II. Notes on methodology

The content of the main terms used in the publication fully corresponds to the definitions of indicators in the regulation of the European Parliament and the Council (EU) and the implementing regulation of Eurostat, takes into account binding international standards, especially the more narrowly oriented resolutions of the ILO - International Labor Organization. The investigation also takes into account other binding international standards of international organizations dealing with this issue, as well as international classifications and codes related to the issue of the labor market. In this way, prerequisites are created for comparing the situation on the labor market in the Czech Republic with developed economies based on the principle of the same methodological approach.

The definition of the LFSS concepts is focused on basic indicators only. The meaning of specific indicators is either apparent or available at the CZSO.

II. A. *Economic activity status*

The economic activity status refers to the basic division of the population aged 15 and over into working and post-working age by position in the labour market. This population is split into **economically active population** (**employed** and **unemployed**) and **economically inactive population**.

II. B. *Employment*

The 15th International Conference of Labour Statisticians in 1993 adopted the revised International Classification of Status in Employment (ICSE-93), which established the basic terminology for the groups of the employed. The LFSS equivalents of ICSE-93 group of employers and group of own-account workers are group of the self-employed with employees and group of the self-employed without employees, respectively.

1.   **The employed** are all persons aged 15 and over classified to the following categories in the reference week:

1.1.   **The paid employed** that are divided into the following groups:

1.1.1. "**At work**". These are persons who executed any work in the reference week and were paid wage or salary in cash or in kind. It does not matter whether their working activity was on permanent, temporary, seasonal or occasional basis or whether they were first job holders or multiple job holders.

1.1.2. "**In work but not at work**". These are persons who already worked in their current employment but were temporarily absent from work in the reference week (due to leave, working time arrangements, sick leave, maternity or paternity leave, job-related training) and had a formal job attachment. A formal job attachment mostly refers to a signed work contract, appointment or election, further work execution agreement and working activity agreement or, as the case may be, other contractual relations outside the labour legislation (e.g. royalty contracts).

1.2.   **The employed in own enterprise** who are divided into the following groups:

1.2.1. "**At work**". These are persons who executed any work in the reference week to gain a profit or family income, regardless whether in cash or in kind.

1.2.2. "**In enterprise but not at work**". These are persons who own an enterprise and were temporarily absent from work in the reference week for one reason or another.

For the purposes of the LFSS, 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 for **students, horsepersons and other persons** engaged above all in other than economic activities and, on top of that, **employed in the reference period**.

On the other hand, **persons on parental leave** whose status is of a different nature according to the ILO methodology, **are not automatically included** in the group of the employed. Since 2021, employees who have been **temporarily absent from work for other reasons** (personal, family, other) for **more than 3 months** are not counted among the employed.

Employees are persons with formal job attachment regardless if they actually worked or not in the reference week. The ILO classifies also regular members of the armed forces among employees. The members of the armed forces are encompassed in total employment; data for these persons can be seen in Annex Tables II. (Employment in the national economy).

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

Employers and own-account workers are considered to be employed in their own enterprise. Also **family workers** are regarded as employed in own enterprise, regardless of hours worked in the reference week.

II. C.   *Unemployment*

1.   **The unemployed** comprises all persons aged 15 and over who satisfied **all of the following three conditions** during the reference period:

  *   were not employed,

  *   have been actively looking for work in the last 4 weeks (through employment offices, throughprivate employment agencies, directly in companies, through relatives and acquaintances, using advertising, taking steps to start their own business, placing or updating CVs online),

  *   were currently available for work - i.e., available for paid employment or self-employment within 14 days.

       Unless the persons **meet at least one of the three conditions** above, they are classified **as employed or economically inactive.** The only exception there are persons who do not seek a job because they have found it already but their work will commence later (not later than 3 months). According to Eurostat definition, these persons are also classified as unemployed

1.1.   **The unemployed, registered** - persons in unemployment who use services of professional agencies, either public (labour offices) or private (employment exchanges), to actively seek a job.

