two figures offset each other to give a percentage of children at work (23 per cent) that roughly equals that of children not at school (23.2 per cent). This global-level equation does not necessarily work at the national level, though. In Ghana, for example, 34 per cent of the children were at work whereas only 17 per cent of them were not at school.

It should be borne in mind, however, that the concept of “children at work” is broader than that of the child labour targeted for elimination. According to the ILO (2002a), 82 per cent of the children at work are engaged in forms child labour that ought to be abolished. In other words, the number of children at work would overestimate the number of children engaged in those specific forms of child labour.

Similarly, the number of children who are not at school is greater than that of children who are not enrolled in school (because children can skip school although they may well technically be enrolled in an educational establishment). Some 69 per cent of the children not at school are actually enrolled in an educational establishment.

For these reasons, the number of children engaged in forms of child labour to be abolished is estimated from the number of children who are not enrolled in school, on the assumption that the relationship between those two numbers is the same as that between the number of children at work and the number of children not at school.

The percentages of 10-14 year-olds not enrolled in school have been calculated from UNESCO data for 56 countries (UNESCO, 1999, table II-9, pp. II.314-II.413). UNESCO’s net enrolment rates are based

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8 The child labour to be abolished refers to work performed by a child who is under the minimum age specified for that type of work, or work which jeopardizes the physical or mental health or well-being of the child (ILO, 2002b, p. 9).
on the age groups officially enrolled in primary or secondary education, which vary from one country to another and do not necessarily match the ILO’s age group of 10-14 years (see UNESCO, 1997). Besides, school enrolment rates can overlook significant discrepancies between the actual age of the children enrolled and the official age of enrolment at each level of education because of children who start school late and/or repeat classes. To improve comparability, the UNESCO data have therefore been adjusted by weighting the net enrolment rate averages according to the age groups officially enrolled in primary or secondary education (see Mehran, 2000).

Table 5 gives global and regional estimates of the percentages of children not enrolled in school. Globally, the proportion of children not enrolled in school is on a downward trend, declining from 25 per cent in the period 1985-1989 to 16 per cent in 1995-1999, without any notable difference between girls and boys. At the regional level, although the number of countries considered is relatively small, the global trend appears to be followed by only three groups of countries, namely, the developed-economy countries, the transition-economy countries, and Asia and the Pacific. In this last group, however, the number of reference countries is perhaps too small to draw any general conclusion. The remaining three groups – Latin America and the Caribbean and the two African groups – show no clear trend over the period covered.

The male-female differential in non-enrolment is rather small in all regions. However, such small differences as can be observed often seem to be one-sided, with boys having slightly higher non-enrolment rates than girls in most cases. A notable exception is sub-Saharan Africa, where sex differences in enrolment are much larger and the non-enrolment rate for girls is higher than that for boys in two of the three periods.

At the national level, non-enrolment rates vary widely, ranging from 1 per cent in Norway to 83 per cent in Niger. The first quartile of the distribution at this level comprises mainly developed countries (13 of the 14 countries with rates between 1 and 9 per cent), whereas the last quartile is largely made up of the African countries (10 out of the 15 with rates between 35 and 83 per cent). The transition-economy countries and the Latin American countries are around the mean of the distribution like, say, Estonia with 15 per cent and Chile with 17 per cent.
Table 5. Percentages of 10-14 year-olds not enrolled in school by region and by sex, 1985-1999

