

Quality and comparability of the LFS between countries

In September 2012, Statistics Sweden was commissioned by the Government of Sweden to examine the comparability of statistics on youth unemployment between Sweden and the Netherlands, Germany, Austria, the United Kingdom, Denmark, Finland, Iceland and Norway.

All countries carry out the LFS survey as a sample survey of individuals or households, where people are interviewed and classified according to agreed concepts. There are a number of factors in a sample survey that may affect the comparability of results between countries. The countries in the study have slightly different traditions and circumstances, which means that there are differences in the structure and implementation of the survey. However, these differences do not significantly affect the comparability of youth unemployment or employment. The study was based on how the countries relate to Eurostat's recommendations and how they have applied them in their surveys.

Summary and conclusions

The overall conclusion is that the comparability of statistics on youth unemployment is very good. The Labour Force Surveys (LFS), which are the surveys used to report youth unemployment in the countries in the study, are well harmonised and comply with ILO definitions and regulations. The review made by Statistics Sweden, supported by the statistical agencies in the countries concerned and Eurostat, shows that the deficiencies are negligible and do not affect the overall picture of the labour market. However, comparability may be limited for specific subgroups, such as foreign-born persons.

The differences in unemployment levels between countries must therefore be explained by factors other than deficiencies in the comparability of statistics. Institutional factors, especially the design of educational systems, can largely explain the differences in youth unemployment between countries. Extensive apprenticeship systems, where apprentices receive a wage, have a great effect on the level of youth unemployment. The level is also influenced by the disbursement of student financial aid during the summer months.

The design of the unemployment measure in accordance with the ILO definitions has specific consequences when applied to the group young people. Thus, to gain a deeper understanding of the labour market situation of young people more aspects than just unemployment should be taken into consideration. This is especially because young people are engaged in studies to a greater extent than the rest of the population, but also because they are making their entrance into the labour market.

Comparability regarding the measure of youth unemployment

The LFS is a well-harmonised survey, which results in very good comparability between countries. The most harmonised measurements in the LFS are the number of unemployed and number of employed. These measures are also the bases for the unemployment rate. The small deficiencies in comparability that still exist in the LFS have been identified especially in the definitions and target population.

As for definitions, the lack of comparability rests with the Netherlands, which has higher requirements for classifying someone as unemployed. The sampled individual must answer that he or she *wants* to work, in addition to the normal requirements of seeking work and being able to take a job. The difference in the target population is that Iceland and the United Kingdom do not include 15-year-olds. However, the study shows that these comparability deficiencies have a marginal impact on the level of youth unemployment and thus on comparability between countries. The countries also differ in the definition of the target population regarding collective and private households. This has also been shown to not have a significant effect on the estimates.

Eurostat does not require reporting in the LFS on how many of the unemployed are full-time students. Whether a country has chosen to do so or not depends instead on its own practices and preferences. Instead, European statistics report the number of people in regular education. However, whether a person is studying or not has no impact on the comparability of the level of unemployment, since the classification is determined by whether the person is performing work or seeking work, regardless of whether the person is engaged in studies. Among the compared countries, only the United Kingdom and Sweden report unemployed full-time students on a national level.

Contacts with the countries in the study have shown that they differ greatly in terms of the relative shares of proxy interviews and non-response. The consequences of this have not been fully investigated because studies in these areas are limited. However, the studies that exist indicate that these factors have only a minor impact on youth unemployment levels and therefore comparability.

If countries have different classification principles, for example, for persons in labour market programmes or apprentices, deficiencies may arise in comparability of the statistics. However, our review of the handling of labour market programmes and apprentices in the LFS has shown that the basic principles for the classification of these groups did not significantly differ between countries. The differences are related only to the classification of labour market programmes, but in this context it has been shown that these do not have any major impact on the estimates of employment and unemployment. Thus, there are no deficiencies in comparability between the surveys regarding the handling of the labour market programmes or the apprenticeship programmes.

