

## Harmonised unemployment versus registered unemployment

Adriana Veronica LITRA<sup>1</sup>

**Abstract:** *The article aims to contribute to the clarifying of the differences and the complementarities between the two main official methods of measuring unemployment, which provide results regarding "harmonised unemployment" (issued by the Labour Force Survey – LFS, according to the International Labour Organization – ILO – definition), and figures regarding "registered unemployment" (provided by the Public Employment Services, according to different national definitions and regulations).*

**Key-words:** *harmonised unemployment, registered unemployment, ILO*

### 1. Introduction

In Romania, as well in the other EU countries, measuring and reporting unemployment is made by using two different tools:

1) by completing a questionnaire, a representative sample of the population participates at Labour Force Survey, with respect to International Labour Office criteria to defining the unemployed status, resulting the **harmonised unemployment**, a common tool for all member states of the EU which let the possibility of international labour market statistics.

2) by registering at the local Public Employment Agencies, the unemployed persons provide information regarding their number, their characteristics, the type of job they are looking for, the time until they find one, etc. Their voluntary registration brings them the advantage to receive unemployment benefit and assistance in finding a job, but also allows the society to outline the dimension of the **registered unemployment** phenomenon.

Different as definition, methodology, coverage, these tools provide different outcomes as well.

---

<sup>1</sup> Transilvania University of Braşov, [adriana.litra@unitbv.ro](mailto:adriana.litra@unitbv.ro)

## **2. International defining and recording/reporting of the ILO / registered unemployment**

### **2.1. Labor Force Survey unemployment (ILO definition):**

Labour Force Survey data on unemployment (LFS'U data) are defined as harmonised data, or harmonised unemployment figures. These are survey data presenting the number of persons which correspond to the international definition of the unemployed, measured by the labour force survey. The definition of unemployment used in the Labour Force Survey (LFS), is as follows:

#### ***Unemployment***

*In accordance with the ILO standards adopted by the 13th and 14th International Conference of Labour Statisticians (ICLS), for the purposes of the Community labour force sample survey, unemployed persons comprise persons aged 15 to 74 who were:*

*(a) without work during the reference week, i.e. neither had a job nor were at work (for one hour or more) in paid employment or self-employment;*

*(b) currently available for work, i.e. were available for paid employment or self-employment before the end of the two weeks following the reference week;*

*(c) actively seeking work, i.e. had taken specific steps in the four week period ending with the reference week to seek paid employment or self-employment or who found a job to start later, i.e. within a period of at most three months (e.g. having been in contact with a public employment office to find work, having been in contact with a private agency to find work, applying to employers directly, asking among friends, relatives, unions, etc., to find work, placing or answering job advertisements, studying job advertisements, taking a recruitment test or examination or being interviewed, looking for land, premises or equipment, applying for permits, licences or financial resources).*

Methodology of collecting data by Labour Force Survey is based on completing a questionnaire by a representative sample of the population. This is a common procedure in all member states of the EU, besides the efforts to harmonise labour force survey questionnaires, ensures a maximum of international comparability of labour market statistics.

### **2.2. Registered unemployment:**

Even though recording data on unemployment is made by the national registers of the most countries in respect to the same criteria established by ILO and used by the LFS for the evidence of harmonised unemployment, the „registered unemployment” is subject to national regulations and practices. Consequently, some differences arise in interpreting and cover area of the unemployment phenomenon, as follows:

- In some countries (it is also the case of Romania), the persons working at least one hour in the reference week could not be considered unemployed. In other countries (Austria, Germany, Finland), having short working hours, involuntary short-term job, low paid job or a temporary job, does not prevent the person to be considered as „without job”, having the possibility, under certain conditions, to be registered as unemployed.
- There are more or less restrictions regarding the availability for work in attributing the unemployed status. For instance, in Romania a person must be full time available for work, to be registered as unemployed, while other countries have derogations in cases like illness, or impossibility of finding kindergarten for their children, by single parents.
- Unemployed status is differently attributed in different states, only for those looking for a full-time job, or also for those aiming a part-time job.
- In some countries the person has to prove the active searching for a job, whereas in other countries it is enough to declare that she/he is actively searching a job.
- Some countries require that the registered unemployed accept any job provided by the Public Employment Service - PES, otherwise they are considered not to be available, hence excluded from the register, whereas other countries maintain this rule only for a "suitable" job.
- It is a common practice for all countries to register only those who personally contact the PES. But in each country, the number of the persons willing to register with the PES varies, depending of the degree of help, counselling, orientation, benefits, perceived to be received by those individuals.
- As a conclusion, the restrictions imposed by the registers to count a person as "registered unemployed" are only in theory the same restrictions imposed by the LFS definition. Due to different interpretation of these conditions, there are different results among countries.

