



Module 4

Key indicators of youth labour markets: Concepts, definitions and tabulations

ILO school-to-work transition survey:

A methodological guide

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Key indicators of youth labour
markets: Concepts, definitions
and tabulations

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Youth Employment Programme
International Labour Office

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Foreword

The transition into adulthood is an exciting time for many young women and men, bringing with it the prospect of social and economic independence. For some youth, however, the challenge of finding employment, let alone satisfying employment, can be daunting, and the inability to prove oneself as a productive member of society can overshadow all else to create a sense of frustration and negativity during a time that is meant to be full of hope. It is hard to feel positive about one's future prospects when one becomes blocked at the entry level.

But we should not paint too gloomy a portrait. Many transitions to adulthood, from school to work, are successful from the point of view of the young person and from the point of view of society as beneficiary of their productive contribution. Certainly there must be value in defining a "successful" transition and making the distinction between these and "difficult" ones, i.e. situations in which the young person has little option but to take up unproductive, low-paid and insecure work or drop out of the labour force to wait for rosier times. At least such was the assumption behind the creation of the ILO school-to-work transition survey (SWTS) and the analytical framework, as described in the pages of this Guide, which has been developed around it.

The Guide in itself does not answer the big questions: for instance, why are some transitions difficult and some not; are lengthy transitions an inevitable consequence of a national environment characterized by low levels of job creation; and perhaps most importantly, can governments, working with employers', workers' and youth organizations, do anything about it? What it does do, however, is introduce a holistic methodology that can guide countries to find the answers for themselves. It sets the framework for gathering information on the characteristics and labour market attachments of young people as well as on the enterprises that could absorb them. As stated in Module 1, the data in itself is not unique. What are unique as outcomes from the implementation of the SWTS are the development of indicators that define the stages of transition and the quality of transition and the application of "decent work" as a concept to be integrated into the analytical framework built around the SWTS.

The ILO is committed to helping governments and social partners identify main employment issues and design and implement integrated policy responses. This Guide toward implementation of the SWTS is offered to our constituents as a means to enhance the capacity of national and local-level institutions to undertake evidence-based analysis that feeds social dialogue and the policy-making process. There is a sense of urgency in many countries in addressing the challenge of youth employment.

We recognize that large shares of youth in transition have yet to attain decent employment. Unless they succeed yet another generation of productive potential will remain underutilized and a cycle of poverty and decent work deficits will continue. Clearly, there is still substantial room for action to bring about progress toward the goal to “achieve decent work and productive employment for all, including women and young people” (Millennium Development Goal 1B). It is our sincere hope that this Guide can aid the process and help countries to broaden the information base from which they can address the specific challenges associated with enabling their young populations to reach their full potential.

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Employment Sector

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Purpose and structure of the guide

This guide is intended to help anyone interested in running an ILO school-to-work transition survey. The modular design means that it can be used in full – as a package to advise users from the point of conception of the project through production of an analytical report and workshop to present the findings – or in part, according to the specific needs of the user. Certain modules can be used outside the scope of the school-to-work survey; the module on sampling (Module 3), for example, can guide the design of sampling frameworks of any survey. Likewise, the module on tabulation (Module 4) contains instructions for producing standard labour market statistics, such as the unemployment rate, that researchers can use for any number of purposes, including training on labour market information and analysis.

The guide is organized as follows:

- Module 1** Basic concepts, roles and implementation process
- Module 2** SWTS questionnaires
- Module 3** Sampling methodology
- Module 4** Key indicators of youth labour markets: Concepts, definitions and tabulations
- Module 5** Disseminating survey results

4.1

Introduction

This module covers two items. First, it identifies a list of recommended indicators that can serve as the basis for interpretation of the country's situation vis-à-vis young people's transitions to the labour market that will feed the analysis in the final SWTS report. Second, the module guides the tabulation of the basic elements that make up the indicators. The tabulations are mapped according to the numbering system used in the generic questionnaire provided as Annex 2.1 in Module 2. Users should be aware that in revising the questionnaire to fit the national context, the tabulations outlined below will need to be changed as well.

4.2

Recommended indicators for monitoring youth employment

The indicators below, organized by key areas of labour market performance/outcomes, are the standard ones proposed for monitoring youth employment as input to both the design and monitoring of policies and programmes on youth employment at the country level. These indicators are generally tabulated from national labour force surveys (LFSs) (or other household-based survey), if one exists in the country. If a regular LFS does not exist in the country then the indicators can be derived from the SWTS. If both exist – the SWTS and the LFS – then priority should go to the LFS-generated indicator for official purposes (official reports, etc.) since these are produced by a national statistical office and generally represent the official estimates of the country. The LFS also has the strong advantage of occurring on at least an annual basis (usually), thus allowing for production of time-series data. Until the time when an SWTS can be “regularized” by integrating it with an LFS (see section 1.1.5 in Module 1), it is likely to be run one time only and to therefore add value as an in-depth cross-sectional portrait of the youth population at one point in time.

Policy design can benefit greatly from such occasional surveys which capture details that are unattainable from an LFS; however, monitoring of policies' impact over time requires a periodicity of survey runs.

In complementing the traditional labour market indicators listed in this section with the indicators that can come from the SWTS, one begins to see a broader framework for monitoring progress toward youth employment goals.

