

# Concepts and Definitions of Labour Force Indicators: Japan, the United States and the European Union

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## 1. Introduction

In this paper, main concepts and definitions of labour force indicators of Japan, the United States, and the European Union are summarized respectively, and their characteristics and mutual differences are described.

In Japan, the Labour Force Survey (LFS) is conducted by the Statistics Bureau of the Ministry of Public Management, Home Affairs, Posts and Telecommunications. In the United states, the survey is carried out as “the Current Population Survey” and is conducted by the Census Bureau of US Ministry of Commerce and it has long history from the 1930s. Concerning the European countries, it has often been pointed out that the administrative records have widely been used as the informational sources to provide indicators of employment and unemployment rather than the information obtained from household-based inquiries. Eurostat, however, recognizes that the former has serious limitations in drawing comprehensive pictures of labour market and is not suitable for the international comparison from the reasons mentioned in the section 4.

## 2. The case of Japan<sup>(1)</sup>

In Japan, the LFS was implanted by the United States after the World War II and begun July 1947. Since then it has been conducted every month. In order to tabulate the results of 10 regions, the number of enumeration districts was enlarged in 1982. Formerly the LFS and the Labour Force Special Survey had been conducted separately, but since January 2002 the latter has been integrated into the former to publish the detailed results on the labour force quarterly.

The survey covers all persons 15 years old or more usually residing in Japan, except foreign diplomatic and consular corps, their family members and foreign military personnel and their family members. The survey is carried out every month on a sample basis. In sampling, first, about 2,900 enumeration districts are selected from 900 thousand Population Census Enumeration Districts, and next, persons usually residing in about 40 thousand households are selected from the former. Those 40 thousand households are selected on the basic questionnaire, of which 10 thousand on the special questionnaire.

The questions on employment status are asked to the persons 15 years old or more (about 100 thousand persons in total) in those samples.

**Reference time (Survey week):** The survey is carried out as of the last day of each month (in December as of the 26th). The reference period of the survey on the employment status is the last week of each month, except December for which it is one week from 20th to 26th.

## Basic concepts and definitions

### **Labour force status**

The concepts and the definitions on the labour force in the Japan LFS are as follows;

**Labour force:** Labour force comprises employed persons and unemployed persons among persons 15 years old or more.

**Employed persons:** Employed persons comprise those who were at work and not at work.

**Employed persons at work:** All persons who worked for pays or profits, or worked as unpaid family workers for at least 1 hour during the reference week.

**Employed persons not at work:** Among the persons with jobs but not at work during the reference week: (a) Employee who did not work during the survey week but who received or expected to receive wage or salary; (b) Self-employed worker who did not work during the survey week and whose absence from work has not exceeded 30 days.

Family workers who were not at work during the survey week are classified into unemployed persons or not in the labour force.

**Unemployed persons:** Persons who satisfy the following three conditions: a) with no job and did no work at all during the survey week; (b) ready to work if work is available; and (c) did any job seeking activity or preparing to start business during the survey week (including waiting the

outcome of the job seeking activity done in the past).

Unemployed persons are classified as follows according to the reasons for seeking jobs.

- Mandatory retirement or termination of employment contract
- Circumstances of employer or business
- Circumstances of myself or family
- Graduated from school and seeking a job newly
- Necessary to earn revenue
- Other

**Not in the labour force:** Persons 15 years old or more who are not classified as employed persons and unemployed persons are classified into "not in the labour force" .

### **Employed person**

In case persons worked two or more jobs, they are referred by their main jobs in which persons worked the longest hours during the survey week.

### **Status in employment**

**Self-employed worker:** Persons who own and operate unincorporated enterprises

- **Self-employed worker with employee:** Self-employed workers who usually employ one or more employees in their enterprises
- **Self-employed worker without employee:** Self-employed workers who

operate their own businesses alone or only with members of the families (including pieceworkers at home).

**Family worker:** Person who work in unincorporated enterprises operated by a member of the family

**Doing piecework at home:** Persons who do piecework at home

**Employee:** Persons who work for wages or salaries as employees of companies, associations, governments or unincorporated enterprises

- **Regular employee:** Executives of companies or corporations and ordinary employees
- **Executive of company or corporation:** Executives, managing directors and auditors of private companies, associations, public corporations, etc.
- **Ordinary employee:** Persons who work on contract of no specific period or a year or more of employment excluding executives of companies or corporations above mentioned.
- **Temporary employee:** Persons who work on contract of a month or more but not more than a year.
- **Daily employee:** Persons who work on daily basis or on contract of less than a month.

**Type of employment:** Employees, excluding executives of companies or corporations are classified into the following 6 categories, according to how they called at their workplaces: Regular staff, Part-time worker, Albeit (temporary worker), Dispatched worker from temporary labour agency, Contracted or entrusted employee and Other.

**Industry:** Industry is classified on the basis of the Standard Industrial Classification for Japan (JSIC) according to the main types of businesses or industries of establishments, proprietors and so on which persons were

engaged actually during the survey week. As for “persons with jobs but not at work” , it is those which they were usually engaged.

