Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

Indicator 8.5.2: Unemployment rate, by sex, age and persons with disabilities

Institutional information

Organization(s):

ILO

Concepts and definitions

Definition:

The unemployment rate conveys the percentage of persons in the labour force who are unemployed.

Concepts:

Unemployed persons are defined as all those of working age (usually aged 15 and above) who were not in employment, carried out activities to seek employment during a specified recent period and were currently available to take up employment given a job opportunity, where: (a) “not in employment” is assessed with respect to the short reference period for the measurement of employment; (b) to “seek employment” refers to any activity when carried out, during a specified recent period comprising the last four weeks or one month, for the purpose of finding a job or setting up a business or agricultural undertaking; (c) the point when the enterprise starts to exist should be used to distinguish between search activities aimed at setting up a business and the work activity itself, as evidenced by the enterprise’s registration to operate or by when financial resources become available, the necessary infrastructure or materials are in place or the first client or order is received, depending on the context; (d) “currently available” serves as a test of readiness to start a job in the present, assessed with respect to a short reference period comprising that used to measure employment (depending on national circumstances, the reference period may be extended to include a short subsequent period not exceeding two weeks in total, so as to ensure adequate coverage of unemployment situations among different population groups).

Persons in employment are defined as all those of working age (usually aged 15 and above) who, during a short reference period such as one week or one day, were engaged in any activity to produce goods or provide services for pay or profit.

The labour force corresponds to the sum of persons in employment and in unemployment

For more information on the definitions of employment and unemployment refer to the Resolution concerning statistics of work, employment and labour underutilization Adopted by the 19th International Conference of Labour Statisticians.

Rationale:

The unemployment rate is a useful measure of the underutilization of the labour supply. It reflects the inability of an economy to generate employment for those persons who want to work but are not doing so, even though they are available for employment and actively seeking work. It is thus seen as an indicator of the efficiency and effectiveness of an economy to absorb its labour force and of the performance of the labour market. Short-term time series of the unemployment rate can be used to signal changes in the business cycle; upward movements in the indicator often coincide with recessionary periods or in some cases with the beginning of an expansionary period as persons previously not in the labour market begin to test conditions through an active job search.

Comments and limitations:

Even though in most developed countries the unemployment rate is useful as an indicator of labour market performance, and specifically, as a key measure of labour underutilization, in many developing countries, the significance and meaning of the unemployment rate could be questioned. In the absence of unemployment insurance systems or social safety nets, persons of working age must avoid unemployment, resorting to engaging in some form of economic activity, however insignificant or inadequate. Thus, in this context, other measures should supplement the unemployment rate to comprehensively assess labour underutilization.

Methodology

Computation method:

Unemployment rate = (Total unemployment/Total labour force) x 100

Treatment of missing values:

- ***At country level:***

Multivariate regression techniques are used to impute missing values at the country level. However, the imputed missing country values are only used to calculate the global and regional estimates; they are not used for international reporting on the SDG indicators by the ILO. For further information on the estimates, please refer to the the ILO modelled estimates methodological overview, available at https://www.ilo.org/ilostat-files/Documents/TEM.pdf.

- ***At regional and global levels:***

Regional aggregates:

To address the problem of missing data, the ILO designed several econometric models which are used to produce estimates of labour market indicators in the countries and years for which real data are not available. The unemployment estimates derived from the ILO modelled estimates are used to produce global and regional estimates on unemployment rates. These models use multivariate regression techniques to impute missing values at the country level, which are then aggregated to produce regional and global estimates. For further information on the estimates, please refer to the the ILO

modelled estimates methodological overview, available at https://www.ilo.org/ilostat-files/Documents/TEM.pdf.

Sources of discrepancies:

Methods and guidance available to countries for the compilation of the data at the national level:

In order to calculate this indicator (according to the ILO definitions of unemployment and unemployment rate), data is needed on both the labour force and the unemployed, by sex and age (and eventually disability status). This data is collected at the national level mainly through labour force surveys (or other types of household surveys with an employment module). For the methodology of each national household survey, one must refer to the most comprehensive survey report or to the methodological publications of the national statistical office in question.

