

# ***Explanatory Notes : Sri Lanka Labour Force Survey***

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## **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 about the employment status etc. of each member of the household 10 years of age and older.

The field work of the survey is done during the third week of the each month, Monday through Sunday. This is known as the " survey week" . The inquiry relates to activity or status are referred in the preceding week of the survey week; referred to as the "reference week".

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

## **Concepts and definitions**

1. ***Labour force*** : The labour force is composed of the economically active population 10 years of age and over.
2. ***The Economically Active Population*** : is defined as those persons who are/were employed or unemployed during the reference period of the survey.
3. ***Employed*** : Persons, who during the reference period, worked as paid employees, employers, own account workers (self employed), or unpaid family workers are said to be employed. This includes persons with a job but not at work during the reference period.
4. ***Unemployed*** : Persons who are seeking and available for work, but had no employment during the reference period.
5. ***Currently Economically Active*** : A person who was employed or unemployed during the current reference period is considered to be currently economically active.
6. ***Not in the Labour Force (not economically active)*** : 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.

## 7. *Criteria for classification of underemployment*

In order to classify an employed persons as visibly underemployed,

### *(i) If the person has worked less than the normal duration in his/her main activity*

In Sri Lanka scenario, 35 hours per week is taken as the cut-off point applicable to all workers, except government teachers. As in practice, though teachers do have a normal duration of work which is below the general cut-off point, they should be on a full time schedule according to the nature of their job. Further, those who do have a secondary job, or those who are employers, were considered as having worked the normal duration in their respective activity.

Therefore, if the person has worked less than the normal duration in his/her activity (as described above), then the person is further questioned to ascertain whether he/She is prepared and available for further work if provided. Such persons are considered underemployed in their respective employment.

### *(ii) If the person has worked more than the normal duration in his/her activity*

If the person has worked even more than 35 hours as usually, but he has worked less than 35 hours actually in the reference period, only due to the off season or bad weather, such persons were also further questioned to check their underemployment situation, considering them as a special category.

## 8. *Informal Sector Employment*

In order to classify a person to be employed in informal sector employment, following information were used.

- (i) Registration of the organization
- (ii) Accounts keeping practices of the organization
- (iii) Total number of regular employees of the organization.

## **Reliability of the estimates**

Statistics based on the quarterly labour force data are subject to both 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 differences, 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 ,

Estimated value *(of the unemployment rate)*  $\pm$  (standard error) \* ( 1.96)

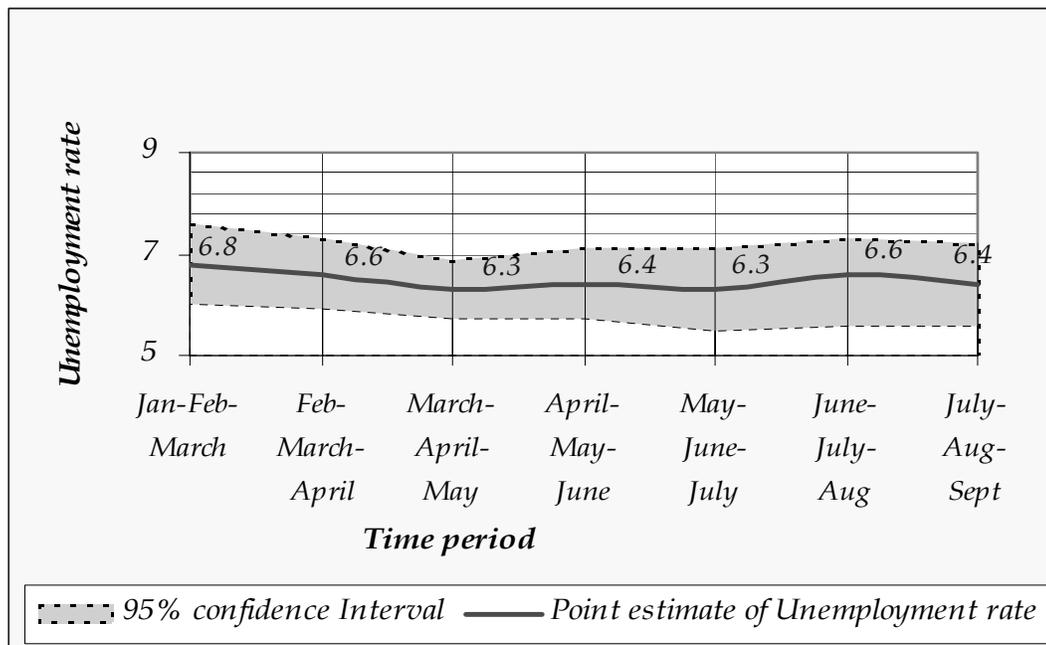
6.4  $\pm$  (0.4) \* (1.96)

(6.4  $\pm$  0.784)

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.

### *Unemployment rates and it's lower and upper limits 2006 (Jan-Sep)*



As shown in the given figure, it is very clear that, there is no statistical significant differences between the quarterly unemployment rates reported in 2006, (since all the 95 percent confidence intervals overlap) when sampling error is 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.

Beginning in January 2006, some improvements were made to the labour force survey schedule in order to fulfill the requirements of it's users and also to provide additional information for the planning purposes. This revision was made focusing on literacy, household economic activities, and informal sector employment and under employment etc.