EUROSTAT AND EUROSTAT DERIVED VARIABLES - CONTENTS

SECTION 1:
INTRODUCTION TO LFS USER GUIDE VOLUME 9 (EUROSTAT)

This new volume of the LFS User Guide has been compiled in response to the increasing interest in the LFS data used by Eurostat, and in Eurostat itself. Most of the contents have been taken from Eurostat's internet web site and various publications such as *The European Union Labour Force Survey – Methods and Definitions*.

The structure of this volume is as follows.

Section 2 provides a summary of Eurostat's objective, coverage, and structure. Section 3 describes the purpose and development of an EU-wide Labour Force Survey – essentially, the pulling together of the LFSs conducted in each Member State. Section 4 provides some technical detail of the EU LFS.

The latest EU LFS Regulation was passed in 1998, and requires Member States to provide more information than previously, on a quarterly basis. (The UK LFS has been conducted on a quarterly basis since 1992, although spring data each year were supplied as required by the previous {1991} Regulation). The text of the 1998 regulation is shown at section 5.

Sections 5, 6 and 7 are complementary. Essentially, whilst the Regulation outlines the broad areas for which data are required (article 4), section 6 provides the associated data codification, This describes how the database provided to Eurostat is structured in terms of database columns and the values which can be included in each column. Section 7 provides explanatory notes relating to each variable. These notes are intended to help Member States collect data which are sufficiently comparable for Eurostat's purposes. They are also useful to data analysts to see exactly what has been collected.

SECTION 2:
EUROSTAT – AN INTRODUCTION

Eurostat - the "Statistical Office of the European Communities" was established in 1953. Its mission is *to provide the European Union with a high-quality statistical information service, by using uniform rules to collect all statistical data from the National Statistical Institutes of each of the 15 Member States of the European Union.*

Once these data have been collected in the required form, they are consolidated and then harmonised to take into account each country's specific characteristics, so that they can be used either globally or comparatively.

This process of harmonising statistical data also extends to all the European Union's partners: members of the European Economic Area (EEA), including Switzerland, and, in a number of fields essential to an understanding of Europe's position in the world, the USA and Japan.

As with any service provider, Eurostat's prime aim is to answer requests for specific statistical information. As it is the Statistical Office of the European Communities, these requests most frequently come from the European Commission.

They are followed by 3 essential steps :

1. **Validation of the statistical research itself**
   Together with the appropriate Directorates-General plus experts' reports and the recommendations of international organisations (UN, OECD...), Eurostat prepares a statistical programme which is submitted to the European Commission's "Statistical Programme Committee ". Eurostat then works with the different committees, expert groups and working groups concerned to achieve a broad consensus on the proposed new statistics.

2. **Data collection**
   Eurostat collects its data from the National Statistical Institutes of the countries concerned. All data are checked by Eurostat, compiled in the required form and, where applicable, harmonised with European Statistical System standards.

3. **Legal base**
   When new statistics are adopted in the European Union, or when there is a need to harmonise statistics from Member States, the decision is taken by a Council legal act which may take one of the following 3 forms :
   - regulation
   - directive
   - recommendation

Eurostat currently employs more than 720 people, including registered experts on temporary assignment and permanent European civil servants. They are all committed to the same fundamental mission : to provide the European Union with a high-quality, harmonised statistical information service, offering the best possible guarantees of completeness and reliability.
A special Committee of the Commission grants Eurostat a budget for the implementation of the statistical programme. As at 1 August 1996, it was around 47 million Euros.

Eurostat Data

Statistical data collected, harmonised and referenced by Eurostat are disseminated as electronic products and computerised media, printed publications or databases. They are regularly updated and are divided into 9 major statistical themes :

- General statistics
- Economy and finance
- Population and social conditions
- Energy and industry
- Agriculture, forestry and fisheries
- External trade
- Distributive trade, services and transport
- Environment
- Research and development

Eurostat databases

Currently, Eurostat offers a thematic selection of databases that are constantly added to, updated and harmonised. They include :

- New Cronos, which contains some 70 million items of statistical data on Member States of the European Union, and, in many cases, on their main non-European economic partners.

- Comext, "external trade database" : for data on imports and exports by EU countries in both value and volume terms.

- REGIO, containing all Member States' socio-economic data, with regional breakdown.

- Eurofarm, statistical data based on the Union surveys on the structure of agricultural holdings.

- GISCO, database that combines statistical information and geo-referenced data, allowing each item of data to be related to its environment.