- Decent Work and the Sustainable Development Goals: A Guidebook on SDG Labour Market Indicators, available at https://www.ilo.org/stat/Publications/WCMS_647109/lang--en/index.htm
- ILO Manual – Decent Work Indicators, Concepts and Definitions – Chapter 1, Employment opportunities http://www.ilo.org/integration/resources/pubs/WCMS_229374/lang--en/index.htm (second version, pages 34 and 49)
- Resolution concerning statistics of work, employment and labour underutilization http://www.ilo.org/global/statistics-and-databases/standards-and-guidelines/resolutions-adoptedby-international-conferences-of-labour-statisticians/WCMS_230304/lang--en/index.htm
- ILOSTAT (https://ilostat.ilo.org/)
- ILOSTAT Indicator descriptions (https://ilostat.ilo.org/resources/methods/description-unemployment-rate/)
- ILOSTAT's topic page on Unemployment and Labour Underutilization (https://ilostat.ilo.org/topics/unemployment-and-labour-underutilization/).

Quality assurance

Data consistency and quality checks regularly conducted for validation of the data before dissemination in the ILOSTAT database.

In many cases, data are obtained through ILO processing of microdata sets of national household surveys. Data are also reported by national statistical offices or other relevant national agencies to the ILO Department of Statistics through its annual questionnaire on labour statistics. The primary source of the data as well as the repository where applicable are indicated in the relevant metadata and/or footnotes in ILOSTAT and in the SDG Indicators Global Database.

Data sources

Description:

The preferred official national data source for this indicator is a household-based labour force survey. In the absence of a labour force survey, a population census and/or other type of household surveys with an appropriate employment module may also be used to obtain the required data.

It is important to note that unemployment data derived from employment office records or unemployment registers would not refer to unemployment (as defined for the purposes of this

indicator, using the three-criteria of being without a job, seeking employment and available for employment) but to registered unemployment, and thus, it would not be comparable with indicator 8.5.2.

Collection process:

The ILO Department of Statistics sends out its annual questionnaire on labour statistics to all relevant agencies within each country (national statistical office, labour ministry, etc.) requesting for the latest annual data available and any revisions on numerous labour market topics and indicators, including many SDG indicators. Indicator 8.5.2 is calculated from statistics submitted to the ILO via this questionnaire as well as through special agreements with regional and national statistical offices or through the processing of microdata sets of national labour force surveys.

Data availability

Description:

The indicator is widely available based on real observations provided by countries and derived from national labour force surveys, other types of household surveys or population census.

However, the disaggregation by disability is not widely available. It is increasingly reported but coverage is still very low.

Time series:

Data for this indicator is available as of 2000 in the SDG Indicators Global Database, but time series going back further are available in ILOSTAT.

Disaggregation:

This indicator should, ideally, be disaggregated by sex, age group and disability status.

Calendar

Data collection:

The ILO Department of Statistics sends out its annual questionnaire on labour statistics, usually in the 2nd quarter, with a view to receiving the requested statistics by the 3rd quarter or the end of the year at the latest. Data received in batch from regional and national statistical offices and data obtained through the processing of microdata sets of national household surveys by the ILO Department of Statistics are continuously updated in ILOSTAT (as they become available to the ILO).

Data release:

The ILO’s online database ILOSTAT is continuously updated to reflect statistics compiled and processed every week. In general, statistics for EUROSTAT and OECD countries are available around the 2nd or 3rd quarter of the year following the year of reference, whereas they are usually available around the 3rd or 4th quarter of the year following the year of reference for other countries.

Data providers

Mainly national statistical offices, and in some cases labour ministries or other related agencies, at the country-level. In some cases, regional or international statistical offices can also act as data providers.

Data compilers

ILO

References

Decent Work and the Sustainable Development Goals: A Guidebook on SDG Labour Market Indicators, available at https://www.ilo.org/stat/Publications/WCMS_647109/lang--en/index.htm

ILOSTAT (https://ilostat.ilo.org/)

ILOSTAT Indicator descriptions (https://ilostat.ilo.org/resources/methods/description-unemployment-rate/)

ILOSTAT's topic page on Unemployment and Labour Underutilization (https://ilostat.ilo.org/topics/unemployment-and-labour-underutilization/).

Decent Work Indicators Manual: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/publication/wcms_223121.pdf

Resolution concerning statistics of work, employment and labour underutilization, adopted by the 19th ICLS in 2013: http://www.ilo.org/global/statistics-and-databases/standards-and-guidelines/resolutions-adoptedby-international-conferences-of-labour-statisticians/WCMS_230304/lang--en/index.htm

Trends Econometric Models: A Review of Methodology: http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_elm/---trends/documents/publication/wcms_120382.pdf

Related indicators