



What harmonised and register unemployment rates do not tell

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- What should and what do conventional statistics measure?
- How to explain differences in RU and LFS-U across countries?
- „Hidden“ facts in measuring long-term unemployment
- Conclusions

What should unemployment figures tell us?

- Entire job deficit in the economy?
- Lack of work providing a living wage?
- Jobless people actively seeking for work?
- How many people actually have an employment problem?

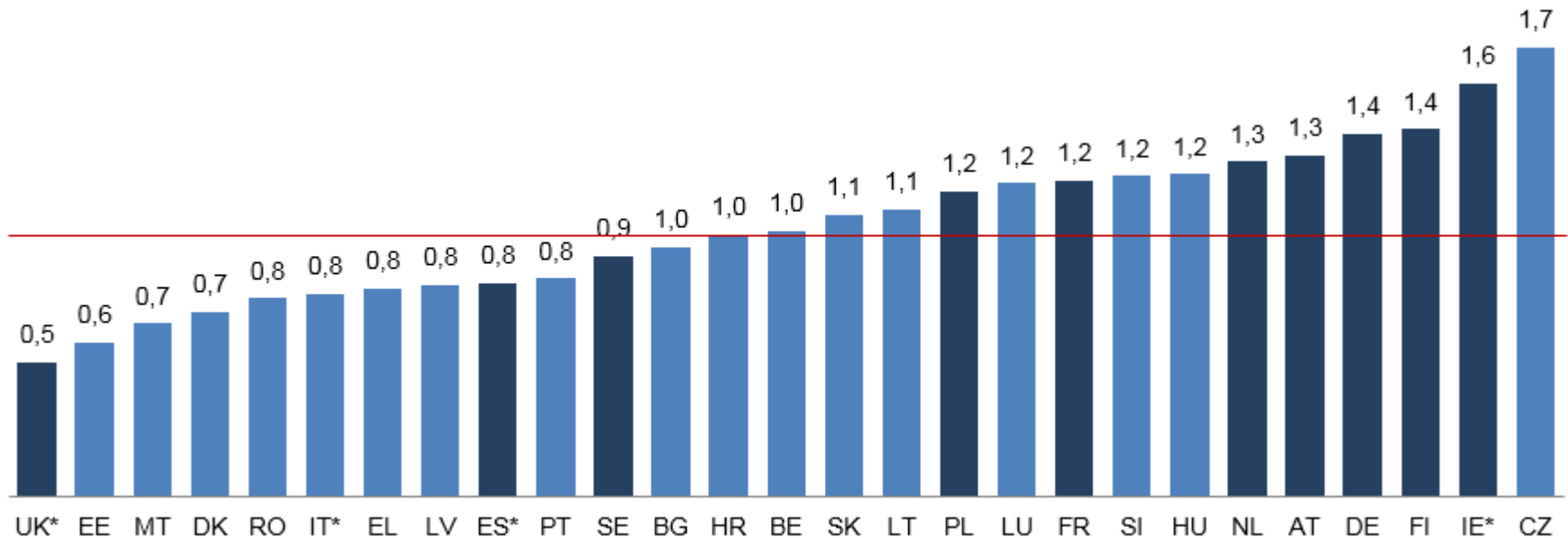
What do RU and LFS statistics measure?

Similar criteria but diverging operationalisation

	RU	LFS
...to be without work	DE < 15 hs AT: Income threshold NL < 12 hs FI < 4 hs	< 1 hs
...to seek “actively”	To register with the PES More active forms of job search (IAPs, regular job interviews; defined search requirements) differ across countries	De facto job search: list of options
To be available	„immediately“	To start working within the next 2 weeks

How to explain differences in the relation between RU and LFS-U across countries?

Relation registered unemployed / LFS-unemployed 2014

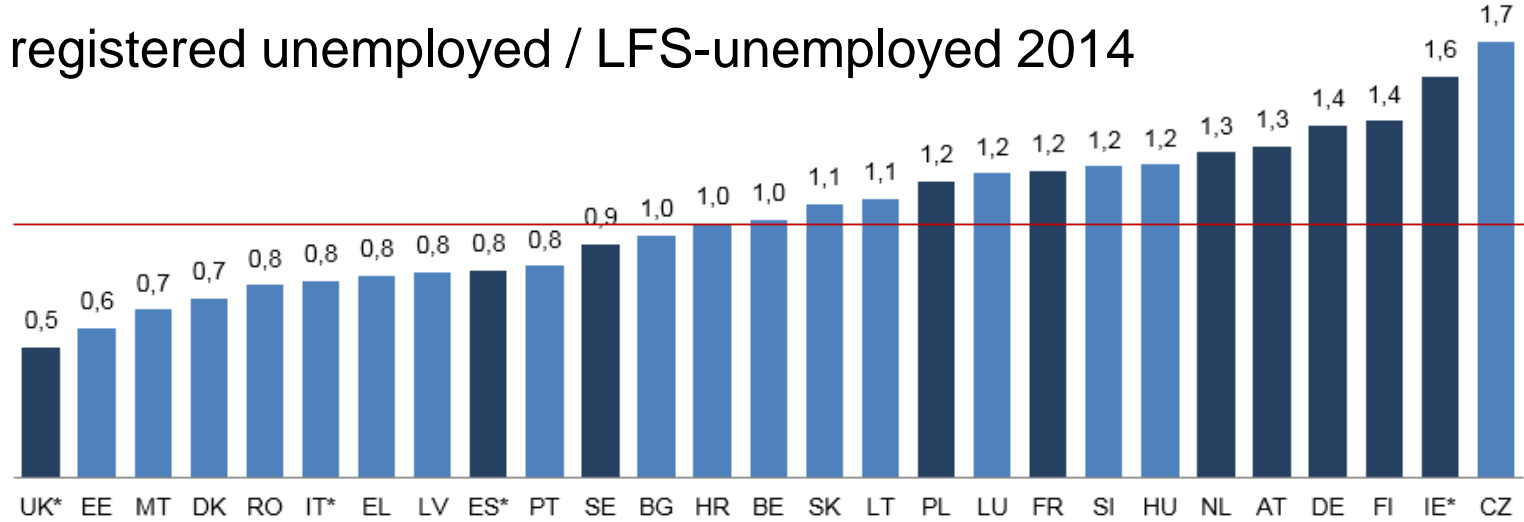


Source: Eurostat, national statistics (UK, IT, ES, IE)