- In line with its mission as a provider of statistical information, Eurostat offers users a Data Shop service. The Eurostat Data Shops network is open to the public for any information on Eurostat databases, their respective data or access possibilities, as well as any specific statistical search.

Eurostat Publications

A lot of publications published by Eurostat contain Labour Force Survey data, *Employment in Europe* being the main one (170 pages of data analyses almost exclusively using LFS data).

Others include:-

- *Employment Outlook*
- *Europe in Figures*
- *Social Portrait of Europe*
- *Eurostat Yearbook*

Ordering these and other Eurostat publications can be done via Eurostat's information and distribution network:

- *The Eurostat Data Shops Network* – aimed at the broader public, these shops answer any specific request for information, publication or statistical research.

- *Private Hosts* – they disseminate entire Eurostat databases or part of them.

- *The National Statistics Institutes* – these provide references for national publications and main Eurostat data

- *Sales Offices* – there are 45 of these that stock all EU publications.

- *Offices and Delegations* – these are the commission's official information centres. They provide the public with statistical information on current EU developments.

- *European Documentation Centres* – there are more than 750 of these centres and libraries which officially house most Eurostat publications.

- *Euro-info-centres* – these were created by the European Commission for helping small and medium sized enterprises, there are about 200 of them.

Organisation of Eurostat:

Director General

Chief Advisor

Directorate A

- Statistical information
- Research and data analysis
- Technical co-operation with Phare and Tacis countries

Directorate B

- Economic statistics
- Economic and monetary convergence

Directorate C

- Information and dissemination
- Transport
- Technical co-operation with non-member countries (except Phare and Tacis countries)
- External and intra-community trade statistics

Directorate D

- Business Statistics

Directorate E

- Social and regional statistics and geographical information system

Directorate F

- Agricultural, environmental and energy statistics

A Brief History of Eurostat

Since it was founded in 1953, Eurostat has pursued its primary role of developing and setting up a reliable, complete and harmonised source of European statistical information.

1953	Foundation of the Statistics Division of the High Authority of the Coal and Steel Community.
1958	Foundation of the Statistics Division of the European Communities.
1959	Adoption of the present title "Statistical Office of the European Communities ". Staff : 58. First labour costs survey. First publication of "Agricultural statistics".
1960	First Community labour force survey.
1961	First agricultural supply balance sheet compiled on a Community basis.
1962	First overall energy balance sheets.
1965	Publication of the first national input-output tables (1959).
1966	First Community farm structure survey.
1968	First regular labour force survey in the Community.
1970	Publication of the European System of Integrated Economic Accounts (ESA). General industrial classification of economic activities within the European Communities (NACE).
1972	Council Regulation on the Nimexe nomenclature.
1974	First domain installed in the Cronos databank.
1976	First use of purchasing power parities in connection with the ESA. First forecast of agricultural incomes using the Sectoral Income Index.
1978	The Member States compile and supply statistics according to the Nimexe.
1981	Cronos accessible on-line on the Euronet network via commercial hosts. First publication of raw materials balance sheets. Publication of the "Handbook of Economic Accounts for Agriculture".
1982	On-line access to the Comext external trade databank on the Euronet network.
1987	First publication of the foreign trade volume indices.
1988	Introduction of the Harmonised System (HS) for the collection and processing of external trade data according to the combined nomenclature (CN). Communication to the Commission on Community policy and statistical information.
1989	Adoption of the Directive on the compilation of GNP. Adoption by the Council of the 1989-1992 Statistical Programme as an instrument for implementing statistical information policy.
1990	As a result of German unification on 3 October 1990, the sphere of responsibility of the EC and hence of Eurostat increases.
1991	Eurostat's role extended as a result of the agreement on the establishment of the EEA (European Economic Area) in October 1991. In December, adoption of the Treaty on European Union by the European Council in Maastricht ushers in a new phase for Eurostat. All statistical data on EC external trade and trade between Member States (Comext) published on CD-ROM.
1992	Adoption of the 1993-1997 Statistical Programme, which includes the EFTA countries.
1993	Start of the single market in 1993 extends Eurostat's activities (e.g. Intrastat). Publication of the new CD-ROM : general socio-economic information. Eurostat starts issuing regular news releases on its statistics and achieves widespread publicity in the European news media.
1995	The entry of Austria, Sweden and Finland into the European Union further extends Eurostat's role.

