Decent Work Measurement
Framework and Indicators

Monica D. Castillo
Chief, Decent Work Data Production Unit
ILO Department of Statistics
castillom@ilo.org

National Labour Market Information Training Programme
Port of Spain, Trinidad and Tobago

31 October – 11 November 2011
Contents

• Overview of decent work measurement

• Draft definitions and interpretation highlights of Main Decent Work Indicators under the Decent Work measurement framework
Overview of Decent Work Measurement
The concept of Decent Work has been defined by the ILO and endorsed by the international community as

“Opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity.”

(Juan Somavia, ILO Director-General, 1999 ILC Report).
Decent work as a global goal

- Endorsed by ECOSOC, Presidential Summits and Head of State Summits in all regions, UN system, European Union, among others.

- ILO Declaration on Social Justice for a Fair Globalization (2008) endorses Decent Work Agenda:
  
  (i) International labour standards and fundamental principles and rights at work
  (ii) Employment creation
  (iii) Social Protection
  (iv) Social Dialogue and tripartism
Commitments to monitor progress towards decent work

• 2008 Declaration on Social Justice for a Fair Globalization recommends that ILO Members may consider:
  – “the establishment of appropriate indicators or statistics, if necessary with the assistance of the ILO, to monitor and evaluate the progress made”

• Monitoring of Millennium Development Goals (MDGs):
  – Goal 1, Target 1B: Achieve full and productive employment and decent work for all, including women and young people.
  – Goal 3, Target 3A: Eliminate gender disparity in primary and secondary education (indicator 3.2)
Limits of the past statistical system to measure decent work

• Decent work dimensions have not been adequately covered in the system of labour statistics.

• Historically, labour statistics have focused on:
  
  – Labour supply and labour demand in an economy
    • Employment and unemployment statistics; (ICLS 1925 ... 1998)
  
  – Volume of work and wages in an economy
    • Statistics of wages and hours of work (ICLS 1923, 1925 ...)
  
  – Classifications:
    • Classification of industries and occupations (ICLS 1923, 1925 …)
    • International Standard Classification of Occupations (ISCO) (ICLS 1949, ..., 1988, 2008)
    • International Classification of Status in Employment (ICSE) (ICLS 1957, 1993)
Decent work measurement goes beyond traditional labour statistics

• Workers experience decent work (or decent work deficits) from a perspective which goes beyond the scope of traditional labour statistics. They might ask:
  – How family-friendly are work arrangements?
  – Do I get a living wage?
  – Do workers have to work long hours?
  – Can I join a union?
  – Do migrant workers face discrimination?
  – What happens when I fall sick?
  – How dangerous is work?
  – Will I get paid maternity / paternity leave when I get a baby?

• On some of these questions, traditional labour market statistics can give answers – but it’s more difficult for others.
Principles and framework for measuring decent work

- Purpose: (i) to assist constituents to assess progress towards decent work and (ii) to offer comparable information for analysis and policy development.

- NO ranking of countries & NO composite index.

- Needs to cover all four dimensions of Decent Work derived from various sources: household and establishment surveys, administrative records, qualitative information, among others.

- New framework recommended by the 18th ICLS
  - Model of international relevance that permits the adaptation to national circumstances
  - Has the potential to evolve dynamically over the years.
  - A layered approach to indicators: Main, Additional, Context, Future and Legal Framework indicators
Tripartite Meeting of Experts on the Measurement of Decent Work

- **Mandate:** provide guidance on options for measuring decent work

- **Dates:** 8-10 September 2008

- **Participation:**
  - 20 experts (3 x 5 experts + 5 independents), plus advisers, observers and ILO staff

- **Objective:** review the conceptual framework of the proposal and list of indicators, including statistical indicators and indicators on rights at work and the legal framework

- The results of the tripartite meeting were presented to the ILO Governing Body and to the 18th International Conference of Labour Statisticians in 2008
Grouping of Decent Work Indicators

- Grouping of indicators under 10 substantive elements of the Decent Work Agenda plus one area on economic and social context:

