Chroniques

Better measurement
for better discussion and better action

Summary of report by Working Group chaired
by Jean-Baptiste de Foucauld

In spring 2007, INSEE (the French National Institute of Statistics and Economic Studies) delayed the fitting of the ILO unemployment series to the data from its Labor-Force Survey—a statistical procedure usually performed in March. The postponement triggered widespread debate on the measurement of unemployment. These events led the CNIS Executive Committee to ask Jean-Baptiste de Foucauld to chair a Working Group tasked with defining a set of indicators on employment, unemployment, underemployment, and precarious employment. The goal was to arrive at a better description of the complex and diverse situations encountered in the French labor market. The Group's membership consisted of official statisticians, representatives of social partners (employers and employees), and non-profit organizations. After nearly a year's work, the Group released a Report on June 11, 2008, containing thirty proposals to improve the measurement of employment, unemployment, and precariousness. The Group believes we can make our collective intelligence function more effectively, hence the Report's title: Better measurement for better discussion and better action. This issue of Chroniques offers a summary of the Group's proposals.

The Group begins by noting the difficulty of discussing unemployment. There are two basic reasons for this. First, the phenomenon is complex and in perpetual flux, just like employment itself. Second, it is contaminated by an excessive focus on practically a single indicator: the number of job-seekers registered at month-end (demandeurs d'emploi inscrits en fin de mois: hereafter DEFMs) with the National Employment Agency (Agence Nationale pour l'Emploi: ANPE). By contrast, other available information is overlooked, and social changes are inadequately factored into the analysis.

Yet the information system on unemployment and employment is very dense, although at present it does not allow a dispassionate or sufficiently detailed examination of social change. Worse, short-termism may interfere with the implementation of employment policies if decision-makers are more concerned with the impact on the indicator than with actual labor-market conditions.

Spell out what each indicator measures

The Group reminds us that there can never be such a thing as a perfect indicator, whether in its definition or in its calculation rules. All statistics involve measurement or sampling errors. Generally speaking, administrative data are more precise than survey data.

However, they can be affected by changes in management methods or institutional arrangements, and their profile sometimes reflects such changes more closely than it does the phenomenon we seek to measure.

Each indicator should therefore be accompanied by an explanatory text clearly specifying what it covers, what it does not cover, and the technical, administrative or regulatory factors that may influence its variation. That is the Working Group's first proposal.

Define what we want to know and why

The Group believes that unemployment and employment indicators should serve four purposes:

• to assess the extent to which people's basic rights are respected (in particular, the right to employment)

• to allow an analysis of short-term and structural economic developments

• to supply reliable data to employment-policy players, both national and local

• to provide good-quality inputs to public debate.

Public opinion needs information that it can assimilate. The Group recommends defining a small set of relevant indicators for each information item. The indicators should complement one another in a coherent manner. That is the Report's second proposal.

The goal should be to set up new indicators (or enhance existing ones) so as to provide a fuller picture than the one currently available of the diverse situations that French society is experiencing—in particular, insecure and precarious employment. The Group also made concrete proposals for improving communication on this subject, which is a central concern for French people.

Building a richer representation of reality

The ILO (International Labor Office) definitions of employment and unemployment, which date from 1982, were supplemented in 1998 by resolutions on underemployment and "inadequate" employment. The Working Group recommends that France should adjust to this new approach and, for the purpose, (1) introduce new indicators conforming to the ILO's wider conceptual framework, (2) attempt to track precarious employment, (3) improve the analysis of employers' labor requirements, and accordingly (4) tap new, more relevant information sources.

The Group does believe that the ILO unemployment rate determined from the Labor-Force Survey should continue to be viewed as the benchmark indicator for short-term changes in unemployment. However, the Group feels that this indicator should be supplemented in keeping with the **ILO's wider conceptual framework**. In consequence, the following categories on the unemployment frontier should be tracked: (1) economically inactive persons who want to work: they form the *unemployment halo*; (2) persons working part-time who want to work more: this constitutes *underemployment;* (3) employed persons who want to change jobs: this represents *unsatisfactory employment*. The new system would thus successively enumerate persons who, according to their own statements, are totally deprived of employment (ILO unemployment and halo), are in quantitatively inadequate employment (underemployment), or are in qualitatively inadequate employment (unsatisfactory employment).

It would also be interesting to introduce indicators expressed in full-time-equivalent terms, namely, "enlarged" employment and unemployment rates that would include the "unemployed" portion of underemployment.

For a better tracking of precarious employment, we need to go beyond the legal approach (fixed-term contracts, temporary work), and think in terms of unemployment risk and probability of returning to employment (or of access to a stable job). This dynamic approach would involve setting up indicators to measure transitions between statuses during a given year,

supplemented by indicators showing people's working careers over several years. The Group regards these as the most effective indicators for tracking the diversity of individual trajectories and statuses. Similarly, it would be useful to examine the length of unemployment spells and to supplement the information with an assessment of recurrent unemployment (alternating with employment spells). The relevant indicators still largely remain to be developed.