Before listing the recommended indicators, it is important to remember the following points:

- It is recommended that all indicators be disaggregated by sex, youth cohorts (15-19, 20-24 and 25-29 years old), educational level and rural/urban, if possible.
- Most of the indicators suggested should be discussed in the SWTS report when “setting the scene” for the in-depth analysis of survey results (see Module 5 for suggested report outline), i.e. outlining the national context facing youth vis-à-vis labour market entry.

4.2.1 Demand side

(i) Quantitative measures

- *Youth unemployment rate*

Definition and rationale: Unemployment (number of persons who, during the specified short reference period, were: a) without work; b) currently available for work; and c) seeking work as a percentage of the total labour force (employment + unemployment) (see tabulation section below for more information on the definition). The indicator is widely used as a measure of unutilized labour supply.

Where available, a breakdown by duration of the job search should be given. Of particular interest is the concept of long-term unemployment (unemployment for a period of one year or longer), since prolonged periods of unemployment bring with them many undesirable effects, particularly loss of income and diminishing employability of the jobseeker. Another useful disaggregation is youth unemployment by educational attainment, since this can serve to indicate supply- and demand-side mismatches.

- *Ratio of youth-to-adult unemployment rates*

Definition and rationale: Share of youth unemployment rate to adult unemployment rate. The ratio allows one to assess the lack of employment among youth compared with older jobseekers and thus hints at whether the economy is characterized more by demand deficiencies particular to first-time jobseekers (i.e. an inability to absorb labour market entrants) or to turnover and retrenchment of persons with jobs.

- *Youth employment-to-population ratio*

Definition and rationale: The number of young employed persons as a percentage of the youth population (see tabulation section below for more information on the definition). This indicator shows the share of young people that *do* work out of the full youth population that *could* work, and as such provides some information on the efficacy of the economy to create jobs.

- *Inactivity rate of youth*

Definitions and rationale: The sum of all young persons who are neither employed nor unemployed as a percentage of the youth population (see box 4.1 regarding the exclusion of students from the labour force regardless of status). As an inverse to the labour force participation rate, the inactivity rate serves as a measure of the relative size of the population who do *not* supply labour for the production of goods and services.

Box 4.1 *Treatment of students*

The tabulation framework for the transition stages varies from that recommended in the international standard in its treatment of students. The international standard calls for the same application of the criteria of economic activity to students as to all other groups of the population. In other words, a student who worked for at least one hour in the reference period is to be counted among the employed and a student who actively sought work is to be counted among the unemployed according to the international standard. For the purposes of this survey, however, we choose to exclude working students, unemployed students or inactive students from the overall numbers of employed, unemployed and outside of the labour force, respectively. The rationalization for doing so has to do with the premise that the main activity of the young person is studying and that working or looking for work is likely to be a secondary activity; the consequences of working or looking for work, therefore, impact the young student differently than the young person engaged in employment or unemployment on a full-time basis. This does not preclude, however, further analysis of working students and/or unemployed students since both can be identified from the questionnaire (questions C9 and D2).

- *Discouraged worker rate of youth*

Definitions and rationale: The sum of all young persons who are without work and available for work but did not seek work (and therefore could not be classified as unemployed) because they felt that no work would be available to them, as a percentage of the youth labour force (employment + unemployment) (see tabulation section below for more information on the definition). According to the standard classification system, the discouraged worker is counted among the inactive, although many analysts would like to see the number of discouraged workers added to the unemployed to give a broader measure of the unutilized supply of labour. Discouraged implies a sense of “giving up”, meaning the discouraged worker has simply given up any hope of finding work for reasons such as s/he feels s/he lacks the proper qualifications, s/he does not know where or how to look for work, or s/he feels that no suitable work is available. The discouraged worker, therefore, could be said to be “involuntarily” inactive.

- *Distribution of youth employment by 1-digit ISIC sector*

Definition and rationale: Distribution of young employed persons by economic sector measured according to the International Standard Industrial Classification of Economic Activities (ISIC). Shifts in the number of persons employed in detailed sectors can serve as an indication of where jobs are being created or shed and can guide policy-makers as to where to attempt to balance employment growth with human resource development policies.

(ii) Quantitative measures with qualitative value¹

- *Distribution of youth employment by status*

Definition and rationale: Distribution of young employed persons by the following employment statuses measured according to the International Classification of Status in Employment (ICSE): a) wage and salaried workers (employees); b) self-employed with employees (employers); c) self-employed without employees (own-account workers); d) contributing family worker; e) not classifiable by status (see tabulation section below for more information on the definition). The basic criteria used to define the status groups are the types of economic risk that they face in their work, an element of which is the strength of institutional attachment between the person and the job, and the type of authority over establishments and other workers that the jobholders have as an explicit or implicit result of the employment contract.

- *Vulnerable employment rate of youth*

Definition and rationale: The share of young own-account workers and contributing family workers in total youth employment. Vulnerable employment is a measure of persons who are employed under relatively precarious circumstances as indicated by the status in employment. Because contributing family workers and own-account workers are less likely to have formal work arrangements, access to benefits or social protection programmes and are more “at risk” to economic cycles, these are the statuses categorized as “vulnerable”. There is a strong connection between vulnerable employment and poverty: if the proportion of vulnerable workers is sizeable, it may be an indication of widespread poverty. The connection arises because workers in the vulnerable statuses lack the social protection and safety nets to guard against times of low economic demand and often are incapable of generating sufficient savings for themselves and their families to offset these times. It is important to bear in mind that the indicator is not without its limitations; some wage and salaried workers might also carry high economic risk and some own-account workers might be quite well-off and not vulnerable at all.

