

# International Comparability of Labour Market Data

Jaehung LEE

*Directorate for Education, Employment, Labour and Social Affairs, OECD*

*2, Rue Andre-Pascal 75775 Cedex 16, Paris, France*

*jaehung.lee@oecd.org*

## **1. Introduction**

Enhancing international comparability of labour market data has always been an important issue for policy makers and researchers. International comparability of labor market statistics such as the unemployment rate has improved substantially over the past decade, and the growing use of Informatics and Communication Technologies (ICTs) has contributed to improved access to international data. Still, there remains a lot to be improved in the use and application of labor market data for comparative analysis.

This paper will stress the importance of institutional data as well as social and educational data in the analysis of labour market survey data, and will present some examples to illustrate potential linkages between these data. This paper will conclude by introducing the planned OECD publication to meet this purpose.

## **2. Non-standard employment and employment protection**

Coupled with the efforts to increase flexibility in work organization, recently non-standard employment is becoming more widespread and is creating numerous controversial debates. Though an internationally unified definition does not yet exist, the term, non-standard employment tends to be used interchangeably with non-traditional employment or non-regular employment.

With regard to factors affecting development of non-standard employment, there could be a number of institutional factors such as non-wage cost level, Active Labor Market Programs (ALMPs), collective bargaining, etc, among which, employment protection legislation is one of the most important factors. Workers in non-standard forms of employment tend to be less protected than standard workers; e.g. workers in non-standard employment could be used by employers to avoid dismissal costs and these employees may receive less fringe benefits than standard workers.

According to the OECD database and Employment Outlook (1999), most countries recording high level of Employment Protection (e.g. Portugal, Greece, Spain, Italy, France, Germany, Norway, Sweden and Korea) also belong to the group of countries with relatively high proportion of non-standard employment except for Norway. As a result, possible relationship between these two variables may provide a foundation for in-depth research on the relationship between indicators of employment protection and proportion of non-standard employment.

## **3. Youth unemployment rate and related institutional variables**

Most OECD countries are faced with high youth unemployment rates despite decreases in the cohort size of the youth population. Some institutional information with regard to youth unemployment rate includes data on minimum wage, employment protection, school enrolment rate and youth training such as the dual apprenticeship system. There exist close relationships between the evolution of these variables and youth unemployment rates.

In general, countries with dual apprenticeship system (Germany, Austria, Denmark and Switzerland) tend to show relatively low teenage unemployment rate, and indicators such youth unemployment rates, youth unemployment benefits and wage level are reported to affect the school, enrollment rates by making it relatively less costly to remain at school. Movement in minimum wages is also reported to have strong effects on young workers at the minimum wage level. In

France, 1 % increase in minimum wage decreases the employment probability of a young males currently employed at the minimum wage by about 2.5%. In the United States, a decrease in the real minimum wage of 1 %, increases the transition probability of young males from non-employment to employment by 2.2%.

#### **4. Spending on Active Labour Market Programs (ALMPs) and unemployment rates**

The objective of ALMPs is to help the unemployed back to work faster and facilitate employment growth and thus reduce unemployment through structural change in the labor market. Thus, unemployment rates are closely related to public expenditures on Labour Market Programs. In fact, high levels of unemployment in almost all OECD countries during the 1980s and early 1990s entailed increases in public spending both on unemployment benefits and “active labor market programs”(ALMPs).

According to the OECD Employment Outlook (2001), the pattern of expenditure varies strongly with unemployment rates as well as economic cycles. On average, it rose from 2.1 per cent in 1989, before the recessionary period of the early 1990' s, to 3 per cent in 1993, when the average unemployment rate was at its peak (On average, 2.5 % GDP devoted to spending on labour market programs between 1985 and 1998). Both passive and active spending rise and fall with unemployment rates, though responsiveness of passive spending was more pronounced. Considerable regional differences in labor market spending were also found in this analysis, e.g. Nordic countries tend to spend more than other OECD countries.

#### **5. Conclusion**

Despite extensive use in various analyses, there was no attempt made to bring and publish together all of the labour market data collected for analytical purposes. Therefore, as suggested in this paper, OECD is planning to publish for the first time all these data in a comprehensive framework. This publication will include data on minimum wages, replacement rates of unemployment benefits, spending on active and passive labour market programmes, as well as background data such as GDP, unit labour costs, population, employee compensation, labour productivity, union density, collective bargaining coverage, and so on. As such, this publication is expected to cover a broader range of data related to labour market analysis than any other product of international labour market data.

#### **REFERENCES**

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#### **RESUME**

Favoriser la comparabilité internationale des données du marché du travail ainsi que leur pertinence économique a toujours constitué une question importante pour les décideurs politiques et pour les chercheurs du marché du travail. Bien que le développement d'Internet et la globalisation aient contribué à un accès plus facile aux données du marché du travail international et à leur comparabilité, des problèmes demeurent. Ce papier met en avant l'importance d'incorporer des données institutionnelles ainsi que des données sociales et des données sur l'éducation dans l'analyse du marché du travail en montrant quelques exemples des liens entre les données d'enquêtes et les données institutionnelles. Pour conclure, l' article annonce la parution d' une publication de l'OCDE, qui complètera les données issues d' enquêtes avec des données de type institutionnelles aux fins d' analyse.