



MONTENEGRO
STATISTICAL OFFICE

**REVISION OF LABOUR FORCE SURVEY
METHODOLOGY
2021**

Podgorica, September 2021

Revision of Labour Force Survey methodology 2021

The Labour Force Survey (LFS) is a sample-based survey based on households that obtain information on labour market and labour force characteristics. The aim of this survey is to obtain data on three basic population groups: employed persons; unemployed; and populations outside of labour force – as well data about their socio-demographic, educational, and other characteristics of individuals (age, sex, education, citizenship, etc.).

One of main survey aims is to apply the international standards in defining total employment and unemployment so that these categories can be compared with the same categories in other countries.

LFS is carried out in compliance with standards and recommendations of the International Labour Organisation (ILO) guidelines for labour force statistics, as well as in compliance with European legislative acts of the Council and Parliament, and with Eurostat's requirements in relation to methodology, survey organisation, sample procedure, design of questionnaires, and definition of employment and unemployment.

Since 2021, the Statistical Office of Montenegro has moved to a new, redesigned methodology of the Labour Force Survey. The change of the survey is taking place on the basis of, and, in accordance with the new Regulation (EU) 2019/1700 of the European Parliament and the Council, which entered into force on 1 January 2021. New European regulations require from the EU countries to apply new redesigned concepts and methods in the 2021 Labour Force Survey.

In accordance with the new regulations as well as other delegated regulations (Commission delegated regulation (EU) 2020/256, Commission delegated regulation (EU) 2020/257) and implementation regulations (Commission implementing regulation (EU) 2019/2181, Commission implementing regulation (EU) 2019/2240, Commission implementing regulation (EU) 2019/2180, Commission implementing regulation (EU) 2019/2241) changes were made in the questionnaires and programs for processing and production of results.

Modifications of definitions are the effect of implementing the provisions of the 'Resolution on statistics of work, employment and labour underutilization' elaborated in 2013 on the 19th International Conference of Labour Statisticians in Geneva (ICLS), and recommended for use by the International Labour Organisation (ILO)

Implementation of the new Resolution provisions influence the use of slightly different principles of persons' classification into the group of the employed, which, in consequence, have also the impact on the population of unemployed persons and persons outside of labour force.

The changes introduced into the LFS from 2021 onwards, mostly concern definitions and the way of specification of particular populations of persons on the labour market – the employed, unemployed and persons outside of labour force, and the scope of variables dedicated to their additional characteristics.

According to the previous methodology, an employee who had been absent from work for more than 3 months and maintained a salary of at least 50% was also considered employed. In the new methodology, a worker who has been absent from work for more than three months is classified as not employed, except in cases as it follows:

- Maternity leave, illness, working time arrangements, employer-paid training, parental leave, if paid, or if the absence does not exceed 3 months;
- Seasonal worker who reports during the closure period that he/she is performing activities related to maintaining, renewing, or carrying on business, such as: equipment maintenance (excluding legal or administrative obligations and activities related to the payment of taxes).

In brief, the duration of absence from work (more or less than 3 months) becomes the predominant criterion for defining the condition of being employed.

The employed operational definition was changed through:

- ✓ Introduction of the upper age threshold for an employed person (15-89 years)
- ✓ Considering (including into the employed population):
 - Unpaid family workers performing work for family members not belonging to their own households (living outside the parents' household);
 - Seasonal workers in off-season, if they continue to regularly perform tasks and duties for the work or business from which they are absent, excluding the fulfilment of legal or administrative obligations;
 - Persons who did not work in the reference week, but have a job or business to return to. (The criteria for some reasons for absence have been simplified, which are used to classify persons in the group of employees, e.g. persons on maternity leave).
- ✓ Excluding from the population of the employed:
 - Self-employed persons employed in private agriculture (on farms owned by natural persons) who allocate the effects of their work exclusively or mainly for own consumption and simultaneously do not have any other job.

Data on labour activity of persons are collected for persons aged 15-89 (until the end of 2020, the age limit referred to persons aged 15 and over). For other household members, i.e. persons younger than 15 years and older than 89 years, the data are collected concerning the general characteristics of the household, so the analysis of the situation on the labour market is limited to persons aged 15-89.

Uniformed set of questions introduced in the LFS is targeted at the improvement of data comparability between countries. The entire set of questions determining the status of individuals in the labour market has been redefined.

A new Eurostat's questionnaire model introduced a new question with modalities concerning so called 'small jobs', as well as jobs occasionally performed (food or goods delivery, maintenance services, moving services, gardening services, private lessons, babysitting, elderly care, pets care, etc.). Having in mind an increasing presence of these jobs at the labour market, and respondents often miss to mention them as specific jobs, thus the aim of introducing new question is their better coverage.

Basic definitions applied in the Labour Force Survey according to the new Methodology

Active population (labour force) include employed persons and unemployed persons aged 15 to 89 years.

Activity rate represents the percentage of active population in the total population of the same age group.