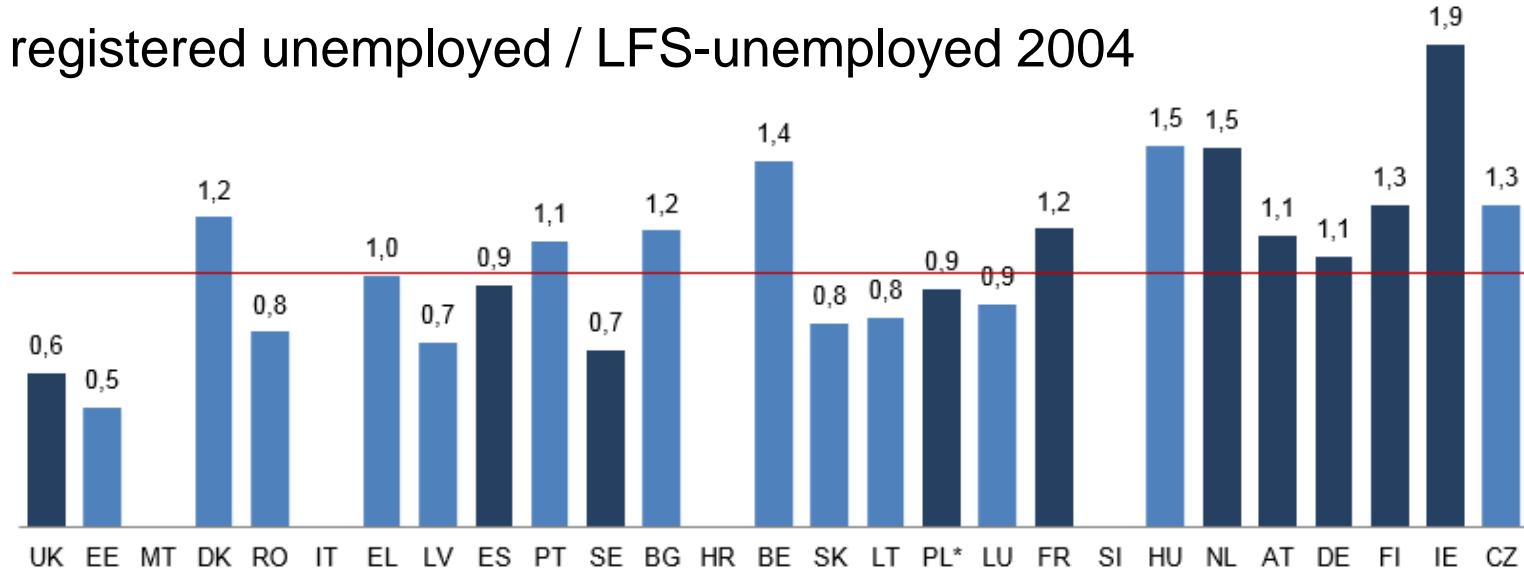
... and changes over time ?



Relation registered unemployed / LFS-unemployed 2014



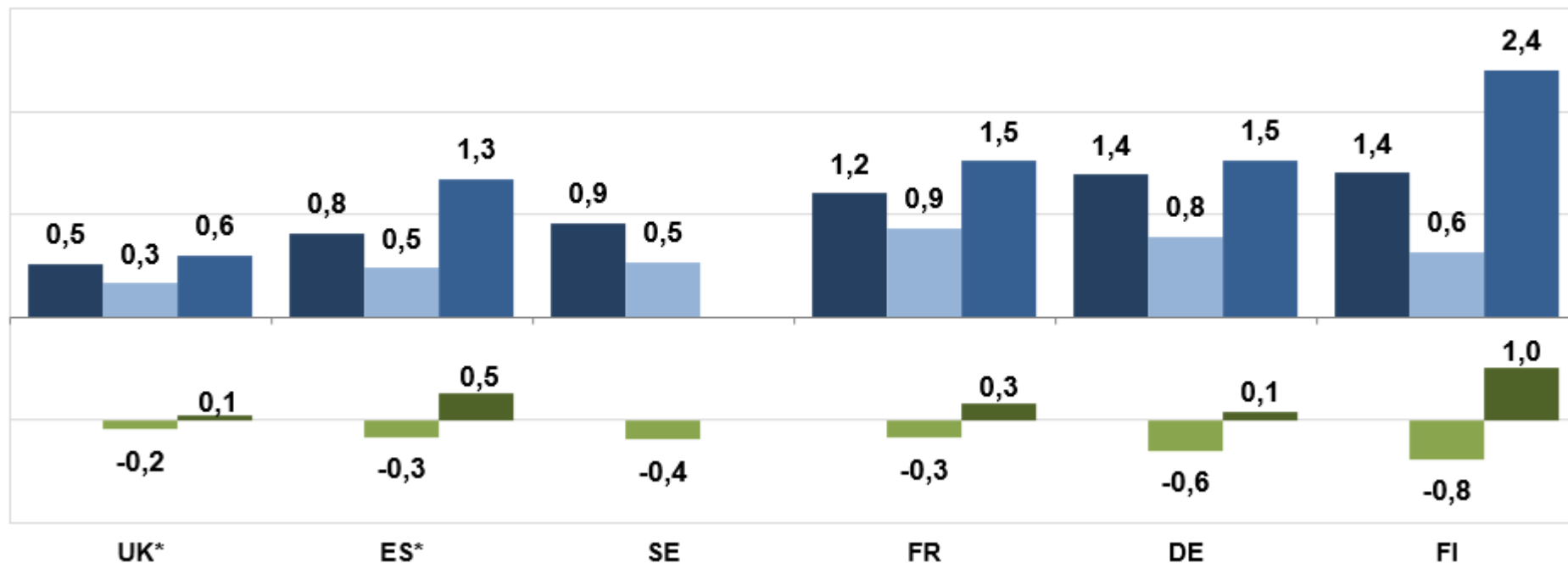
Relation registered unemployed / LFS-unemployed 2004