**Occupation:** Occupation is classified on the basis of the Occupational Classification for the Population Census according to the kinds of works which persons were engaged actually during the survey week. As for “persons with a job but not at work” , it is those which they were usually engaged.

**Hours worked during the last week of the month:** As for “persons with jobs but not at work” , it refers to 0 hour.

**Changing jobs:**

- Changed jobs: Employed persons who changed the jobs for the past year
- Began work: Employed persons who began work for the past year

**Whether wishing to change the job, etc.:**

- Wishing to change the job: Persons who wish to give up the present jobs in order to work in other jobs
- Wishing to have additional job: Persons who wish to have additional jobs while continuing the present jobs
- Wishing to have more work time in the present job: Persons who wish to increase work time in the present jobs
- Wishing to have less work time in the present job: Persons who wish to decrease work time in the present jobs
- Not wishing to change the present job, etc.: Employed persons other than those wishing to change the jobs, those wishing to have additional

jobs or those wishing to increase or decrease work time in the present jobs

### **Unemployed person**

**Method used to seek a job:** In case there were two or more methods, all methods are answered and main one is distinguished.

**Duration of unemployment:** It refers to persons with no jobs did any job seeking activities or preparing to start businesses.

**When sought a job or prepared to start a business:** It refers to whether sought a job or prepared to start business during the survey month.

**Reasons for seeking a job:** It refers to the reason why a person was seeking a job. "Left the previous job" refers to "Mandatory retirement or termination of employment contract" , "Circumstances of employer or business" and "Circumstances of myself or family" ,

**Unemployed person who left the previous job:** Unemployed person with previous jobs who were seeking jobs for leaving the previous jobs.

### **Not in the labour force**

Whether wishing to work: Not in the labour force is classified into the following three categories according to the desire for work:

- Wishing to work: Persons who wish to be engaged in any jobs
- Waiting to start new job: Persons who will be employed by the

enterprises

- Not wishing to work: Persons who do not wish to work

#### **Person who had a job previously**

**When left the previous job:** Persons who left the previous jobs are classified into the following 3 categories according to when left the previous jobs. With regard to "Status in employment of the previous job" , "Type of employment of the previous job" , "Industry of the previous job" , "Occupation of the previous job" and "Number of persons engaged in the previous jobs" , the results of only persons who left the previous jobs in the past 3 years are tabulated.

- Left the previous job more than 32 years
- Left the previous job within more than 1 to 3 years
- Left the previous job in the past 1 year

### **3. The case of the United States**

In the United States, Current Population Survey is conducted by the Census Bureau. "Each month, the Bureau of Labour Statistics (BLS) analyzes and publishes statistics on the labour force, employment, and unemployment, classified by a variety of demographic, social, and economic characteristics. These statistics are derived from the Current Population Survey (CPS), which is conducted by the Census Bureau for BLS. This monthly survey of the population uses a sample of households that is designed to represent the civilian noninstitutional population of the United States" (BLS 2003, p. 1).

The CPS often includes not only the regular labour force questions, but



also household and demographic information, and supplemental questions, i.e. annual work activity and income, veteran status, school enrollment, contingent employment, worker displacement, and job tenure, among other topics. Here, in this paper, household and demographic information and supplements are excluded from our concerns, and only the concepts and the definitions of the labour force data are summarized, and the following description is based on the materials published by the Bureau of Labour Statistics and the Census Bureau (BLS 2003, BSL & CB 2002).

### **Background**

Mass unemployment in the early 1930s in the United States increased the need for statistics, and many research groups, as well as State and municipal governments, began experimenting with direct surveys or samples of the population. In these surveys, an attempt was made to classify the population into employed persons, unemployed persons, or out of the labour force by means of a series of questions addressed to each individual. In most of these surveys, the employed were defined as persons with occupations ( "gainful workers" ), and the unemployed were defined as those who were not working but were "willing and able to work." These concepts, however, did not meet the demands for measuring either the level of unemployment at a point in time or changes over time. Precise concepts were developed in the late 1930s. The classification of an individual depended principally upon his/her actual *activity* within a designated period. These concepts were adopted for the national sample survey of households, called the Monthly Report of Unemployment, initiated in 1940 by the Works Progress Administration.

"The household survey was transferred to the Census Bureau in late

1942, and its name was changed to the Monthly Report on the Labour Force. The name was changed once more, in 1948, to the present Current Population Survey. In 1959, responsibility for analyzing and publishing the CPS labour force data was transferred to BLS; the Census Bureau continues to collect the data" (BLS 2003,p. 1).

### **Description of the survey**

**Civilian noninstitutional population:** In the CPS, information on civilian noninstitutional population 15 years of age and older is collected, but labour force data are restricted to persons 16 years of age and older<sup>(2)</sup> (BLS 2003, pp. 1–2, BSL & CB 2002, chap. 5–3). The CPS is collected each month from a probability sample of approximately 60,000 households.