¹ It is recognized that qualitative indicators are less often available from national statistics. However, the list is proposed to encourage regular data collection and dissemination in order to better monitor progress towards the achievement of decent work.

- *Share of time-related underemployed in total youth employment*

Definition and rationale: All young persons who, during a short reference period, were: a) willing to work additional hours; b) available to work additional hours; and c) had worked less than a threshold relating to working time (see tabulation section below for more information on the definition, which tends to vary from country to country) as a percentage of youth employment. Underemployment reflects underutilization of the productive capacity of the labour force and thus enriches an analysis of the ability of the country to provide full employment for all who want it.

- *Share of young workers engaged in “excessive” hours of work*

Definition and rationale: Proportion of employed young persons whose hours usually worked per week exceeds 50 per week. The upper hours limit can vary from country to country. As a measure of the quality of employment, long hours of work can imply an element of non-decency, if involuntary (unfortunately, the willingness of the worker is not generally measured), and has the potential to negatively impact the health and social development of a young person.

- *Wages or earnings of young workers*

Definition and rationale: Wages represent the income employees receive from paid employment. Earnings are a broader concept than wages since they represent the income earned before deduction of income tax, social insurance contributions, and so on. Both concepts are mentioned here because a country tends to report on either one or the other using sources such as censuses and surveys of establishments and industries. Information on wages and earnings are important from the workers’ point of view and represent a measure of the level and trend of their purchasing power and an approximation of their standard of living. Where available, a breakdown by sector and occupation adds significantly to the interpretive value.

For most workers, wages represent the main part of their total income. From an analytical perspective, data on wages or earnings are crucial to determining whether or not youth are able to economically support themselves from their labour or whether they continue to live in poverty despite their wages (“working poor”). That paid employment alone is covered in most surveys represents a significant shortcoming since we are also interested to know about the income generated from informal sector activities, especially since the majority of the working poor will work outside the formal system (note that a labour force survey could generate wage data for all statuses in employment (employees, self-employed, etc.), it is only data from establishment surveys where coverage is of employees only). Wages and earnings also give an indication of equity, although not a perfect one.

4.2.2 Supply side

- *Net enrolment rate at secondary and tertiary levels*

Definition and rationale: The ratio over time of the total persons enrolled in education by level, regardless of age (since this is rarely available), to the population of the age group that officially corresponds to the level of education in the country. The enrolment rate indicates the general level of participation in education and gives indications of progress in providing youth with at least the minimal levels of education considered to be necessary in order to function in today's global economy.

- *Distribution of youth labour force by level of educational attainment*

Definition and rationale: The distribution of the youth labour force by completion of less than primary, primary, secondary and tertiary education level. While level of education is not a perfect proxy for the general skills potential of the population group, it is a factor that influences the population's predisposition to acquire such skills and can therefore serve as an important determinant of a country's capacity to compete successfully and sustainably in world markets and to make efficient use of rapid technological advances.

4.3

A more detailed introduction to “key” concepts of labour market statistics and how to tabulate them in the SWTS

There are international standards for most of the measures associated with the economically active population that guide the tabulation of labour statistics. Without going in to too much detail, this section offers a more technical discussion of some of the key concepts of labour market statistics. It is intended to guide the work of the survey implementation team in the tabulation of data so that the statistics generated from the SWTS abide, to the best degree possible, with the international standards. Tabulation is based on the generic SWTS questionnaire in Annex 2.1 (Module 2).

4.3.1 Employment²

The “employed” comprise all persons who worked for pay, profit or family gain for at least one hour in the reference week plus the number of persons who are temporarily absent from their jobs. Three different employment statuses are captured by the terminology: “for pay” captures any person who performed some work for wage or salary, in cash or in kind (wage and salaried workers); “for profit” aims to include workers who are self-employed; and “for family gain” allows for inclusion of contributing family workers who worked in a family establishment or land-holding. In this survey, a young person is classified as employed if he selects “*work for pay, profit or family gain for at least one hour*” (code 3) as their main current activity of the week in question C20.

Another group that *might* be considered employed are those who are temporarily without work, i.e. those who respond “*have a job, but temporarily absent from work*” (code 4) to question C20. To merit classification as employed, however, the worker should demonstrate some degree of formal job attachment. To assess the

² Based on the Resolution concerning statistics of the economically active population, employment, unemployment and underemployment, adopted by the 13th International Conference of Labour Statisticians, October 1982;

www.ilo.org/global/What_we_do/Statistics/standards/resolutions/lang—en/docName—WCMS_087481/index.htm. An excellent source for explaining the concepts of the Resolution and the methodology for measurement of the standard economically active concepts is R. Hussmanns, F. Mehran and V. Verma: *Surveys of economically active population, employment, unemployment and underemployment: An ILO manual on concepts and methods* (ILO, Geneva, 1990).

degree of attachment, a follow-up question is necessitated: *“even though you were not working, did you have a job, business or a holding to which you will return to work?”* (F1).³ Those who respond “yes” are to be counted among the employed and those who respond “no” are routed to either “unemployed” or “outside of the labour market” based on their response to the next question F2 *“are you looking for work or trying to establish your own business?”* (“yes” – routed to additional questions to determine status of the unemployed, “no” – routed to “outside of the labour force”).