<table>
<thead>
<tr>
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<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Boys</td>
<td>Girls</td>
<td>Boys</td>
<td>Girls</td>
<td>Boys</td>
<td>Girls</td>
</tr>
<tr>
<td>World</td>
<td>24.9</td>
<td>25.8</td>
<td>25.2</td>
<td>23.6</td>
<td>16.3</td>
<td>15.1</td>
</tr>
<tr>
<td></td>
<td>(62)</td>
<td></td>
<td>(79)</td>
<td></td>
<td>(49)</td>
<td></td>
</tr>
<tr>
<td>Developed economies</td>
<td>13.2</td>
<td>12.0</td>
<td>7.9</td>
<td>6.8</td>
<td>8.4</td>
<td>8.1</td>
</tr>
<tr>
<td></td>
<td>(17)</td>
<td></td>
<td>(23)</td>
<td></td>
<td>(20)</td>
<td></td>
</tr>
<tr>
<td>Transition economies</td>
<td>29.3</td>
<td>26.5</td>
<td>25.3</td>
<td>23.3</td>
<td>17.1</td>
<td>16.9</td>
</tr>
<tr>
<td></td>
<td>(3)</td>
<td></td>
<td>(8)</td>
<td></td>
<td>(6)</td>
<td></td>
</tr>
<tr>
<td>Asia and the Pacific</td>
<td>29.9</td>
<td>28.0</td>
<td>25.7</td>
<td>27.5</td>
<td>23.1</td>
<td>17.2</td>
</tr>
<tr>
<td></td>
<td>(7)</td>
<td></td>
<td>(7)</td>
<td></td>
<td>(2)</td>
<td></td>
</tr>
<tr>
<td>Latin America and</td>
<td>25.5</td>
<td>24.0</td>
<td>24.7</td>
<td>23.7</td>
<td>26.9</td>
<td>24.5</td>
</tr>
<tr>
<td>the Caribbean</td>
<td>(13)</td>
<td></td>
<td>(14)</td>
<td></td>
<td>(5)</td>
<td></td>
</tr>
<tr>
<td>East-Central and</td>
<td>28.7</td>
<td>37.9</td>
<td>30.1</td>
<td>37.8</td>
<td>27.9</td>
<td>31.5</td>
</tr>
<tr>
<td>North Africa</td>
<td>(9)</td>
<td></td>
<td>(12)</td>
<td></td>
<td>(9)</td>
<td></td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>47.3</td>
<td>48.3</td>
<td>51.5</td>
<td>66.9</td>
<td>56.3</td>
<td>45.1</td>
</tr>
<tr>
<td></td>
<td>(13)</td>
<td></td>
<td>(15)</td>
<td></td>
<td>(7)</td>
<td></td>
</tr>
</tbody>
</table>

Notes: The regional ratio is calculated from the mean of the national ratios for boys and girls by group of countries and by period. The figures between parentheses give the number of countries available for calculating the median.


There appears to be no particular pattern at the country level as regards the differential between male and female non-enrolment rates. The differential ranges from 13 percentage points in Turkey (32 per cent for boys and 45 per cent for girls) to 0 in Malta (17 per cent for both boys and girls).

Youth unemployment

The youth unemployment rate measures the number of persons unemployed relative to the number of labour force participants in the 15-24 age group. This indicator brings out the difficulty young people face in finding employment. The category most exposed to unemployment is generally that of young graduates seeking their first job. Decent work for the young is one of the United Nations’ eight Millennium Development Goals, and youth unemployment is one of the 48 Millennium Indicators.

The high rate of unemployment among young people seeking their first job is attributable to their lack of professional experience and, often, limited access to job offers. In addition, young workers frequently change jobs and are therefore at greater risk of unemployment.

Here, the problem of international comparability between developing and industrialized countries is the same as that discussed above in connection with conventional rates of unemployment. In the industrialized countries, this is compounded by differences as to whether or not the statistics included people in vocational training. In countries where vocational training is provided in an educational establishment, as it is in France for example, trainees are not always counted as having
a job, thereby reducing the statistical size of the labour force and increasing the youth unemployment rate. In other countries, such as Germany, where most vocational training is enterprise-based and integrated into the production process, trainees are counted as workers, thereby statistically increasing the number of people in employment and reducing the rate of youth unemployment.  

Using data from national labour force surveys, figure 5 contrasts the overall rate of unemployment with the youth unemployment rate in 56 countries. As shown in the figure, the ratio of youth to total unemployment is higher than 1 and close to 2 in all of the countries. In other words, the rate of youth unemployment is roughly double the rate of unemployment for the total working age population. Two countries stand out in the figure: Mauritius and Macedonia (former Yugoslav Republic). In Macedonia, the rate of unemployment is 32.4 per cent among the population aged 12 years and over, and 62.4 per cent in the 12-24 age group. The ratio is thus close to 2, though both rates are higher than they are in the other countries, hence Macedonia's outlying position in the figure. In Mauritius, the rate of unemployment among the population aged 15 years and over is 9.8 per cent, and the rate of youth unemployment, 46.8 per cent. Here, the ratio is thus exceptionally high, at around 4.8. According to the ILO's Key Indicators of the Labour Market for 1999, the average ratio of youth to total unemployment worldwide is 1.7. Youth unemployment is thus a concern shared by all countries, with no significant differences by level of economic development.