Source: Eurostat, national statistics (UK, IT, ES, IE)

Common features across countries

Relation registered unemployed / LFS-unemployed for age groups



- Total
- Age group < 25 years
- Age group 55 years and older

- Relation for age group < 25 years - relation total
- Relation for age group 55 years and older - relation total

Graph DE 55+

Source: Eurostat, national statistics

Common features across countries

- Younger age groups (15-24): LFS unemployment $>$ RU
 - Students looking for a job
 - Not eligible for unemployment benefits
- Older age groups (55+): RU $>$ LFS unemployment
 - Relaxed obligations to seek work
 - Receipt of unemployment benefits or early retirement pension

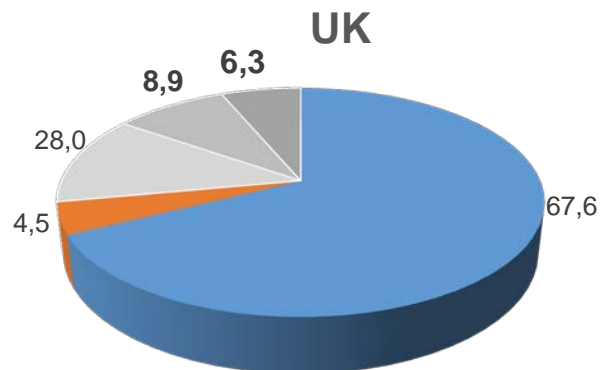
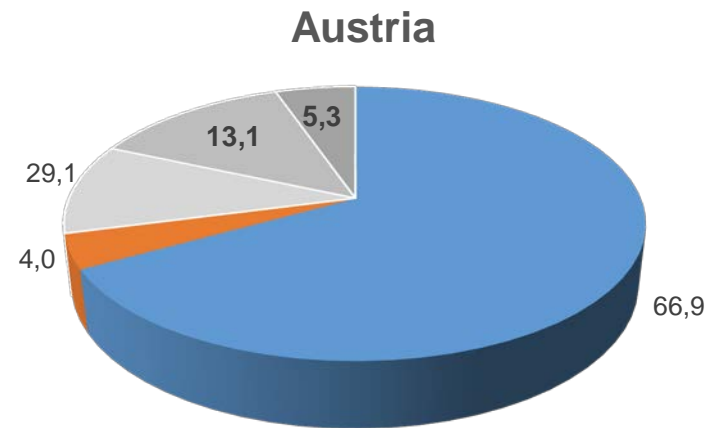
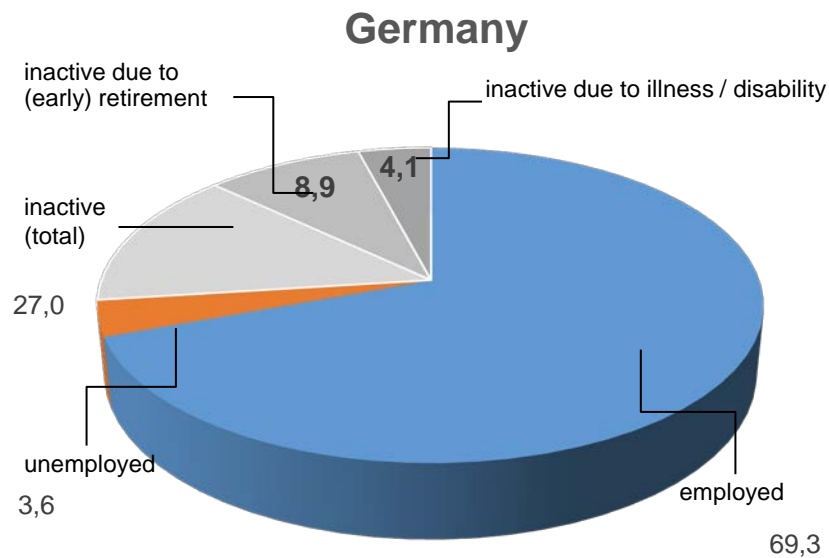
Main reasons for RU/LFS–U differences

- ALMP participation usually break unemployment spells in RU statistics, but not necessarily in LFS statistics
- But: Individuals in subsidized employment are usually counted as employed in the LFS
- Changes over time mainly due to
 - Increase / decrease of ALMP
 - Institutional regulations; e.g. use of disability/ early retirement as exit routes out of labour force
 - activation; e.g. abolition of existing exemptions from active job search for older unemployed