In several areas, the Group did not propose indicators, as it felt that the concepts involved should be defined more fully and that **the information system should be improved** beforehand. Two such areas are employers' labor requirements and job offers. The Group singled out two other topics worthy of exploration: the measurement of employment quality and decent employment.

It is therefore crucial to make fuller use of **the most relevant information sources**. In this context, the Group reasserted its view that the Labor-Force Survey is the fullest and most appropriate tool among the available sources for measuring unemployment in its different dimensions and preparing the related indicators. The Group believes that further improvements should be made to the Survey, notably by moving to quarterly data collection in French overseas *départements* (DOMs).

The Group also expressed an opinion on the indicators produced by ANPE, the main institutional player in the labor market. While providing useful information on the share of the market covered by the Agency and on its management efficiency, the indicators do not in themselves suffice to obtain an exhaustive and accurate measure of unemployment. But these indicators are at present the only ones available at detailed geographic levels. Their use therefore requires further expert examination of the variations in the number of ANPE- registered job-seekers, by comparing the figures with external data and by analyzing any disturbances caused by changes in institutional arrangements or management rules.

Three series of proposals concerning indicators

Although many indicators are already in use, the Group's proposals seek to complete or organize them using three approaches: a static approach, a dynamic approach, and a third, more specific approach to insecurity and precarious employment.

The static approach may be described as a series of photographs. Every year, the publication of the total unemployment rate should be supplemented by rates for specific skill levels or degrees of disability. The "unemployment halo" should distinguish between people who describe themselves as discouraged and those who are prevented from seeking work. Underemployment, as well, should be decomposed by skill level. Jobs regarded as unsatisfactory should be classified by type of contract and by cause of dissatisfaction. As regards employment data, the Group recommends an annual breakdown by type of work contract, skill level, category of working conditions, and length of employment in the firm.

The Group also believes that the titles of the monthly series published by DARES[1] and ANPE should be changed to clearly indicate that their main focus is on the month-end number of ANPE-registered job-seekers. Current categories should be consolidated into categories that are easier to interpret: registered job-seekers out of work, registered job-seekers experiencing "moderately" reduced activity (78+ hours worked/month), and registered job-seekers experiencing "heavily" reduced activity (less than 78 hours worked/month). This should not prevent the organizations from continuing to produce their current detailed information. The ANPE's information system should be enhanced in order to build new indicators on work contracts for job-seekers engaged in reduced activity.

As regards monitoring individuals from one period to the next (dynamic approach)—a field little covered by regular indicators today—most of the Group's proposals require preliminary assessments and studies. On the basis of survey data, the Group proposes a publication of the mean length of unemployment spells as well as unemployment rates by length of unemployment; this would be followed by an unemployment-recurrence indicator. With the aid of the Labor-Force Survey, it should be possible to develop transition matrixes between status in a given year (employment by broad type of contract, unemployment, and inactivity) and status in the following year. More ambitiously, one should also study individual working careers over several years, and define some standard trajectories that would then be tracked at regular intervals.

The Group recommends using ANPE files to produce annual statistics by length of ANPE registration as well as by length of registration at time of exit from ANPE rolls, and to set up a recurrence indicator. It would also be desirable to describe all administrative reasons for entry into and exit from ANPE rolls, as well as to publish the accounting equation that links entry and exit flows to changes in the number of job-seekers. Lastly, a quarterly survey should be set up to track reasons for ANPE registration—along the lines of the ANPE and DARES "Leavers" survey.

To measure precarious employment, the Group believes that we will eventually need to rely on standard trajectories. At present, such tools are available only for tracking young people. In the meantime, the Group recommends using sets of proxy indicators—which do exist—to measure divergences from standard trajectories or changes in those trajectories by type of work contract. These proxy indicators include:

- flows of entries into and exits from employment

- employed persons seeking to change jobs

- year-to-year transition matrixes.

Communicate more effectively

The Group believes that the manner of communication is essential, and the Report devotes a special section to the issue. The documents containing the indicators should be easy to read, and **the announced**

