TECHNICAL NOTE
Measuring Unemployment

1 Each quarter, the Manpower Research and Statistics Department of the Ministry of Manpower releases statistics about the extent and nature of unemployment including how many people are unemployed, how long have they been unemployed, are they young or old, or how much education do they have. These statistics, together with other economic and labour market data provide a gauge of the health of the labour market.

WHERE DO THE UNEMPLOYMENT STATISTICS COME FROM?

2 The unemployment statistics are captured from the Labour Force Surveys conducted on a representative sample of households in Singapore. Respondents are interviewed to obtain information about the employment status of each member in the household. The survey responses are then grossed up to Singapore's population to provide a comprehensive picture of the unemployment situation in Singapore. This is consistent with international practice and enables us to objectively benchmark our labour market performance with other countries. The unemployment statistics pertain to the month at the end of each quarter.

3 Some may wonder why unemployment statistics are not obtained from administrative sources such as the database of job registrants with Career Centres, records of the Central Provident Fund (CPF) or the Inland Revenue Authority of Singapore (IRAS). This is because not all unemployed persons will seek assistance from the Career Centres, nor will CPF or IRAS records capture whether a person is engaging in active job search.

WHO IS COUNTED AS UNEMPLOYED?

4 A person is counted as unemployed if he or she is

(i) not working during the survey reference week, but is
(ii) actively looking for a job in the last 4 weeks, and
(iii) available for work in the next 2 weeks.

This includes persons who are not working but are taking steps to start their own business or taking up a new job after the reference week.

5 This definition is in line with the international guidelines recommended by the International Labour Organisation (ILO). Hence, whether the survey respondents are unemployed is determined by their responses to questions that check on the three criteria above. They are never asked specifically if they are 'unemployed'.

SO WHY ARE THESE THREE CRITERIA USED?

6 First of all, it is clear that a person who is unemployed should not be working. Next, the person should be actively looking for a job as it is only through active job search that he or she can make contact with the prospective employers. On top of that, the person must also be available for work in the next 2 weeks so that it provides a current measure of the available labour supply.

7 This is why, contrary to what some may think, private-hire car drivers, freelancers, and persons on part-time and temporary work are not part of the unemployment statistics as they are at work. Hence, an increase in such workers would not result in a rise in the unemployment rate. For part-timers who are willing and available to work additional hours, they belong to a group of workers known as the *time-related underemployed* and are separately monitored. For persons without a job, the criteria of active job search and availability for work are used to determine if they are unemployed. Some examples are illustrated below:

(a) Retrenched workers
Not all retrenched workers would be considered to be unemployed as some may choose to exit the labour force, e.g. to take a break. Only retrenched workers who are actively looking and available for work will be counted as unemployed.

(b) Discouraged workers
They are not unemployed because they are not actively looking for a job as they believe that their job search would not yield results. Instead, they are considered to be *outside the labour force* (i.e. not employed and not unemployed).

(c) Graduating students looking for a job
They are considered to be unemployed only if they are available to start work in the next 2 weeks when being surveyed. In other words, a student who has started active job search in March (when being surveyed) but could only start work in June after graduation will not be classified as unemployed, as he is not available for work. Upon graduation, those who are not working, but are actively looking for a job and available for work will be counted as unemployed.

(d) Retirees and homemakers
It is possible for retirees as well as homemakers to be unemployed if they decided to re-enter the labour force. To be counted as unemployed, they need to be actively looking for a job and are available for work.

HOW LONG DO UNEMPLOYED PERSONS REMAIN IN THE UNEMPLOYMENT STATISTICS?

8 A person will be counted in the unemployment statistics so long as he or she fulfil the three criteria above. How long a person spent searching for a job is not a factor in determining whether he or she is unemployed. A fresh graduate who just started job search for a month is counted as unemployed, so will a person who is one year into his job search. What is different is that the latter also belongs to a group called the **long-term unemployed**, which is a subset of the

unemployed pool and comprises unemployed persons who have been searching for a job for at least 25 weeks.

9 It is important to monitor the long-term unemployment statistics as they capture information on unemployed persons who had prolonged difficulties in securing a job. It is an indicator of structural unemployment, or unemployment arising from mismatch in job seekers and job openings available.

ARE THERE SEASONAL FLUCTUATIONS IN THE UNEMPLOYMENT STATISTICS?

10 Unemployment is typically higher in June when the graduates enter the labour market to look for jobs, and students seek vacation jobs. It typically falls thereafter in September as graduates find work and students return to school. This seasonal pattern makes it difficult to tell if a quarter-to-quarter change in unemployment is a true reflection of the underlying trend or merely due to seasonal influences.

11 To remove the seasonal influences, a statistical technique called seasonal adjustment is used to produce seasonally adjusted unemployment data. These data can then be compared between different periods of the year (e.g. June with September). In the event where there is no or weak seasonality identified, non-seasonally adjusted data can be used.

12 Otherwise, with the presence of seasonality, data which are non-seasonally adjusted should more appropriately be compared with the same period across years (e.g. June 2016 with June 2017). Non-seasonally adjusted data should not be compared with seasonally adjusted data, as conclusions drawn from such comparison are influenced by seasonality and may not reflect the true underlying movement.

13 In addition, to understand the unemployment situation from a full-year perspective, we also look at the annual average unemployment data, which are simple averages of the non-seasonally adjusted unemployment data obtained at quarterly intervals. These annual averages are not impacted by seasonal influences within a year.

WHERE CAN THE UNEMPLOYMENT STATISTICS BE OBTAINED?

14 Unemployment data are released quarterly in the *Labour Market Report*, with preliminary top-line data released a month earlier in the *Labour Market Report Advance Release*. Breakdown of the data by age, education and sex are available in the quarterly Labour Market Reports, while more detailed breakdown by other characteristics such as occupation and industry are available annually in the *Labour Force in Singapore* report. Historical time series data are also published in the tables online.

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LABOUR MARKET REPORT THIRD QUARTER 2017

ISSN 0219-2527

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Republic of Singapore

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