

PRACTICAL EXAMPLE: UNEMPLOYMENT AND EMPLOYMENT - CASE FROM CROATIA

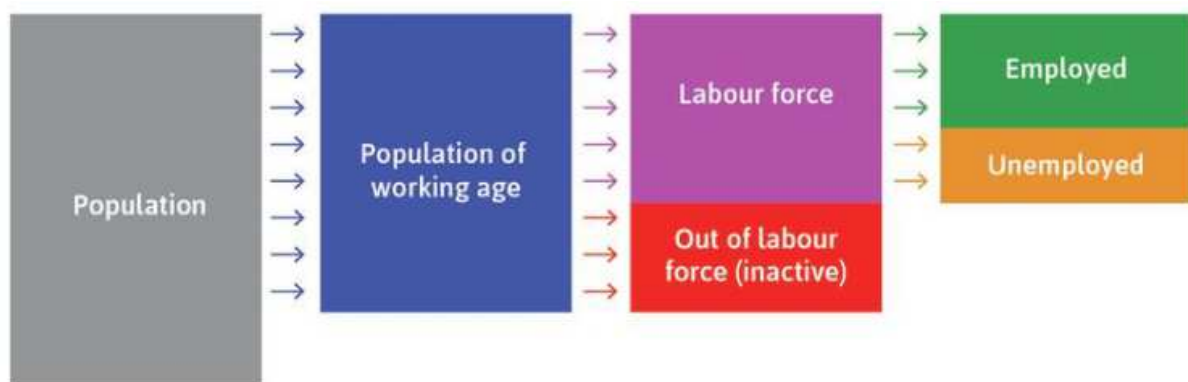
DEFINITION OF BASIC TERMS :

POPULATION – STATISTICAL NUMBER OF TOTAL POPULATION IN THE COUNTRY, AS GIVEN BY OFFICIAL STATISTICAL MEASUREMENT (E.G. CENSUS)

POPULATION OF WORKING AGE – statistical convention, which in many countries is all people aged between 15 and 65 years. (sometimes between 20 and 64 and/or even 74)

LABOUR FORCE – The number of people in the population of working age who are, or wish to be, in work outside the household. They are either employed (including self-employed) or unemployed.

OUT OF LABOUR FORCE – INACTIVE) – People in the population of working age who are neither employed nor actively looking for paid work. Those working in the home raising children, for example, are not considered as being in the labour force and therefore are classified this way.



IMPORTANT STATISTIC EVALUATING LABOUR MARKET PERFORMANCE

PARTICIPATION RATE – The ratio of the number of people in the labour force to the population of working age

$$\text{PARTICIPATION RATE/ACTIVITY RATE} = \frac{\text{EMPLOYED} + \text{UNEMPLOYED (LABOUR FORCE)}}{\text{POPULATION OF WORKING AGE}} \times 100$$

EMPLOYMENT RATE – The ratio of the number of employed to the population of working age; it shows the proportion of the population of working age that are in paid work or self-employed

$$\text{EMPLOYMENT RATE} = \frac{\text{EMPLOYED}}{\text{POPULATION OF WORKING AGE}} \times 100$$

UNEMPLOYMENT RATE – The ratio of the number of the unemployed to the total labour force.

$$\text{UNEMPLOYMENT RATE} = \frac{\text{UNEMPLOYED}}{\text{LABOUR FORCE}} \times 100$$

According to the standardized definition of the International Labour Organization (ILO), the unemployed are the people who:

- were without work during a reference period (usually four weeks), which means they were not in paid employment or self-employment
- were available for work
- were seeking work, which means they had taken specific steps in that period to seek paid employment or self-employment

It is important to note that the denominator (the statistic on the bottom of the fraction) is different for the unemployment and the employment rate. Hence, two countries with the same unemployment rate can differ in their employment rates if one has a high participation rate and the other has a low one. The reason for high participation rates could be in better inclusion of women, young people under 25 years of age and those from 55-64 years of age.