### **3. National methodology in defining and recording/reporting of the ILO / registered unemployment**

Articles should be reasonably divided into sections and, if necessary, into Official reports on unemployment in Romania are based on calculations made by the International Labour Office (ILO) and the National Agency for Employment (in Romania - ANOFM). The data published as a result of the calculations of both institutions are significantly different. These differences are caused by practicing different methodologies in defining the status of unemployed, recording their number and providing their share in total active population. Overall, NAE get out the unemployed on the basis of statements of people who enroll at the agencies for employment, reporting a number of registered unemployed, while evaluating the

status of unemployed by ILO criteria accounts for cumulative compliance of predetermined criteria (working age, not having a job, actively seeking a job, etc.). ILO unemployment rate is calculated by NIS based on an investigation over about 30,000 households. (LegislatiaMuncii.ro)

What is the exact definition of the status of unemployed and the unemployment rate, in the two versions?

According to the Statistical Yearbook of Romania, the unemployed are a component of the active population, whose size is significant in terms of labor market supply with people of working age and able to work, exactly the type of population that can be hired.

The exact definition of the active population by National Institute of Statistics in Romania (NIS) is:

**Economically active population (active persons)** – comprises all persons aged 15 years and over, providing available labour force for the production of goods and services; it includes employe population and unemployed.

**Unemployed** according to the international definition of International Labour Office (ILO) criteria, are persons aged 15-74 years who, during the reference period, simultaneously meet the following conditions:

- have no job and are not carrying out any activity in order to get income;
- are looking for a job, undertaking certain actions during the last four weeks (registering at employment agencies, or private agencies for placement, attempts for starting an activity on own account, publishing notices, asking for a job among friends, relatives, mates, trade unions a.s.o.);
- are available to start work within the next two weeks, if they immediately find a job.

**Unemployment rate** represents the ratio between the number of unemployed and active population expressed as percentage. Registered unemployed represent persons who fulfill the cumulative conditions stipulated by the Law no.76/2002 regarding the system of unemployment insurance and employment incentives and who register to the employment agency in the territorial zone they have domicile or, by case, residence, or to another provider of employment services, functioning according to the law, in order to get a job.

According to the legislation in force, unemployed position is held by person who fulfills the following cumulative conditions:

- a) he/she is looking for a job from 16 years old at least to pension age;
  - b) his/her health, his/her physical and psychical capacities make him able to work;
  - c) he/she has no job, he/she gets no income or, from legal activities, he/she gets an income lower than the value of reference social indicator of unemployment insurance and stimulation of employment in force.
- Social reference indicator of insurance unemployment and stimulation of employment, further called social reference indicator represents the unit

expressed in lei at the level of which there are reported money provisions, supported from unemployment insurance budget, granted both to ensure persons protection within unemployment insurance system and to stimulate certain categories of persons to get a job, as well as employers in view to employ persons looking for a job. The social indicator value for 2016 is lei 500 (amount established by Law no. 76/2002 on the unemployment insurance system and stimulation of employment, SRI has remained unchanged during 2008-2017); (Andrei, 2017)

d) he/she is available to start work in the next period if he/she finds a job.

Unemployed assimilated are persons looking for a job who could not occupy a job after graduation of education institution fulfilling the following conditions:

– graduates of an education institution, aged minimum 16 years, who during 60 days period since graduation did not succeed to be employed according to vocational training;

– graduates of special schools for disabled persons aged minimum 16 years, who did not succeed to be employed according to their vocational training.

**Registered unemployment rate** represents the ratio between the number of unemployed (registered at the agencies for employment) and civil economically active population (unemployed + civil employment, defined according to the methodology of labour force balance).

