

Labour Force, Economically Active Population, Workers And The Unemployed

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Different Aspects of Employment

As Amartya Sen argues employment has several different aspects and dimensions. He highlights three:

- **The income aspect:** employment gives income to the employed.
- **The production aspect:** employment yields an output.
- **The recognition aspect:** employment gives a person the recognition of being engaged in something worth his or her while.

Four Possibilities

Labour force implies some attachment to, or desire for, work.
The four main possibilities in terms of time spent are:

1. Currently working (W); either currently (i) at work (W-AW) or (ii) currently not at work (W-NAW)
2. Not working, but seeking and/or available for work (NW-UE);
3. Not working and not seeking or available for work (OLF);
4. Currently working but seeking and/or available for additional work (W-UUE)

- **What is being in the labour force mean?**
- **What is the reference period?**
- **Is everyone who works a working member of the labour force?**

The ICLS definition:

The 13th International Conference of Labour Statisticians (ICLS) adopted the following definition:

..the economically active population comprises of all persons of either sex who furnish the supply of labour for the production of goods and services, as defined by the UN systems of national accounts and balances, during a specified reference period.

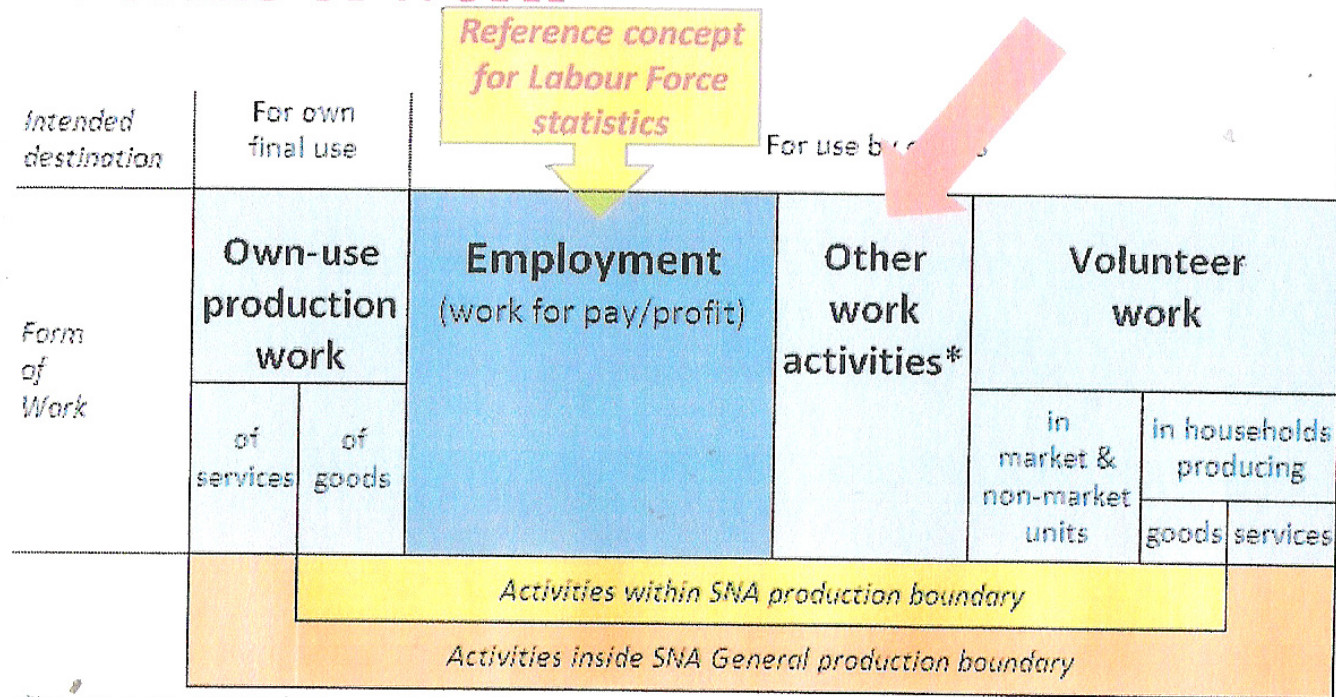
The ICLS

The ICLS includes three groups of activities, whether destined for the market or for own final use.

1. The production of all collective and individual goods and services that are supplied to units other than their producers, or intended to be so supplied, including the production of goods and services used up in the process of producing such goods and services (intermediate inputs).
2. The production of all goods that are retained by their producers for their own final consumption or gross fixed capital formation.
3. The production of housing services for own final consumption by owner occupiers and of domestic and personal services produced by employing paid domestic staff.

The Production Boundary

Forms of work



- Mutually exclusive classification of productive (work) activities
- During a given period, persons may engage in several Forms of Work

What is status (or employment status)?

- In South Asia, apart from employers and employees, we need to consider self-supporting persons and unpaid family workers as they are important components of the employed population.
- The employers and their employees work in the conventionally understood labour market where the wages and terms of employment of the latter are determined.
- Own account or independent workers are remunerated by the product market and what they receive is a mixed payment covering wages, profits and other costs of production.
- Unpaid family workers work for another family member or in the family enterprise and are not explicitly paid in cash.
- More formal definitions are given in the hand-out.

Other Important Characteristics

- **What are other important classificatory characteristics of members of the labour force?** One can think of many of those characteristics which determine their behaviour in the labour market.
- **These include, age, sex, rural-urban residence, marital status (in the case of women), education, and income.**
- **Principal and secondary status**
- **Clarification: Persons vs. person-days or person-years.**
- The set of official definitions of the labour force used in India is given in the hand-out.

Labour Force Projections

- Focus on usual activity status (or in the case of many countries where this is not available, weekly status).
- Assume that projections of the population by age, sex and rural-urban residence already exist.
- If we have the set of specific age-sex-residence specific labour force participation rates for each projected year, then using the corresponding population projection, the labour force for each projected year is easily estimated.
- We can make labour force projections provided we can fill all the age-sex-residence cells for all the years and as long as we have the required set of population projections,

Some Additional Points

- The question is: do we take specific rates as unchanging over time?
- No. Based on the time trend of each of these rates over the past and /or on assumptions about their future path, changes can be made.
- We can make alternative labour force projections based on alternative population projections and alternative assumptions about future specific LFPRs.

Some Additional Points (2)

- We can distinguish between the “population effect” and the “participation effect.”
- PoE is where we keep the specific LFPRs constant and see what happens to the growth of the total labour force. In this case the effect is due to population growth and age composition.
- Alternatively, keep the age-sex-residence structure constant and apply specific LFPRs. In this case (PaE) the effect is due to changing specific LFPRs and population growth without any change in age composition.

Wrap Up

- We can therefore use crude participation rates ignoring changes in age-sex-residence composition

OR

- We can use standardized participation rates with either the population composition or the set of participation rates kept constant.
- If we have the required data on population and participation rates by age group, we can freeze age composition to see how much of the change was due to participation and we can freeze participation and see how much was due to age structure changes.

THANK YOU