Treatment of
breaks

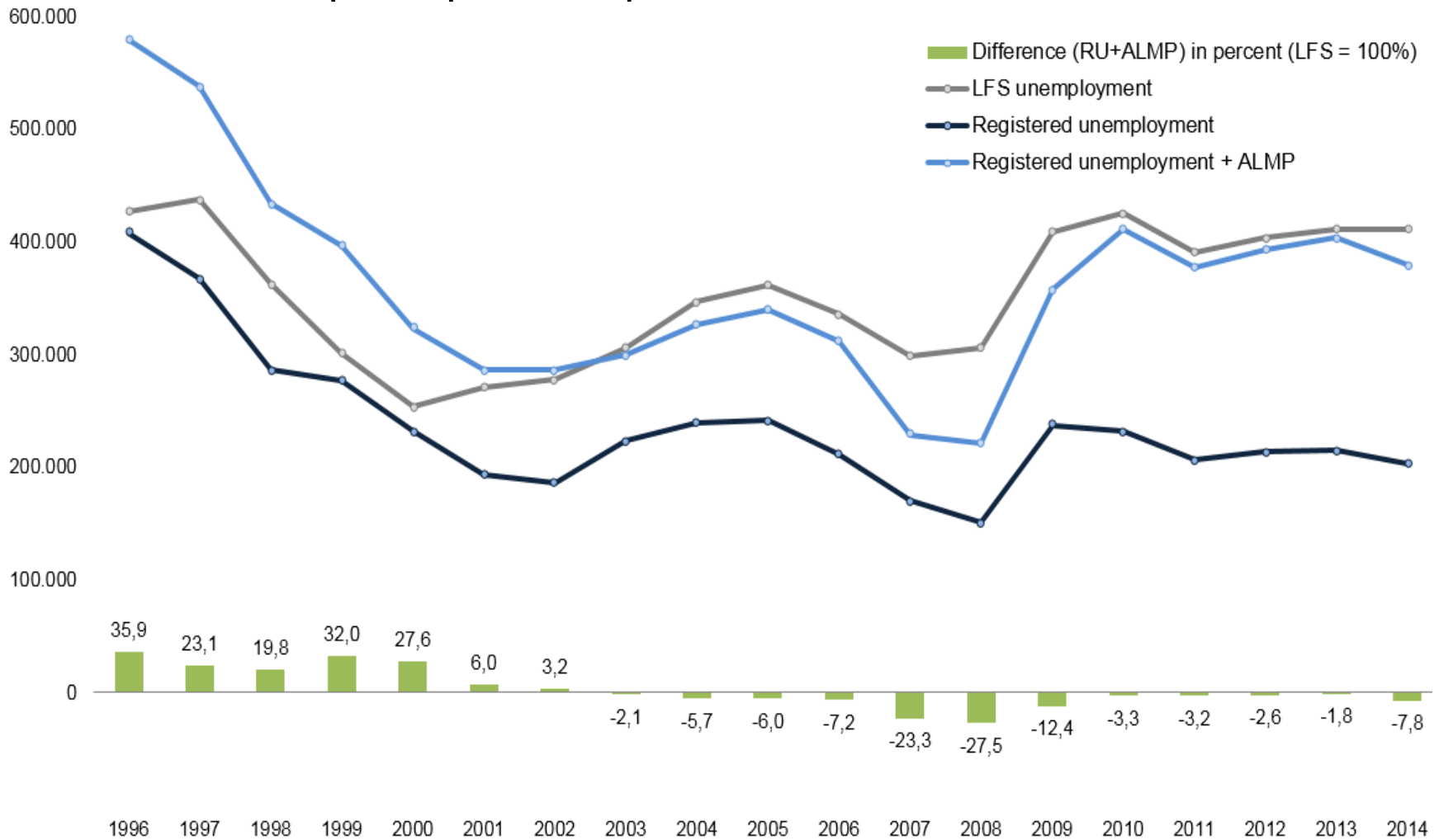
Country-specific regulations influence response behaviour in “harmonised” labour force surveys

Labour market status of working age population 15-64 in %



ALMP = main reason for differences in the relation between RU and LFS-U

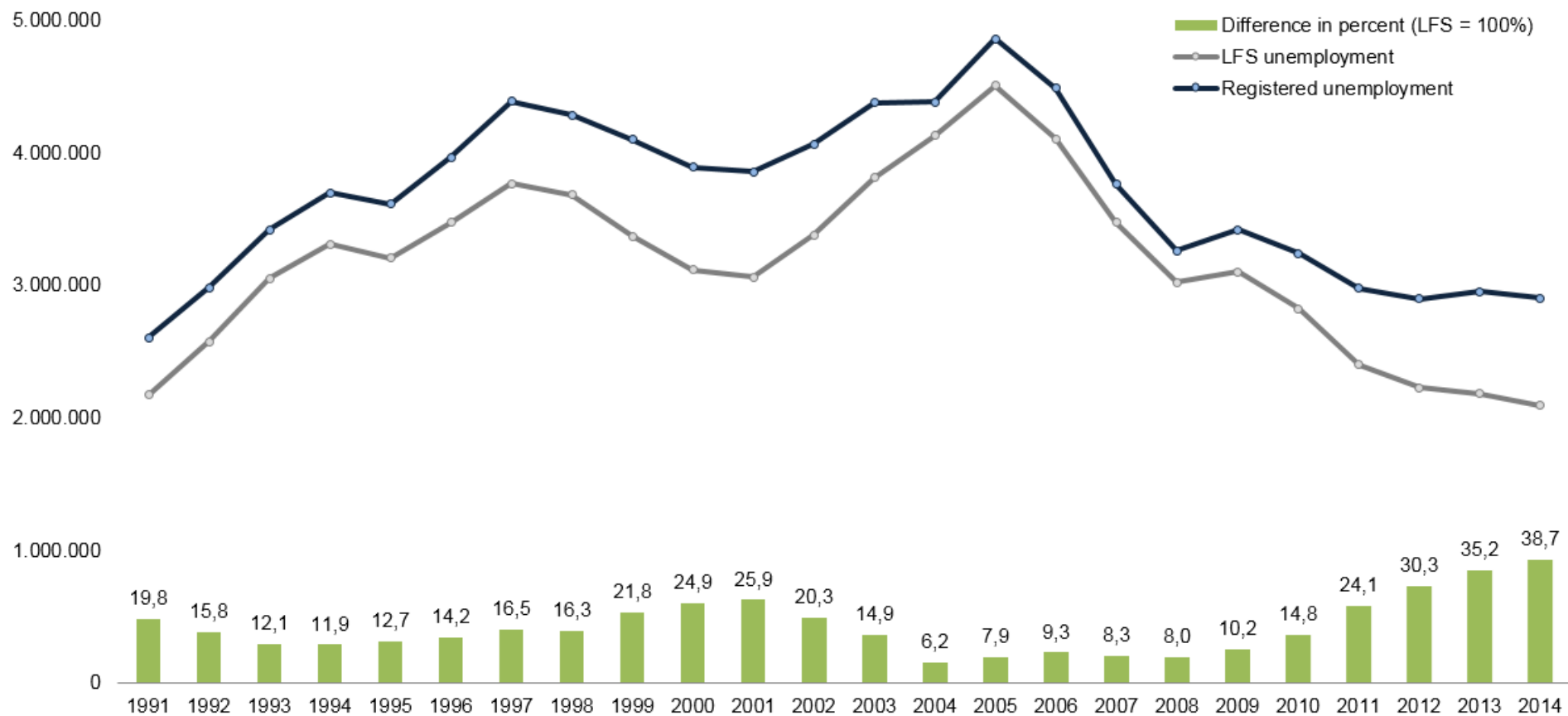
Sweden: ALMP participation explains low RU