  1. Employment opportunities (1 + 2)
  2. Adequate earnings and productive work (1 + 3)
  3. Decent hours (1 + 3)
  4. Combining work, family and personal life (1 + 3)
  5. Work that should be abolished (1 + 3)
  6. Stability and security of work (1, 2 + 3)
  7. Equal opportunity and treatment in employment (1, 2 + 3)
  8. Safe work environment (1 + 3)
  9. Social security (1 + 3)
  10. Social dialogue, workers’ and employers’ representation (1 + 4)
  11. Economic and social context for decent work

Note: (1) Rights at work (2) Employment opportunities (3) Social Protection (4) Social Dialogue
Different types of statistical indicators

- **A layered approach to indicators:**
  - **Main indicators (M):** parsimonious core set of indicators to monitor progress towards decent work. (18 currently)
  - **Additional indicators (A):** to be used where appropriate, and where data are available (25 currently).
  - **Context indicators (C):** provide information on the economic and social context for decent work (11 currently).
  - **Future indicators (F):** currently not feasible, but to be included as data become more widely available (12 currently).
  - **Information included under legal framework (L):** (21 currently).
  - **Gender disaggregations:** (S) indicates that the indicator should be presented separately by sex in addition to the total value.
  - Countries are encouraged to select from the total list of indicators and add additional indicators to reflect national circumstances.
Measuring decent work: Gender

• Gender as a cross-cutting concern of the Decent Work Agenda:

  – Should not be treated in isolation, but measurement should inform about women’s and men’s access to decent work across all substantive elements.

  – Therefore, wherever possible, indicators should be reported separately for men and women in addition to the total.
1 – Employment-to-population ratio (S)
2 – Unemployment rate (S)
3 – Youth not in education and not in employment (S)
4 – Informal employment (S)
5 – Working poverty rate (S)
6 – Low pay rate (below 2/3 of average hourly earnings) (S)
7 – Excessive hours (more than 48 hours per week) (S)
8 – Incidence of children in child labour (S)
9 – Precarious employment rate
10 – Occupational segregation by sex
11 – Female share of employment in ISCO-08 sub-major groups 11, 12 and 13
12 – Occupational injury rate, fatal
13 – Share of population above a specified age benefiting from a pension (S)
14 – Public social security expenditure (% of GDP)
15 – Union density rate (S)
16 – Enterprises belonging to employer organization [rate]
17 – Collective bargaining coverage rate (S)
18 – Indicator for Fundamental Principles and Rights at Work (Freedom of Association and Collective Bargaining) to be developed by the Office
Why are Decent Work indicators and statistics important?

- Take on a particularly critical role during this moment of global crisis

- Decent work indicators can be adapted to national circumstances and used to monitor:
  - Decent Work Country Programme (DWCP)
  - Poverty Reduction Strategy (PRS)
  - National Development Frameworks

- Recognition of the role of decent work in reducing poverty and towards economic development

- Important for data collection instrument development and analysis
Decent work indicator and data collection instrument development at the national level through coordinated decision making

Tripartite constituents define decent work policy areas to be targeted (Decent Work Country Programme, DWCP)

Tripartite constituents define decent work indicators to meet the needs for monitoring DWCP

Feedback mechanism

NATIONAL STATISTICS OFFICE develops and maintains surveys to collect data on key decent work variables

MINISTRY OF LABOUR, SOCIAL SECURITY AGENCY develop & maintain administrative records that produce data on key decent work variables
The importance of the legal framework for measuring decent work

• **Decent work should be defined** at national level with principles and provisions of ILO Conventions and Recommendations in mind (2008 ILO Declaration on Social Justice for a Fair Globalization).

• **National law may help to clarify the meaning of decent work** by providing an authoritative answer to the question of what decent work implies in concrete terms.

  – The law may contribute to **securing the decent work agenda** and its implementation.

• **Law alone cannot bring about decent work.** However, well drafted, inclusive and fully implemented labour laws are one of the preconditions for its achievement at the country level. National law is not viewed as the proof that decent work exists at the country level, but rather, the law is part of the process to achieve decent work.