The coding for total youth employment is as follows:

C20(3) [worked at least one hour in the week] + [C20(4) AND F1(1)] [temporarily absent from work]

4.3.2 Unemployment⁴

Unemployment is slightly more complex because, according to the standard definition as set out in the Resolution, an unemployed person has to meet all of three criteria; the “unemployed” comprise persons who are simultaneously “without work”, “currently available for work” and “seeking work” during the reference period. In this survey, the unemployed youth is determined first in the question relating to main current activity (question C20). If the youth selects *“unemployed - without work”* (code 2), s/he is then guided through a series of questions aimed to determine whether the “seeking work” and “available for work” criteria are met.

The seeking work criterion is determined first via the question *“are you looking for work or trying to establish your own business?”* (E1), followed by a filter question to determine if the job search methodology can adequately be claimed as qualifying for an “active job search”. Persons are excluded from the count if they answer negatively to *“during the last four weeks, have you taken any steps to find work or to establish your own business?”* (E2). The first question, therefore, serves to assess the desire to work of the respondent and leads the way to the more precise second question. The steps that qualify as an active search are listed with question E3. Respondents who do not select any of the active job search options listed and express no desire to work in question E4 are re-routed to the category of youth not in the labour force.

There are exceptions to the actively seeking work rule; persons who are not actively seeking work because they have found work that they will take up at a later date

³ There exist other potential criteria for establishing job attachment, including continued receipt of wage or salary; however, for the purpose of this survey, only an implicit assurance of a return to work following the end of an agreed-upon period is required. See Hussmanns, op cit., p. 72, for more information on the treatment of temporary absence from work.

⁴ See footnote 2.

(E5/1), because they have made arrangements for self-employment to take up later (E5/2) or because they are temporarily laid-off and awaiting recall to the former job (E5/3) are to be considered among the unemployed (relaxing the search criteria) *if* they meet the additional criteria of being available to take up work. Respondents might initially select their main activity as “*did not work or seek work for other reasons (than home duties)*” (C20/6) and then be identified as so-called “future starters” when asked their main reason for not working in G1. These respondents (G1/4-6) are then routed back to the query of their availability to work (in E6) so that they too can be counted as unemployed based on their response.

The “availability” criterion, which must be met by both those without work who actively seek it and those without work who do not actively seek it for the reasons listed above (the future starters) is captured with the question “*if opportunity to work had existed (over the last 7 days) would you have been able to start work?*” (E6).

As mentioned above, follow-up questions can lead to rerouting that eventually places respondents in their proper classification group. This occurs, for example, with persons who initially responded that they “*have a job, but temporarily absent from work*” (C20/4) but, upon further probing, admitted to the fact that they did not have a job or business to return to (F1/2) and that they were looking for work or trying to establish their own business (F2/1). Such persons are rerouted into the count of unemployed.

The coding for the standard definition of unemployment is as follows:

E2(1) [without work and looking for work] – E4(2) [no desire to work] – E5(4-13,99) [did not actively seek work] – E6(2) [not available to take up work]

4.3.3 Discouraged workers and relaxed unemployment⁵

Those in favour of relaxing the active search criteria to generate a “relaxed unemployment rate” can do so by reintroducing those youth who are “without work”, “currently available for work” but not actively “seeking work”. The relaxation of the standard definition of unemployment makes sense in circumstances where the conventional means of seeking work are of limited relevance, where the labour market is largely unorganized, where labour absorption is inadequate or where the labour force is largely self-employed.

⁵ Based on Hussmanns, op. cit., pp. 105-107.

The coding for the relaxed definition of unemployment is as follows:

E2(1) [without work and looking for work] – E4(2) [no desire to work] – E6(2) [not available to take up work]

The category of persons to be reintroduced into the relaxed measure of unemployment will be made up mostly (but not exclusively) by “discouraged workers”. Discouraged workers are defined as those who are not working, expressed a desire to work but did not seek work for reasons implying that s/he felt that undertaking a job search would be a futile effort.⁶ In question E5, the possible reasons for not seeking work that qualify the youth as discouraged include “believe no suitable work available (in the area of relevance to one’s skills, capacities)” (code 8); “lack employers’ requirements (qualifications, training, experience, age, etc.)” (code 9); “could not find suitable work” (code 10); and “do not know how or where to seek work” (code 11). The desire to work is captured in question E4. Persons who initially consider themselves outside of the labour force and give similar reasons for being so are also discouraged workers (question G1/8-11).

The coding for the number of discouraged workers is as follows:

E4(1) [desire to work] AND E5(8-11) [reason for not seeking work (for without work) implies discouragement] + G1(8-11) [reason for not seeking work (for outside the labour force) implies discouragement]

4.3.4 Underemployment and overemployment

Underemployment exists when a person’s employment is inadequate in relation to specified norms or alternative employment.⁷ The concept, therefore, reflects underutilization of the labour force and has been broadly interpreted to imply any sort of employment that is “inadequate” from the point of view of the worker. General inadequacy can stem from insufficient hours (time-related underemployment), insufficient compensation (income-related underemployment) or insufficient use of one’s skills (skills-related underemployment).

