II. Notes on methodology

The main concepts used in this publication are in harmony with the definitions of indicators set out in the "Resolution concerning statistics on economically active population, employment, unemployment and underemployment", adopted by the 13th International Conference of Labour Statisticians in October 1982. The resolution presents comprehensive ILO definitions and recommendations how to observe the above indicators. The LFSS also takes into accounts other obligatory international standards, in particular more narrowly focused ILO resolutions and international classifications and nomenclatures relating to labour market issues.

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.

The data on **total (general) employment** (employment in national economy) and **employment in civil sector** are split in the publication. The latter does not include regular members of the armed forces.

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 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.

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 classified as an independent category. In conformance with ILO recommendation and for the needs of international comparisons, these persons are put together with the group of employees.

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,

   * were actively seeking a job. The active form of seeking a job includes registration with the labour office or private employment exchange, seeking a job direct in enterprises, placing or answering advertisements, taking steps to establish own business, applying for permit to work or license, or other ways of seeking a job,

   * 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 are persons who do not seek a job because they have found it already and their work will commence not later than within 14 days. 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 being classified as unemployed and actively seek a job through the labour office irrespective of whether or not they are on unemployment benefit before the commencement of work.

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 Q2 2004 the Ministry of Labour and Social Affairs (MLSA) published **registered unemployment rates according to so-called "old methodology"**. Its calculation is based on available sources of the labour offices and the Czech Statistical Office, which are:

Numerator: **accurate records of job applicants** kept by labour office in the district where the job applicant is permanently residing.

Denominator: **all first job holders in the national economy** as measured by the LFSS (moving average of last four quarters) **plus the number of job applicants registered by labour offices** (moving average of last 12 months).

In Q3 2004 the MLSA made a **methodological adjustment concerning different inclusion of certain groups in both numerator and denominator**.

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).

II. E. *Other indicators*

1.1. **Labour force**: all persons aged 15 and over who meet the conditions for being classified as employed or unemployed. **Total labour force** (the employed in the national economy + the unemployed) and civil labour force (persons employed in the civil sector + the unemployed) are distinguished.

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 within 90 days after end of the quarter. In 2003 Eurostat substantially revised its information system and focused 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, using the Statistics In Focus edition (SIF). Besides the SIF, Eurostat's Multimedia Database is available that provides sizeable datasets focused again on the comparability of Labour Force Survey results for all EU member states.

The Multimedia 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 predictions

Eurostat's Multimedia Database includes monthly predictions of monthly unemployment rate for each EU member state. The predictions are based on available data on numbers of registered jobseekers which are revised back to comply with quarterly LFS results.

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.

As a guidance, the harmonised unemployment rate estimates of Eurostat for January 2009 are given below. In December the unemployment rate in the Czech Republic was below the EU27 average and

below the EU15 average. The highest unemployment rate was in Spain and a significant increase of unemployment was reported for Baltic countries.

Eurostat's monthly unemployment rate estimates for EU countries (January 2009)[1)]

%

Country	Unemployment rate	Country	Unemployment rate
EU – 27	**7.6**	Lithuania	9.8
Belgium	7.2	Luxembourg	5.1
Bulgaria	5.3	Hungary	8.6
Czech Republic	**5.0**	Malta	6.0
Denmark	4.3	Netherlands	2.8
Germany	7.3	Austria	4.0
Estonia	8.6	Poland	6.7
Greece	7.5 (September 2008)	Portugal	8.1
Spain	14.8	Romania	5.8 (September 2008)
France	8.3	Slovakia	9.8
Ireland	8.8	Slovenia	4.9
Italy	6.7 (September 2008)	Finland	6.6
Cyprus	4.3	Sweden	7.4
Latvia	12.3	United Kingdom	6.2 (November 2008)

1) General unemployment rate for the age group 15-74

Source: Eurostat

Note: Seasonally adjusted data

The above data for EU countries are available in Eurostat's database. This database is best available over the CZSO website (English version): International Comparison, EU – European data (ESDS) – General Database. The user may select the output criteria such as age group, gender, educational attainment, country, CZ-NACE activity, etc.