

STATISTICAL INSTITUTE OF JAMAICA CELEBRATES CARICOM'S STATISTICS DAY OCTOBER 15, 2014

Understanding the Jamaica Labour Force Survey

What is the Labour Force Survey?

The Labour Force Survey (LFS) is a household-based survey conducted by the Statistical Institute of Jamaica (STATIN) on a quarterly basis in January, April, July and October each year. STATIN has been undertaking this survey since 1968. The survey is designed to monitor changes in the employment situation in Jamaica, primarily on the basis of data obtained from the survey. A representative sample of dwellings is visited each quarter by trained interviewers using structured questionnaires to conduct face-to-face interviews with householders.

The survey targets the non-institutional population; 14 years and over. Excluded from the survey are persons living in institutions such as hostels, army barracks, places of safety and other institutions. The survey is used to produce the unemployment rate as well as other standard labour market indicators such as the employment rate and the labour force participation rate. It also provides employment estimates by industry group, occupation, hours worked and much more.

What is the source of the standards and guidelines used in the LFS?

All the standards, concepts, definitions and guidelines used in the Labour Force Survey conform to the recommendations of the International Labour Organization (ILO). This allows for international comparison of the labour market indicators produced by STATIN.

Why do we set a minimum age limit of 14 years for the working age population?

The survey defines the working age population as persons 14 years and older. The minimum age limit used to measure the economically active population (i.e. the labour force) varies among countries. In some countries, the minimum age limit starts as low as age 6 (Egypt) and for others as high as age 16 (United States). The majority of countries however use age 14 or 15 years as the minimum age limit.

Since the inception of the Labour Force Survey in Jamaica, the age of 14 years has been used as the minimum age limit to measure the economically active population in Jamaica. This ensures that persons as young as 14 years who are engaged in any economic activity, such as working on family farms, and in family or small-scale enterprises with or without pay, may be included in the survey.

How is the Labour Force defined?

A person is classified into one of three categories on the basis of their activities: the employed, the unemployed, and the economically inactive (i.e. outside the labour force). The employed and the unemployed persons aged 14 years and over, together constitute the country's labour force and includes the following:

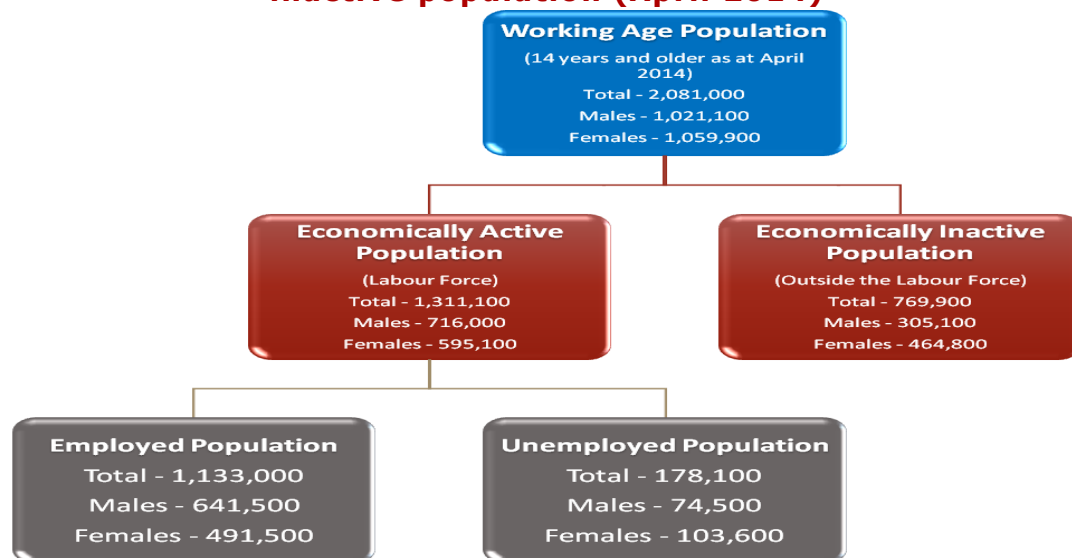
- All persons who were employed in any form of economic activity **for one hour or more** during the survey week;
- All persons who had jobs but were absent from work during the reference period;
- All persons who although they had no job, or worked less than one hour during the survey week, were looking for work;
- All persons who although not looking for work, wanted work and were in a position to accept work during the survey week.

What is the Labour Force Participation Rate?

The labour force participation rate, is a measure of the proportion of the working-age population that is actively engaged in the labour market, either by working or looking for work. It provides an indication of the size of the supply of labour available to engage in the production of goods and services, relative to the working age population. The labour force participation rate is defined as the ratio of the total labour force to the working age population and is expressed as a percentage. The formula used in its computation is:

$$\text{Labour Force Participation Rate (\%)} = \frac{\text{Total Labour Force}}{\text{Population 14 years \& over}} \times 100$$

