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selected statistical areas and
review of the 2005 version of
the Integrated Presentation of
International Statistical Work
Programmes

RAPPORTEUR REPORT FOR LABOUR STATISTICS

Note prepared by ISTAT, Italy

**PROGRESS BEING MADE COLLECTIVELY BY NATIONAL STATISTICAL AGENCIES IN A
GIVEN FIELD OF STATISTICS**

Labour Force Survey (LFS)

1. As of 2005, the LFS should become a quarterly and continuous survey in all EU countries and data should be collected for new variables. This is a relevant step towards a greater harmonization of statistics, both in concepts and methods, able to support EU level policy coordination in the fields of employment, economic and monetary policy, and ECB macro-economic policy coordination. In addition, over the last 2 years, further relevant improvements to the European Labour Force Survey have been achieved or are being discussed.

2. In 2003, a revised and more detailed section on education and training was introduced, with impact on the definitions and estimates of educational attainment level, life-long learning and early school-leavers.

Wages and labour costs

3. In 2004, important progress was made in improving the collection of structural information on gross wages and labour cost, through the launch of the Labour cost structure survey for 2004 with a coverage of economic activity extended to personal and social services (sections M, N and O). Italy is working for the construction of an Integrated Information System on Earnings and Labour Cost, and relevant and promising progress has already been made concerning the integration of short-term and structural business surveys. In the context of this progress should be highlighted the development by Istat of the database Oros (Oros is the acronym of Occupazione, Retribuzioni, Oneri Sociali - Employment, Wages and Social Contributions). It is based on the statistical treatment of the non-random sample made by monthly social contribution statements, sent by firms to INPS (the Italian Social Security Institute) through electronic files. Oros also uses the integration of this information with that provided monthly by the panel survey on large firms. The information is produced according to the European Labour Cost Index (LCI) Regulation and/or the Short-Term Business Survey (STS) Regulation, which makes it fully comparable with the information produced by the other EU members under the same regulations.

Working time measurement

4. Many efforts have been made in the field of working time measurement in order to study problems related to data estimation of hours worked and the production of new, harmonised statistics of hours worked, by both wage earners and the self-employed, in all economic activity sectors, and on both a short-term and a structural basis. This activity is carried out under European Regulations and in relation with the activity of the Paris city group.

5. A procedure for estimating hours actually worked on a yearly and quarterly basis has also been developed within national accounts, producing a new data base with series 1993-2003 that has been sent to Eurostat. New series for the period 1980-1992 will be provided in March 2005.

Job Vacancies

6. In 2004, Italy launched a new quarterly survey on job vacancies with the aim of publishing data on the share of firms with job openings, the vacancy ratio (or the ratio of job vacancies to employment), the size of inflows into employment and the ratio of job vacancies to such inflows in the following period. Confidential results were transmitted to Eurostat, on the basis of a specific Gentlemen's Agreement, while the first official release (still on a non-regular basis) is programmed for 2005.

Productivity

7. A new approach to measuring labour productivity has been developed by national accountants with the aim of estimating total factor productivity. In order to clarify differentiation of labour input, it takes into account changes in quality as expressed by different wages for different types of employment. The results obtained were presented in a data set for the period 1992-2003.

8. The start of the EU KLEMS project financed by the Sixth Framework Programme is an opportunity to develop studies on the issue of labour and total factor productivity.

Atypical work

9. The continuing and increasing creation of new employment arrangements impose upon official statistical agencies the need to reconsider the definitions adopted so far, as well as to propose new classification schemes, allowing for a more realistic and analytical approach to measurement. In this field, ISTAT has developed a new classification of atypical working arrangements that has been experimentally applied with three different purposes: i) classifying the very numerous atypical work arrangements regulated by the Italian labour law by 2003; ii) quantifying the absolute and relative level of atypical jobs in the Italian labour market in 2001; and iii) describing their diffusion between 1996 and 2002. The work completed so far has been published at the international level, through an OECD Working Paper.

10. Within the framework of the LFS, in 2005 a task force coordinated by Eurostat will revise the current definition of the LFS module on atypical working hours and recommend ways to better harmonize the statistics.

Unregistered input of labour

11. Measurement of the non-observed economy and dissemination of labour input estimations, taking into account unregistered workers, is considered an important issue when aiming for exhaustive national accounts estimates. As an international good practice, ISTAT has regularly produced statistics on unregistered workers, and a data set on registered and unregistered FTEs 1980-2002 by occupational status; 30 economic activities of the Nace Rev. 1 classification is available on line.

