



COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

**amending Council Regulation (EC) No 577/98 on the organisation of a labour force
sample survey in the Community to adapt the list of survey characteristics**

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. BACKGROUND AND BRIEF HISTORY

1. Organisation of an EU labour force survey, providing quarterly results, was started in 1998 with Council Regulation (EC) No 577/98. Recently, Regulation (EC) No 1991/2002 specified that the labour force survey should be a continuous survey in all Member States from 2003 onwards. The proposed Regulation adapts the list of survey characteristics.
2. The labour force survey has two aims:
 - to provide comparable statistics on employment and unemployment levels and trends in the EU Member States and regions based on ILO concepts;
 - to describe the structure of labour participation by individuals and households taking into account individual characteristics (e.g. sex, age, educational level, occupation, previous work experience), job characteristics (e.g. economic activity, hours worked, size of the local unit) and household characteristics (household composition and labour participation of household members).
3. Because this household labour force survey is the source for key socio-economic indicators and describes the structural characteristics of the labour force, it must meet high statistical quality standards. To achieve these standards - a high response rate and a low error rate - interviews must be short and questions clear. This is even more important because the labour force survey uses a rotating panel with respondents interviewed four to eight consecutive quarters.

2. POLICY CONTEXT

4. Over the past five years, the labour market has changed and many policy measures have come into effect under the co-ordinated process of the European Employment Strategy. These changes can be summarised as increased employment with stronger growth in female employment, and emphasis on improved job quality and labour market flexibility. The Lisbon strategy, aiming at long-term economic growth, full employment, social cohesion and sustainable development in a knowledge based society, provides the framework for a coherent economic and employment policy. At the level of macro-economic policy, the broad economic policy guidelines recommend invigorating labour markets. The European Employment Strategy is the policy response to achieve the Lisbon employment targets of an increased labour participation and improved job quality in an inclusive labour market without social or regional disparities. Improved labour force survey statistics are needed to better monitor these aspects of the EU labour market performance.
5. In 2000, only minor changes were made to the codification of the variables (for example, additional response categories under "reasons for not working" and under "search for employment" were introduced by Commission Regulation No 1575/2000), while the latest Commission Regulation (EC) No 2104/2002 concerned only changes in the education and training variables. The current proposal to adapt the list of survey characteristics concerns six new variables ("continued receipt of

wages and salary", "supervisory responsibilities", "involvement of the public employment services in finding the current job", "overtime hours", "contract with a temporary employment agency" and "lack of care facilities as a reason for non-participation or part-time work"). It is also an opportunity to formally include the five variables on atypical working times as a standard module instead of the current gentleman's agreement (columns 204-208 in the Annex to Commission Regulation (EC) No 1575/2000).

6. The additional variables cover a range of policy issues. The rationale for each variable is the following:

- *supervisory responsibilities*: relevant for the policy objective of equal opportunities, it determines a socio-economic position and it measures career advancement;
- *involvement of the public employment service in finding the current job*: relevant for the policy objective of enhancing the functioning of the labour market, it helps to assess the effective role in job brokerage, in particular in relation to job characteristics;
- *contract with a temporary work agency*: relevant for labour market flexibility; the share of temporary agency work is expanding; temporary employment agencies play a dual role: they help to cope with a shortage of regular staff and they help unemployed persons to gain access to the labour market or to pursue alternate employment and other family or leisure activities.
- *overtime hours in the reference week*: relevant for labour market flexibility against the background of a general reduction in working hours, besides being an essential component of the number of hours actually worked (already included in the labour force survey); it is a short-term response by the employer to adapt the workforce to production or service needs.
- *lack of care facilities as a reason for non-participation or part-time work*: relevant for the policy objective of equal opportunities, it makes it easier to reconcile work and family life and thus increases employment for women;
- *continued receipt of wages and salary*: relevant for determining whether an employment situation is continued in the case of extended absence from work, and an essential variable to explain the employment rate.

3. OBJECTIVE OF THIS NEW REGULATION

7. The proposed Regulation of the European Parliament and the Council amending Council Regulation (EC) No 577/98:

- introduces six new variables as mentioned in paragraph 6; and
- makes it possible to specify those structural variables which need to be surveyed only once a year in order to estimate annual averages.

