

Explanatory Notes: Sri Lanka Labour Force Survey

Coverage

Sri Lanka Labour Force Survey was designed to measure the levels and trends of employment, unemployment and labour force in Sri Lanka. This survey is being conducted quarterly, since the first quarter of 1990.

This quarterly survey of households is conducted through a scientifically selected sample designed to represent the civilian non-institutional population. Respondents are interviewed to obtain information on number of socio economic variables from each member of the household.

Annual survey is conducted in twelve monthly rounds. Data collection of the survey is done during the third week of each month. This is known as the "survey week". The information relates to economic activity and employment status are referred to the preceding week of the survey week. This is identified as "reference week".

The concepts and definitions underlying labour force data are as follows.

Concepts and definitions

1. **Working age population:** All persons above specific age limit (15 years and above) of either gender are identified as working age population. This population consists with two groups namely economically active & inactive. Before 2012 the survey considered aged 10 and above as the working age population.
2. **The Economically Active Population:** The economically active population or the labour force comprises all persons of working age who are either "employed" or "unemployed" during the reference period (The week before the survey period).
Labour force = Employed + Unemployed
3. **Employed:** During the reference period, persons, who worked as paid employees, employers, own account workers or contributing family workers are said to be employed.
This also includes persons with a job but not at work during the reference period.
4. **Unemployed:** Persons available and/or looking for work, and who did not work and taken steps to find a job during last four weeks and ready to accept a job given a work opportunity within next two weeks are said to be unemployed.
5. **Not in the Labour Force (economically inactive):** Persons who were neither working not available/looking for work are classified as "not in the labour force". Persons are not in the labour force for such reasons as: full time care of the household, full – time students, retired or old age, infirmed or disabled, or are not interested in working for one reason or another. Current and Usual definitions apply.

Reliability of the estimates

Statistics based on the quarterly labour force data are subject to sampling and non - sampling errors. When a sample rather than the entire population is surveyed, there is a chance that the sample estimates may differ from the "true" population values they represent.

The exact difference, or sampling error, varies depending on the particular sample selected, and this variability is measured by the standard error of the estimate. There is about a 95 percent chance, or level of confidence, that an estimate based on a sample will differ by no more than 1.96 standard errors from the " true" population value, because of sampling error. Analyses relating to the Labour Force Survey are generally conducted at the 95 percent level of confidence.

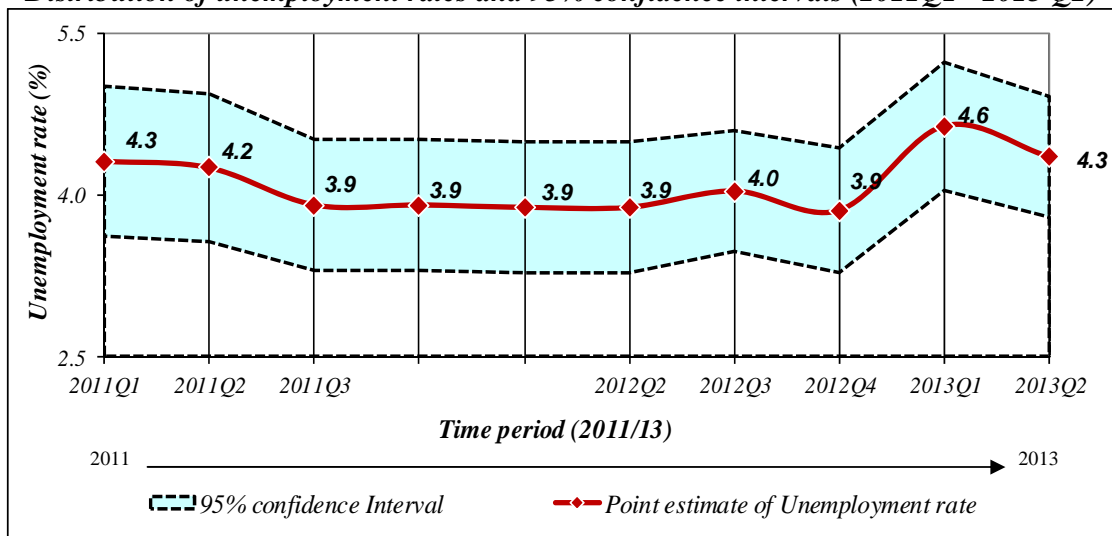
For example, the confidence interval for the quarterly unemployment rate is on the order of

$$\begin{aligned} &\text{Estimated value (of the unemployment rate)} \pm (\text{standard error}) * (1.96) \\ &6.4 \pm (0.4) * (1.96) \\ &(6.4 \pm 0.784) \end{aligned}$$

This means, the 95 percent confidence interval on the quarterly unemployment rate could range from (5.6 to 7.2) . This implies that there is about 95 percent chance that the "true" unemployment rate lies within this interval. This range includes all the values range from 5.6 to 7.2 . When the comparison of this estimate is done between two quarters, if any of the value within the 95 percent confidence interval of one quarter overlaps with the confidence interval of the other , it means that the estimates of this two quarters *are not significantly different*.

Therefore, in each quarterly labour force report, a separate table is given including approximate standard errors for some selected variables, so that users could understand this statistical scenario clearly.

Distribution of unemployment rates and 95% confidence intervals (2011Q1 - 2013 Q2)



Note:

- Survey was not conducted in the fourth quarter 2011 & first quarter 2012 due to activities of population census.

As seen in figure 2, it is very important to note that, there were no statistically significant differences between the unemployment rates reported in different time periods of 2011/2013, when sampling error was considered.

Change in survey schedule

Current survey concepts and methods are very similar to those introduced at the beginning of the survey in 1990. However, some changes have been made over the years to improve the accuracy and usefulness of the data. In January 2006, some improvements were made to the labour force survey schedule in order to fulfill the requirements of data users and also to provide additional information for planning purposes. The revision was made focusing on literacy, household economic activities, and informal sector employment and under employment etc.

From January , 2013 onwards, the lower bound of working age populations is considered as age 15, hence age 15 and over population is considered as working age population .The survey schedule is updated to obtain more precise information on following age, informal employment, informal sector, secondary occupation, wages & income , unemployment & trainings.

New Industry & Occupation classifications

Until 2013, SLIC Rev 3.1 and SLSCO 88 were used for industry and occupation classification. From January 2013 onward the survey uses new versions of classifications as follows.

SLIC Rev 4:- Sri Lanka Standard Industry Classification based on International Standard Industry classification - Rev.4 (ISIC Rev 4)

SLSCO 08:- Sri Lanka Standard Classification of Occupation -2008 based on International Standard Classification of Occupation-2008 (ISCO 2008)