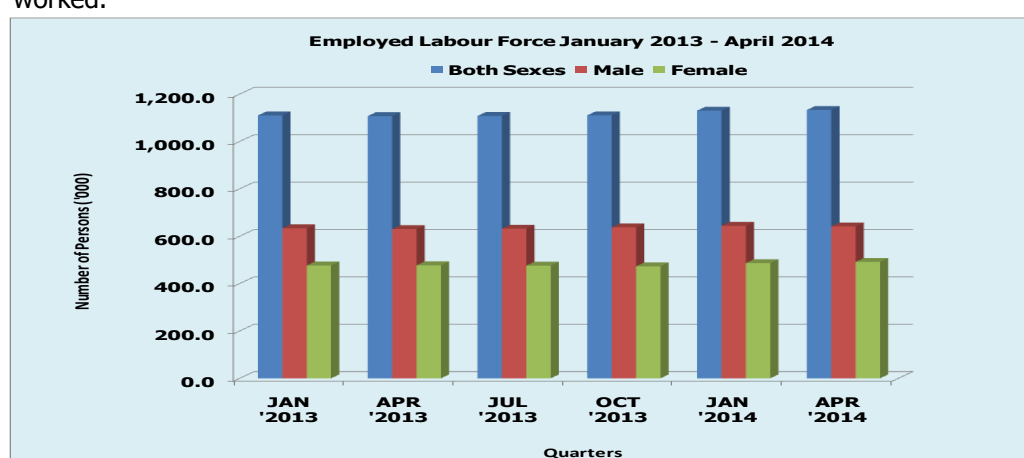
Basic elements of the economically active and economically inactive population (April 2014)



Who are the employed?

Individuals are defined as being employed if they are 14 years and over and engaged in some economic activity for at least **one hour** in the week before the start of the survey (reference period). The employed are classified in the following categories:

- 1. Paid employment**
Comprising persons who, during the reference period performed some form of work for wage or salary in cash or kind.
- 2. Paid self employment**
Persons with an enterprise, which may be a business enterprise, a farm or a service undertaking who during the reference period performed some work for profit or family gain, in cash or in kind.
- 3. Unpaid workers**
Persons who during the reference period worked without pay in an economic enterprise operated by a related or non-related person regardless of the number of hours worked.



Why use the one hour criterion to define employment?

The one hour criterion is an internationally agreed standard used in the measurement of employment. It allows for the inclusion of persons who were employed in all types of employment. This includes short-term work, casual labour, stand-by work and other types of irregular employment. The use of the one hour criterion is important for a complete coverage of even the smallest input of labour.

Who are the unemployed?

Individuals are defined as unemployed if they are 14 years and over and during the reference period satisfy the following three conditions simultaneously:

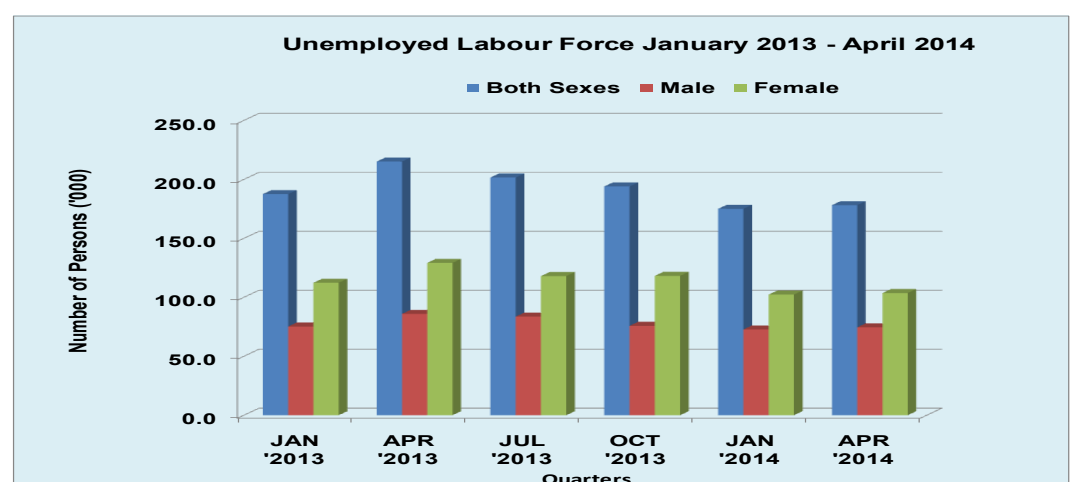
- without work, i.e. were not in employment or self-employment.
- 'currently available for work', i.e. were available for paid employment or self-employment during the reference period; and
- 'seeking work', i.e. had taken specific steps in a specified recent period to seek paid employment or self-employment.

Unemployed is measured in two ways using the "strict" and the "relaxed" definition. For the "strict" definition, all three conditions of 'without work', 'available for work' and 'seeking work' must be met simultaneously before a person can be considered to be unemployed. For the 'relaxed' definition however, a person is defined as unemployed if he/she is 'without work' is 'currently available for work' but has not taken any step to seek work.

In Jamaica the 'relaxed' definition of unemployment is used given that conventional means of seeking work is of minor relevance to the Jamaican labour market. The Jamaican labour market is less organised and a large percentage of the labour force is self-employed.

Unemployment Rate and how is it calculated?

The unemployment rate is widely regarded as one of the key labour market indicators and a good measure of current economic activity. It is defined as the percentage of the unemployed to the total labour force (sum of the employed and unemployed) and is calculated as follows:



Who are classified as 'outside the labour force' or the economically inactive?

The labour force is the sum of the employed and the unemployed. Therefore all persons 14 years and older who are not classified as employed or unemployed, are considered to be 'outside the labour force' or economically inactive. There are a variety of reasons why some individuals do not participate in the labour force: they may be engaged in caring for family members; retired, sick, disabled or attending school. Additionally, some may simply be uninterested in working.