  – Progress towards decent work can be achieved by changing the legal landscape to make it coherent with decent work.
The legal framework indicators are descriptive. They aim to summarize information on 21 pre-determined topics that have been deemed particularly relevant to decent work.

The aim of each indicator is to give a snapshot of what the law is with regard to the topic it covers:

- **Law, policy or institutions**: This contains a brief description of the content of the law, policies and institutions related to the subject-matter of the indicator, as well as a description of the groups of persons that these law, policies and institutions apply to.
- **Qualifying Conditions**: When relevant, the qualifying conditions are specified.
- **Benefits (level and duration)**: When relevant, the level and duration of benefits are specified.
- **Financing**: When relevant, the source of funds is specified.
- **Evidence of implementation effectiveness**: Comments of ILO supervisory bodies related to implementation.
- **Coverage of workers in law**: If available, a broad estimate in percentage of the workforce covered by the law is indicated.
- **Coverage of workers in practice**: If available, a broad estimate in percentage of workers covered in practice is indicated.
- **Ratification of ILO Conventions**: Title of relevant ILO convention(s) and date of ratification, if any.
Monitoring progress towards decent work

• Want to monitor trends in decent work indicator statistics

• Taking into account demographic, economic and sectorial influences

• Want to reflect changes in legal framework and monitor the effective application of rights at work

• Analysis of qualitative and quantitative indicators will support decent work policy and programme initiatives
Draft Definitions and Interpretation Highlights of Main Decent Work Indicators Under the Decent Work Measurement Framework
1. Employment opportunities

1. M – Employment-to-population ratio (S)

Description:

- The employment-to-population ratio (EPR) is defined as the share of the specified working age population that is employed.

Employment-to-population ratio (e.g., 15+ years) =

\[
\frac{\text{total employment (15+ years)}}{\text{working age population (15+ years)}} \times 100
\]

Objective/interpretation highlights:

- Indicates the overall demand for labour in an economy
- An increasing trend usually indicates increasing employment opportunities within the economy in terms of quantity.
- No optimal value
- EPR alone is insufficient for assessing the employment opportunities dimension of decent work
1. Employment opportunities

2. M – Unemployment rate (S)

• Unemployment rate: Refers to unemployed persons as a percent of the economically active population (EAP).

Unemployment rate (UR) = (Unemployed persons / EAP) X 100

Objective/interpretation highlights:

• Signals to some extent underutilization of the labour supply in an economy where unemployment is an option
• Progress is measured by achieving acceptably low UR levels
• The UR is relatively volatile; trends should be analyzed jointly with changes in measures of total labour supply and labour demand
1. Employment opportunities

3. M – Youth not in education and not in employment, 15-24 years (S)

• Youth not in education and not in employment (NEET) is the percentage of youth who are not in employment and not in education or training.

• NEET (%) = (Number of unemployed youth + number of youth not economically active – (youth in these two categories who are in education or in training)) / (Total number of youth) X 100

Objective/interpretation highlights:

• Indicates a broader measure of potential youth labour force participants than youth unemployment

• A high NEET rate could mean that a large number of youth are discouraged workers, engaged in unpaid household chores, or do not have access to education or training
1. Employment opportunities

4. M – Informal employment rate (S)

- The informal employment rate (IER) is defined as the number of informal jobs as a percent of total jobs:

\[
\text{Informal employment rate} = \left( \frac{\text{Number of informal jobs}}{\text{Total number of jobs}} \right) \times 100
\]

**Objective/Interpretation highlights:**

- The informal employment rate (IER) indicates the share of employment which is in informal jobs, whether carried out in formal sector enterprises, informal sector enterprises, or households, during a given reference period.