Employed persons comprise people aged 15-89 years and it refer to persons who:

- ✓ Performed any work for wage or profit (in cash, goods or services) during the reference week, even for one hour. Persons who receive wages for on-the-job training (apprentices or trainees) are also considered as employed.
- ✓ Did not work but have a job or business to return to. They were absent from work or business during the reference week:
 - Persons absent from work due to holidays, annual leave, working time arrangements, sick leave, maternity or paternity leave, job-related training
 - Persons absent from work due to perinatal leave, whether they receive wage or benefits from work from which they are absent, or whose expected duration of parental leave is up to 3 months;
 - Seasonal workers in off-season, if they continue to regularly perform tasks and duties for the work or business from which they are absent, excluding the fulfilment of legal or administrative obligations;
 - Persons who did not work in the reference week for some other reasons, and whose expected duration of absence is up to 3 months;
 - Persons who produce agricultural products and if the main part of these products is intended for sale or exchange (barter).

- ✓ Unpaid family worker is a person who assisted the other member of the household in running family business or agricultural holding, without receiving any formal pay and providing that they not considered themselves as employed. Unpaid family workers include, e. g.:
 - A son or daughter working in the parents' business or on the parents' farm without pay (living inside or outside the parents' household).
 - A wife who assists her husband in his business (in trade, agriculture) without receiving any formal pay.

Persons in own-use production work, voluntary workers, unpaid trainees are not included in employment on the basis of those activities.

Employment rate represents the percentage of employed persons in the total population of the same age group.

Unemployed persons comprise persons aged 15 to 74 years who:

- ✓ In the reference week did not work (not in paid employment or self-employment and did not do any paid work);
- ✓ In the past four weeks were actively seeking work (specific steps were taken to seek paid employment or self-employment);
- ✓ Were currently available for work (within two weeks).

Person who has already found a job which will start within a period of at most 3 months and they are available for work in the two weeks after the reference week are also included among unemployed persons.

Unemployment rate represents the percentage of unemployed persons in the total active population.

In accordance with the new methodology, there is a change in the term inactive population to the term persons outside the labour force.

Population outside of labour force comprise:

- ✓ Persons less than 15 years old;
- ✓ Persons aged above 89 years;
- ✓ Persons aged 15 to 89 years who during the reference week were not neither employed, nor unemployed, according to the previously described definitions of employment and unemployment.

Population outside of labour force rate represents a percentage of persons outside of labour force in total population of the same age group.

Overview of changes occurred in determining employment status:

Determining employment status	New LFS methodology	Old LFS methodology
Persons worked at least one hour for pay or profit in the reference week	+	+
Persons raising agricultural products intended only or mainly for own-consumption	-	+
Persons old 89 years and over	-	+
Employed persons absent from work due to sick leave or maternity or paternity leave regardless of the reason for absence	+	+
Employed persons absent from work due to annual leave, working time arrangements, job-related training up to 3 months	+	+
Employed persons absent from work due to annual leave, working time arrangements, job-related training up to 3 months, more than 3 months	+	+ if receive 50% or more of net wage; - if receive less than 50% of net wage
Persons on parental leave up to 3 months	+	+
Persons on parental leave more than 3 months	-	+ if receive 50% or more of net wage; - if receive less than 50% of net wage
Employed persons absent from work up to 3 months due to childcare or incapacitated adults, strike, personal reasons, non-job-related training or reasons other than those already mentioned above	+	+
Employed persons absent from work more than 3 months due to childcare or incapacitated adults, strike, personal reasons, non-job-related training or reasons other than those already mentioned above	-	+ if receive 50% or more of net wage; - if receive less than 50% of net wage
Self-employed absent from work who own equipment of significant value, store, farm, advertisement	Not relevant	+

Determining employment status	New LFS methodology	Old LFS methodology
Self-employed absent from work due to annual leave, working time arrangements, job-related training, sick leave or maternity or paternity leave regardless of the reason for absence	+	Not relevant
Self-employed absent from work up to 3 months due to childcare or incapacitated adults, strike, personal reasons, non-job-related training or reasons other than those already mentioned above	+	Not relevant
Seasonal worker in off-season, regularly performing job-related tasks, in case of absence up to 3 months	+	+
Seasonal worker in off-season, regularly performing job-related tasks, in case of absence more than 3 months	+	Not relevant
Seasonal worker in off-season, not regularly performing any job-related task in case of absence up to 3 months	-	+
Seasonal worker in off-season, not regularly performing any job-related task in case of absence more than 3 months	-	+ if receive 50% or more of net wage; - if receive less than 50% of net wage
Unpaid family workers absent from work up to 3 months	+	+
Unpaid family workers absent from work more than 3 months regardless of the reason for absence	-	-

Due to the changes in the methodology on Labour Force Survey, since the first quarter of 2021, compared to the previously implemented methodology, there has been provided no data comparability over previous periods.

To observe the effects of changed methodology, and to provide the elements for the revision of the most important statistical indicators (employment and unemployment level), for purposes of receiving a comparable series of previous data with the 2021 data, there is ongoing implementation of pilot survey. The work on estimating the effects of introduced changes on the obtained results will be finished in the first quarter of 2022.