**Reference week:** In the CPS, labour force questions are asked about labour market activities for 1 week each month. This week is referred to as the "reference week" . Since July 1955, the reference week has been defined as the 7-day period, Sunday through Saturday, that includes the 12th day of the month. The actual survey is carried out during the following week, that includes the 19th day of the month (BLS 2003, p. 2, BSL & CB 2002, chap. 5–3).

### **Basic concepts and definitions**

**Civilian labour force:** This is the total of all civilians classified as employed and unemployed. This is the same concept as "economically active population" , which is defined in the "resolution concerning statistics of the economically active population, employment, unemployment and unde

employment” , adopted by the 13th International Conference of Labour Statisticians (October 1982) (ILO 1982).

The criteria used in classifying persons on the basis of their labour force activity and some of the major statistics obtained from the CPS are as follows:

**Employed persons:** “Employed persons are those who, during the reference week (a) did any work at all (for at least 1 hour) as paid employees; worked in their own businesses, professions, or on their own farms; or worked 15 hours or more as unpaid workers in an enterprise operated by a family member or (b) were not working, but who had a job or business from which they were temporarily absent because of vacation, illness, bad weather, childcare problems, maternity or paternity leave, labour-management dispute, job training, or other family or personal reasons whether or not they were paid for the time off by their employers or were seeking other jobs. Each employed person is counted only once, even if he or she holds more than one job” (BLS 2003, p. 2).

“Employed citizens of foreign countries who are temporarily in the United States but not living on the premises of an embassy are included. Excluded are persons whose only activity consisted of work around their own house (painting, repairing, cleaning, or other home-related housework) or volunteer work for religious, charitable, or other organizations” (BLS 2003, p. 2, BSL & CB 2002, chap. 5–3).

**Unemployed persons:** All persons who: (a) were not employed during the reference week; (b) but were available for work (excluding temporary illness); and (c) had made specific efforts, such as contacting employers, to

find employment some time during the 4-week period ending with the reference week are classified as unemployed. Individuals who were waiting to be recalled to a job from which they had been laid off need not have been looking for work to be classified as unemployed (BLS 2003, p. 3, BSL & CB 2002, chap. 5–5)<sup>(3)</sup>. Unemployed persons may be classified as job seekers or persons on layoff.

**Duration of unemployment:** “The duration of unemployment is expressed in weeks and represents the length of time (through the current reference week) that persons classified as unemployed had been continuously looking for work. For persons on layoff, the duration of unemployment is the number of full weeks since the end of their most recent period of employment” (BLS 2003, p. 2, BSL & CB 2002, chap. 5–5).

**Reason for unemployment:** Unemployed individuals are divided into five major groups categorized according to their status at the time they became unemployed. The categories are: “(1) *Job losers*: a group comprised of (a) persons on temporary layoff, who have been given a date to return to work or who expect to return within 6 months (persons on layoff need not be looking for work to be classified as unemployed) and (b) permanent job losers, whose employment ended involuntarily and who began looking for work; (2) *Job leavers*: persons who quit or otherwise terminated their employment voluntarily and immediately began looking for work; (3) *Persons who completed temporary jobs*: persons who began looking for work after their jobs ended; (4) *Reentrants*: persons who previously worked but were out of the labour force prior to beginning their job search; (5) *New entrants*: persons who never worked before and who are entering the labour force for the first time” (BLS 2003, p. 2, BSL & CB

2002, chap. 5–5) <sup>(4)</sup> .

**Not in the labour force:** Individuals, who are not in the labour force, are all persons in the civilian noninstitutional population who are neither employed nor unemployed. “Information is collected on their desire for and availability to take a job at the time of the CPS interview, job search activity in the prior year, and reason for not looking for work in the 4-week period ending with the reference week” . Individuals included in this group who want and are available for a job and who have looked for work sometime in the past 12 months (or since the end of their last job if they held one within the past 12 months), but who are not “currently” looking, are designated as “marginally attached to the labour force.” The marginally attached are divided into (1) those not currently looking because they believe their search would be futile—so-called discouraged workers—and (2) those not currently looking for other reasons such as childcare problems, family responsibilities, ill health, , school or lack of transportation. “For discouraged workers, the reasons for not currently looking for work are that the individual believes that: No work is available in his/her line of work or area; he or she could not find any work; he or she lacks necessary schooling, training, skills, or experience; employers would think he or she is too young or too old; or he or she would encounter hiring discrimination” (BLS 2003, pp. 2–3, BLS & CB 2002, chap. 5–5, 5–6) <sup>(5)</sup> .

**Multiple jobholders:** Multiple jobholders are those who, during the reference week, had either two or more jobs as wage and salary workers; were self-employed, or worked as unpaid family workers with one or more wage and salary jobs. “A person employed only in private households (cleaner, gardener, babysitter, etc.) who worked for two or more employers during

the reference week is not counted as a multiple jobholder since working for several employers is considered an inherent characteristic of private household work. Also excluded are self-employed persons with multiple unincorporated businesses and persons with multiple jobs as unpaid family workers” (BLS 2003, p. 3, BSL & CB 2002, chap. 5–3) <sup>(6)</sup> .