Table 6 compares the rates of youth unemployment and total unemployment in Panama and Australia. It also gives the percentage of young people among the unemployed and the percentage of young people in the total population for these two countries.

The ratio of youth to total unemployment is the same in both Panama and Australia, at 2.1. Unemployment is thus twice as high among young people as it is among the general working age population. Panama has a larger proportion of young people among its unemployed (26.4 per cent as against 17.5 per cent in Australia), but it also has a higher percentage of young people in its working age population (46.4 per cent as against 39.6 per cent in Australia).

As shown in figure 6, the developing, transition and industrialized countries differ as to the ratio between the proportion of young persons among the unemployed and the proportion of young persons in the working age population. The ratio is above 1 in all countries except Honduras. In the transition-economy countries, the proportion of young people among the unemployed is smaller than it is in the developing

---

9 This example was contributed by Ralf Hussmanns, ILO, Bureau of Statistics.
countries; indeed, the same goes for that of young people in the working age population.

In the developing countries, there is a higher percentage of young people among the unemployed than there is in the other two groups of countries; but there is also a higher percentage of young people in the working age population. The high percentage of young people among the unemployed is thus partly explained by the high percentage of young people in the general working age population. The ratios are between 1 and 2 in all but two of the developing countries, namely, Sri Lanka and Honduras.
Table 6. Rates of youth unemployment and proportions of young people among the unemployed and the total working age population

<table>
<thead>
<tr>
<th></th>
<th>Youth unemployment rate</th>
<th>Total unemployment rate</th>
<th>Ratio</th>
<th>Percentage of young people among the unemployed</th>
<th>Percentage of young people in the population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Panama (2000)</td>
<td>28.9</td>
<td>13.5</td>
<td>2.1</td>
<td>26.4</td>
<td>46.4</td>
</tr>
<tr>
<td>Australia (2002)</td>
<td>12.4</td>
<td>6.0</td>
<td>2.1</td>
<td>17.5</td>
<td>39.6</td>
</tr>
</tbody>
</table>

Notes: Total unemployment rate: unemployed/(employed + unemployed); Youth unemployment rate: unemployed_{15-24}/(employed_{15-24} + unemployed_{15-24}); Ratio: youth to total unemployment.

Figure 6. Percentage of young persons among the unemployed in relation to the percentage of young persons in the working-age population

Note: R = Percentage of young persons among the unemployed/percentage of young persons in the working-age population.
Source: National labour force surveys.
Most of the countries where the ratio is above 2 are industrialized countries. This points to economic problems in these countries, since the high ratios cannot be attributed to a large proportion of young people in the working age population. High youth unemployment is thus not a problem confined to the developing countries. In the industrialized countries as well, the rate of youth unemployment is double the total unemployment rate.

Male-female gap in labour force participation

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

The working age population comprises all people aged 15 or older. Labour force participants include both people who are employed and those who are unemployed. People are defined as “employed” if they participate in the production of goods and services, if only for an hour, during a short, specified reference period or if they are normally in employment but happen to be away from their work during that period (see ILO, 1983, p. I/3, para. 9). They may be employers, employees, self-employed workers, domestic helpers, apprentices or members of the armed forces. The concept of labour force participation encompasses all forms of employment, including casual work, part-time work and every conceivable type of irregular employment. But actual, national-level definitions are not always comparable internationally. For example, some countries set a minimum working age of 16 years or an upper limit of 64 years. Other countries may not count people serving in the armed forces.10

Women’s labour force participation rates are typically lower than men’s. By definition, however, the economically active population does not include people who are not engaged in some recognized economic activity. So some categories of workers tend to be under-reported in labour force statistics. In particular, this applies to people who work only a few hours per week (especially if their work is not regular), those who do a job without pay, and those who work close to their home, daily combining work and personal pursuits. Since there are more women than men in such situations, the female workforce tends to be more significantly underestimated.