Source: Eurostat, AMS Sweden

Activation requirements change RU/LFS-U relation over time

Germany: Stricter job search requirements



Graph 55+

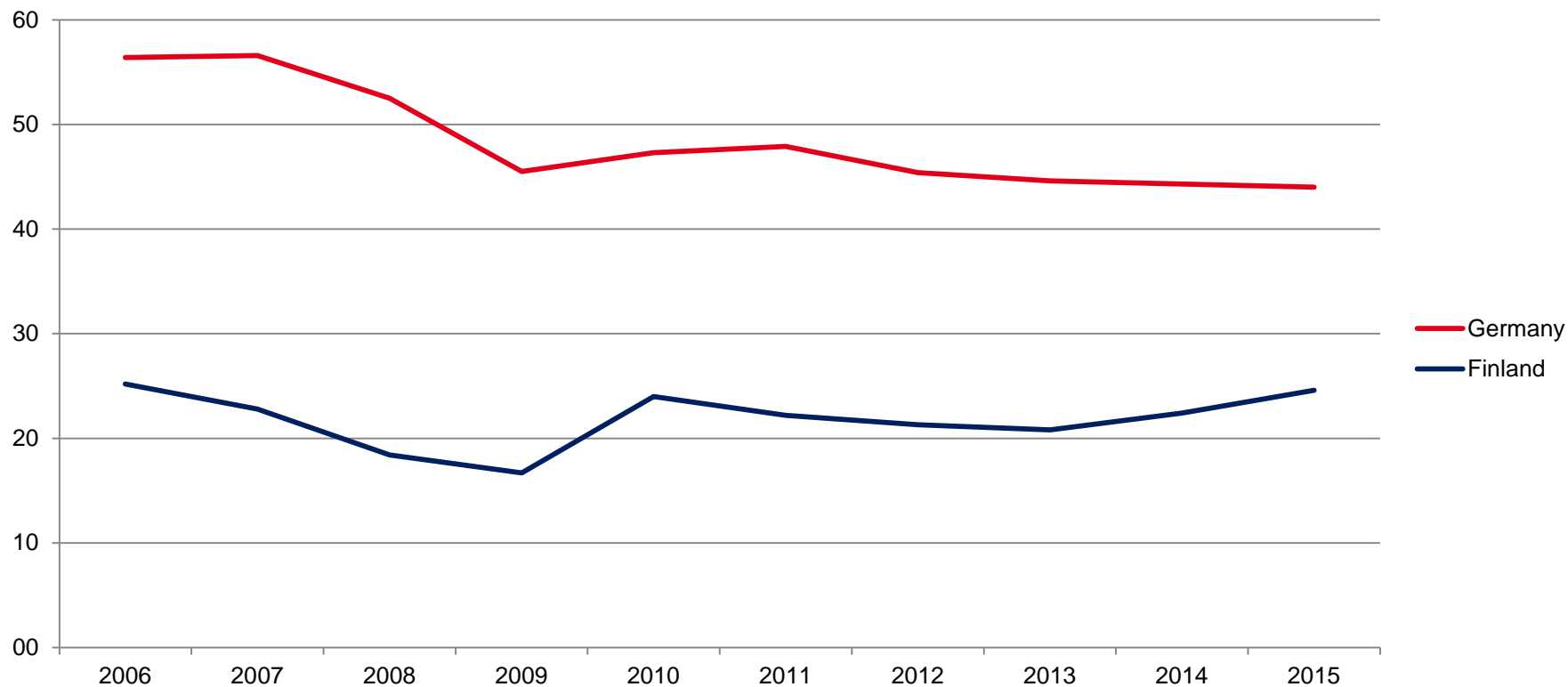
Source: Eurostat, Statistik der Bundesagentur für Arbeit

“Hidden” facts in measuring long-term unemployment

- Official long-term unemployment = 12 months ***continuously*** unemployed
- But unemployment spells are often interrupted and continue without proper regular employment between unemployment spells
- Both statistics do not adequately reveal long-term exclusion from regular employment
- Measuring the sum of individual unemployment spells in a longer period (chronic unemployment) shows a distinct picture

Finland and Germany compared: Consistently large differences in LTU rates (LFS)