To date, time-related underemployment (also known as visible underemployment) is the only underemployment concept that has been agreed on and properly defined for measurement purposes within the international community of labour statisticians. According to the international definition, “persons visibly underemployed comprise all persons in paid or self-employment, whether at work or not at work,

⁶ It is a matter of debate among labour statisticians as to the importance of maintaining the “currently available for work” criteria for measurement of discouraged workers. The current mapping of the SWTS questionnaire does not allow for the addition of the “available” criteria to the definition of discouraged youth; however, the questionnaire could easily be modified to amend this if the stricter criteria for discouraged youth were agreed upon by the survey implementation partner.

⁷ Hussmanns, op cit., p. 121.

involuntarily working less than the normal duration of work determined for the activity, who were seeking or available for additional work during the reference period.”⁸ Three measurement criteria exist, therefore: (1) working less than normal duration; (2) doing so involuntarily; and (3) seeking or being available for additional work. In the SWTS, criteria (1), working less than normal duration, is captured in the question “*were your hours worked last week less than the normal hours worked per week?*” (F15). The reason for doing so, if the response is positive, is determined in question F16 with the following responses qualifying as involuntary: (9) lock-out; (10) slack period, off season; (11) reduction in economic activity (no work available, lack of raw materials, clients, orders, etc.); (12) temporary disorganization, suspension of work (bad weather, mechanical, electrical breakdown, shortage of raw materials, fuel, etc.); (13) could not find more work or full-time work; and (14) other involuntary (economic reason). For the purposes of this survey, the “seeking” and “available” criteria are relaxed.

Those who select reasons 9 through 14 on question F16 qualify as time-related underemployed. But these respondents are either paid or self-employed workers, while the phenomenon is also relevant to workers who are temporarily absent from work. Hence, persons identified as temporarily absent from work for involuntary reasons (with a list of involuntary reasons identical to that of question F16) should also be included in the count of time-related underemployed. Double-counting within the classification of underemployment is avoided because those classified as such because of temporary absence from work due to involuntary reasons are mapped to avoid responding to questions relating to hours of work.

The coding for the time-related underemployment is as follows:

F16(9-14) [reasons for working less than normal hours is involuntary in nature] + F3(7-12) [did not work in the last week, involuntarily]

Overemployment is another type of inadequate employment, this time due to a situation in which a person’s actual hours worked exceed the desired hours of work.⁹ In order to be deemed overemployed, a respondent should have expressed a willingness to decrease working hours even if it means less income. This situation can be associated with insufficient bargaining power of the worker and/or an ignorance of employers of the long-term consequences of overwork. For this survey, overemployment is captured in question F14, “*given the choice, would you opt for: (1) more income and more hours; (2) less income and fewer hours; (3) the same income and hours*”. Option 2 is that which qualifies as overemployment.

⁸ See the Resolution concerning the measurement of underemployment and inadequate employment situations, adopted by the 16th International Conference of Labour Statisticians (Geneva, 1998).

⁹ *ibid.*

The coding for overemployment is as follows:

F14(2) [given the choice, respondent would work fewer hours despite earning less income]

4.3.5 Informal employment

Informal employment is difficult to capture statistically, in part due to the ambiguity of the concept and to the difficulty in application of the international standard definition. According to the definition agreed upon by the 15th International Conference of Labour Statisticians (ICLS), “employment in the informal sector” is dependent on the nature of the production unit, i.e. a person is counted as employed in the informal sector if s/he is employed in what constitutes as an informal sector enterprise, regardless of employment status (self-employment, etc.).¹⁰ In the 17th ICLS, guidelines were issued on the measurement of informal employment, as a complement to the measurement of employment in the informal sector. The difference between the two concepts derives from the observation unit used. Informal sector enterprises and employment in the informal sector remain as defined in the 15th ICLS with the production unit (informal enterprise) as the basis for measurement. “Informal employment” is based on the observation unit of the job and is thus defined as the total number of informal jobs, whether carried out in formal sector enterprises, informal sector enterprises or households.

In general, countries and/or researchers are already basing definitions of informality around the characteristics of the job so that, in practice, a broad array of definitions is currently applied in accordance with the purpose of the study. As examples, some studies define informal employment as employment in the absence of a contract; others say all self-employed persons are informally employed; and others still look at the size-class of the enterprise and include as informally employed those who work in enterprises with fewer than, for example, five employees. None of these definitions, in themselves, are completely accurate.

The 17th ICLS recommends for inclusion in informal employment:

- i. Own-account workers (self-employed with no employees) in their own informal sector enterprises.
- ii. Employers (self-employed with employees) in their own informal sector enterprises.

¹⁰For full details regarding the history of the informal economy as a statistical concept, specifically as concerns the path from measurement of employment in the informal sector to informal employment, readers are encouraged to review R. Hussmanns; “Measuring the informal economy: From employment in the informal sector to informal employment”, Working Paper No. 53 (Geneva, ILO, 2005); www.ilo.org/public/libdoc/ilo/2005/105B09_37_eng1.pdf.

- iii. Contributing family workers, irrespective of type of enterprise.
- iv. Members of informal producers' cooperatives (not established as legal entities).
- v. Employees holding informal jobs as defined according to the employment relationship (in law or in practice, jobs not subject to national labour legislation, income taxation, social protection or entitlement to certain employment benefits (paid annual or sick leave, etc.)).
- vi. Own-account workers engaged in production of goods exclusively for final use by their household.