- A decreasing IER indicates progress with respect to the proportion of jobs lacking basic social or legal protections or jobs in informal sector enterprises (excluding formal employees of informal sector enterprises).
### Informal employment: conceptual framework

<table>
<thead>
<tr>
<th>Production units by type</th>
<th>Jobs by status in employment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Own-account workers</td>
</tr>
<tr>
<td></td>
<td>Informal</td>
</tr>
<tr>
<td>Formal sector enterprises</td>
<td></td>
</tr>
<tr>
<td>Informal sector enterprises (^a)</td>
<td>3</td>
</tr>
<tr>
<td>Households (^b)</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) As defined by the Fifteenth International Conference of Labour Statisticians (excluding households employing paid domestic workers).

(b) Households producing goods exclusively for their own final use and households employing paid domestic workers.

Note: Cells shaded in dark grey refer to jobs, which, by definition, do not exist in the type of production unit in question. Cells shaded in light grey refer to formal jobs. Un-shaded cells represent the various types of informal jobs.

**Informal employment:**
- Cells 1 to 6 and 8 to 10.

**Employment in the informal sector:**
- Cells 3 to 8.

**Informal employment outside the informal sector:**
- Cells 1, 2, 9 and 10.
2. Adequate earnings and productive work

5. M – Working poverty rate (S)

Working poverty rate (WPR) (2 indicators):

Persons in the EAP (or employed) who live in households with incomes below the nationally defined poverty line as a percent of total persons in the EAP (or employed)

Calculations:

1. \( \left( \frac{\text{Number of persons in the EAP living in households with incomes below the nationally defined poverty line}}{\text{Total number of persons in the labour force}} \right) \times 100 \)

2. \( \left( \frac{\text{Number of employed persons living in households with incomes below the nationally defined poverty line}}{\text{Total number of employed persons}} \right) \times 100 \)

Objective/Interpretation highlights:

– The indicators measure the extent to which poverty characterizes the EAP (indicator 1) or employed population (indicator 2).

– In economies with little unemployment, small differences will be observed between the two indicators.

– Declining WPR indicates progress towards reducing poverty among the EAP (indicator 1) or among the employed (indicator 2)

– Factors: High time-related underemployment, low earnings and/or high UR.
2. Adequate earnings and productive work

6. M – Low pay rate (S)

- Two indicators provide a measure of low pay:

  1. (Number of employees with hourly earnings below two-thirds of the median hourly earnings/Total number of employees) X 100

  2. (Number of employed persons with monthly employment-related income below two-thirds of median monthly employment-related income/Total number of employed persons) X 100

  One must define whether employees (or employed persons) are those with full-time jobs only or include all full and part-time workers.

Objective/Interpretation highlights:

- Indicates the share of workers that have low pay relative to median earnings (or employment related income) of all workers

- A high low pay rate indicates a large share of workers clustered in the lower end of the earnings or employment-related income distribution
Two indicators provide a measure of excessive hours:

1. \[
    \frac{(\text{Number of persons employed who work 49 hours or more per week, usual hours})}{\text{Total number of persons employed}} \times 100
    \]

2. \[
    \frac{(\text{Number of persons employed who work 49 hours or more per week, actual hours})}{\text{Total number of persons employed}} \times 100
    \]

- Recommended time bands: Break of 49+ hours, and other lower weekly hour time bands; national thresholds may be considered instead of 49+ hours.

Objective/Interpretation highlights:

- Indicates the share of workers whose working time, measured by usual or actual hours of work, exceeds the international threshold of 48 hours (ILO Convention No. 1 (1919))
- A rising indicator points to increasing numbers of employed persons working excessive hours
- Should be analyzed together with remuneration indicators to see whether pay or employment-related income is keeping pace.
4. Combining work, family and personal life

• Currently no main statistical indicator; developmental work to be done on:
  F – Asocial / unusual hours
  F – Maternity protection

• Legal framework currently covers:
  L – Maternity leave (incl. weeks of leave, and rate of benefits)
  L – Parental leave
5. Work that should be abolished
8. M – Child labour (S) (1)

- **Main indicator:**
  - Incidence of children in child labour =
  
  \[
  \text{Incidence of children in child labour} = \left( \frac{\text{Number of children in child labour}}{\text{total number of children}} \right) \times 100
  \]