10 On the definition of unemployment, see the discussion under the unemployment indicator above.
Table 7. Labour force participation rates in Morocco and Denmark (15 years and older), by sex

<table>
<thead>
<tr>
<th></th>
<th>Working age population</th>
<th>Women</th>
<th>Men</th>
<th>Gap (women-men)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Morocco (2002)</td>
<td>50.4</td>
<td>24.7</td>
<td>76.9</td>
<td>-52.2</td>
</tr>
<tr>
<td>Denmark (2001)</td>
<td>78.2</td>
<td>74.2</td>
<td>82.3</td>
<td>-8.2</td>
</tr>
</tbody>
</table>

Notes: For Denmark, the working age population is 15-64 years.

Some countries are trying to remove the obstacles that stand in the way of women’s labour force participation, as a result of which female participation rates have increased substantially. But this is a relatively recent development that has not occurred in all countries.

As an indicator, the male-female gap in labour force participation measures the extent to which women enter the labour market relative to men across different countries. To some degree, this indicator corrects for differences in national definitions, thereby improving international comparability. However, the fact that the gap may be narrowing in some countries should be interpreted with caution. Indeed, the male-female gap in labour force participation may narrow because of a decline in men’s participation, not because of an increase in women’s. Table 7 shows the labour force participation rates of two countries, together with the male-female gap.

As shown in table 7, there are differences between the labour force participation rates of Morocco and Denmark. In Morocco, the female rate is a mere 24.7 per cent, as against 76.9 per cent among men. The female-male gap is thus 52.2 points. Denmark has a much narrower gap, of 8.2 points. The percentage of women – relative to that of men – who work or are seeking work is smaller in Morocco than it is in Denmark.

Figure 7 shows the female-male gap in labour force participation rates for 65 countries, using data from the national labour force surveys available at the ILO. The female-male gap consistently shows up as negative across all countries. This pattern is partly due to socio-cultural factors. But aside from educational barriers and culture *per se*, women’s labour force participation is also in competition with the significant demands of domestic work and child care. For example, women tend to stop working in order to have children and bring them up. And even when their children grow up, only a small percentage of women return to the labour market.

In order to evaluate international disparities, countries have been divided into three groups: those with a wide gap (40 percentage points), those with an intermediate gap, and those with a narrow gap (< 20 percentage points). The figure also distinguishes industrialized countries, transition-economy countries, and developing countries. Overall, nine
Figure 7. Female-male gap in labour force participation (Female rate - male rate, negative in all countries)

Wide gap¹
(9 countries)

Industrialized
(1)

Developing
(8)

Industrialized countries: Turkey
Transition countries: None
Developing countries: Bangladesh, Jordan, Lebanon, Morocco, Mexico, Pakistan, Tunisia, Yemen

Intermediate gap²
(19 countries)

Industrialized
(5)

Developing
(13)

Transition
(1)

Industrialized countries: Greece, Ireland, Italy, Japan, Spain
Transition countries: Macedonia (former Yugoslav Republic)
Developing countries: Chile, Costa Rica, Honduras, Hong Kong (China), Indonesia, Republic of Korea, Malaysia, Mauritius, Panama, Paraguay, Philippines, Singapore, Sri Lanka

Narrow gap³
(37 countries)

Industrialized
(15)

Developing
(9)

Transition
(13)

Industrialized countries: Austria, Belgium, Canada, Denmark, Finland, France, Germany, Iceland, New Zealand, Norway, Portugal, Sweden, Switzerland, United Kingdom, United States
Transition countries: Croatia, Estonia, Hungary, Latvia, Lithuania, Moldova (Republic of), Poland, Czech Republic, Romania, Russian Federation, Slovakia, Slovenia, Ukraine
Developing countries: Barbados, Botswana, Israel, Jamaica, Macau (China), Nepal, South Africa, United Republic of Tanzania, Thailand

¹ High rate: ≥ 40 per cent of total employment.
² Intermediate rate: between 20 and 39 per cent of total employment.
³ Low rate: < 20 per cent of total employment.

Sources: National labour force surveys.
countries have a wide male-female gap in labour force participation; eight of them are developing countries. A narrow gap is observed for 37 countries: 15 industrialized countries, 13 transition countries and nine developing countries.

To sum up, figure 7 shows that developing countries have a wider male-female gap in labour force participation than do transition or industrialized countries. This means that statistically there are many more men than women at work or seeking work in the developing countries. In the transition and industrialized countries, the gap is roughly the same, with a slightly negative figure for the majority of countries.