Eurostat Address

Eurostat
Statistical Office of the European Communities
Jean Monnet Building
Rue Alcide De Gasperi
L-2920 Luxembourg

Telephone	(+352) 4301-34567
Fax	(+352) 4301-32594
E-mail	info.desk@eurostat.cec.be
Web site	http://europa.eu.int/eurostat.html

SECTION 3:
LABOUR FORCE SURVEYS IN THE EUROPEAN UNION

The purpose of labour force surveys

A labour force survey is an inquiry directed to households designed to obtain information on the labour market and related issues by means of personal interviews. As it would clearly involve considerable expense to include all households (as in population censuses) labour force surveys are usually confined to a sample of households, the actual size of which depends primarily on the level of detail required in the survey estimates.

There are a number of advantages in using an approach of this kind in collecting labour market information. In the first place it affords the opportunity to obtain information on relevant labour market aspects across all sectors of the economy in a consistent manner. It also facilitates the interpretation of the information in a wider population setting, since the information collected need not necessarily be confined to persons in the labour force (i.e. those employed or unemployed), but can involve all other persons in the households covered. In current labour market circumstances this is an important additional dimension as analysis is increasingly concerned with those on the peripheries of the labour market.

In recent decades the borderline between the labour force and what is termed the *economically inactive* population has become increasingly blurred, due to the increasing incidence of part-time and temporary work and the ease with which large numbers of persons (particularly women and young persons in the final stages of their education) repeatedly enter or leave the labour force. Furthermore, the emergence of mass unemployment and long-term unemployment have resulted in a great many individuals becoming “marginalised” in the sense that they tend to lose tangible contact with the core labour market. The wider coverage associated with labour force surveys also allows the possibility of assessing labour market effects in a household or family context. This is important if, for example, one wishes to measure the extent to which persons other than those directly involved (e.g. spouses, other dependants, etc.) are affected by the circumstances of unemployment.

Another advantage of a labour force survey is that it affords the opportunity to define certain labour market characteristics not normally available from other statistical sources. Thus, for example, it is possible to identify the degree of employment engaged in by an individual in terms of the hours worked, or attempt to conceptualise unemployment in terms of aspects such as job search and availability for work. This is important because of the advantages it confers in being able to define certain labour market entities in a more meaningful way. Additionally, because the definitions used to measure these entities are the same for each country, comparability between Member States is guaranteed for certain estimates. This aspect is clearly of considerable importance in the context of the European Union.

There are however some limitations which apply to labour force surveys. Cost considerations place a constraint on the overall household sample size and the resultant sampling variability limits the level of detail that can reasonably be shown. Thus, for example, while the labour force survey can be used to compile estimates of employment across economic sectors, it cannot be expected to yield reliable figures at a detailed level of regional desegregation, nor for individual small industrial or commercial sub-sectors. The sampling base on which such estimates would depend would be too small, and the degree of variability correspondingly high. For the same reason, there is also a limit to what can be achieved with labour force surveys in monitoring trends over time (in employment and unemployment, for example), especially if the movements involved are relatively small.

It is appropriate at this point to refer briefly to other sources of statistical information so that the position of the labour force survey in an overall statistical perspective can be more clearly understood. The other principal sources of labour market information are:-

(a) surveys of enterprises
(b) administrative records.

The former source clearly has the potential for providing detailed estimates of employment for individual sectors (and in fact this is done in many countries). However, such a source is clearly restricted to a consideration of those with jobs and cannot provide any information on the unemployed, nor other persons outside the labour force but who may have an attachment to it. Such surveys can, however, be used to obtain information, not only in relation to employment, but also to output, earnings and hours worked. The simultaneous collection of consistent data on employment and output makes it possible to compile indicators of productivity. Indeed, the derivation of output-type information is usually the main purpose of enterprise-based surveys. Many countries, for example, carry out detailed quarterly or monthly inquiries of the industrial sector which provide consistent information on output, earnings, employment and other related aspects.

Administrative records, such as social insurance records or population registers as widely used in Denmark, Sweden and Finland, can also be used to provide indicators of the levels of employment and unemployment. A prerequisite, however, is that the administrative arrangements should specifically cater for the extraction of the relevant statistics. While this source involves relatively less expense than information derived from either enterprise or household surveys, it suffers from a significant disadvantage in that the underlying systems are based on social welfare or other administrative provisions which may not necessarily accord with the accepted conventions for defining employment and unemployment. Furthermore, if these arrangements are changed (and experience indicates that they frequently are), discontinuity invariably arises in the data. A disadvantage of even greater relevance in an international or EU context is the fact that the social insurance systems in question vary greatly from country to country, both in terms of their design and in the manner of their implementation, This renders the derived information virtually useless in the context of making comparisons between countries, especially in absolute terms. Such sources can, however, provide a reasonable basis for monitoring short-term (i.e. monthly, quarterly, etc.) trends, the most notable in this regard being the various national series on the registered unemployed.