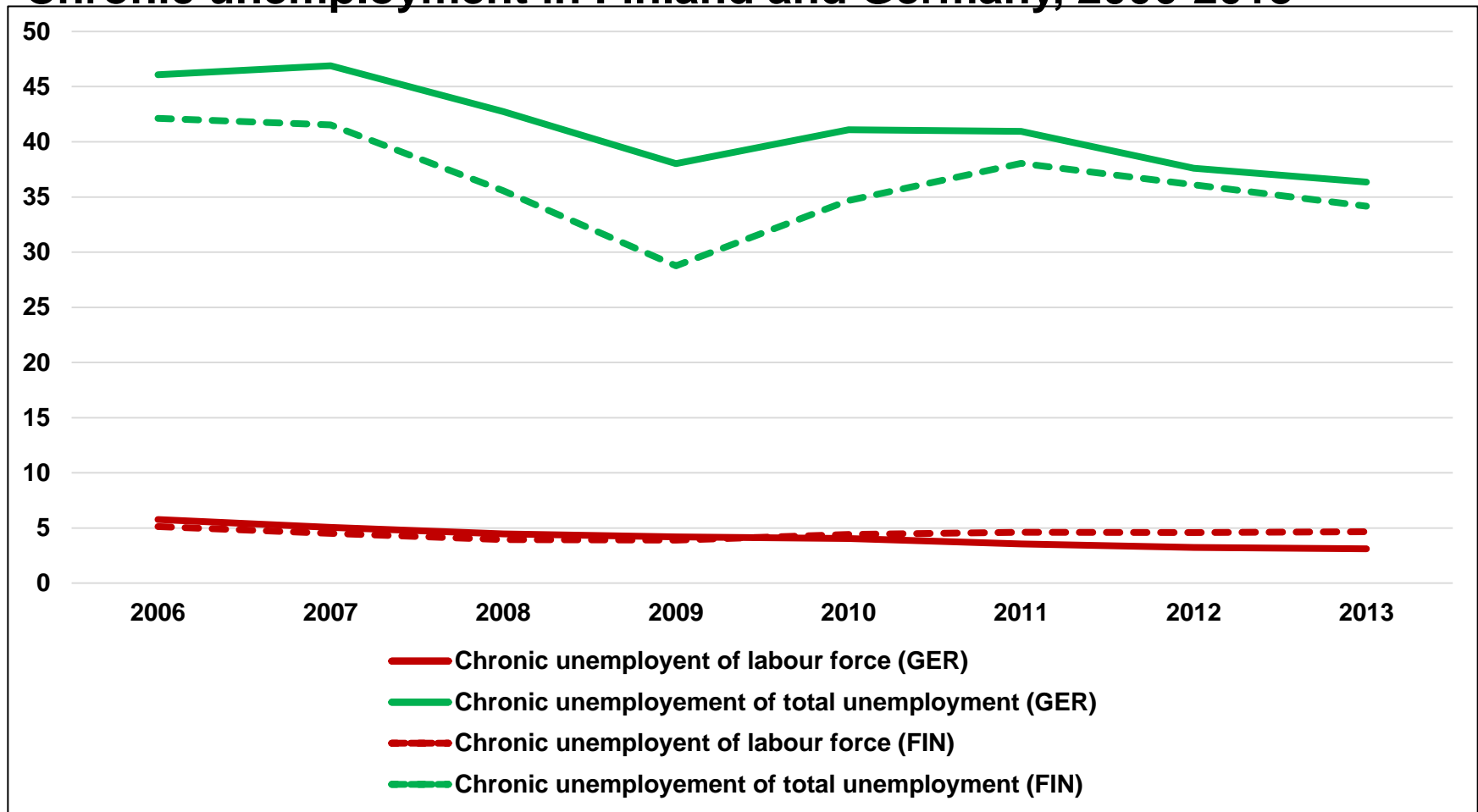
Long-term unemployment (12 months or more) as percentage of total unemployment



Source: Eurostat

... but similar dynamics of individual unemployment careers in a longitudinal perspective

Chronic unemployment in Finland and Germany, 2006-2013



Source: IEB (Germany) and Statistics Finland

FI-statistics

Definition

Conclusions

- Unemployment figures do not tell us exactly how many people actually have an employment problem
- Conventional statistics do not adequately reveal long-term exclusion from regular employment
- Country-specific institutional und social security regulations still have an important influence on internationally “harmonized” unemployment statistics
- Importance of recurrent unemployment spells (chronic unemployment) needs to be taken into account when monitoring unemployment and evaluating policy measures

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Back up

Labour market measures - treatment of breaks in the unemployment spell

Treatment of breaks in the unemployment spell:

	Unemployed				Active measure				Unemployed			
Broken												
<i>Duration at the end of each month</i>	1	2	3	4	0	0	0	0	1	2	3	4
<i>Person is counted as registered unemp.</i>	Y	Y	Y	Y	N	N	N	N	Y	Y	Y	Y
Suspended												
<i>Duration at the end of each month</i>	1	2	3	4	4	4	4	4	5	6	7	8
<i>Person is counted as registered unemp.</i>	Y	Y	Y	Y	N	N	N	N	Y	Y	Y	Y
Continuous/Continuous												
<i>Duration at the end of each month</i>	1	2	3	4	5	6	7	8	9	10	11	12
<i>Person is counted as registered unemp.</i>	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Continuous/Discontinuous												
<i>Duration at the end of each month</i>	1	2	3	4	5	6	7	8	9	10	11	12
<i>Person is counted as registered unemp.</i>	Y	Y	Y	Y	N	N	N	N	Y	Y	Y	Y