Old age without pension

The purpose of an indicator that measures the number of people who receive no pension on account of their past economic activity is to highlight inadequacies in the terms and conditions of economic activity from the perspective of the workforce's future inactivity. Decent work should effectively entitle a worker to an income after she/he exits the labour market. This indicator should be examined by age group, particularly for persons aged 65 years and older. What needs to be measured, therefore, is the proportion of the population not economically active that is over 65 years and in receipt of a pension on account of past economic activity.

According to the published national labour force surveys available at the ILO, 48 countries have broken down their "population not currently active" by reason for inactivity. Only 25 countries give the resulting statistics by age group and by sex; and 15 of these more or less follow the categories recommended in the relevant international resolution: "(a) attendance at educational institutions; (b) engagement in household duties; (c) retirement or old age; or (d) other reasons such as infirmity or disablement" (ILO, 1983, p. 1/4).

Table 8 breaks down the population not economically active in 14 countries and the Palestinian Territories by reason for inactivity, giving also the labour force participation rates for the specified age groups. Although the reasons for inactivity grouped under "retirement or old age" in table 8 give only an approximation of the recommended category, the median of the distribution of the percentages for this grouping (both sexes) is only 58 per cent. This low figure is a reflection of the many problems that relate to the situation of people who do not receive any income during inactivity in their old age. Also, there are wide disparities between countries in otherwise comparable situations. For example, the "retirement or old age" category accounts for 19 per cent of inactive persons over 65 in Mexico as compared to 58 per cent of those over 60 in India.
Table 8. Population not economically active by reason for inactivity

<table>
<thead>
<tr>
<th>Country</th>
<th>Reasons for inactivity</th>
<th>Labels</th>
<th>Other reasons such as infirmity or disablement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Reference age group</td>
<td>Labour force participation rate</td>
<td>Attendance at educational institutions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>60+</td>
<td>14.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>65-69</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>60+</td>
<td>1200</td>
</tr>
<tr>
<td></td>
<td></td>
<td>65+</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>50-74</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>65+</td>
<td>1</td>
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<tr>
<td></td>
<td></td>
<td>65+</td>
<td>1</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>59+</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>54+</td>
<td>1</td>
</tr>
</tbody>
</table>

Note: 1 Labels used in national publications: 1: Retired; 2: Pensioners; 3: Rentiers; 4: Too old; 5: Sick/invalid/disabled.


In order to identify the socio-economic factors that force people to work longer (e.g. absence of old age pension coverage or of an age limit on economic activity), what needs to be examined is the proportion of people without a pension in relation to the labour force participation rate of the population aged 65 years and older. In Jordan, for example, 61 per cent of the population over 65 years was not economically active in 2001, but only 33 per cent of the people in this category came within the grouping under study.

Lastly, despite their lack of comparability, the 15 countries display similarities as to the male-female distribution of people in the “retirement or old age” category. Indeed, among the population not currently active, men are more often identified in this category, and the male-female difference is very substantial (the median of the distribu-
tion of that difference is 37.8 percentage points across the countries considered).

These figures can be explained by two related socio-economic factors. First, women are less represented than men in the currently active population and therefore often fail to qualify for a retirement pension based on their past economic activity. Second, women who are not counted as economically active typically look after their homes and/or children and come under the category “engaged in household duties”, not the “retirement or old age” category.

Lastly, of the 25 countries examined, four do not publish data on the entire adult population (Australia for example only publishes data on the 15-69 age group instead of covering the whole population aged 15 years and over). It would be desirable to have an age group starting at the maximum age of compulsory retirement (e.g. 65 years in France) whenever national legislation prescribes such an age or, alternatively, an age group of 65 years and over.

To improve data on the old-age indicator it would be necessary to identify separately, within the category of “Persons in receipt of a pension or income from property or investment (rentiers)”, those persons who receive a pension based on their past economic activity, and, if possible, to report the average monthly or yearly amount of that pension.

**International comparisons**

The basic idea underlying this entire article is that *decent work* has different meanings for different categories of people. For children, decent work means *no work at all* (or at least no work that conflicts with their schooling). For adults who are currently employed, decent work principally means *adequate pay* and *no excessive hours of work*. For the unemployed, decent work means *finding a job* (quickly). For the elderly who are no longer economically active, decent work means *receipt of an adequate pension from earlier employment*. For the young unemployed and for economically active women, an additional consideration is their relative positions with regard to unemployed adults and economically active men, respectively.