To summarise, therefore, the principal advantages associated with labour force surveys relate to
(1) the opportunity of obtaining comprehensive information (at less cost than a census) across the entire economy, which can be assessed in a global setting embracing society as a whole;

(2) the inherent flexibility of such surveys, which makes it possible to define or conceptualise not only employment and unemployment, but also the circumstances surrounding other groups outside or on the margins of the labour force.

This latter feature (i.e. the facility to conceptualise or define) has assumed greater importance in recent years because of the manner in which labour markets and society have generally evolved, and in view of the growing need to view labour market phenomena in an international context. It must be recognised, however, that the sampling aspect associated with labour force surveys places a limitation on the level of detail possible when analysing the results.

The history of labour force surveys

The notion of obtaining information on the work force by means of household-based inquiries is not in any sense new. Questions on the concept of possessing a *gainful occupation* were introduced in censuses of population in some countries during the latter half of the last century. However, at that stage no questions were asked in regard to what is termed a person's economic status, i.e. whether at work, unemployed or economically inactive. Indeed, at that stage such a notion was hardly even conceived. However, the advancing trend of industrialisation and the resultant restructuring of society created a need for new, approaches, and for more sophistication in measuring labour market phenomena. The situation became particularly urgent with the advent of mass unemployment in the 1930's following the Great Depression. Whatever the uncertainties that may have previously existed regarding the need to conceptualise or measure unemployment were dispelled by the sheer fact of millions in a state of enforced idleness. There was now a clear need to have regular information on the level and trend of employment and unemployment. The first labour force survey was introduced in the United States in 1940 (on a monthly basis) with a new conceptual framework designed to provide information on relevant labour market characteristics.

The movement towards the use of labour force surveys was somewhat slower in Europe. While the intervention of the war years contributed to this, it was also due to the existence of alternative sources of information which provided at least a partial insight into aspects of the labour force. Virtually all Western European countries maintained comprehensive unemployment registers for the purpose of dispensing unemployment compensation which, despite their disadvantages, provided a rudimentary basis for monitoring unemployment trends. However, in time, as the need to take a more global view of the labour market became apparent, different European countries began n to initiate labour force surveys. The first European country to carry out a labour force survey was France in 1950. Further such inquiries were conducted in France throughout the subsequent decade and these evolved into a regular consistent series in the early 1960s. After an extended period of preparation, the Federal Republic of Germany initiated an annual series of labour force surveys in 1957 (the Mikrozensus). Sweden conducted its first labour force survey in 1959 and, after further experimentation, initiated a quarterly series in 1963.

The development of the EU Labour Force Survey

The first attempt to carry out a labour force survey covering the then European Community was made in 1960 with the six original Member States (Belgium, Germany, France, Italy, Luxembourg and the Netherlands). This was regarded largely as an experiment and was not repeated until 1968, when the first of a series of annual surveys took place. This ran for four years but in none of these were all six Member States covered, since Luxembourg defaulted in 1968 and the Netherlands from 1969 to 1971. With the enlargement of the European Community in 1973, a series of biennial surveys was initiated. The United Kingdom was the only one of the three new Member States to join the original six in the 1973 survey, but Ireland and Denmark also took part in 1975, 1977, 1979 and 1981.

The definitions used in these early surveys were necessarily somewhat imprecise, due to the lack of an internationally accepted terminology. This gap was filled in 1982 when the Thirteenth International Conference of Labour Statisticians, convened at Geneva by the International Labour Organisation, passed a Resolution concerning statistics of the economically active population, employment, unemployment and underemployment, containing exact definitions of the various categories of the population which labour force surveys were designed to measure. The Member States of the then European Community agreed to apply these recommendations in a new series of Community Labour Force Surveys which would be conducted annually.