**At work part time for economic reasons:** This group is sometimes referred to as involuntary part time, and includes those who gave an economic reason for working 1 to 34 hours during the reference week. Economic reasons include: “Slack work or unfavorable business conditions, inability to find full-time work, and seasonal declines in demand. Those who usually work part time must also indicate that they want and are available to work full time to be classified as part time for economic reasons” (BLS 2003, pp. 3).

**At work part time for noneconomic reasons:** This category refers to persons who usually work part time and were at work 1 to 34 hours during the reference week for a noneconomic reason. Noneconomic reasons include: “Illness or other medical limitations, childcare problems or other family or personal obligations, school or training, retirement or Social Security limits on earnings, and being in a job in which fulltime work is less than 35 hours. This group also includes those who gave an economic reason for usually working 1 to 34 hours but said they do not want to work full time or were unavailable for such work” (BLS 2003, pp. 3).

**Usual full- or part-time status:** Full-time workers, comprised of those who usually worked 35 hours or more (at all jobs combined), include some individuals who worked less than 35 hours in the reference week for either economic or noneconomic reasons and those temporarily absent from work.

Part-time workers are comprised of those who usually work less than 35 hours per week (at all jobs), regardless of the number of hours worked in the reference week (BLS 2003, pp. 3). "The full-time labour force includes all employed persons who usually work full time and unemployed persons who are either looking for fulltime work or are on layoff from full-time jobs. The part-time labour force consists of employed persons who usually work part time and unemployed persons who are seeking or are on layoff from part-time jobs. Prior to 1994, persons who worked full time during the reference week were not asked about their usual hours. Rather, it was assumed that they usually worked full time, and hence they were classified as full-time workers" (BSL & CB 2002, chap. 5-4).

**Earnings:** Information on what people earnings at individuals' main jobs is collected only for those who are receiving their fourth or eighth monthly interviews (i. e. earnings questions are asked of only one-fourth of the survey respondents). "Respondents are asked to report their usual earnings before taxes and other deductions and to include any overtime pay, commissions, or tips usually received (at the main job in the case of multiple jobholders). "Data are collected for wage and salary workers (excluding the self-employed who respond that their businesses were incorporated)" (BSL & CB 2002, chap. 5-4, 5-5).

**Occupation, industry, and class-of-worker:** For the employed, this information is related to the job held in the reference week. A multiple jobholder is classified according to the job at which he/she worked the greatest number of hours. For the multiple jobholders, this information for individual's second jobs is also collected. The unemployed are classified based on their last jobs. The occupational and industrial classification is based on the

coding systems of the 1990 census. The class-of-worker classification assigns workers to one of the following categories: wage and salary workers, self-employed workers, and unpaid family workers. Wage and salary workers are those who receive wages, salary, commissions, tips, or pay in kind from a private employer or from a government unit. "The class-of-worker question also includes separate response categories for 'private for profit company' and 'nonprofit organization' to further classify private wage and salary workers (this distinction has been in place since January 1994). Self-employed persons are those who work for profit or fees in their own businesses, professions, trades, or farms. Only the unincorporated self-employed are included in the self-employed category since those whose businesses are incorporated technically are wage and salary workers because they are paid employees of a corporation. Unpaid family workers are persons working without pay for 15 hours a week or more on a farm or in a business operated by a member of the household to whom they are related by birth or marriage" (BLS & CB 2002, chap. 5-4).

#### 4. The case of the European Union

The principal sources of labour market information except for the LFS are surveys of (1) enterprises and (2) administrative records, but these sources have serious limitations. The former source is clearly restricted to a consideration of those with jobs and cannot provide any information on the unemployed, nor other persons outside the labour force but who may have an attachment to it. Although the latter source, in this case mainly social insurance records and population registers, can also be used to provide information on employment and unemployment, information obtained



from administrative records suffers from a significant disadvantage in that the underlying systems are based on social welfare or other administrative provisions which do not necessarily accord with the accepted conventions for defining employment and unemployment. Furthermore, if these arrangements are changed, discontinuity invariably arises in the data. A more serious disadvantage in an international or EU context is the fact that the social insurance systems in question vary greatly from country to country, both in terms of their design and in the manner of their implementation. This makes the derived information useless in order to compare between countries, especially in absolute terms (Eurostat 2003, p. 4–5).

Eurostat points out the advantages of the LFS as follows:

“(1) the opportunity of obtaining comprehensive information (at less cost than a census) across the entire economy, which can be assessed in a global setting embracing society as a whole;

(2) the inherent flexibility of such surveys, which makes it possible to define or conceptualise not only employment and unemployment, but also the circumstances surrounding other groups outside or on the margins of the labour force. This latter feature (i.e. the facility to conceptualise or define) has assumed greater importance in recent years because of the manner in which labour markets and society have generally evolved, and in view of the growing need to view labour market phenomena in an international context. It must be recognised, however, that the sampling aspect associated with LFSs places a limitation on the level of detail possible when analysing the results” (Eurostat 2003, p. 5).

The description of the EU LFS in this section is based on Eurostat (2003).