An attempt has been made in this article to compile data on the suggested seven indicators for as many countries as possible, chiefly from recent labour force surveys. With the possible exception of youth unemployment, the basic results obtained suggest that decent work is closely related to economic development. Developing countries generally score lower on the decent work indicators than do the industrialized countries. Transition economies are typically in between. Youth unemployment seems to be the only indicator that is universally high, irrespective of the level of economic development.
One advantage of the conceptual framework adopted in this article is that the selected seven indicators are essentially additive. Thus, for each country with full information the indicators can be arithmetically added up — or weighted with the relevant population share — to obtain an average score for the country as a whole. The resulting single figure may be regarded as an index of decent work at a particular point in time.

To obtain a preliminary assessment of the relative performance of countries with respect to the set of decent work indicators considered here, countries with data for at least four indicators — one of them being either low hourly pay or excessive hours of work — have been selected and analysed by calculating the average value of the indicators, excluding the two extreme values (trimmed average method). For example, the score for Denmark is calculated on the basis of five indicators arranged in ascending order as follows: 0.6; 4.8; 5.5; 8.2; and 12.0. The two extreme values (0.6 and 12.0) are trimmed, and the rest averaged to obtain:

\[
\text{Index (Denmark)} = (4.8 + 5.5 + 8.2)/3 = 6.2\%
\]

This number is interpreted as representing an average percentage of persons with a decent work deficit (averaged over the target categories of the selected decent work indicators).

A similar calculation for France based on 6 indicators with the two extreme values (0.0 and 20.2) trimmed gives:

\[
\text{Index (France)} = (4.2 + 8.9 + 8.9 +13.4)/4 = 8.9\%
\]

For Iceland, Sweden and Switzerland, the results are, respectively: Index (Iceland) = (6.0 + 6.5 + 9.5)/3 = 7.3%; Index (Sweden) = (3.5 + 4.1 + 7.8)/3 = 5.1%; and Index (Switzerland) = (5.6 + 5.7 + 12.7)/3 = 8.0%.

Among the five countries for which the index has been calculated above, Sweden scores the lowest decent work deficit (5.1 per cent), followed by Denmark (6.2 per cent), Iceland (7.3 per cent), Switzerland (8.0 per cent) and France (8.9 per cent). However, because neither the averaging method nor the underlying data are sufficiently precise to warrant a definitive conclusion on the ranking of the countries, the final tabulation of the results presents the countries in bands (see table 9). Thus, Denmark, France, Iceland, Sweden, and Switzerland are the top five countries in terms of decent work performance, but the data and methodology are not sufficiently reliable to be confident about their relative positions among each other. It is interesting to note, however, that the five countries with the smallest decent work deficits are all European, and do not include any north American country.

At the bottom of the table, index calculation gives the following results in descending order of the score: Bangladesh (51.4 per cent),
Table 9.  International comparisons of seven decent work indicators: An illustration of methodology

<table>
<thead>
<tr>
<th>Country</th>
<th>1 Non-enrolment rate</th>
<th>2 Low pay</th>
<th>3 Excessive hours of work</th>
<th>4 Unemployment</th>
<th>5 Youth unemployment</th>
<th>6 Male-female gap in LFR</th>
<th>7 Old-age without pension</th>
<th>Trimmed mean</th>
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</table>

1 The international comparisons presented in this table are given for illustrative purposes only. The limited number of indicators used in calculating the trimmed mean and the large number of missing values in certain cases preclude definitive conclusions as to the relative positions of countries. A more complete set of data with a larger number of indicators may give different rankings of countries.

Source: Compiled from national labour force surveys.
Turkey (35.4 per cent), Sri Lanka (33.6 per cent), Jordan (33.5 per cent) and Costa Rica (32.3 per cent). These countries are presented in the same band in Table 9 on the understanding that distinctions within their band are unwarranted due to uncertainty about the underlying data and the index methodology used. The bottom five countries represent all the major developing regions of the world except Africa. This is mainly because Tanzania was the only African country for which there were sufficient data for the study.

The construction of a single-value index of decent work based on a set of indicators generally requires the assignment of suitable weights. The choice of appropriate weights often involves subjective considerations, sometimes with unresolvable controversies. For this reason, it can be argued that under certain conditions, equal weighting may be a sound strategy, avoiding complexities, improving international and inter-temporal comparisons, and simplifying calculations in the presence of missing values and extreme observations.