These structural variables mainly concern reasons for particular types of jobs or details about previous work experience. It is sufficient to have this information on an

annual basis, rather than quarterly as is the case for short-term estimates. Because those structural variables need to be surveyed once a year only, they can be limited to a sub-sample with reference to all 52 weeks of the year in order to estimate a true annual average (for example, the first or the last wave). The sub-sample could even be limited to one quarter, assuming there is no seasonal variation. Restriction of the structural variables to a sub-sample will make room for the proposed six new variables.

8. This balance between additional variables to improve understanding of the labour market and a reduction in the response burden is an essential feature of the proposal. It reconciles users' demands for better information with the producers' desire to treat their respondents with proper consideration.
9. The new variables will most likely be applied in the labour force survey from 2005 onwards. The coding and classification of these quarterly and structural variables and the frequency with which they are surveyed will be defined in detail in a Commission Regulation according to Article 4.3 of the Council Regulation (EC) No 577/98.

4. FINANCIAL IMPLICATIONS

The proposed Regulation of the European Parliament and the Council has no financial implications for the Commission.

5. NEXT STEPS

The proposed Regulation will be submitted to the European Parliament and the Council for their consideration.

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(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 285 thereof,

Having regard to the proposal from the Commission,¹

Whereas:

- (1) The labour force sample survey to be carried out under Council Regulation (EC) No 577/98 must adequately cover new and recently emerging features of the labour market;
- (2) According to the European Social Policy Agenda adopted by the Nice European Council in December 2000, the Council Decision on guidelines for Member States employment policies for 2002² and the Council Recommendation on the 2002 broad guidelines of economic policies,³ the way work is organised must be adapted to the needs of both businesses and individuals;
- (3) The survey characteristics laid down in Regulation (EC) No 577/98 were determined according to statistical needs and the labour market situation prevailing at the time;
- (4) Data collection should not impose on respondents a burden out of proportion with the results which users of the survey can reasonably expect;
- (5) Regulation (EC) No 577/98 should therefore be amended accordingly.
- (6) The Statistical Programme Committee, established by Council Decision 89/382/EEC, Euratom⁴ has been consulted by the Commission,

¹ OJ C [...], [...], p. [...]

² OJ, L60, 1.3.2002, p. 60-69

³ OJ L182, 11.7.2002, p. 1-50

⁴ OJ L 181 of 28.6.1989, p. 47

HAVE ADOPTED THIS REGULATION:

Article 1

Council Regulation (EC) No 577/98 shall be modified as follows:

- (1) Points (b), (c), (d) and (g) of Article 4(1) are replaced by the following:
- "(b) labour status:
- labour status during the reference week,
 - continued receipt of wages and salary,
 - reason for not having worked though having a job,
 - search for employment for person without employment,
 - type of employment sought (self-employed or employee),
 - methods used to find a job,
 - availability to start work;
- (c) employment characteristics of the main job:
- professional status,
 - economic activity of the local unit,
 - occupation,
 - supervisory responsibilities,
 - number of persons working at the local unit,
 - country of place of work,
 - region of place of work,
 - year and month when the person started working in current employment,
 - involvement of public employment service in finding the current job,
 - permanency of the job (and reasons),
 - duration of temporary job or work contract of limited duration,
 - full-time/part-time distinction (and reasons),
 - contract with a temporary work agency,
 - working at home;
- (d) hours worked:
- number of hours per week usually worked,
 - number of hours actually worked,
 - hours of overtime in the reference week,
 - main reason for hours actually worked being different from usual hours;
- (g) search for employment:
- type of employment sought,
 - duration of search for employment,
 - situation of person immediately before starting to seek employment
 - registration at public employment office and whether receiving benefits
 - willingness to work for person not seeking employment,
 - reasons why person has not sought work,
 - lack of care facilities."
- (2) The following point (n) is added in Article 4(1):
- "(n) atypical working times:
- shift work,
 - evening work,
 - night work,

- Saturday work,
- Sunday work."

(3) The following paragraph 4 is added in Article 4:

"4. On a proposal from the Commission a list of variables, hereinafter referred to as structural variables, may be identified from among the survey characteristics specified in paragraph 1 which need to be surveyed only as annual averages with reference to 52 weeks rather than as quarterly averages. This list of structural variables, the minimum sample size and the survey frequency will be drawn up according to the procedure laid down in Article 8."

(4) Article 4(2), third indent is replaced by the following:

"- the volume of an ad hoc module shall be limited to eleven variables."

Article 2

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President