During the course of this series, from 1983 to 1991, a substantial and coherent database of labour market information was built up. This comprised microdata (individual observations) from ten Member States from 1983 onwards (with the exception of the Netherlands in 1984 and 1986), and from the new members Spain and Portugal from 1987. The number of households covered averaged between 500,000 and 600,000. The list of variables included remained virtually unchanged during this period (two items on educational attainment being added from 1988 onwards). The 'ILO recommendations' contained in the 1982 Resolution together with the clarifications made at the Fourteenth International Conference of Labour Statisticians in 1987 gained increasing acceptance. The demand for international comparisons gradually raised the profile of these definitions even in Member States where other concepts continued to be used for national purposes.

The current series of surveys was introduced in 1992. The survey continued to be conducted annually, but for the first time a criterion of statistical reliability at regional level was introduced. The list of variables covered was revised, so as to include topics relevant to the Single Market (such as labour mobility across national boundaries), innovative working patterns (working at home, second jobs or other economic activity outside the traditional forty-hour week) and recent developments in the area of education and vocational training. The questions relating to job search were revised so as to underpin the commitment to the ILO recommendations, particularly by implementing the distinction between active and non-active methods of seeking work. The continued commitment to the ILO recommendations ensured a high degree of comparability between the results obtained from this series and those from the Surveys between 1983 and 1991.

Since 1995 the survey has covered fifteen Member States. Austria, Sweden and Finland all possessed well-established labour force surveys before their entry into the European Union (embedded in the national Mikrozensus in the case of Austria), but in each of these three cases some adjustments were made.

In the mid-1990's a number of concurrent developments has become apparent. Technological advance has led to the increasing use of computers at all stages of data collection, and the introduction in several Member States of portable computers at the interview stage - Computer Assisted Personal Interviewing (CAPI) - is facilitating the emergence of a range of new techniques. In some Member States it is also possible and permissible to access other computer files such as registers, to supplement the information collected in the interviews. These developments facilitate the requirement for swifter and more up-to-date information, which in turn has created a tendency towards more frequent surveys.

The Organisation of the EU Labour Force Survey

The earliest Community Labour Force Surveys were not covered by legislation, but, from 1973 onwards, a Regulation was passed by the Council of Ministers governing the operation of the survey. Each Regulation applied only to a single year's survey, until the surveys of 1990 and 1991 were included in one Regulation (Council Regulation (EEC) No. 3044/89). With the introduction of the new series from 1992 onwards, it was agreed to introduce a single Regulation (Council Regulation (EEC) No. 3711/91) to remain in force until explicitly replaced by new legislation.

The latest regulations is 6202/98 (see section 4). It provides for continous data collection and the provision of quarterly data to Eurostat.

The above Regulations stipulate the agreements reached by the Member States and Eurostat on the implementation of the survey. The technical aspects of the survey are discussed by Eurostat and representatives of the respective national statistical offices and employment ministries, meeting regularly (between one and three times a year) at the Employment Statistics Working Party held in Luxembourg. This Working Party determines the content of the survey, the EU list of questions and the common coding of individual replies, as well as the principal definitions to be applied for the analyses of the results.

The national statistical institutes are responsible for selecting the sample, preparing the questionnaires, conducting the direct interviews among households, and forwarding the results to Eurostat in accordance with the common coding scheme. Eurostat devises the programme for analysing the results and is responsible for processing and disseminating the information sent by the national statistical institutes.

The questionnaires are drawn up by each Member State in the national language or languages, taking into account the stipulations made in the Regulation. For every survey characteristic listed in the Regulation, a question or series of questions exists in each questionnaire to permit this information to be supplied to Eurostat. Otherwise the information is imputed from other sources such as population registers. The questionnaires may also contain other questions which do not relate to the list of characteristics in the Regulation, but rather reflect an interest in the topic concerned at national level. Based on the sample design the figures obtained from the sample survey are expanded to population levels, usually on the basis of grossing-up factors derived from the most recent census of population, suitably adjusted to take account of recent changes which may have occurred since that census.

Data collection and diffusion of results

As soon as each Member State has completed its data collection and verification, the part pertaining to the EU Labour Force Survey is, if necessary, transcoded to Eurostat requirements and transmitted by magnetic support. Eurostat then checks the data for errors according to its own programme of controls. When the data are considered to be error-free they are converted into a SAS database, which can be easily accessed to produce reports. For reasons of confidentiality this database may only be accessed by accredited Eurostat personnel.

Most Member States produce regular publications setting out the results of their national surveys. The yearly report at EU level, which, as mentioned, is the responsibility of Eurostat, contains five main sections covering Population and activity, Employment, Working time, Unemployment and search for work, and Households. Some specific organisational and methodological notes are included in this publication, but, in the interests of rapid diffusion of the results, an attempt is made to analyse the data. From 1994 onwards a selection of graphs has been included in order to improve the presentation of the results.