In accordance with this framework, the coding guidelines for deriving informal employment from the SWTS data take into consideration the nature of the employment relationship (item v above), the nature of the enterprise (items i and ii) and employment status (i-iv, vi). We attempt to approximate each element of the list as well as possible according to the following framework:

- i. Own-account workers (self-employed with no employees) in their own informal sector enterprises: F51(2+3) AND [F6(2) AND F7(2+3)], meaning own-account workers who assert that their enterprise is not registered and that they did not pay taxes on their earnings.
- ii. Employers (self-employed with employees) in their own informal sector enterprises: F51(1) AND [F6(2) AND F7(2+3)], meaning employers who assert that their enterprise is not registered and that they did not pay taxes on their earnings.
- iii. Contributing family workers, irrespective of type of enterprise: F44(2).
- iv. Members of informal producers' cooperatives (not established as legal entities): F44(6) AND F6(2), meaning members of non-registered cooperatives.
- v. Employees holding informal jobs: F44(1) AND F45(A-M=2) AND F7(2+3), meaning an employee who did not receive any benefits (paid leave, etc.) and did not pay taxes on earnings.
- vi. Own-account workers engaged in production of goods exclusively for own final use by their household: F44(3), meaning persons working for family gain.

The coding for informal employment is as follows:

[F51(1-3) AND (F6(2) AND F7(2+3))	self-employed (own-account + employers) in informal enterprises
+ F44(2+3)	contributing family workers and workers for family gain
+ F44(6) AND F6(2)	members of informal producers' cooperatives
+ F44(1) AND F45(A-M=2) AND F7(2+3)]	employees in informal jobs

4.4

Tabulation of SWTS concepts

4.4.1 Stages of transition

The transition stages are defined in Module 1 (section 1.2) according to two frameworks: framework I defines the transition according to attainment of a regular or satisfactory job while framework II defines the transition according to attainment of a pre-defined “decent” or satisfactory job. Tabulation of the three transition stages – transited, in transition and transition not yet started – are presented here according to both frameworks.

4.4.1.1 Framework I

1. Transited – A young person who has “transited” is one who is currently employed in:
 - a) a regular and satisfactory job;
 - b) a regular but non-satisfactory job;
 - c) a satisfactory but temporary job; or
 - d) in satisfactory self-employment.

2. In transition – A young person is still “in transition” if s/he has one of the following statuses:
 - a) currently unemployed;
 - b) currently employed (wage & salaried worker) with no contract;
 - c) currently employed in a temporary and non-satisfactory job;
 - d) currently self-employed and unsatisfied; or
 - e) currently inactive and not in school, with an aim to look for work later.

3. Transition not yet started – A young person who has “not yet transited” is one who is either of the following:
 - a) still in school; or
 - b) currently inactive and not in school, with no intention of looking for work.

The following table identifies each element of the stages of transition as defined in framework I, with instructions on how the element should be tabulated according to the generic questionnaire. Combined tabulations are then proposed for coding the surveyed youth according to the aggregated concepts of stages of transition (transited, in transition and transition not yet started.)

Table 4.1 Coding stages of transition (framework I)		
Base category		Coding
1	regular job	F9 [employment contract] is 2, 3, 5 or 6 [unlimited or 12-36 months]
2	temporary job	F9 [employment contract] is 4, 7 or 8 [temporary, less than 12 months]
3	satisfactory job	F18 [satisfaction] is 1 [mostly satisfied]
4	non-satisfactory job	F18 [satisfaction] is 2 [mostly unsatisfied]
5	self-employed	F44 [status in employment] is 4-6 [self-employed]
6	unemployed	E2(1) [without work and looking for work] – E4(2) [no desire to work] – E5(4-13,99) [did not actively seek work] – E6(2) [not available to take up work] (see explanation above)
7	wage & salaried worker with no contract	F44 [status in employment] is 1 [wage & salaried worker] AND F9 [employment contract] is 1 [none]
8	inactive, non-student with future work aspirations	G3 [desire for future work] is 1 [yes]
9	inactive, non-student with no future work aspirations	G3 [desire for future work] is 2 [no]
10	student	C20 [current activity] is 1 [in education/training]
Aggregate category		Coding
1a	youth in a regular (1) and satisfactory (3) job	F9(2,3,5,6) AND F18(1)
1b	youth in a regular (1) and non-satisfactory (4) job	F9(2,3,5,6) AND F18(2)
1c	youth in a temporary (2) and satisfactory (3) job	F9(4,7,8) AND F18(1)
1d	self-employed (5) youth who expressed satisfaction (3)	F44(4-6) AND F18(1)
2a	unemployed youth (6)	E2(1) – E4(2) – E5(4-13,99) – E6(2)
2b	wage & salaried youth with no contract (7)	F44(1) AND F9(1)
2c	youth in a temporary (2) and non-satisfactory (4) job	F9(4,7,8) AND F18(2)
2d	self-employed (5) youth who expressed dissatisfaction (4)	F44(4-6) AND F18(2)
2e	inactive, non-student youth with future work aspirations (8)	G3(1)
3a	young student (10)	C20(1)
3b	inactive, non-student with no future work aspirations (9)	G3(2)
Stages of transition	Aggregate elements	Combined coding
Transited	1a + 1b + 1c + 1d	[C20(3) – F9(1) – [F9(4,7,8) AND F18(2)]] + [F44(4-6) AND F18(1)]
In transition	2a + 2b + 2c + 2d + 2e	[E2(1) – E4(2) – E5(4-13,99) – E6(2)] + [F44(1) AND F9(1)] + [F9(4,7,8) AND F18(2)] + [F44(4-6) AND F18(2)] + G3(1)
Transition not yet started	3a + 3b	C20(1) + G3(2)
[Test = does the sum of the three stages of transition equal the total number of respondents?]		