ISSUES AND PROBLEMS (KEY NEW ISSUES, GAPS, PROBLEMS AND DEVELOPMENTS)

The definition of Labour Input in the National Accounts framework

12. There is a need for clarification of Chapter XVII of the SNA on labour input, mainly regarding the boundaries between employed and self-employed. The consistency between the ILO and SNA definition, as to whether the owners of unincorporated businesses should be treated as employees or employers, should also be examined.

13. In order to meet the needs of national accounts (to measure the labour input and GDP in a consistent way), all the economic activity sectors, both the employees and the self-employed, as well as the non-observed economy (NOE), should be covered. As to the NOE, the implementation of the guidelines set by the Handbook on Non-Observed Economy should be recommended.

14. For the purpose of building productivity indicators, the merely quantitative concept expressed by the total sum of the hours actually worked should be overcome by a labour input volume indicator considering the different quality of the work carried out.

Quality of work and decent work

15. In order to collect information on the quality of work, and to measure progress being made by countries towards decent work, a clear definition of conceptual frameworks and choice of indicators should be made, bearing in mind that cross-countries comparison should not be undertaken using a single synthetic indicator. Considering that “labour statistics be adequate for describing labour market conditions and identifying the underlying causal conditions in order to enable governments to have the information with which to intervene to improve conditions”, comparison on multiple indicators or dimensions of the concepts provides wider insight and more effective indications on policy actions necessary to improve unfair situations.

16. This statement is reinforced in view of the fact that the definition of the general framework is necessarily influenced by the social and economic context we have in mind. Therefore, trying to define and measure a concept which works for both developed and developing countries may be misleading. For instance, the general concept of decent work and some of its dimensions proposed so far (e.g. child labour, forced labour) are more relevant in developing countries than in developed ones, the concept of “quality of work” better suited to the latter. As a consequence, developing countries should steer statistics towards “decent work”, and developed countries towards “quality of work”. Nevertheless, the two concepts may share some dimensions and indicators, so that full (developed and developing) cross-country comparisons can be made on single dimensions or indicators.

17. The process of flexibilisation of labour markets, which has relevant effects on the quality of work, advances more quickly than statistic information. It is our opinion that a conceptual and methodological framework to monitor the impact of flexibility should be quickly developed. With this in mind, Italy has proposed a new classification of atypical employment arrangements. There is a need to develop international comparisons in this area, in order to test and further develop the Italian classification, to date used only to monitor the domestic cases. However, through the use of household surveys, attention should also be given to working time schedules, stability and security of work, balance between work and family life, underemployment seen as inadequate pay rate, time-related underemployment and over-education.

18. Measuring the quality of work and its dimensions should always include the subjective dimension. Flexibility is neither good or bad in itself; it must be judged in relation to its impact on individual life situations. For many aspects, the assessment of such an impact needs subjective information.

Household analysis

19. More relevance should be given among new issues to the household characteristics as context variables. Given their role of elementary social and economic unit, policy actions should not set aside family context. Consider for instance that the effects of unemployment are different for a person who lives in a household in which other members are employed compared to those affecting a person living in a jobless household. Another example is given by the impact of family responsibilities on labour market participation for the female component quoted above.

Labour cost

20. Different estimation procedures have been explored within labour costs statistics, as has the possibility of some confidential release of the production of a new employment index, referring to the number of regular dependent jobs in the industries already covered by the gross wages, non-wage labour costs and total labour cost quarterly indices. Equally important is the development, in connection to the results of the worked hours group, of the substitution of presently produced indices of wages and labour cost per full-time equivalent with per worked hour indices.

21. Another issue is the extension of the project industry coverage, in order to deliver more detailed information (up to the three-digit level) and to cover sections M, N and O of Nace classification (social and personal services).

Job vacancies

22. The consolidation of the production of quarterly estimates and of their statistical quality requires some further experimenting in the fine-tuning of the sampling strategy and the estimation procedure, which will be run in 2005. A further step forward is to test for the possibility to extend the coverage of the data in different directions:

- the regional detail, in order to match unemployment and vacancy information and derive indicators of regional labour market efficiency;
- the smaller firms, with five or less employees, in order to collect information on this very important segment of the Italian production system;
- the economic activity through coverage of personal and social services (sections M, N and O), as well as the government sector (section L).