The equal weights strategy is effective when the values of the decent work indicators follow a well-behaved distribution, for example when all decent work indicators of a country fall within a relatively narrow range, say, between 10 and 30 per cent for a country. Trimming the extreme values has the effect of narrowing the range of values of the indicators as well as eliminating the indicators that may have been badly measured. The trimmed mean is a robust measure of central tendency.

The summary of findings presented in Table 9 should be accompanied with important reservations, however. Firstly, the indicators selected to measure decent work are partial: in a sense, they are mostly geared to employee-type work relations. The particular situations of the self-employed and unpaid family workers are largely ignored, although they form the bulk of the employed population in most of the developing countries. Secondly, while drawing most of the data from national labour force surveys helps to enhance the comparability of the resulting indicators, it limits the range of indicators that can be considered and the number of countries that can be covered.

Even for the narrow indicators considered and the specific data source covered, detailed examination reveals that international comparison of the results is in fact marred with difficulties. For most indicators, the availability of data is limited, and where data are available the underlying concepts and definitions and the scope and coverage of measurement are often widely different. An additional problem that impairs international comparability is data presentation. The tabulated data presented in national publications often lack the necessary details for calculating the required indicators directly. They have to be estimated indirectly based on assumptions that are not always readily verifiable.
The indicator with maximum data availability is non-enrolment in school, for which data are obtained from national educational reporting systems (99 out of the 124 countries considered). 11 Next, in terms of data availability, come the conventional indicators of employment such as the labour force participation rate, the unemployment rate and youth unemployment (some 67 countries). The availability of data on these indicators depends mainly on the existence of a recent labour force survey programme at the country level. The two indicators on excessive hours of work and old age without pension came next in terms of data availability (43 and 22 countries, respectively). Many countries do collect information on some aspects of these indicators in their labour force surveys, but the results are not always processed in the required fashion. The lowest rate of data availability is for the low hourly pay indicator (only eight countries). Indeed, few countries collect data on earnings in their labour force surveys, and when they do so the process is often limited to employees.

Among countries for which data are available, wide differences exist in the scope and coverage of measurement, and in the concepts and definitions used. The international differences in the measurement of employment and unemployment are well known and documented (see ILO, 2003; Sorrentino, 1995). But in the case of earnings and hours of work, the conceptual and measurement differences are often even wider. Some countries measure gross earnings, others net earnings – a concept close to take-home pay – but for the majority the concept being measured is not clearly specified. There are also differences in the reference period, and in the number of questions used in the survey to elucidate the necessary information. The same goes for hours of work: certain countries measure actual hours worked during the reference week, others measure usual hours of work per week. In most countries the measurement is limited to the main job, but in a few cases data are also available for secondary or subsidiary jobs. While many surveys ascertain the reason for short hours of work, virtually none inquire as to the reasons for long hours of work.

There are also differences in the presentation of data. While many countries present the hours of work data both in terms of averages and size distributions, most countries' earnings data are presented only in terms of averages, and rarely cross-classified with hours of work.

To harmonize the data for international comparability, two approaches are considered for future elaboration. The first is to make adjustments to existing data using statistical coefficients or models. Such adjustments are already being made to improve the international comparability of employment and unemployment statistics (Lawrence, 2001). Extensions to other topics could involve procedures for converting...
monthly earnings into hourly pay using estimated values of the average number of hours worked per month for different categories of workers. This would improve the present procedure of applying the same estimate to all categories of workers. Another possible improvement would be to convert all data on hours of work into usual hours of work by applying a coefficient to national data that are not reported as usual hours of work but as actual hours worked. The coefficient could be obtained from national surveys that report both sets of data. Many other priority areas for harmonization can be identified and simple methodologies developed to that end.

The second approach to harmonization is to propose revisions to national labour force surveys in order to make them more amenable to the measurement of decent work. For this purpose, an extended set of eleven indicators is being examined for data collection from labour force surveys. In a given country, this approach may involve adding a decent work module to an existing labour force survey programme, or supplementing the current survey questionnaire with additional questions or with modified answer-categories under the existing questions. Pilot projects along these lines are being implemented in a few selected countries. If successful, it is hoped that they can be extended to an increasing number of countries in order eventually to establish international statistical standards on decent work measurement in labour force surveys.

References