Detailed studies of labour market developments in the European Union may be found in the annual Commission report Employment in Europe and, in the wider context of the highly-developed countries, in the OECD's Employment Outlook. Data are supplied from the EU LFS database for these publications as well as for a plethora of other studies and reports at national and international level.

Within Eurostat, the richness of the EU Labour Force Survey, including its household dimension, causes it to be frequently used for general publications such as *Europe in Figures* and the *Social Portrait of Europe*. The EU LFS database is also occasionally used to provide data for the publication of Rapid Reports by other services of Eurostat. Among more specialised applications is the use of the database to produce comparable annual estimates of unemployment which, when combined with monthly national administrative data, provide comparable unemployment rates, as published in Eurostat's monthly *bulletin Unemployment in the European Union*. Additionally, the preparation of policy actions in the field of EU social and regional policy through the operation of the Structural Funds relies upon the availability of a solid base of comparable data from the EU Labour Force Survey.

The survey results are completely integrated into the Eurostat statistical system, so that they may be consulted for example through the New Cronos and Regio databases. Users with specific data requirements which are not satisfied by the existing publications and databases may also ask for specified tables to be produced on a chargeable basis. Several hundred such requests are received each year from different public and private bodies, research institutes, universities, etc. They may be addressed to the central Eurostat Information Office (+352-4301-34567; fax 4301-436404), and Eurostat is currently extending its data dissemination facilities, setting up Data Shops in every Member State.

The growing volume of this demand for information is an eloquent testimony to the central role of the Labour Force Survey in the European statistical system. In the field of social statistics there is no other instrument which provides information on social and economic developments within the European Union over such a long time-span, with such a large sample-size or with such a level of comparability.

SECTION 4:
TECHNICAL FEATURES OF THE EU LABOUR FORCE SURVEY

Field of the Survey

The survey is intended to cover the whole of the resident population, i.e. all persons whose usual place of residence is in the territory of the Member States of the European Union. For technical and methodological reasons, however, it is not possible in all countries to include the population living in collective households, i.e. persons living in homes, boarding schools, hospitals, religious institutions, workers' hostels, etc.

Consequently, for the purpose of harmonising the field of survey, results are compiled for the population of private households only. This comprises all persons living in the households surveyed during the reference week, and those persons absent from the household for short periods due to studies, holidays, illness, business trips, etc.

It does not cover persons who, although having links with the household under survey:

(a) usually live in another household;

(b) live in collective households (in particular, persons doing compulsory military service are excluded from the population of private households and regarded as members of collective households, even if during the reference week they are present in the private household to which they belong);

(c) have emigrated.

Reference period

The Labour force characteristics of each person interviewed refer to their situation in a particular week. While this reference week falls in Spring in all countries, the national statistical institutes determine the exact week(s) according to the particular situation in each country. The reference weeks used in the different Member States are shown in the yearly reports containing the survey results. As a general rule the reference week should be a normal week, i.e. it should exclude bank holidays. For countries using a fixed reference week, this requirement is easy to fulfil. In some countries, however, the survey extends over a period of time and, as the reference week is the one preceding the week of the interview, the reference week varies. In this case, the reference week may sometimes include public holidays, such as Easter.

Units of measurement

The main units of measurement for which results are obtained from the survey are individuals and households. The definition of a household varies somewhat from country to country but these differences are unlikely in the majority of cases to have a significant, effect on the comparability of the results.

Reliability of the results

As with any sample survey, the results of the Labour Force Survey are subject to sampling errors. In addition, the results of any sample survey are affected by non-sampling errors, i.e. the whole variety of errors other then those due to sampling. These can be due to many factors such as inability or unwillingness of respondents to provide correct answers or even any answer at all (non-response), mistakes by interviewers when filling in survey documents, miscoding, etc. Methods exist to assess the influence of these non-sampling errors on the accuracy of the survey results, but being often costly, are not generally applied.

Experience shows that at national level the survey information provides sufficiently accurate estimates for the levels and structures of the various aggregates into which the labour force is divided, provided that analyses of this type are confined to levels of a certain size. Survey results at regional level may, however, be affected by considerable sampling errors, even for relatively large groups of the population. Reliability of the results is assured by the size of the samples and the sampling methods used, in addition to careful and thorough planning of the various survey operations and rigorous administration of all phases of the survey.