### **The development of the EU labour force survey**

The first LFS covering the then European Community was carried out in 1960 with the six original Member States (Belgium, Germany, France, Italy, Luxembourg and the Netherlands)<sup>(7)</sup>. This was regarded largely as an experiment and was not repeated until 1968, and in none of these were all six Member States covered. With the enlargement of the European Community in 1973, a series of biennial surveys was initiated. The United Kingdom joined the original six in the 1973 survey. Ireland and Denmark also took part in 1975, 1977, 1979 and 1981. In 1981 Greece took part as a new Member State for the first time but Luxembourg was not covered. In 1982, the Member States of the then European Community agreed to apply the ILO recommendations in a new series of Community LFSs which would be conducted annually (Eurostat 2003, p. 6)<sup>(8)</sup>.

In 1992 a new series of surveys was introduced. For the first time a criterion of statistical reliability at regional level was introduced. The list of variables covered was revised, in order to include topics relevant to the Single Market (such as labour mobility across national boundaries), innovative working patterns and recent developments in the area of education and vocational training. The questions relating to job-search were revised according to the ILO recommendations, particularly by implementing the distinction between active and non-active methods of seeking work. The continued commitment to the ILO recommendations ensured a high degree of comparability between the results obtained from this series and those from the surveys between 1983 and 1991. Since 1995 the survey has covered fifteen Member States. Norway and Iceland have also supplied data since 1995 and Switzerland since 1996 (Eurostat 2003, p. 6).

After four years a new regulation was adopted, but Member States which

are unable to implement a continuous survey may carry out an annual survey only, to take place in the spring. The main changes introduced by this regulation concern the following:

- Frequency of the survey: a continuous survey providing quarterly and annual results was introduced, between 1998 and 2003, in all the Member States except Germany (2005). Each quarter comprises 13 weeks, starting from the December 29th, 1997. (Germany, France, Ireland and Luxembourg have continued to provide just yearly data up to 2002).
- Variables: a number of variables have been introduced in order to obtain a better picture of the composition of a household.
- The education and training module has been completely re-structured.
- A new module on income has been introduced.
- A programme of ad hoc modules on specific subjects.

#### **The organization of the EU labour force survey**

The earliest Community LFSs were not official, but, from 1973 onwards, a Regulation was passed by the Council of Ministers governing the operation of the survey. Each Regulation applied only to a single year's survey, until the surveys of 1990 and 1991 were included in one Regulation (Council Regulation (EEC) No 3044/89) to remain in force until explicitly replaced by new legislation. In 1998 a new Regulation was adopted (Council Regulation (EEC) No 577/98).

The technical aspects of the survey are discussed regularly by Eurostat and representatives of the respective national statistical offices and employment ministries at the Employment Statistics Working Party held in Luxembourg.

The national statistical institutes are responsible for selecting the sample,

preparing the questionnaires, conducting the direct interviews among households, and forwarding the results to Eurostat. "Based on the sample design the figures obtained from the sample survey are expanded to population levels, usually on the basis of grossing-up factors derived from the most recent census of population, suitably adjusted to take account of recent changes which may have occurred since that census. The design of the sample is subject to certain constraints imposed in the Regulation concerning the required level of statistical reliability and representativity both at NUTS II regional level and regarding changes between two consecutive quarters. Within these constraints each Member State draws up its own sample design and carries out the interviews. In countries with a federal structure, such as Germany, regional statistical offices may exercise a considerable amount of autonomy in the data collection. The number of the reference week in which each household or individual is interviewed is among the information collected, thus permitting seasonal adjustment to be carried out" (Eurostat 2003, p. 7–8).

### **Field of the survey**

Although the survey is intended to cover the whole of resident population, it is not possible in all countries to include the population living in collective households. "Consequently, for the purpose of harmonising the field of survey, results are compiled for the population of private households only. This comprises all persons living in the households surveyed during the reference week, and those persons absent from the household for short periods due to studies, holidays, illness, business trips, etc. It does not cover persons who, although having links with the household under survey: (a) usually live in another household, (b) live in collective households (in

particular, persons doing compulsory military service are excluded from the population of private households and regarded as members of collective households), (c) have emigrated” (Eurostat 2003, p. 10).

**Reference period:** The labour force characteristics of each person interviewed refer to their situation in a particular week. The reference weeks used in Member States vary.

**Units of measurement:** The main units of measurement for which results are obtained from the survey are individuals and households. The definition of a household varies somewhat from country to country but Eurostat regards these differences as not significant on the comparability of the results.

### **Reliability of the results**

Eurostat explains that experience shows that at national level the survey information provides sufficiently accurate estimates for the levels and structures of the various aggregates into which the labour force is divided, provided that analyses of this type are confined to levels of a certain size. Survey results at regional level may, however, be affected by considerable sampling errors, even for relatively large groups of the population.