In conclusion, currently are calculated three types of unemployment rates depending on the data source, definition and periodicity:

- unemployment rate by ILO definition, source – LFS Survey (AMIGO for Romania), quarterly and annual periodicity;
- registered unemployment rate, administrative sources - National Agency for Labor Force Employment (NAE), monthly frequency;
- harmonized unemployment rate, mixed source LFS and administrative, monthly and annual periodicity.

For all member states of the European Union, harmonized unemployment rates are calculated monthly by the Statistical Office of the European Commission (EUROSTAT). Data sources for the calculation of harmonized unemployment rate: European Labor Force Survey on Households and monthly series on registered unemployment from national administrative sources. (Anghelache C. et al., 2013)

#### **4. Registered unemployment compared with harmonised unemployment**

Available data on registered unemployment and ILO unemployment are noticeably different, both in absolute value and growth rate. Statistical evidence of both forms of unemployment for Romania over the last five years is as follows:

Year	Registered Unemployment situation *			ILO Unemployment situation *		
	Total registered unemployed [thousand]	Change registered unemployed [%]	Registered unemployment rate [%]	Total ILO unemployed [thousand]	Change ILO unemployed [%]	ILO unemployment rate [%]
2012	493.8	-	5.4	630.2	-	6.8
2013	512.3	+ 3.8 %	5.7	648.2	+ 2.9 %	7.0
2014	478.3	- 6.6 %	5.4	605.7	- 6.6 %	6.6
2015	436.2	- 8.8 %	5.0	603.4	- 0.4 %	6.6
2016	418.2	- 4.1 %	4.8	493.0	- 18.3 %	5.5

Table 1. *Situation of the unemployment (registered and by ILO definition) in Romania, during 2012-2016*

\* - end of period

Source: Monthly bulletin, January 2016, Year XXIV, no. 267, NBR (National Bank of Romania); NIS (National Institute for Statistics) – TEMPO Online; Somajul BIM (ILO unemployment) – released at March 02, 2017, NIS.

Not only the annual evolutions of registered and ILO unemployment hold the attention, but also the monthly ones. In this case becomes visible not only the difference in absolute value between the two ways of measuring unemployment, but also the different direction of evolution (either increasing values over a certain period, while other values may decrease).

Year	Month	ILO unemployed number	Registered unemployed number	ILO unemployment rate	Registered unemployment rate
2013	January	628953	513349	6.8	5.7
2013	February	638750	510409	6.9	5.6
2013	March	632293	492427	6.9	5.4
2013	April	674138	467089	7.3	5.2

Table 2. *An example of reverse direction of evolution between ILO unemployment and registered unemployment (Jan, 2013-April, 2013)*

Source: NIS – TEMPO online

Year	Month	ILO unemployed number	Registered unemployed number	ILO unemployment rate	Registered unemployment rate
2013	September	658479	428866	7.2	4.7
2013	October	652117	489260	7.1	5.4
2013	November	650440	507607	7.1	5.6
2013	December	648194	512333	7.0	5.7
2014	January	636472	529132	6.9	5.9

Table 3. *An example of reverse direction of evolution between ILO unemployment and registered unemployment (Sept, 2013-Jan, 2014)*

Source: NIS – TEMPO online

## 5. Conclusions

Unemployment rate by ILO definition is calculated by the NIS using the method of the International Labor Office, the method is used in all member states of the European Union, and which therefore has the advantage of allowing relevant international comparisons. Collecting data is based on surveys made in households. Instead, the registered unemployment (whose record is made by NAE) is calculated solely on the basis of statements made by unemployed at employment agencies, whether or not they receive unemployment compensation (those who are not compensated, could still renew their unemployed status in employment agencies in the hope that they will be able to find a job via placement service of the institution).

In the data provided monthly by the NAE are not included people who are not registered at employment agencies, nor those who have completed the period in which they received a form of social protection and subsequently came out of the records of that agency.

Unemployment according to ILO includes individuals who do not work, but neither are registered at the agencies for employment. There may be unemployed persons who, under national law are not entitled to be registered with the NAE, as are people registered with the NAE that do not meet the requirements to be considered ILO unemployed. For example, an unemployed person can meet ILO criteria if submitted actively seeking over the past 4 weeks and is available for employment in the next two weeks. But there is no practical way to keep track of this category, this not being the competence of public employment service; this can be achieved only by survey, having a side effect of developing measurement errors. Instead, an unemployed is registered if she/he appears in the records of the employment agencies (which means that she/he meets the cumulative conditions imposed). In this case there are not measurement errors, but not all these people are registered. Since registering with NAE cost time and money, there are different categories of people not having a strong motivation in registering, so they will not (e.g. full-time students, or people who live away from public employment agency, etc.)

Why do unemployed persons register?

- to receive unemployment benefits;
- to be entitled to other benefits (e.g. community assistance, health insurance)
- to get help in job search.

Why do not all unemployed register?

- some of unemployed might have no motivation in registering, believing she/he can find a job by herself/himself;
  - some of the unemployed might not trust in finding a suitable job with the help of the Employment Office;
  - some unemployed lose motivation in continuing reporting themselves to the Employment Office after expiration of the benefit period;
  - some of the unemployed do not have all necessary documents under the law.
- (Hazans, p. 4)

For these reasons, ILO unemployment is always higher than that reported by the NAE.

Even though LFS-based unemployment rate is the proper measure of the level of unemployment, each of the two unemployment concepts (LFS-based and registered) has its own role and specific applications and purposes in labour market analyses, comparisons and forecasting. ILO unemployment rate with the registered unemployment rate, calculated with different intervals, based on information from different sources, provide two data series used to characterize unemployment in Romania. The two sets of statistical indicators, although are not comparable because data sources, measurement methods, concepts, definitions and scope of coverage vary, offers a complete and real picture of the Romanian labor market.

## 6. References

- Andrei, I., 2017. *Indicator social de referință 2017*. *Avocatnet.ro*, [online]. 11 Jan 2017. Available at: <[http://www.avocatnet.ro/content/articles/id\\_44610/Indicator-social-de-referin%C5%A3%C4%83-2017.html](http://www.avocatnet.ro/content/articles/id_44610/Indicator-social-de-referin%C5%A3%C4%83-2017.html)> [Accessed 20 March 2017].
- Anghelache, C., Anghelache, G.V., Prodan, L. and Manole, A., 2013. *Structura și ocuparea forței de muncă. Metode și modele de analiză*. Romanian Statistical Review no. 4 / 2013. Available at: <[http://www.revistadestatistica.ro/wp-content/uploads/2014/02/rrs\\_04\\_2013\\_a4ro.pdf](http://www.revistadestatistica.ro/wp-content/uploads/2014/02/rrs_04_2013_a4ro.pdf)> [Accessed 29 March 2017].
- Hazans, M. *LFS-based and registered unemployment rates: Why do they differ and why do we need both?* Note prepared for participants of the high-level study visit by Montenegrin labour market stakeholders to Latvia in the framework of the assignment IPA 08-06 „Good governance on labour market and employment statistics” of the project IPA 08-06 GOVIPA „Labour market governance”. Available at: <<https://www.monstat.org/userfiles/file/ars/Registered%20and%20LFS%20unemployment%20rates.pdf>> [Accessed 15 March 2017].
- LegislatiaMuncii.ro., 2011. *Aceleași calcule, rata șomajului diferită: BIM vs ANOFM*. Available at: <<http://legislatiamuncii.manager.ro/a/4186/aceleasi-calcule-rata-somajului-diferita-bim-vs-anofm.html>> [Accessed 7 March 2017].
- Melis, A. and Ludeke, B., 2006. *Registered unemployment (RU) compared with harmonised unemployment (LFS)*. Available at: <<http://ec.europa.eu/eurostat/documents/3888793/5834669/KS-CC-06-001-EN.PDF/bdde7b22-1eca-408d-8ba1-26005af93932>> [Accessed 4 April 2017].
- National Institute of Statistics, Romania, 2014. *Romanian Statistical Yearbook, 2014*. [online] Available at: <<http://www.insse.ro/cms/files/Anuar%20arhive/serii%20de%20date/2014/Anuar%20statistic%20al%20Romaniei%202014.pdf>> [Accessed 25 March 2017].