4.4.1.2 Framework II

1. Transited – A young person who has “transited” is one who is currently employed in either:
 - a) a decent and satisfactory job;
 - b) a decent but non-satisfactory job; or
 - c) a satisfactory but non-decent job.
2. In transition – A young person is still “in transition” if s/he has either of the following statuses:
 - a) currently unemployed;
 - b) currently employed in a non-decent and non-satisfactory job; or
 - c) currently inactive and not in school, with an aim to look for work later.
3. Transition not yet started – A young person who has “not yet transited” is one who is either of the following:
 - a) still in school; or
 - b) currently inactive and not in school, with no intention of looking for work.

Because of the complexity of the measurement of a “decent” job, the coding of each qualifying element is addressed separately in the following table and then the explanation for combining elements follows.

Characteristic of a decent job	Coding
1 has contractual arrangements that meet the expectations of the young worker	F10 [opinion of contract arrangement] = 1-4 [expressing satisfaction]
2 does not qualify as underemployed	F15 [less than normal hours worked] = 2 [no] AND F3 [reason for not working during the week] = 1-6 [voluntary in nature]
3 does not qualify as overemployed	F14 ≠ 2 [would not choose to work less hours for less income]
4 pays at or above the average monthly wage rate of young workers	F17 [average pay/wage per month] ≥ calculated average of all responses to F17
5 offers satisfactory job security	F21 [likelihood of keeping job if desired] = 1 [very likely] OR F21 [likelihood of keeping job if desired] = 2-4 [uncertain to not likely] AND F22 = 2 [the uncertainty of the situation is not found bothersome]
6 offers the possibility for worker participation in labour unions or association of workers	F26(1) OR F27 [reason for not joining union or association of workers] ≠ 3 [discouraged by employer]
7 offers basic employment benefits, among which are paid sick and annual leave (characteristic not applied to self-employed youth)	If F44(1-3,99) [wage and salaried worker]: F45C [annual paid leave] AND F45D [paid sick leave] = 1 [yes]

Table 4.2 (continued)	
Characteristic of a non-decent job	Coding
8 has contractual arrangements that do not meet the expectations of the young worker	F10 [opinion of contract arrangement] = 5-8 [expressing dissatisfaction]
9 qualifies as underemployed	F16 [reason for working less than normal hours last week] = 9-14 [involuntary in nature] OR F3 [reason for not working during the week] = 7-12 [involuntary in nature]
10 qualifies as overemployed	F14(2) [would choose to work less hours for less income]
11 pays below the average monthly wage rate of young workers	F17 [average pay/wage per month] < calculated average of all responses to F17
12 does not offer satisfactory job security	F21 [likelihood of keeping job if desired] = 2-4 [uncertain to not likely] AND F22 = 1 [the uncertainty of the situation is found bothersome]
13 does not offer the possibility for worker participation in labour unions or association of workers	F27 [reason for not joining union or association of workers] = 3 [discouraged by employer]
14 does not offer basic employment benefits, among which are paid sick and annual leave (characteristic not applied to self-employed youth)	If F44(1-3,99) [wage and salaried worker]: F45C [annual paid leave] AND F45D [paid sick leave] = 2 [no]
Base category	Coding
1 decent job	F10(1-4) AND [F15(2) AND F3(1-6)] AND F14(1,3) AND F17 ≥ calculated average of all F17 respondents AND [F21(1) OR [F21(2-4) AND F22(2)]] AND [F26(1) OR F27(1,2,4-9,99)] AND [if F44(1-3,99): F45C(1) AND F45D(1)]
2 non-decent job	F10(5-8) OR F16(9-14) OR F3(7-12) OR F14(2) OR F17 < calculated average of all F17 respondents OR [F21(2-4) AND F22(1)] OR F27(3) OR [if F44(1-3,99): F45C(2) AND F45D(2)]
3 satisfactory job	F18 [satisfaction] is 1 [mostly satisfied]
4 non-satisfactory job	F18 [satisfaction] is 2 [mostly unsatisfied]
5 unemployed	E2(1) [without work and looking for work] – E4(2) [no desire to work] – E5(4-13,99) [did not actively seek work] – E6(2) [not available to take up work] (see explanation above)
6 inactive, non-student with future work aspirations	G3 [desire for future work] is 1 [yes]
7 inactive, non-student with no future work aspirations	G3 [desire for future work] is 2 [no]
8 student	C20 [current activity] is 1 [in education/training]
Aggregate category	Coding
1a youth in a decent (1) and satisfactory (3) job	decent (see coding 1 above) AND F18(1)
1b youth in a decent (1) and non-satisfactory (4) job	decent (see coding 1 above) AND F18(2)
1c youth in a non-decent (2) and satisfactory (3) job	non-decent (see coding 2 above) AND F18(1)
2a unemployed youth (5)	E2(1) – E4(2) – E5(4-13,99) – E6(2)