### **Comparability of results**

By Eurostat's evaluation, the degree of comparability among countries is considerably higher than that of any other existing set of statistics on employment or unemployment available for Member States. This is due to:

(a) the recording of the same set of characteristics in each country, (b) a close correspondence between the EU list of questions and the national questionnaires, (c) the use of the same definitions for all countries, (d) the use of common classifications (e.g. NACE for economic activity), (e) the data being centrally processed by Eurostat. Although Member States must subject to the constraints of the EU's statistical requirements, they must serve their own national requirements. Therefore there inevitably remain some differences in the survey from country to country. Concerning the comparability between successive surveys, Eurostat lists up the factors detract from perfect comparability as follows: (a) the population figures used for the population adjustment are revised at intervals on the basis of new population censuses, (b) the reference period may not remain the same for a given country, (c) in order to improve the quality of results, some countries may change the content or order of their questionnaire, (d) countries may modify their sample designs, (e) the manner in which certain questions are answered may be influenced by the political or social circumstances at the time of interview (Eurostat 2003, p. 11).

### **Basic concepts and definitions**

The main statistical objectives of the LFS is to divide the population of working age (15 years and above) into three mutually exclusive and exhaustive groups - employed, unemployed and inactive persons - and to provide descriptive and explanatory data on each of these categories.

The concepts and the definitions of the employment and unemployment used in the EU LFS follow those adopted by the 13th International Conference of Labour Statisticians.

## Employment

In the EU LFS, a person is considered as having an employment if he/she did any work for pay or profit (in cash or in kind) at least one hour during the reference week, whether payment was received in the week the work was done or not. Also a person who receives wages for on-the-job training which involves the production of goods or services is considered as having an employment (Eurostat 2003, p. 12)<sup>99</sup>. Self-employed persons with a business, farm or professional practice are also considered to be working if one of the following applies (Eurostat 2003, p. 12):

- (1) A person works in his own business, professional practice or farm for the purpose of earning a profit, even if the enterprise is failing to make a profit.
- (2) A person spends time on the operation of a business, professional practice or farm even if no sales were made, no professional services were rendered, or nothing was actually produced<sup>100</sup>.
- (3) A person is in the process of setting up a business, farm or professional practice; this includes the buying or installing of equipment, and ordering of supplies in preparation for opening a new business. An unpaid family worker is said to be working if the work contributes directly to a business, farm or professional practice owned or operated by a related member of the same household.

**Self-employed persons:** In case self-employed persons are absent from work, they are regarded as in employment only if they can be said to have a business, farm or professional practice, and this is the case if one or more of the following conditions are met (Eurostat 2003, p. 12):

- (i) Machinery or equipment of significant value, in which the person has

invested money, is used by him or his employees in conducting his business, an office, store, farm or other place of business is maintained.

(ii) There has been some advertisement of the business or profession by listing the business in the telephone book, displaying a sign, distributing cards or leaflets, etc.

**Person who works on their own small agriculture farm, who do not sell their products, but produce only for their own consumption:** As for persons who works on their own small agriculture farm, who do not sell their products but produce only for their own consumption, when this production is included in national accounts, underlying employment must be identified (Eurostat 2003, p. 12) <sup>90</sup> .

**Conscripts:** Conscripts who performed some work for pay or profit during the reference week should not be considered in employment (Eurostat 2003, p. 12).

**Seasonal workers:** "During the off-season, seasonal workers cannot be considered as having a formal attachment to their high-season job – because they do not continue to receive a wage or salary from their employer although they may have an assurance of return to work" (Eurostat 2003, p. 12). During the off-season, therefore, they are classified into persons (15 years or more) "who neither worked nor had a job or business during the reference week" . This group comprises unemployed persons (in case they are "currently available for work" and "seeking work" ) and persons who are not included in the labour force ( "population not economically active" ) (Eurostat 2003, pp. 14, 20, 40).



**Maternity and paternity leave:** Persons in maternity or paternity leave should be considered as employed. Maternity and paternity leave is corresponds to the compulsory period of the leave stipulated by national legislation to ensure that mothers before and after childbirth have sufficient rest (or for a period to be specified according to national circumstances (Eurostat 2003, p. 12)).

**Parental leave:** Parental leave corresponds to the period when parents receive “parental leave benefit” . “People in fulltime parental leave should be treated as a case of long term absence from work” (Eurostat 2003, p. 13).

**Unpaid family workers:** The unpaid family worker can be said to “have a job but not be at work” if there is a definite commitment by the employer (a related household member) to accept his/her return to work and the total absence does not exceed a period of 3 months.

In the ILO recommendation, unpaid family workers who were not at work during the reference period are classified into “unemployment” or “not in the labour force” , and a person “with a job but not at work” is classified into persons in “paid employment” . In this point, therefore, the classification by Eurostat concerning “unpaid family workers who were not at work during the reference period” diverges from the ILO recommendation. If the period of absence exceeds 3 months they are classified into persons (15 years or more) “who neither worked nor had a job or business during the reference week” (Eurostat 2003, pp. 20, 41). They are classified as unemployed persons (provided conditions of unemployment are met) or not in the labour force.

**Layoffs:** In the EU LFS, a person on layoff is defined as one whose contract of employment, or activity, has been suspended by the employer for a period at the end of which the person concerned has a recognized right or recognized expectation to recover employment with that employer. Layoffs are treated as a case of unpaid leave initiated by the employer – including leave paid out of government budget or by funds<sup>28</sup> .