Source: Eurostat

Main reasons

Labour market measures - treatment of breaks

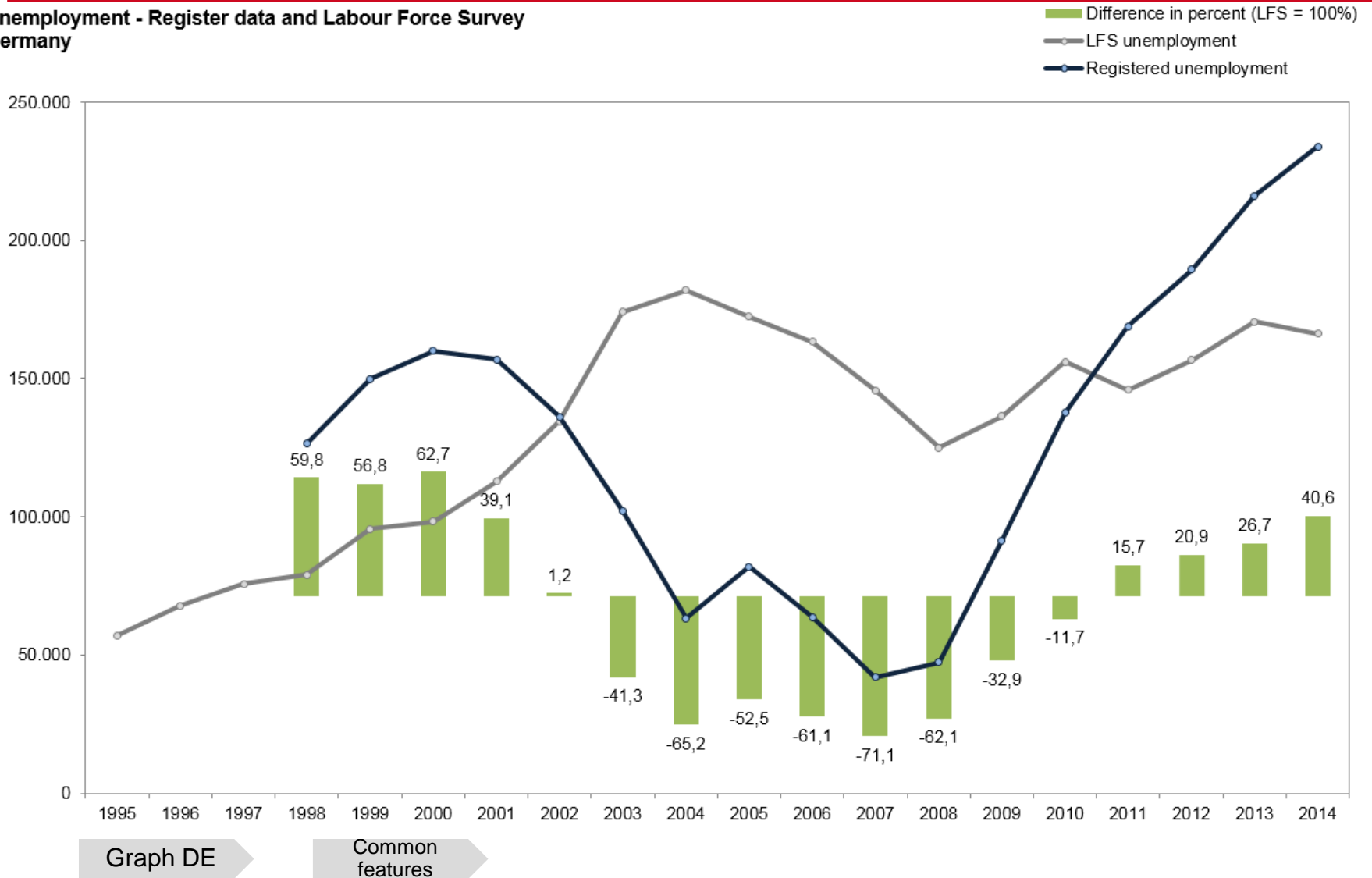
Country	
AT	Broken if activation periods > 28 days
DE	Broken except activation measures (continuous/discontinuous)
ES	Broken: All measures that include a job contract Suspended: Training measures and any other intervention
FI	Always broken
FR	broken
IE	Some measures - broken, others continuous live register in IE not used for national RU-statistics
NL	Always broken
PL	Nearly always broken (except one measure)
SE	Always broken
UK	Some measures: broken, others no answer

