Explanatory notes on methodology

Links to international standard

The contents of main concepts used in the release are in full harmony with the definitions of indicators listed in the "Resolution concerning statistics of the economically active population, employment, unemployment and underemployment", adopted by the 13th International Conference of Labour Statisticians, October 1982. The resolution contains comprehensive definitions and recommendations of ILO to monitor labour market characteristics. Also other obligatory international standards, in particular more specifically focussed ILO resolutions and international classifications and nomenclatures related to labour market issues, have been taken into account in the survey.

Methodology of LFSS indicators

Based on the above-mentioned resolution of the ILO of October 1982, the population can be split, according to the relation to labour market, into basic categories. These are shown in the table below, which also indicates relative representation of individual groups in the Czech Republic (the 4th quarter of 2017).

Total population	Population aged 0-14	Economically not active		15.7 %
	Population aged 15 or more			33.4 %
		Economically active (labour force)	Employed in national economy	49.7 %
			Unemployed	1.2 %

The basic and key criterion for placing a respondent in a particular group is always **the respondent's actual activity in the labour market in a reference week** and not the respondent's usual status.

Definitions of individual LFSS indicators are only focussed on basic indicators which are connected with population aged over 15 (younger persons are always taken for economically not active). Important features quantified in relevant blocks of tables are monitored in each of the population groups mentioned above. The meaning of these specific indicators is not described for their extensiveness. It is either evident (the indicator is self-explanatory) or can be obtained from the CSO, if need be.

Activity status

The activity status refers to the basic division of population aged 15 and more by classification in labour market. The population is broken down into **economically active population** (i.e., **employed and unemployed**) and **economically not active population**.

Employment

The 15th International Conference of Labour Statisticians, 1993 adopted the revised International Classification of Status in Employment (ISCE-93). This classification created the fundamental terminology for particular groups of the employed. The ISCE-93 groups of employers and own-account workers roughly correspond to the LFSS groups of the self-employed with employees and the self-employed without employees, respectively.

As employed are considered all persons aged 15 or more who belonged to paid employed persons or were in own business during the reference week. It does not matter whether their working activity was of a permanent, temporary, seasonal or occasional character or if they held only first or second jobs. For the purposes of the Survey, the concept of work is used for **work taking at least one hour in the reference week**. Also apprentices who receive wage, salary or remuneration like other persons are considered as employed. The same holds good for students, housepersons and other respondents engaged above all in other than economic activities and were employed in the reference period. On the other hand, persons on additional child-care leave, whose status is of a different character according to the ILO methodology, are not automatically included in the group of employed. Crucial for the affiliation to industries is the economic activity of the workplace.

Employees are all persons with formal relationship to job regardless the fact if they really worked or not in the reference week. By the formal relationship to job primarily the employment is seen (in current legislative arrangement the employment contract, nomination or election), further the other contracts out of the regular employment, e.g. on limited number of hours and possibly the other contracts out of labour law are considered. According to ILO also armed forces (professionals and till the year 2004 conscripts on military service) are included among employees, this group is included to the total employment in national economy.

The **members of producer cooperatives** are included as employees from 2012.

Employed in own business are **employers** (self-employed with employees) and **own-account workers** (self-employed without employees). As employed in own business also the **contributing family members** are considered regardless the number of hours worked during the reference week.

Unemployment

The unemployed - comprise all persons aged 15+ who satisfied **all of the following three conditions** during the reference period:

- were **without work** - i.e., were in neither employment nor self-employment,

- were **actively seeking work**. The active form of seeking work includes registration with a labour office or private employment exchange, checking at work sites, farms, market or other assembly

places, placing or answering newspaper advertisements, taking steps to establish own business, applying for permits and licenses, or looking for a job in a different manner,

- were **currently available for work** - i.e., were available during the reference period for paid employment or self-employment immediately or within 14 days.

If the persons **fail to meet even one of the conditions** above, they are classified **as employed or economically not active.** The only exception are persons who do not seek work, because they have found it already, but their commencement of work is fixed for later (3 months at the latest). These persons are also classified to the unemployed by Eurostat definition.

It is necessary to distinguish unemployed as defined above from the job seekers registered by Labour Offices. This discrepancy between number of LFS unemployed and number of job applicants kept by the Ministry of Labour and Social Affairs has been appearing for a long time. Beside the different methodological definition of indicators, this fact is a consequence of other factors:

– The CZSO included the question on so called main status (means usual economic status) already in 1993. This question preceded the questions relating to reference week and thus influenced the answers of respondents on their real economic activity in reference period to some extent. Eurostat inserted the question on main status into its standard in 1998 as coming after the questions relating to the reference week. From 1 January 2002 the LFS questionnaire was fully harmonised with Eurostat´s standard including the order of asking the questions to the respondents. Now the priority is the question on **economic activity of respondent in the reference week**. If the respondent stated that **worked at least 1 hour** in the reference week, s/he is strictly classified as person in employment according to the ILO methodology. Unlike the structure of questionnaire valid until 2001, the current arrangement authorizes to the assumption that positive answer on employment in the reference week influences following answers on the questions on main status and especially the registration in Labour Offices to some extent.

Regarding the need of keeping the anonymous data and optionality of participation in the LFSS, the CZSO has no possibility to compare the surveyed data with other sources, e.g. with the evidence of Labour Offices. From the trend of difference between the number of persons registered by Labour Offices and the number of this persons measured by LFSS is possible to judge that influence of change in questionnaire content proved in reduction of the unemployed persons in LFSS in range form 30 to 50 thousand.

– Relatively higher **rate of nonresponse** is caused by high share of empty flats in sample and mainly categorical refusals of cooperation. It is possible to assume that social structure of households, which refused the cooperation, can partly differ from the structure of interviewed households and the group of unemployed who refuse to communicate can be over-represented among them.

Relative indicators

Methodological changes in the contents of activity status categories influence the value of relative indicators. With this in mind, one should view trends in individual relative indicators governed by comparable methodology. In the publication of time series the methodological differences were erased.

Unemployment rates are calculated as **the ratio of the unemployed** (numerator) **to total labour force** (denominator).

General unemployment rate (ILO) is an indicator derived from LFSS results in compliance with international definitions and recommendations. Both the numerator and the denominator use surveyed persons according to their place of stay.

Specific unemployment rates are indicators which describe unemployment in a certain social, age or other group of population.

Participation rate is calculated as the ratio of the employed and unemployed (labour force) to total population aged 15+.

Other special indicators

Labour force: all persons aged 15+ who satisfy the requirements for inclusion among the employed or the unemployed.

Population economically not active (persons not included in the labour force): all persons who were not employed during the reference period and who do not **fulfil three basic conditions of unemployment** defined by ILO. Economically not active population includes e.g. children in pre-school age, persons attending various educational institutes, normally retired persons, long-term disabled or invalid persons etc. It includes also applicants for employment registered in labour office but not able to start a job in 14 days. Further this group includes persons on parental leave, unless they meet conditions for being classified as employed or unemployed.