An example given below is that of the Norwegian and Spanish labour markets between 2000 and 2015, and shows how the labour market statistics relate to each other. It also shows that the structure of the labour market differs widely across countries. We can see that the Norwegian labour market worked better than the Spanish labour market in the last 15 years: Norway had a much higher employment rate and a much lower unemployment rate. Norway also had a higher participation rate, which is a reflection of the higher proportion of women in the labour force.

	Norway	Spain
Number of persons, millions		
Population of working age	3.5	37.6
Labour force	2.5	21.6
Out of labour force (inactive)	1.0	16.0
Employed	2.4	18.1
Unemployed	0.1	3.5
Rates (%)		
Participation rate	2.5/3.5 = 71%	21.6/37.6 = 58%
Employment rate	2.4/3.5 = 69%	18.1/37.6 = 48%
Unemployment rate	0.1/2.5 = 4%	3.5/21.6 = 16%

Source: International Labour Association. 2015. [ILOSTAT Database](#)

Norway and Spain are illustrations of two common cases. Norway is a low-unemployment, high-employment economy (the other Scandinavian countries—Sweden, Denmark, and Finland—are similar – employment rates 70-80%) and Spain is a high-unemployment, low-employment economy (the other southern European economies—Portugal, Italy and Greece—are other examples).

EXAMPLE - CROATIA

The labour force survey, published by Croatian Bureau of Statistics, presents following data:

	2019 (000 inhabitants)	2020 (000 inhabitants)	2021 (000 inhabitants)	Index 2020/2019	Index 2021/2020
POPULATION OF WORKING AGE	3 519	3 512	3508		
- <i>of which women</i>	1838	1833	1830		
LABOUR FORCE	1 798	1792	1816		
- <i>of which women</i>	830	819	838		
EMPLOYED	1679	1657	1678		
- <i>of which women</i>	771	757	771		
UNEMPLOYED	119	135	138		
- <i>of which women</i>	59	62	67		
INACTIVE	1 721	1720	1692		
- <i>of which women</i>	1 007	1014	992		
PARTICIPATION /ACTIVITY RATE (%)					
<i>women</i>					
EMPLOYMENT RATE (%)					
<i>women</i>					
UNEMPLOYMENT RATE (%)					
<i>women</i>					

Source: First release LABOUR FORCE IN THE REPUBLIC OF CROATIA, 2021 – ANNUAL AVERAGE, 2022, CBS,

Based on the given data for Croatia, calculate the main rates and indices using the formulas given above.

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	2018	2019	2020	2021
Total				
Working-age population (15+)	3.531	3.519	3.512	3.508
Labour force	1.807	1.798	1.792	1.816
Persons in employment	1.655	1.679	1.657	1.678
Unemployed persons	152	119	135	138
Inactive population (15+)	1.724	1.721	1.720	1.692
%				
Activity rate	51,2	51,1	51,0	51,8
Employment/population ratio	46,9	47,7	47,2	47,8
Unemployment rate	8,4	6,6	7,5	7,6
Men				
Working-age population (15+)	1.687	1.682	1.679	1.678
Labour force	968	968	973	978
Persons in employment	894	909	901	907
Unemployed persons	74	60	72	71
Inactive population (15+)	719	714	706	700
%				
Activity rate	57,4	57,6	58,0	58,3
Employment/population ratio	53,0	54,0	53,6	54,1
Unemployment rate	7,6	6,2	7,5	7,3
Women				
Working-age population (15+)	1.844	1.838	1.833	1.830
Labour force	839	830	819	838
Persons in employment	761	771	757	771
Unemployed persons	78	59	62	67
Inactive population (15+)	1.005	1.007	1.014	992
%				
Activity rate	45,5	45,2	44,7	45,8
Employment/population ratio	41,3	42,0	41,3	42,1
Unemployment rate	9,3	7,2	7,6	8,0