1.1.1. **The unemployed registered by labour offices** - persons in unemployment who meet the general conditions of unemployment, who are actively looking for employment through professional organizations, whether public (labor offices) or private (employment agencies).

1.2. **The unemployed, not registered** - persons in unemployment who meet the general conditions of being classified as unemployed and actively seek a job in a different way than through employment agencies (in the Czech Republic through labour offices).

II. D. *Relative indicators*

Methodological changes in the contents of individual categories of economic activity status influence the values of relative indicators. In this respect, we should always view the trends of individual relative indicators according to a comparable methodology.

1.1. **Unemployment rates** are calculated as **the ratio of the unemployed** (numerator) **to total labour force** (denominator). The difference between various unemployment rates depends on methodology used to determine the numerator and denominator and also in the accuracy of data sources and temporal comparability of the two figures. For it is predominantly the methodology that is of a key affect on the size of the rate, we have always to know well the indicator.

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

> *Numerator:* the unemployed as defined by ILO
> *Denominator:* labour force as defined by ILO

1.1.2. **Long-term unemployment rate (ILO)** is an indicator calculated from LFSS results in compliance with definition of Eurostat. Both numerator and denominator use surveyed persons according to their place of stay.

> *Numerator:* persons unemployed for more than a year as defined by ILO
> *Denominator:* labour force as defined by ILO

1.1.3. **Specific unemployment rates** are indicators describing unemployment in a certain social, age or other group of population.

> *Numerator:* all unemployed persons classified to a given group of population.
> *Denominator:* labour force (the employed and the unemployed) classified to the respective group of population.

1.2. **Participation rate** is the ratio of the employed plus the unemployed (labour force) to all persons aged 15 and over.

1.3. **Employment rate** is the ratio of the employed to all persons aged 15 and over.

Note:

Till the end of 2012 Ministry of Labour and Social Affairs (MLSA) published the registered unemployment rate, which the construction based on the available sources of labor offices and government statistics:

Numerator: only the number of **"available unemployed job applicants"** is included. It covers all job applicants under Act No. 435/2004 (the Employment Act), S. 24, who are available for work immediately.

Denominator*:* **number of employed by LFSS + number of foreign workers** as registered by the MLSA and Ministry of Industry and Trade (MIT) + **number of available unemployed job applicants** (all annual moving averages).

From November 2012 the MLSA began to publish a new monthly indicator of **the proportion of unemployed persons**, which is the ratio of unemployed job applicants aged 15 to 64 years of total population of the same age. The indicator replaces the previously released the registered unemployment rate, which compared all available job seekers only to economically active persons. Since January 2013, data are published only by the new calculation.

Numerator: only the number of **"available unemployed job applicants" aged 15–64** is included. It covers all job applicants under Act No. 435/2004 (the Employment Act), S. 24, who are available for work immediately.

Denominator*:* **the total number of population aged 15–64**

II. E.   *Other indicators*

1.1.   **Total labour force**: all persons aged 15 and over that meet the conditions for being classified as employed in the national economy or unemployed.

1.2.   **Economically inactive population** (persons not included in the labour force): all persons who were not employed during the reference period and are not currently economically active (e.g., children of pre-school age, persons attending various educational and training institutions, old-age pensioners, the disabled or persons of bad health for a long period of time). It is typical of such persons that **they do not meet the three basic conditions for being classified as unemployed**. For example, this category includes job applicants registered by the labour offices but not available for work within 14 days (e.g., because they are receiving a re-training course). Unlike the data given previously, economically inactive population also includes persons on parental leave, unless they meet conditions for being classified as employed or unemployed.

1.3.   **The underemployed:** all persons in paid employment or self-employment, whether at work or not, working part-time or less than 40 hours a week in their first job and wishing to work more hours than they do in the current job.