Proposals already implemented

Since December 2007, INSEE has been publishing a quarterly issue of *Info-rapides* reporting quarterly results of the Labor-Force Survey. In addition to the unemployment rate, the newsletter provides indicators for (1) employment rate and activity rate by sex and age,(2) number of persons who are out of work but want to work (unemployment halo), and (3) number of persons in "ILO underemployment" (for the most part, part-time workers who would like to work more). INSEE has thus already implemented several Working Group proposals. In June 2008, DARES, in collaboration with INSEE, published a volume entitled *Emploi, chômage, population active: un bilan des évolutions 2005-2007* ("Employment, unemployment, active population: an assessment of 2005-2007 trends") in the *Premières synthèses* series. The study offers perspective on the major developments in the labor market (including unemployment halo and underemployment) over a three-year period, consolidating information from different sources for labor-market analysis. And, in August 2008, INSEE published an issue of *INSEE Première* entitled *Aux frontiers de l'emploi, du chômage et de l'inactivité* ("On the frontiers of employment, unemployment, and inactivity"), which quantifies and—most importantly—describes borderline situations in the labor market. The study takes a closer look at the unemployment halo (persons who are out of work but want to work): What individual profiles does the halo encompass, in terms of age, sex, and family status? Are the persons in the halo available for work at short notice? Are they seeking work? The study also seeks to describe persons in underemployment as well as employed persons who want to change jobs or to hold additional jobs.

---

[1] Direction de l'Animation de la Recherche, des Études et des Statistiques: Directorate for Research, Studies, and Statistics (Ministry of the Economy, Industry, and Employment + Ministry of Labor, Social Relations, Family Affairs, and Solidarity).

timetable should be respected. The documents should display greater compliance with the basic principles of all good statistical publications: their title should reflect their content as closely as possible; the first page should report the main results with a brief commentary and, if appropriate, a note on any distinctive features of the period covered.

The Group proposes that the websites of the statistical and administrative bodies concerned (INSEE, DARES, ANPE, UNEDIC[2]) should all refer to the same list of publications so as to highlight the key indicators; these bodies should also assist in compiling the indicators. The Group hopes that this will create consensus, not necessarily on the analysis of labor-market conditions, but at least on the tools for conducting the analysis.

The Group recommends **a switch in communication priorities**. This would involve a reversal of the current situation, in which monthly results take precedence over longer-term and trend analyses.

In sum, to obtain a fuller picture of employment, unemployment, underemployment, and precarious employment, the Group

---

ACTIONS to IMPROVE COMMUNICATION

1. Compile an easily available glossary and a dictionary of main indicators, so that the various concepts are used properly within a common framework.
2. Hold information meetings with specialized journalists, so as to improve the intermediation between data producers and the media that use the data.
3. Observe (and enforce) strict compliance with embargo rules; disclose results to journalists sufficiently ahead of the official release date and hour for them to prepare their commentaries.
4. Provide a legal basis for statisticians' independence, in order to enhance the credibility of official statistics in public opinion.
5. Develop plans for dealing with crises, for example if an expected statistic cannot be produced, proves questionable, or is the victim of fortuitous circumstances.

---

expects substantial progress from the indicators proposed in its Report. The Group would like the indicators to be suitable for international comparisons; for that purpose, they should be examined and discussed in the relevant international and European Union bodies (ILO, Eurostat, and OECD).

---

[2] Union Nationale Interprofessionnelle pour l'Emploi dans l'Industrie et le Commerce: federation of unemployment-insurance funds.
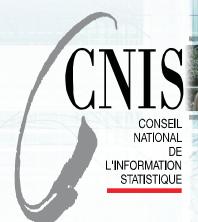
For further information:
Emploi, chômage et précarité - Mieux mesurer pour mieux débattre et mieux agir, Report by a CNIS Working Group chaired by Jean-Baptiste de Foucauld (rapporteurs: Michel Cézard and Marie Reynaud), Rapport du CNIS no. 108, September 2008 [English translation forthcoming early 2009]
Aux frontières de l'emploi, du chômage et de l'inactivité, H. Thélot, INSEE Première no. 1207, August 2008
Emploi, chômage, population active: un bilan des évolutions 2005-2007, DARES, Premières Synthèses no. 26.1, June 2008

CNIS

CONSEIL
NATIONAL
DE
L'INFORMATION
STATISTIQUE

Chroniques – *no 8 - October 2008*

The thirty proposals of the Report

The Working Group's proposals are all useful for improving our knowledge of employment, unemployment, and precariousness. While they are hard to "rank" by priority, we can classify them into a few broad categories. The proposals are numbered by order of appearance in the Report.

One proposal formulates a general guideline for the information system:

10 : Make ILO unemployment, determined from the Labor-Force Survey, the benchmark indicator for short-term changes in unemployment.

Twelve proposals concern the indicators to be published or constructed:

Indicators on unemployment and its boundaries

12: Publish annual unemployment rates by skill level; construct an unemployment rate for persons with disabilities; construct an enlarged unemployment rate in full-time-equivalent terms.

13: Construct the longest possible series on underemployment; disaggregate underemployment quarterly by sex and age, and annually by skill level.

14: Construct the longest possible series on the "halo" around unemployment; disaggregate series on the unemployment halo by sex and age annually; classify persons in the halo according to whether they are discouraged, prevented, or not seeking work (annually).