Industrial relations and social dialogue

23. In the area of industrial relations and social dialogue, the development of more accurate indicators of the differences between contractual and gross wages is necessary. Such differences, that can be looked at in terms of wage gaps or wage drifts, are particularly important in an industrial relation system like the Italian one, where about 85 per cent of gross wages is determined centrally, through industry-wide contracts, while the remaining 15 per cent share is bargained locally. Further progress in the hours of strike statistics are expected through the quality assessment of the information gathered quarterly from 2004 by the small- and medium-sized enterprises, and through the integration of such information with that provided monthly by large firms, published monthly from 2004.

IMPORTANT ISSUES THAT SHOULD BE BROUGHT TO THE ATTENTION OF THE BUREAU AND/OR THE CONFERENCE

Integration of labour market statistical sources

24. Greater efforts should be made, at national as well as at international levels, towards the integration of labour market statistical sources which can increase coherence and completeness. In this context, efforts should be made to improve the reliability of the information on the number of employees and of hours worked gathered by means of the business surveys or administrative registers. Further improvement can be obtained if business surveys report annually both data on hours actually

worked and data on hours not worked but paid. Household surveys, on the other hand, should dedicate particular attention to the assessment of the reliability of the data on the economic activity of both employees and self-employed persons.

25. In order to develop comparisons, the application by all EU countries of the international conceptual framework that already exists and that is described in the System of National Accounts 1993 (SNA 93) as its European version (ESA 95) should be stressed.

Identification and dissemination of best practices

26. A good starting point in order to identify good practices on the measurement of various aspects related to labour conditions may be a reconnaissance of the statistics already available, in order to measure differences among countries and then work towards harmonization.

Updating the ILO resolution on working time (1962)

27. This action should be undertaken in order to ensure:

- a definition of working time broader than that of labour input for the purpose of SNA production boundaries, so as to cover wider labour market analysis needs (i.e. hours worked vs. not worked, paid vs. not paid);
- the best possible use of existing sources (enterprise surveys for hours paid and worked by regular wage earners, LFS for all the other subjects and working-time variables; administrative sources for contractual hours);
- the measurement of working time for different groups (in particular, full-timers vs. part-timers, agricultural workers, civil servants, own-account self-employed...);
- the clarification of measurement units (worked hours per job vs. per person);

28. Concerning the last issue mentioned above, a clear distinction of hours worked per job and hours worked per person is needed: due to multiple jobs and labour turnover, in fact the two variables do not coincide and, furthermore, the information on them is usually gathered by opposite sources (hours worked per job by business surveys, hours worked per person by household surveys) and is adequate for opposite purposes (measuring labour input, measuring labour market performance). Moreover, the comparison of the two variables can yield useful information on working time spent in the non-observed economy.

Job Vacancy Statistics

29. A particularly relevant policy objective in the area of labour market and employment is that of minimising the duration of unemployment spells and of the labour matching process. Many are the instruments through which such an objective can be pursued, but a relevant measure of the progress made can be obtained through a depiction of the relationship of unemployment to job vacancies. Progress in the distribution of relevant information (both to employers and to the unemployed), in the provision of training and other employability-enhancing services, as well as in the effectiveness of public and private employment services, can result in the reduction of vacancy-filling time and of unemployment spells, i.e. in the minimisation of the coexistence of job vacancies and unemployment. This is why the regular collection of statistical information on job vacancies has a high priority in the agenda of labour market analysts and policy-makers.

Development of an international guidelines

30. International guidelines should be developed to conduct regular surveys on social dialogue and to collect official information on unionisation to be compared at international level. Further to the membership numbers declared by major labour unions (which are very partial and often contested as inaccurate), only some experiments have been performed on the basis of establishment surveys

(businesses actually collect the dues from wages). These sources should provide more accurate information on financial membership, while household surveys could provide further information on members and their families; optimal frequency for the supply of this information should be annual. A working group of international experts with the task of preparing a background study for substantive treatment of the area of unionisation and social dialogue statistics during the next ICLS is welcome.

Development of activities in the field of legal and illegal foreign workers

31. Activities in the field of collection, processing and estimation of data on legal and illegal foreign workers should be developed. Recommendations on the organization of information exchange on the number of foreign workers between new EU members and countries already members of the EU should be developed. Improvements of methods to estimate the scale of labour migration, in particular the illegal ones, should be suggested. Of course, this work should be in line with the Regulation of the European Parliament and the Council on “Community statistics on international migration, citizenship, residence permits and asylum” advanced last year.

The production of gender-mainstreamed statistics

32. This has been recognised, at the 17th ICLS, as “*essential to properly design social protection programs that are not solely based on workers’ participation in paid work, ignoring time away from paid work to look after young children*” and “*useful to explain differences in labour market participation between countries, which tend to be due to differences in women’s labour force participation*”.

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