II. F. *Comparability with the results disseminated by Eurostat*

The EU member states regularly provide Eurostat with anonymised quarterly microdata coming from the national surveys. EFTA countries send such microdata too: Switzerland, Norway, Iceland and EU candidate countries. Microdata enable to build the contents of basic indicators and derived rates which may differ from the long-term practice established in individual countries; there may also be differences in the contents of indicators defined in individual thematic groups in the disseminating system of Eurostat. The EU Member States are obliged to send microdata to Eurostat in due time after the end of the quarter. Eurostat continually revised its information system and focuses on disseminating comparable data on the trends of economic activity, employment and unemployment in all EU member states. The dissemination is especially in a quarterly and annual basis. Besides of it, Eurostat's Database is available that provides sizeable datasets focused again on the comparability of Labour Force Survey results for all EU member states.

The Eurostat's Database includes:

a)   Structural indicators, i.e. yearly averages for EU countries of selected indicators produced by the Labour Force Surveys (LFS), the Czech version of which is the Labour Force Sample Survey (LFSS):

- Employment growth
- Employment rate
- Elderly employment rate (age group 55–64)
- Average age of retirement
- Life-long learning
- Unemployment rate
- Level of education of young people (age group 20–24)
- Variability of regional employment rates
- Early school leavers
- Long-term unemployment rate
- Number of persons in households where no one works

b)   Quarterly data

Indicators available for the Czech Republic in the regular LFSS quarterly publication.

c)   Monthly data

Eurostat's Multimedia Database includes monthly estimate of monthly unemployment rate for each EU member state. Eurostat estimate monthly unemployment rates for individual EU member states in its database. The way the data for each month, as well as provisional numbers (for the period when the LFS data are not yet available) are calculated, subject to availability and specific characteristics of available resources in the various member states. In the Czech Republic seasonally adjusted data are available directly from the LFSS.

When assessing data from various sources of Eurostat and also within individual titles disseminated by Eurostat, we have to take into account that the contents of indicators may differ in some details from the contents generally perceived by the reader. For example, Eurostat through its information system disseminates numbers of the employed in the age group 15–64 and not in the age group 15 and over, which is a usual practice in the CZSO quarterly publication. Similarly, Eurostat disseminates unemployment rates for the age group 15–74. When comparing Eurostat and CZSO data, we need to take into account the methodological notes, especially in making comparisons of employment rates, unemployment rates and participation rates. Discrepancies occur also in the calculation of annual averages; as annual averages are not available for all EU member states, Eurostat uses data for Q2 in some cases for the sake of comparability.

For information, the estimate of the Eurostat's harmonised unemployment rate for March 2023 is given below. The Czech Republic had the lowest unemployment rate of all 27 EU member states. Poland, Germany and Malta followed with low unemployment. Unemployment was highest in Spain and Greece. Unemployment was also high in Italy, Lithuania and Sweden.Unemployment was higher in our neighbouring countries, especially in Slovakia and Austria.

Eurostat's harmonised monthly unemployment rate - estimates for EU countries (March 2023)[1]

%

Country	Unemployment rate	Country	Unemployment rate
EU27 (from 2020)	6,0	Latvia	5,9
Belgium	5,6	Lithuania	7,6
Bulgaria	4,0	Luxembourg	4,9
Czech Republic	2,6	Hungary	3,9
Denmark	4,6	Malta	2,9
Germany	2,9	Netherlands	3,5
Estonia	5,9	Austria	4,5
Ireland	4,0	Poland	2,7
Greece	11,1	Portugal	7,0
Spain	12,8	Romania	5,5
France	7,0	Slovenia	3,6
Croatia	6,5	Slovakia	6,1
Italy	7,9	Finland	6,6
Cyprus	5,7	Sweden	7,2

[1] General unemployment rate for the age group 15–74
Source: Eurostat (updated 02/06/2023)
Note: Seasonally adjusted data.

The above data for EU countries are available in Eurostat's database:

http://ec.europa.eu/eurostat/en/data/database

***Tables by themes** –> Population and social conditions –> Labour market –> Employment and unemployment (Labour Force Survey) –> LFS main indicators –> Unemployment - LFS adjusted series –> Harmonised unemployment rate by sex (teilm020)*