19: Produce an indicator—if possible, quarterly—of the number of employed persons who want to change jobs; produce annual indicators on employed persons who would like to change jobs, classified by type of contract, with a breakdown by sex and age, and by reason for wanting the change..

Indicators based on ANPE data

15: Change title of monthly publication to Job-seekers registered at ANPE at the end of [month]; state the nature of the data very clearly: what they cover, what they do not cover, and factors that may have influenced them; do not focus on category 1 any longer, but place greater emphasis on registered job-seekers conducting positive job-search actions (categories 123678); consolidate current categories into category A (registered job-seekers out of work), category B (registered job-seekers experiencing "moderately" reduced activity), category C (registered job-seekers experiencing "heavily" reduced activity); enhance ANPE information system so as to construct new indicators spelling out types of work contracts held by job-seekers experiencing reduced activity; cover overseas départements (DOMs) for selected broad categories, with seasonally adjusted data.

21: Produce an annual statistic for the average length of ANPE registration of individuals in categories 123678 and the breakdown by length of registration; supply average length of ANPE registration at the time of exit from Agency rolls; introduce a recurrence indicator to track persons who re-register at ANPE.

23: Publish a full set of administrative causes for entry in and exit from ANPE rolls, with working-day and seasonal adjustment for categories 123678, and headings that are more clearly worded; publish the accounting equation linking entry and exit flows to changes in the number of job-seekers in categories 123678; set up a quarterly survey to track reasons for entry into ANPE rolls—along the lines of the ANPE and DARES "Leavers" survey.

Employment indicators

17: Enhance the analysis of employment, by breaking down employment rate into full-time employment rate and part-time employment rate by sex and age; to this end, compute quarterly employment rate in full-time-equivalent terms by sex and age.

18: Supply annual breakdown of employment by type of work contract and skill level, as well as indicators for specific aspects of working conditions and length of employment in firm (average length and breakdown).

Dynamic indicators

20: Publish annual average length of unemployment spell and annual unemployment rates by length of unemployment spell (and not a breakdown of the number of unemployed by length of unemployment spell); conduct feasibility study on, and introduce, a recurrence indicator.

24: Compile tables showing transitions from status in year n to status in year n + 1; statuses to include employment (with breakdown by broad type of contract, if possible), unemployment, and inactivity, with breakdown by sex and age.

25: Study individual paths in labor market to produce definitions of trajectories that would then be quantified on a regular basis.

Ten proposals aim to improve the statistical system:

3: Conduct fuller analysis of concept of "non-voluntary" working time with a view to constructing new indicators.

4: Explore the measurement of employment quality and decent employment, in the CNIS Task Force on Employment and Income.

5: Set up a system to analyze the feeling of job insecurity.

6: Conduct studies on labor demand (in particular, job offers) to produce a set of clearly defined indicators, published in a visible, coordinated manner.

7: Clarify reasons why job vacancies remain unfilled.

8: Deepen analysis on regional and local needs for unemployment and employment statistics.

9: If feasible, introduce questions in annual census surveys that will promote convergence toward ILO definitions of employment and unemployment.

11: Continue improving quarterly Labor-Force Survey and extend it to overseas départements (DOMs), so as to produce the indicators recommended later in the Report.

16: Give INSEE the means to improve its system for measuring the number of employed persons; promote use of data from DADSs[1] and shorten production times.

22: Shorten publication times for EMMOs-DMMOs[2]; continue expert analysis of the contributions and limitations of the various sources on hirings by type of contract and exits from employment by cause (DADSs, DUEs[3], EMMO-DMMOs).

Seven proposals concern procedures and communication:

1: Accompany each indicator with a brief commentary—for example, a box of text—specifying:
- what the indicator covers
- what it does not cover
- any technical administrative or regulatory incidents that may have influenced its changes during the period examined.
The text should be clear, readable, concise, and instantly visible to the reader.

2: Try to define, in each field of analysis considered, a very small set of significant indicators (three, for example) that complement each other in a coherent manner and are liable to move either in the same direction or in opposite directions.

26: Identify publications clearly.

27: Release a publication schedule.

28: Develop a better ranking of communication priorities, giving precedence to structural trends and downplaying monthly administrative data.

29: Prepare a glossary of the different categories used and a dictionary of the main indicators.

30: Hold information meetings for journalists; enforce strict compliance with embargo rules; give journalists enough time to prepare their commentaries in the best possible conditions.

_____

[1] Déclarations Annuelles de Données Sociales: employers' annual declarations of payroll data.
[2] Enquêtes Mouvements de Main-d'Œuvre: labor-flow surveys; Déclarations Mensuelles de Mouvements de Main-d'Œuvre: employers' monthly declarations of changes in labor flows.
[3] Déclaration Unique d'Embauche: single form filed by employers to report hirings to government agencies.