Comparability of results between countries

Perfect comparability among 15 countries is difficult to achieve, even were it to be by means of a single direct survey, i.e. a survey carried out at the same time, using the same questionnaire and a single method of recording.

Nevertheless, the degree of comparability of the EU Labour Force Survey results is considerably higher than that of any other existing set of statistics on employment or unemployment available for Member States. This is due to:

(i) the recording of the same set of characteristics in each country;

(ii) a close correspondence between the EU list of questions and the national questionnaires;

(iii) the use of the same definitions for all countries;

(iv) the use of common classifications (e.g. NACE for economic activity);

(v) the synchronisation of the survey in Spring; (vi)the data being centrally processed by Eurostat.

The EU Labour Force Survey, although subject to the constraints of the EU's statistical requirements, is a joint effort by Member States to co-ordinate their national employment surveys, which must serve their own national requirements. Therefore, in spite of the close co-ordination between the national statistical institutes and Eurostat, there inevitably remain some differences in the survey from country to country.

Comparability of results between successive surveys

Since 1983 improved comparability between results of successive surveys has been achieved, mainly due to the greater stability of content and the higher frequency of surveys. However, the following factors may somewhat detract from perfect comparability:

(i) the population figures used for the population adjustment are revised at intervals on the basis of new population censuses;

(ii) the reference period may not remain the same for a given country;

(iii) in order to improve the quality of results, some countries may change the content or order of their questionnaire;

(iv) countries may modify their sample designs;

(v) the manner in which certain questions are answered may be influenced by the political or social circumstances at the time of interview.

As far as they are known, Eurostat indicates the main factors affecting the comparability of the data for successive surveys in the publications containing the results.

Basic concepts and definitions

The main statistical objectives of the Labour Force Survey is to divide the population of working age (15 years and above) into three mutually exclusive and exhaustive groups - persons in employment, unemployed persons and inactive persons - and to provide descriptive and explanatory data on each of these categories. Respondents are assigned to one of these groups on the basis of the most objective information possible obtained through the survey questionnaire, which principally relates to their actual activity within a particular reference week.

The definitions of employment and unemployment used in the Community Labour Force Survey closely follow those adopted by the 13th International Conference of Labour Statisticians.

The relevant parts of these 'ILO definitions' are:

Employment

9.(l) The employed comprise all persons above a specified age who during a specified brief period, either one week or one day, were in the following categories:

(a) "paid employment":

(al) "at work": persons who during the reference period performed some work for- wage or salary, in cash or in kind;

(a2) "with a job but not at work": persons who, having already worked in their present job, were temporarily not at work during the reference period and had a formal attachment to their job. This formal job attachment should be determined in the light of national circumstances, according to one or more of the following criteria:

(i) the continued receipt of wage or salary;

(ii) an assurance of return to work following the end of the contingency, or an agreement as to the date of return;

(iii) the elapsed duration of absence from the job which, wherever relevant, may be that duration for which workers can receive compensation benefits

(bl) "at work": persons who during the reference period performed some work for profit or family gain, in cash or in kind;

(b2) "with an enterprise but not at work": persons with an enterprise, which may be a business enterprise, a farm or a service undertaking, who were temporarily not at work during the reference period for any specific reason.

9.(2) For operational purposes, the notion of "some work" may be interpreted as work for at least one hour.

Unemployment

10.(l) The "unemployed" comprise all persons above a specified age who, during the reference period, were:

(a) "without work", i.e. were not in paid employment or self-employment, as defined in paragraph 9;

(b) "currently available for work", i.e. were available for paid employment or self-employment during the reference period-,

(c) "seeking work", i.e. had taken specific steps in a specified recent period to seek paid employment or self-employment.

In applying these definitions to the EU Labour Force survey, the following reference periods are implemented:

(i) In paragraph 10(b) "currently available" should mean available to start work within two weeks of the reference period.

(ii) In paragraph 10(c) the "specified recent period" is the four weeks preceding the survey interview. During this period at least one active method to find work should be undertaken in order to satisfy the criterion of "seeking work".

Unemployed persons can be classified by reason for unemployment into four major groups-.

(1) job-losers are persons whose employment ended involuntarily and immediately began looking for work;
(2) job-leavers are persons who quit or otherwise terminated their employment voluntarily and immediately began looking for work-;
(3) re-entrants are persons who previously worked, but were inactive or on compulsory military service before beginning to look for work;
(4) first job-seekers are persons who have never worked in a regular job.

Labour force

The labour force comprises persons in employment and unemployed persons.