- **Objective/interpretation highlights:**
  - The incidence of children in child labour reflects the share of children engaged in prohibited work

  - An increase in the incidence of child labour or of the incidence of children engaged in hazardous work suggests a growing risk to the healthy development of children.
    - The weekly hours of such working children should be analyzed along with key factors such as the types of hazardous work in order to determine the magnitude of the risk.
# Conceptual framework: statistical identification of child labour

## Framework for statistical identification of child labour

<table>
<thead>
<tr>
<th>Age group</th>
<th>General production boundary</th>
<th>Non-GNA production</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1a) Light work&lt;sup&gt;3&lt;/sup&gt;</td>
<td>(2a) Hazardous work</td>
</tr>
<tr>
<td></td>
<td>(1b) Regular work&lt;sup&gt;4&lt;/sup&gt;</td>
<td>(2b) Worst forms of child labour other than hazardous work</td>
</tr>
<tr>
<td>Children below the minimum age specified for light work (for example, 5–11 years)&lt;sup&gt;2&lt;/sup&gt;</td>
<td>Employment below the minimum age for light work</td>
<td>Employment in industries and occupations designated as hazardous, or work for long hours and/or at night in industries and occupations not designated as hazardous</td>
</tr>
<tr>
<td>Children within the age range specified for light work (for example, 12–14 years)&lt;sup&gt;2&lt;/sup&gt;</td>
<td>Employment below the general minimum working age</td>
<td></td>
</tr>
<tr>
<td>Children at or above the general minimum working age (for example, 15–17 years)&lt;sup&gt;2&lt;/sup&gt;</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

<sup>1</sup> (3a) is applicable where the general production boundary is used as the measurement framework for child labour.

<sup>2</sup> Age-group limits may differ across countries depending upon the national circumstances.

<sup>3</sup> Where applicable at the national level.

<sup>4</sup> Children in employment other than those covered under columns (1a), (2a) and (2b).

- Denotes child labour as defined by the resolution.

- Denotes activities not considered child labour.
6. Stability and security of work

9. M – Precarious employment rate

- Precarious employment rate =
  
  \[
  \text{(Number of workers in precarious employment / total number of workers)} \times 100
  \]

- Can be broken down by employees or own account workers, and also by type of precarious employment

**Objective/Interpretation highlights:**

- Indicates the share of workers in precarious types of employment which includes casual workers, workers in short-term employment and workers in seasonal employment
- An increasing precarious employment rate indicates rising instability and declining security in the types of work contracts in the economy
The percentage of women employed in each 2-digit ISCO sub-major group = (Wi/Ni) X 100

Where Wi = number of employed women in the 2-digit occupational group and Ni = total employed persons in the 2-digit occupational group

Objective/Interpretation highlights

• Occupational segregation based on sex has a negative effect on labour market efficiency and is a major labour market rigidity, and has been found to be a major determinant of male-female wage differentials.

• The share of women employed in each ISCO sub-major group is a useful indication of:
  – The opportunity of women to work in all types of occupations in an economy
  – the extent to which an occupation group is feminized.
7. Equal opportunity and treatment in employment

11. M – Female share of employment in ISCO-08 sub-major groups 11, 12 and 13*

The female share of employment in ISCO-08 sub-major groups 11, 12 & 13 =
(Number of employed women in ISCO-08 sub-major groups 11, 12 & 13) / (total employed persons in these groups) X 100

Objective/Interpretation highlights

– The indicator measures the extent to which chief executives, senior officials and legislators; administrative and commercial managers; and production and specialized services managers in a country are women.

– Women’s access to these positions in the labour market will both influence and be influenced by women’s overall status in society.

– An increase in the indicator suggests that women are gaining an increasing share of the high-status occupations that are associated with influence, power and decision-making authority.