Table 4.2 (continued)		
Aggregate category	Coding	
2b youth in a non-decent (2) and non-satisfactory (4) job	non-decent (see coding 2 above) AND F18(2)	
2c inactive, non-student youth with future work aspirations (6)	G3(1)	
3a young student (8)	C20(1)	
3b inactive, non-student with no future work aspirations (7)	G3(2)	
Stages of transition	Aggregate elements	Combined coding
Transited	1a + 1b + 1c	decent (see coding 1 above) + [non-decent (see coding 2 above) AND F18(1)]
In transition	2a + 2b + 2c	[E2(1) – E4(2) – E5(4-13,99) – E6(2)] + [non-decent (see coding 2 above) AND F18(2)] + G3(1)]
Transition not yet started	3a + 3b	C20(1) + G3(2)

4.4.2 Tabulation of the path of transition (for “transited” youth)

For a young person who has completed the transition, the important question is did s/he have an easy or difficult time in getting the satisfactory/regular job. The question introduces an element of retrospective analysis, that is, the analysis must look at the period of time between the exit from school to the time of entry to satisfactory/regular employment. For coding purposes, therefore, the history of economic activities provided in question C5 is vital to determining the path of transition.

The paths of transition are defined according to the following four (exclusive) possibilities:

1. Direct transition – a young person’s first experience after leaving school is being hired at a satisfactory or regular job.
2. Spells of employment with no spells of unemployment or inactivity:
 - a) Regular or satisfactory employment.
 - b) Temporary/self-employment and non-satisfactory employment or no contract employment.
3. Spells of unemployment with or without spells of employment and inactivity.
4. Other – undertook no economic activity before current post, for example, was engaged in home duties or travelling.

The qualification of each job held according to its contract type and rating of job satisfaction will determine its placement in the following mapping of possible paths of transition. The history of transition is classified as “short”, “middling” or “lengthy”.

A *short transition* is classified as one in which, before obtaining the current satisfactory/regular (decent) job, the young person underwent either:

- a direct transition (1);
- a spell (or cumulative spells) of employment of less than or equal to one year with no spell of unemployment or inactivity where the job(s) held is classified as:
 - regular or satisfactory (2a); or
 - temporary/self-employed/no contract and non-satisfactory employment (2b);
- a spell of unemployment with or without spells of employment or inactivity (3) of less than or equal to three months; or
- a spell of inactivity (4) of less than or equal to one year.

A *middling transition* is classified as one in which, before obtaining the current satisfactory (decent)/regular job, the young person underwent either:

- a spell (or cumulative spells) of temporary/self-employed/no contract and non-satisfactory employment (2b) of between one and two years with no spell of unemployment or inactivity;
- a spell of unemployment with or without spells of employment or inactivity (3) of between three months and one year; or
- a spell of inactivity (4) longer than one year.

A *lengthy transition* is classified as one in which, before obtaining the current satisfactory (decent)/regular job, the young person underwent either:

- a spell (or cumulative spells) of temporary/self-employed/no contract and non-satisfactory employment (2b) of two years or over with no spell of unemployment or inactivity; or
- a spell of unemployment with or without spells of employment or inactivity (3) of one year or over.

Table 4.3 Coding paths of transition		
Base category	Coding	Time element
1 Direct transition	No response in C5b [current job was first experience]	Spell 1 = C5b(1) – C4 Spell 2 = C5b(2) – C5b(1) Spell 3 = C5b(3) – C5b(2) ...
2a Spells of regular or satisfactory employment and no spells of unemployment or inactivity	History contains no spell in which C5a = 4-7 AND no spell in which [C6(4,7,8) AND C7(2)]	
2b Spells of temporary/self-employed/no contract and non-satisfactory employment and no spells of unemployment or inactivity	History contains no spell in which C5a = 4-7 AND at least one spell in which [C6(1,4,7,8) AND C7(2)]	
3 Spells of unemployment with or without spells of employment or inactivity	History at least one spell in which C5a = 4	
4 Spell of inactivity	History contains only C5a = 5-7	
Aggregate category	Coding	
Short transition	1 + 2a + [2b where cumulative C5b – C4 ≤ 1 year] + [3 where cumulative C5b – C4 ≤ 3 months] + [4 where C5b – C4 ≤ 1 year]	
Middling transition	[2b where cumulative C5b – C4 between 1 and 2 years] + [3 where cumulative C5b – C4 between 3 months and 1 year] + [4 where C5b – C4 > 1 year]	
Lengthy transition	[2b where cumulative C5b – C4 ≥ 2 year] + [3 where cumulative C5b – C4 ≥ 1 years]	

4.4.3 Length of transition

For young people identified as still in transition, classification will be made according to the length of time in each of the three sub-categories of the “in transition” stage (unemployed, employed in temporary (non-decent)/non-satisfactory job, inactive and intending to look for work in the future). Calculation of the length of time in transition can be done using question C5 (activity history), taking the starting date of the first activity entered (after leaving school) in C4 and subtracting from the current date. In other words:

Length of transition (for those “in transition”) = Survey date – C4 [start date of first activity entered in the C4 grid]

The total length of transition for those youth who completed the transition can be calculated as follows:

Length of transition (for “transited” youth) = C5b [final date entered, marking the beginning of the current regular or satisfactory job] – C4 [start date of first activity entered in the C4 grid]