Source: Eurostat

Influence of social policy regulations on RU

DE: Changes w.r.t. job search requirements for older workers

Unemployment - Register data and Labour Force Survey
Germany



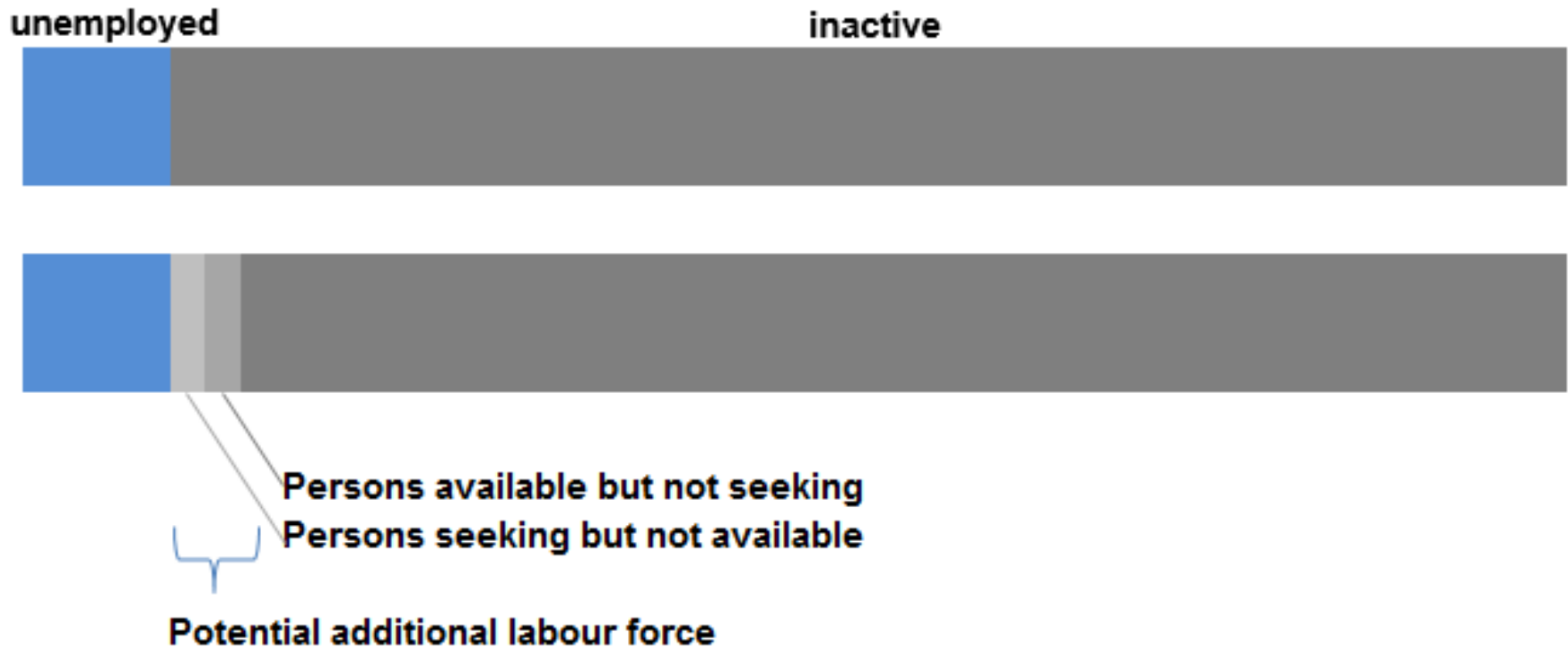
How we define chronic unemployment (CU)

= Out of regular labour market for long (=at least two consecutive years) while still in labour force (= each year employment + unemployment + ALMP participation more than half of the year) and/or regular employment < 30 days / year

Germany: Consistently *higher level of LTU than CU* but LTU and CU follow a similar trend

Finland: Consistently *lower level of LTU* than CU

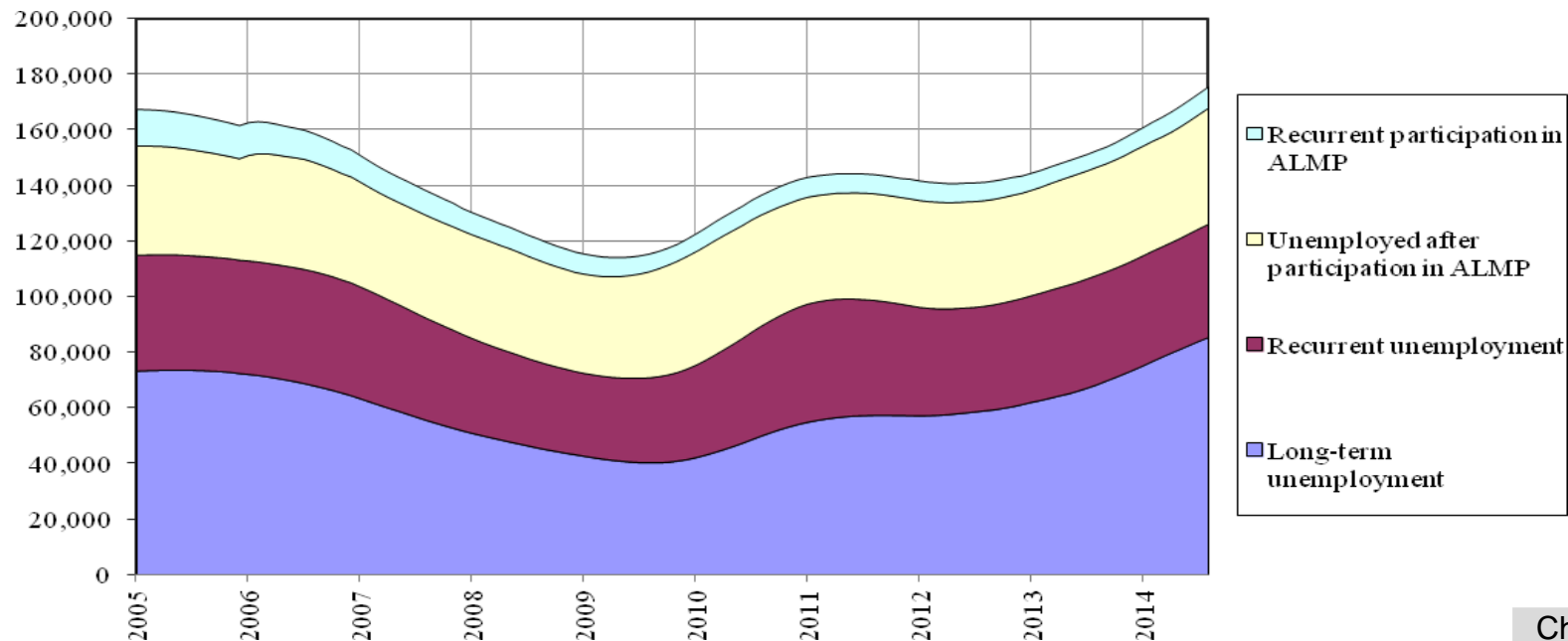
Efforts to improve ILO statistic: Supplementary indicators to capture „disguised” unemployment



Efforts to improve national statistics: Finland use of broader concept to capture those difficult to employ

MEE employment service statistics, January 2013

Unemployed	Difficult to employ Total	Long-term unemployed	Repeatedly unemployed	From ALMP to un-employment	From ALMP to ALMP
294,100	151.722 = 52%	67.542 = 23%	40.142 = 13,7%	39.883 =13,6%	4.155 = 1,4%



Chronic – FI-DE