All the countries in the study were asked to make an overall assessment of their own surveys, and where there was reason to point out any deficiencies in comparability for the users of the statistics. These assessments found that the figures on youth unemployment that they supplied are of good quality with regard to comparability. However, a number of countries indicated that comparability may be worse for

subgroups such as foreign-born persons. In the case of the foreign born, this is due to such factors as a higher non-response, that the group lives in collective households to a greater extent, and factors related to the drawing of samples and the sampling frame. In addition, the measurement situation may become less certain if there are language difficulties. Finally, it should be noted that several countries have chosen not to report foreign-born persons separately as they are too small a group.

Explanations for differences in the level of unemployment rates

Institutional differences can largely explain differences in the level of youth unemployment across countries. An analysis of labour force participation for young people divided into subgroups shows that there are large differences in all countries between younger (aged 15-19) and older (aged 20-24) youth and among those who study and those who do not study. A comparison between countries shows that the differences in labour force participation are mainly explained by the younger youth and the students. These subgroups coincide to a large extent because a very large proportion of the younger youths are just students. Therefore, we find in these groups the main reasons why unemployment levels vary so much between countries.

The fact that the differences in unemployment rates between countries are so large for the student group can find its explanation in the countries' apprenticeship systems. If apprentices in one country are employed and receive wages through their apprenticeship and the country has an extensive apprenticeship system, this has a double effect on the unemployment rate. This is because apprentices who receive a wage are classified as employed, and a person who has been classified as employed, cannot be classified as unemployed. In addition, an apprentice automatically belongs to the labour force, and thus both the numerator and denominator of the unemployment rate are affected.

The group of apprentices with wages is large primarily in Germany, Denmark and Austria. This leads to more young people being classified as employed in these countries, which has a moderating effect on unemployment. Only Sweden, and to some extent the Netherlands, lack employment contracts and thus wages for apprentices.

To calculate what Swedish youth unemployment would have been if Sweden had an extensive apprenticeship training programme as in Germany, for example, requires far-reaching assumptions. These include changes in legislation that would require that all apprentices in Sweden receive an apprentice employment and thus a wage. The impact on the unemployment rate differs depending on the labour force status from which the prospective apprentices are recruited. However, it is possible to calculate extreme scenarios where either all unemployed students become apprentices and thus employed, or all employed students become apprentices and thus have unchanged labour force status. This results in a range of between 9.6 and 21.8 percent unemployed. More accurate calculations than this cannot be made.

Whether student financial aid is disbursed during the summer holidays or not appears to explain some of the differences in unemployment levels

between countries. In countries where no student financial aid is disbursed during the summer holidays, unemployment increases in most cases in the second quarter. Incentives are likely to be higher to seek holiday work for the summer in these countries. In addition, a share of the unemployed persons in the LFS are awaiting a job within three months. In Sweden, but also in Finland and Iceland, this share is high compared to many other countries. This is especially noticeable in the second quarter, when many seek holiday work, which also has an impact on the unemployment rate on an annual basis. This seasonal pattern in youth unemployment does not appear in countries where student financial aid is disbursed throughout the year.

A similar review of the scale of labour market programmes shows that this does not provide a decisive explanation for why levels of unemployment and employment differ between countries.

The unemployment rate does not tell all

As noted above, it is important to consider more aspects than just the unemployment rate in an analysis of the labour market situation of youth, especially when comparing different countries. Some measurements that complement the picture of the labour market situation of youth include the length of unemployment and the share of the employed who work full time or part time.

An analysis of the length of unemployment shows that this varied considerably between countries. Sweden and Iceland were the countries with the highest share of unemployed young people who were unemployed only for a shorter period. The lowest share of short-term unemployed was found in the Netherlands and the United Kingdom. If you reverse the approach and examine long-term unemployment instead, Sweden and Finland are the two countries with the lowest share of young people who have been unemployed for more than six months. However, in the United Kingdom and Germany, longer periods of unemployment were more common.

Finally, it is worth noting the share of young people who work full or part time in each country. The Netherlands in particular stands out here as the country in the study with the lowest youth unemployment, where a larger share of young people work part time than in other countries. It also had a greater share of unemployed young people seeking part-time work. The opposite relationship was found in countries with high youth unemployment, such as Sweden, where unemployed young people wanted to work full time to a greater extent and a greater share of employed youth did so.