Layoffs are classified as employed if they receive more than 50% of their wage or salary from their employer or have an assurance of return to work within a period of 3 months.

“Lay-offs are classified as unemployed if they receive less than 50% of their wage or salary from their employer, do not have assurance of return to work or have an agreed date but this date falls after a period of 3 months and if they are 'available to start work in 2 weeks' and have 'search for a job in the last 4 weeks'” (Eurostat 2003, pp. 13, 41). Otherwise they are considered as “not in the labour force” . Layoffs who continue to receive more than 50% of salary from their employer or who have an assurance of return to work within a period of 3 months are classified as persons who were not working but had a job or business from which they were absent during the reference week (Eurostat 2003. pp. 20, 41).

**Long-term absence from work.:** “If the total absence from work (measured from the last day of work to the day on which the paid worker will return) exceeds three months then a person is considered to have a job only if he/she continues to receive more than 50% of the wage or salary from their employer” (Eurostat 2003, p. 13). In other cases, he/she is classified as a person who neither worked nor had a job or business during the reference week (Eurostat 2003, pp. 20, 40).

## Unemployment

In accordance with the ILO resolutions adopted by the 13th and 14th International Conference of Labour Statisticians (ICLS), for the purposes of the survey, “unemployed persons comprise persons aged 15 to 74 who were:

- (a) without work during the reference week, i.e. neither had a job nor were at work (for one hour or more) in paid employment or self-employment;
- (b) currently available for work, i.e. were available for paid employment or self-employment before the end of the 2 weeks following the reference week;
- (c) actively seeking work, i.e. had taken specific steps in the 4 week period ending with the reference week to seek paid employment or self-employment or who found a job to start later, i.e. within a period of at most 3 months.

For the purposes of point (c), the following are considered as specific steps:

- having been in contact with a public employment office to find work, whoever took the initiative (renewing registration for administrative reasons only is not an active step),
- having been in contact with a private agency (temporary work agency, firm specialising in recruitment, etc.) to find work,
- applying to employers directly,
- asking among friends, relatives, unions, etc., to find work,
- placing or answering job advertisements,
- studying job advertisements,
- taking a recruitment test or examination or being interviewed,

- looking for land, premises or equipment,
- applying for permits, licences or financial resources.

2. Education and training are considered as ways of improving employability but not as methods of seeking work.

Persons without work and in education or training will only be classified as unemployed if they are 'currently available for work' and 'seeking work', as defined in points 1(b) and (c)" (Eurostat 2003, p. 13).

## 5. Brief comments

In this section, differences in main concepts of labour force among three surveys are summarized.

**Age:** The lower boundary of the age is 15 years of age in the Japan and the EU LSFs, although it is 16 years of age in the United States. In these three surveys, the upper boundary of the age is not introduced.

**Employed person:** In the case of the United States, unpaid family workers are regarded as employed, only if they worked 15 hours or more during the reference week, although in the cases of Japan and the European Union, they are regarded as employed if they worked at least 1 hour. In the case of the United States, unpaid family workers who worked less than 15 hours are classified into not in the labour force. In this point, this difference is a factor to reduce the number of employed in the United States. compared with Japan and the European Union.

**Unemployed person:** As for the age boundary of unemployed persons, the EU LFS is different from other two cases, i.e. in the EU LFS, unemployed

persons are comprise persons aged 15 to 74, although the Japan and the US LFSs do not have the upper age boundary.

The definitions of unemployment differ among three LFSs. First, as for the condition of “available for work” , in the case of the European Union “available for work” means that persons were available for work before the end of the 2 weeks period following the reference week, although such an explicit limitation does not exist in the cases of Japan and the United States. Second, concerning the “job seeking” criterion, in the case of Japan, in order to meet this condition, it is necessary for persons, with no job and available to work, to do any job seeking activity or preparing to start business during the reference week. In the case of the United States and the European Union, persons with no job and available to work who did any job seeking activity during the 4-week period are considered as unemployed. Moreover, in the case of the European Union, persons who found a job to start within 3 months are also considered that they meet the “job seeking” criterion.

Based on these differences on the criteria of unemployment, it can be understood that Japan's definition for unemployment is the narrowest of the three definitions.

**Layoffers:** As for the layoffers, in the case of Japan, the definition and explanation do not exist. This is because of the traditional lack of the system of layoff in Japan's labour market. However, after the oil-shock which occurred in the first half of the 1970s and especially post-bubble depression from the 1990s, persons who are temporally not at work have been increasing, therefore in order to draw a clear view of status quo on labour market and to increase international comparability of labour statistics, it is necessary to observe and take into account these persons as a part of the

unemployment categories. In the US LFS, layoffs who were waiting to be called to a job and need not have been looking for work are classified as unemployed. In the EU LFS, if they receive less than 50% of their wage from their employer and do not have assurance of return to work or have agreed date that falls after a period of 3 months, they are classified as unemployed, and otherwise they are classified as employed or not in the labour force. Here, in the US LFS layoff is defined broader than the EU LFS.