Inactive persons

All persons who are not classified as employed or unemployed are defined as inactive. Apart from showing pupils and students separately, no further breakdown is provided for this group. Conscripts on compulsory military or community service are excluded from the compilation of the survey results.

The above groups are used to derive the following measures:

(a) *Activity rates*
Activity rates represent the labour force as a percentage of the population of working age (15 years or more).

(b) *Employment/ population ratios*
Employment / population ratios represent persons in employment as a percentage of the population of working age (15 years or more).

(c) *Unemployment rates*
Unemployment rates represent unemployed persons as a percentage of the labour force.

(d) *Duration of unemployment*
defined as the shorter of the following two periods (a)the duration of search for work, or (b)the length of time since last employment.

The above rates are usually calculated for sex-age groups and are sometimes further cross-classified by other demographic variables such as marital status or nationality.

SECTION 5:
COUNCIL REGULATION 577/98 OF THE EUROPEAN UNION

Whereas, in order to carry out the tasks assigned to it, the Commission needs comparable statistical information on the level and pattern of and trends In employment and unemployment in the Member States;

Whereas the best method of obtaining such information at Community level is to conduct harmonised labour force surveys;

Whereas Council Regulation (EEC) No 3711/91 of 16 December 1991 on the organisation of an annual labour force sample survey in the Community laid down that, starting in 1992, a survey was to be conducted in the spring of each year;

Whereas, although a continuous survey is preferable to an annual spring survey for ensuring the availability and harmonisation of data and measuring the volume of work, it is difficult to implement a continuous survey on the same dates in all Member States.

Whereas the use of existing administrative sources should be encouraged insofar as they can usefully supplement the information obtained through interviews or serve as a sampling basis;

Whereas the date in the survey, as fixed by this Regulation, may be extended to include a further set of variables forming part of a programme of ad hoc modules which covers several years, and which will be drawn up under an appropriate procedure as part of the implementation arrangements;

Whereas the principles of relevance and cost-effectiveness, as these are defined in Council Regulation (EC) No 322/97 of 17 February 1997 on Community Statistics which constitutes the legislative framework for the production of Community statistics, will also apply to this Regulation;

Whereas statistical confidentiality is governed by the rules set out in Regulation (EC) No 322/97 and in Council Regulation (Euratom, EEC) No 1588/90 of 11 June 1990 on the transmission of data subject to statistical confidentiality to the Statistical Office of the European Communities;

Whereas the Statistical Programme Committee established by Decision 89/382/EEC, Euratom has been consulted by the Commission in accordance with Article 3 of the aforesaid Decision,
has adopted this regulation:

Article I
Frequency of the survey

A labour force sample survey, hereinafter referred to as 'the survey', shall be conducted by the Member States each year.

The survey is a continuous survey providing quarterly and annual results, however, those Member States which are not in a position to implement a continuous survey may carry out an annual survey only, to take place in the spring.
The information collected during the survey relates generally to the situation during the course of the week (taken to run from Monday to Sunday) preceding the interview, known as the reference week.

In the case of a continuous survey:

the reference weeks are spread uniformly throughout the whole year;

- the interview normally takes place during the week immediately following the reference week. The reference week and the date of the interview may not be more than five weeks apart, except in the third quarter;

- the reference quarters and years are respectively groups of 13 or 52 consecutive weeks. A list of the weeks making up a given quarter or year is drawn up according to the procedure laid down in Article 8.

Article 2
Units and scope of the survey, observation methods

1. The survey shall be carried out in each Member State in a sample of households or of persons residing in the economic territory of that State at the time of the survey.

2. The principal scope of the survey consists of persons residing in private households on the economic territory of each Member State. If possible, this main population of persons living in private households, Is supplemented by persons living in collective households.

   Wherever possible, collective households are covered by means of samples specially drawn to permit direct observation of the persons concerned. If this is not possible, then persons in these groups who continue to have an association with a private household are included in connection with that household.

3. The variables used to determine labour status and underemployment must be obtained by interviewing the person concerned, or, if this is not possible, another member of the household. Other information may be obtained from alternative sources, including administrative records, provided that the data obtained are of equivalent quality.

4. Regardless of whether the sampling unit is an individual or a household, information is usually collected for all individuals of the household. However, If the sampling unit is an individual, the information concerning the other members of the household

- may exclude the characteristics listed under Article 4(1)(g), (h), (i) and (j),

- and may be collected from a sub-sample defined in such a way that: