

## New reporting in the Labour Force Surveys (LFS) from October 2007

In the budget proposal for 2007, the Government wrote the following about the LFS,

*The Government decided on 18 December 1986 on the definition of concepts in the labour force surveys. The decision entailed that full-time students who are actively seeking work and are ready to start work are not defined as unemployed in official labour market statistics. The Government now intends to revoke the above-mentioned decision as soon as possible while retaining the continuity and quality of the labour market statistics.*

On 31 May 2007, the Government decided<sup>1</sup> in accordance with the budget for 2007 to revoke the 1986 Government decision on definitions of concepts in the labour force surveys<sup>2</sup>.

The decision on the revocation means that Statistics Sweden and the LFS can be linked to other countries' reporting of official labour market statistics.

With the publishing of data for October onwards (publishing 15 November 2007), the focus in LFS publishing of press releases and other material will be in accordance with international recommendations. Until then, the LFS will be reported as previously, with the addition of an extra table in the press release, with the most important variables according to the EU regulations, together with a few base tables on our product pages [www.scb.se/aku](http://www.scb.se/aku). The change is not being carried out earlier because the LFS involves complicated statistics and a great deal of work is required to change the calculations back in time.

The alteration and recalculation of the LFS to cover the age group 15-74 years with full-time students who are seeking and can work to be classified as unemployed is estimated to be completed by January 2008.

### Background

In a world with increasing globalisation, the needs and requirements for international comparability are also increasing. To make such comparison possible, international guidelines are being developed by the various international organisations, such as the UN, OECD and EU. Sweden, as a member state of the EU, and Statistics Sweden, as a statistical authority, are required to follow the EU's regulations and directives and to adapt statistical reporting to these.

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<sup>1</sup> Government decision, Ministry of Employment, 2007-05-31, A2007/4550/AE

<sup>2</sup> Government decision, Ministry of Public Administration, 1986-12-18, CE 1663/86

Within the field of labour market statistics, the UN organ, the ILO, has established these guidelines<sup>3</sup>. The EU regulations are based on these ILO recommendations.

The Labour Force Survey (LFS) is one of the more important statistical surveys used to follow the country's development. It constitutes an important basis for decision-making with regard to the economy. The LFS has been produced regularly since 1963 and has experienced two more extensive revisions since then, in 1986 and 2005. The latest revision was carried out on the basis of requirements in the EU regulations.

When the revisions were carried out in 1986, the issue of converting to reporting according to the ILO's recommendations was discussed but the government decided to continue the reporting as previously. Statistics Sweden continued therefore to report the LFS in accordance with national needs, in press releases, Sweden's Statistical Database and in its own results tables, or base tables. This means that reporting covered the age group 16-64 years and that full-time students who were seeking and could start work were not considered as part of the labour force.

Statistics Sweden has, since membership of the EU, in accordance with the relevant regulations regularly reported unemployment to Eurostat according to the ILO recommendations, which included classifying full-time students who are seeking and able to start work as unemployed. These data are published on Eurostat's website.

### **New reporting of LFS gives more unemployed and more employed people**

#### **Amended age divisions**

One fundamental change in the reporting of LFS is that it will now refer to the age group 15-74 years, which indicates an expansion compared to the current reporting of people aged 16-64 years.

The aged group, 16-64 years, currently reported by the LFS will in the future be a sub-group in the reporting.

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<sup>3</sup> Survey of economically active population, employment, unemployment and underemployment An ILO manual on concepts and methods. ILO Geneva, 1990. ISBN 92-2-106516-2

**Table 1**  
**Example of age-divided base table (here concerning LFS May 2007)**

**TAB 1 (15-74 år) korr.** Befolkningen fördelad efter arbetskraftstillhörighet samt efter kön och ålder. Arbetslösa enligt internationella rekommendationer.

Kön	1000-tal					Ej i arbets- kraften	Befolk- ningen (5)+(6)	Rel. arb.löshets- tal (3) i procent av(5)	Rel. arb.krafts- tal (5) i procent av(7)	Sysse- l- sättnings- intensitet (1) i procent av(7)
	I ARBETSKRAFTEN									
Ålder	Sysse- satta	därav I arbete	Arbets- lösa	därav heltids- studerande	Summa					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>Både könen</b>										
15-24 år	454,5	428,4	125,9	..	580,4	591,7	1 172,1	21,7	49,5	38,8
25-34	960,6	838,5	55,0	..	1 015,6	1 27,8	1 143,4	5,4	88,8	84,0
35-44	1 141,6	1 052,4	46,2	..	1 187,8	102,1	1 290,0	3,9	92,1	88,5
45-54	1 023,8	966,7	26,9	..	1 050,7	118,2	1 168,9	2,6	89,9	87,6
55-64	857,2	782,2	37,8	..	895,0	328,3	1 223,3	4,2	73,2	70,1
65-74	97,8	82,1	..	..	98,7	686,9	795,6	..	12,4	12,3
15-74	4 535,4	4 140,3	292,7	108,8	4 828,1	1 955,0	6 783,2	6,1	71,1	66,8
<b>därav</b>										
15-19	113,6	107,4	73,2	..	186,8	440,4	627,3	39,2	29,8	18,1
20-24	340,9	321,0	52,7	..	393,6	151,2	544,9	13,4	72,2	62,6
16-64	4 432,4	4 063,1	285,2	102,1	4 717,6	1 151,0	5 868,6	6,0	80,4	75,5
20-64	4 324,0	3 950,9	218,7	..	4 542,7	827,7	5 370,3	4,8	84,6	80,5

Results tables without age divisions will, from October 2007, relate to the full age group 15-74 years.

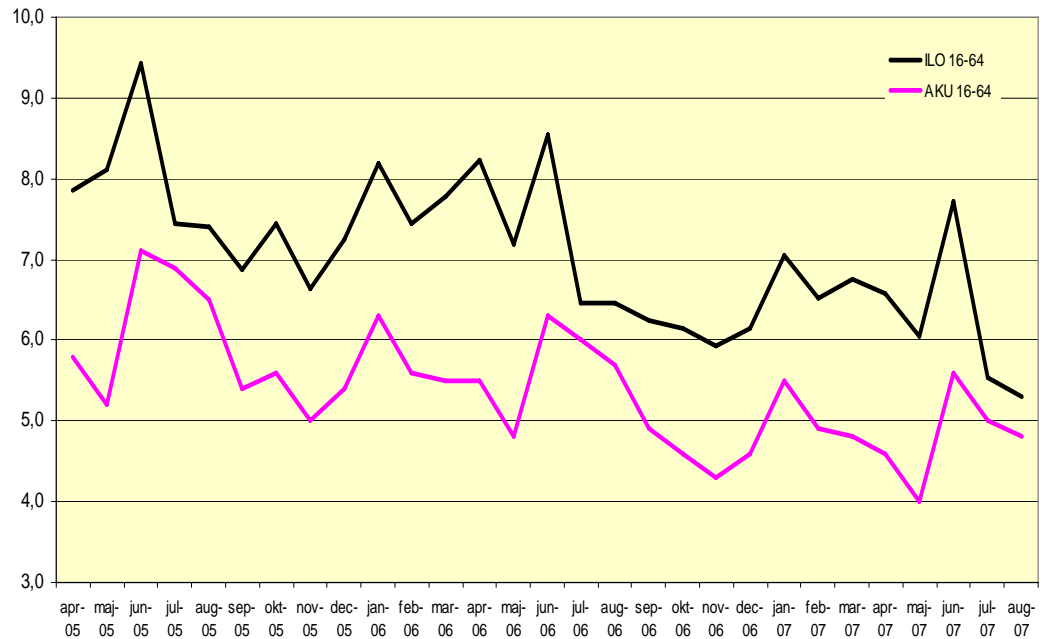
### Unemployment rises

Possibly the most important change is that full-time students who are actively seeking work and who are ready to start work will now be defined as unemployed. Even if no actual change takes place, this reclassification means that the number of unemployed people increases and thereby also unemployment figures.

Figure 1 shows the unemployment measurement in accordance with international recommendations compared to the national definition applicable since April 2005, i.e. since the implementation of the EU-harmonised LFS.

The diagram illustrates that the differences between the ILO measurement and the Swedish LFS measurement are the smallest during the summer months July and August. The deviations vary between 0.5 and 0.9 percentage points. It is not unexpected that there are considerably fewer full-time students during these months than during the other months of the year.

**Figure 1**  
**Unemployment according to international recommendations and the LFS,**  
**April 2005-August 2007, as percent of the labour force aged 16-64.**



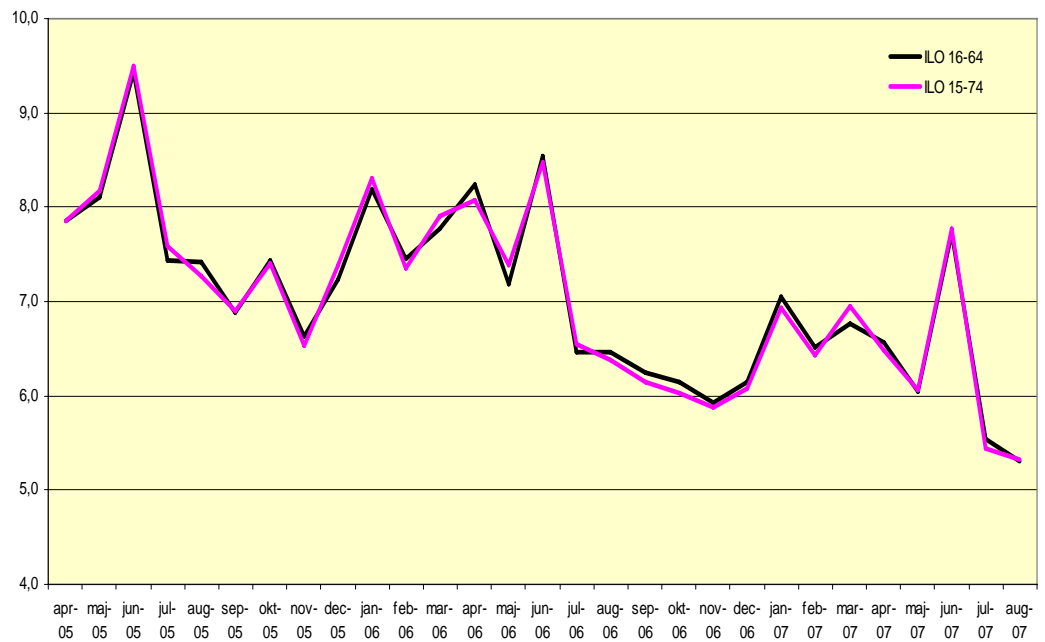
The greatest difference can be seen during the spring and early summer months of April-June, which is a period when more and more students come onto the labour market to look, for example, for summer jobs. The difference in unemployment can amount to as much as slightly over 2 percentage points.

In May 2007, there were slightly over 102 000 full-time students aged 16-64 years seeking work. Of these, slightly under three quarters, or 74 000 people, were aged 16-24 years. 55 000 of these were of upper secondary school age, 16-19 years, which constitutes slightly under half of all full-time students who, according to international recommendations, should be classified as unemployed. The relationship is largely the same if we report the age group 15-74 years. The 55 000 upper secondary school students who want to earn some extra money and are therefore classified as unemployed thereby raise unemployment figures.

In July 2006, the corresponding figures were 25 000 full-time students, or 8 000 people, aged 16-24 years, of which 2 000 were aged 16-19 years.

When calculating unemployment figures for an extended age group, in which people aged 15 years and 65-74 years are included, the changes are minimal. Almost no one in these age groups is unemployed. This is also seen in figure 2 which compares unemployment of the age groups 16-64 years and 15-74 years.

**Figure 2**  
**Unemployment according to international recommendations, April 2005-August 2007, in percent of the labour force, 16-64 years and 15-74 years.**



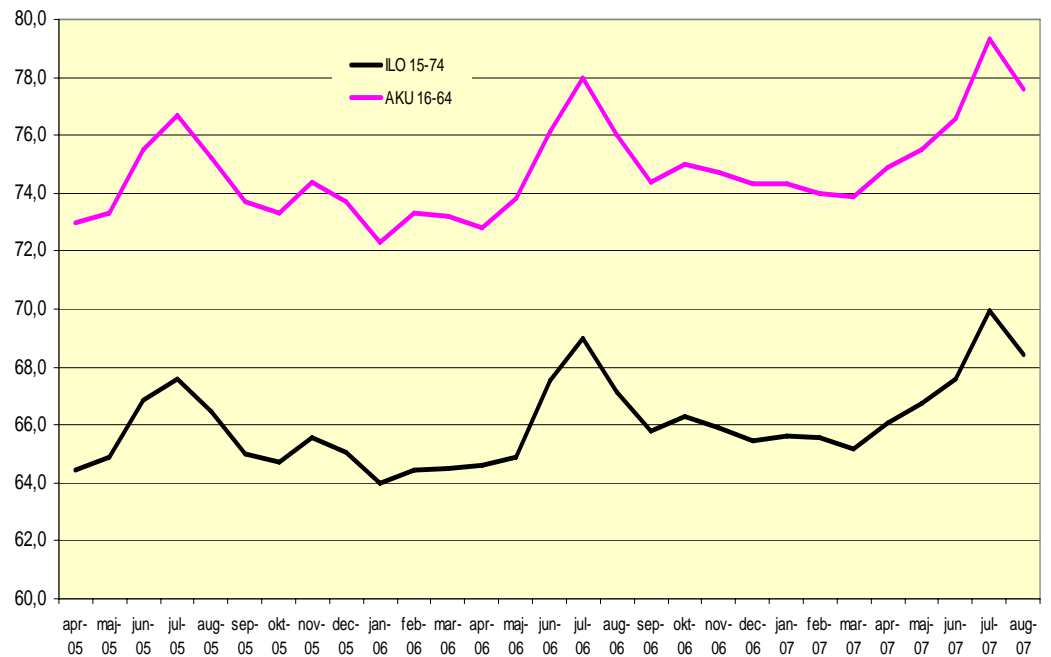
**More employed people - but reduction in employment figures**

There is no difference in the definition of employed people between the international recommendations and the Swedish calculation methods.

Amended reporting regarding age groups however has greater consequences. The expansion to age group 15-74 years leads to an increase in the number of employed people. In May 2007, the number increases by 103 000 people compared to the age group 16-64 years. The increase is predominantly made up of people aged 65-74 years.

Paradoxically, more employed people leads to a reduction in employment figures of between eight and nine percentage points, which can be seen in figure 3. In May 2007, the share of employed people decreases from slightly over 75 to slightly fewer than 67 percent of the population. This is because of the low level of employment among 15 year olds and 65-74 year olds.

**Figure 3**  
**Employment figures according to the LFS and international recommendations, April 2005-August 2007, in percent of the labour force, 16-64 years and 15-74 years.**



Eurostat, the EU's statistical office, uses the age group 15-64 years in its reporting of employment. With this age delimitation, employment figures fall by between one and two percentage points in May 2007, to 74 percent.