* If ISCC-88 is used then the corresponding groups are ISCC-88 sub-major groups 11 and 12
8. Safe work environment

12. M – Occupational injury rate, fatal (1)

Incidence rates of fatal occupational injuries =

(Number of new cases of fatal injury during the calendar year) / (total number of workers in the reference group during the year) × 100,000*

*Type of rate will be per 100,000 workers employed, per 100,000 employees, per 100,000 workers insured, depending on the individual country.

Objective/interpretation highlights:

• Indicates the number of new reported or compensated cases of fatal injury during the calendar year as a share of total number of workers in the reference group during the year

• A rise or fall in the indicator may reflect:
  – changes in conditions of work and the work environment
  – modifications in reporting procedures or data collection methods
  – revisions to laws or regulations governing the reporting or compensation of injuries
9. Social security

13. M – Share of population above the statutory retirement age (or aged 65 years and over) benefiting from an old-age pension (S)* (1)

Share of population above the statutory retirement age (e.g. aged 65 and above) benefiting from an old-age pension =

(Number of persons (e.g. aged 65 years) and above benefiting from an old-age pension) / (total population (e.g. 65 years) and above) X 100

Additional indicator:

– Average old-age pension benefits per month per person above the statutory retirement age (or aged 65 and above) benefitting from an old-age pension (in national currency, real terms)

Objective/interpretation highlights:

– The indicators show the share of older persons who receive a pension, and the extent to which the average pension benefits received are adequate given cost of living in a country.
– A rise in the first indicator indicates increasing pension coverage of older persons.
– A real increase in the second indicator suggests that pension benefits on average are improving among older persons, and thus beneficiaries are less likely to fall into poverty.
Public social security expenditure =

(Public expenditure on social security contingencies during the year) / (Gross Domestic Product for the same year) \times 100

**Interpretation:**

- An increase in the indicator suggests greater public outlays for social security contingencies as a share of GDP.
- It does not indicate population coverage for such contingencies or average expenditure for those covered.
Trade Union Density Rate (TUDR). Two indicators:

1. number of trade union members, excluding the unemployed and retired individuals, as a proportion of wage and salaried workers.

2. number of trade union members, excluding the unemployed and retired individuals, as a proportion of total employment.

Interpretation: A changing TUDR indicates changes in trade union membership relative to the number of employees or employment. It may also indicate changes in national legislation or reporting requirements as regards trade union membership.
10. Social dialogue, workers’ and employers’ representation

• 16. M – Enterprises belonging to employer organisation [rate]

  – Definition: Under development; rate could be weighted by employment in each enterprise or establishment.

  – An employers’ organisation: is defined as an independent association of employers, constituted for the purposes of furthering and defending the employers’ interests.

17. M – Collective bargaining coverage rate (S)

- Definition: Collective Bargaining Coverage Rate

- Two indicators:
  - Number of workers, whose pay and/or conditions of employment is determined by one or more collective agreements, as a proportion of wage and salaried workers.
  - Number of workers whose pay and/or conditions of employment is determined by one or more collective agreements, as a proportion of total employment.

Interpretation: A changing ACR indicates changes in employees or workers covered by collective bargaining relative to the number of employees or workers. It may also indicate changes in national legislation or reporting requirements as regards collective bargaining.
10. Social dialogue, workers’ and employers’ representation

• 18. M – Indicator for Fundamental Principles and Rights at Work (Freedom of Association and Collective Bargaining)

- Definition: Indicator to be developed in line with ILO Conventions on Freedom of association and the effective recognition of the right to collective bargaining

- Source: Mainly based on data gathered by ILO supervisory system; indicator constructed by the ILO.
References


- Measurement of decent work: Discussion paper for the Tripartite Meeting of Experts on the Measurement of Decent Work:
Questions

• Does a decent work country programme exist in Trinidad and Tobago?
• Is there interest in developing decent work indicators on the part of tripartite constituents?
• What main decent work indicators currently exist?
• What additional decent work indicators currently exist?
• What would be the important disaggregations of the indicators for analysis and policymaking?
• What are the sources of data?
• What additional decent work indicators might be useful for monitoring progress towards decent work?
THANK YOU

http://laborsta.ilo.org/