**Discouraged workers:** As for the category of so-called "discouraged workers", it is seen in the US and the EU LFSs. As was seen they are regarded as "marginally attached to the labour force" and it is often said that this group mainly comprises housewives who want and available for jobs but currently not looking for jobs. In the EU LFS, discouraged workers are persons who are not seeking work because of belief that no work is available. In the Japan LFS questionnaire for persons who attended school, did housework, or other, there are tests to ask about the reason for not looking for a job though they wish to work. These tests correspond to the question for the discouraged workers in other two surveys. The reasons listed on the questionnaire comprise "not prospect of finding a job (around the house, suitable for own knowledge or skill, with favorable working hours or the salary, etc., under the current economic situation or in the current season, other)", "continuation of work not likely owing to housekeeping or childcare", "poor condition of health", and "other". For the purpose of comparison of this category among three surveys, some adjustments of definition are needed, because, concerning the United States and the European Union, discouraged workers are strictly distinguished from those who are not currently seeking works because of illness

and education or training, although in Japan's case this is for the persons who attend school, including those who are ill health. Therefore, in order to calculate the Japan's figure for the discouraged workers approximative to the United States and the European Union, the students and those who are ill health should be subtracted from the number of the persons who are not looking for jobs but wish to have jobs.

In the United States, BLS cooperates with State employment security agencies in the Current Employment Statistics (CES) survey to collect data each month on employment, hours, and earnings from a sample of nonfarm establishments (including government). In order to understand the whole system of the labour statistics in the United States, it is necessary to examine into this survey with respect to its methodology. In the EU LFS, the concepts, the definitions and the methodology presented here give the basic framework which respective EU Member States follow. However, in operating the survey by the Member States, some differences in the definitions and methodologies remain. For the comparative analysis among EU Member States, it is inevitable to check these differences in detail. These are beyond the aim of this paper.

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## 注

(1) In this section, the following description is based on or extracted from Statistics Bureau (2003).

(2) "Persons under 16 years of age are excluded from the official estimates because child labour laws, compulsory school attendance, and general social custom in the United States severely limit the types and amount of work that these children can do" (BLS 2003, p. 2).

(3) Prior to 1994, "persons who volunteered that they were waiting to start a job within 30 days (a very small group numerically) were classified as unemployed, whether or not they were actively looking for work" (BSL & CB 2002, chap. 5-5).

(4) "Prior to 1994, new entrants were defined as job seekers who had never worked at a full-time job lasting 2 weeks or longer; reentrants were defined as job seekers who had held a full-time job for at least 2 weeks and had then spent some time out of the labour force prior to their most recent period of job search. These definitions have been modified to encompass any type of job, not just a full-time job of at least 2 weeks duration. Thus, new entrants are now defined as job seekers who have never worked at all, and reentrants are job seekers who have worked before but not immediately prior to their current job search" (BSL & CB 2002, chap. 5-5).

(5) "Prior to January 1994, questions about the desire for work among those who were not in the labour force were asked only of a quarter of the sample. Since 1994, these questions have been asked of the full CPS sample. Consequently since 1994, estimates of the number of discouraged workers as well as those with a marginal attachment to the labour force are published monthly rather than just quarterly.

Additional questions relating to individuals' job histories and whether they intend to seek work continue to be asked only of persons not in the labour force who are in the sample for either their fourth or eighth month. Data based on these questions are tabulated only on a quarterly basis" (BLS 2003, pp. 3-4, BLS & CB 2002, chap. 5-5, 5-6).

(6) "Since January 1994, CPS respondents have been asked questions each month to identify multiple jobholders. First, all employed persons are asked 'Last week, did you have more than one job (or business, if one exists), including part-time, evening, or weekend work?' Those who answer 'yes' are then asked, 'Altogether, how many jobs (or businesses) did you have?' Prior to 1994, this information had been available only through periodic CPS supplements" (BSL & CB 2002, chap.

5-3).

(7) Before the EC LFS Started, some countries carried out the LFS: France in 1950, the Federal Republic of Germany in 1957, and Sweden in 1959 (Eurostat 2003, p. 5).

(8) This recommendation was passed as a resolution of the 15th International Conference of Labour Statisticians concerning statistics of the economically active population, employment, unemployment and underemployment.

(9) See paragraph 9 (7) of ILO (1982).

(10) A farmer who engages in farm maintenance activities, an architect who spends time waiting for clients in his/her office, a fisherman who repairs his boat or nets for future operations, a person who attends a convention or seminar are examples for this criterion (Eurostat 2003, p. 12).

(11) "This depends on the relative quantitative importance of the production of agricultural products for own consumption in relation to the total supply of these products in a country" (Eurostat 2003, p. 12). The criteria of inclusion of the production in national accounts are defined in European System of Accounts 1995 (Eurostat 1996).

(12) In the resolution of the 16th International Conference of Labour Statisticians, benefits received from the State in respect of temporary or partial layoff (which compensate, in part or in full, for loss of earnings) are classified as "employment-related social security benefits". See paragraph 12 (d) (ii) of ILO (1998).