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Box 1 Changes to the *Quarterly Labour Force Survey* in adherence to international best practice

To ensure the production of high-quality labour statistics that are comparable across countries and facilitate meaningful analysis and informed decision-making, Statistics South Africa (Stats SA) continuously updates its methodology for computing key household-surveyed labour statistics. These standards align with international best practice, as determined by the International Labour Organization (ILO).

Since the establishment of the International Conference of Labour Statisticians (ICLS) in 1923, the ILO has convened it every five years to review, update and refine statistical frameworks, ensuring they remain aligned with evolving labour market trends and dynamics. The ILO adopted key resolutions at the 19th, 20th and 21st ICLS sessions, each focusing on a different aspect of labour market measurement. The standards embodied in these resolutions are interdependent, with each successive resolution building on those established before, making it necessary to implement earlier resolutions to fully adhere to the latest ones. This box highlights the changes introduced in the latest release of the *Quarterly Labour Force Survey (QLFS)*, incorporating both the outstanding and latest ICLS resolutions.

The 19th ICLS resolution was adopted in October 2013 and focused on work, employment and labour underutilisation. Stats SA implemented the work and employment aspects of the 19th ICLS resolution in 2016 and deferred implementation of the labour underutilisation recommendation. This recommendation introduced a set of additional measures to supplement the unemployment rate: time-related underemployment and the potential labour force. These indicators capture mismatches that emerge between labour supply and demand, which translate into unmet needs for employment among the working-age population.

Time-related underemployment refers to situations where a person's hours of work are insufficient compared to an alternative employment situation in which the person is willing and available to engage.¹ The potential labour force refers to people who are seeking employment but are not available to work, those who are available to take up employment but are not seeking, and those who are neither seeking nor available for employment.² Time-related underemployment, the potential labour force and unemployment form the basis for computing the four main labour underutilisation indicators (LU1, LU2, LU3 and LU4).³ The ILO recommends considering all four indicators for effective labour market policymaking.

According to the ILO, establishing these components and indicators is an important advancement from the 19th ICLS, as it provides a more complete understanding of labour underutilisation and improves comparability of unemployment estimates.⁴ Ideally, unemployment trends should be analysed with all four LU indicators to provide a broader view of extended labour underutilisation in an economy.

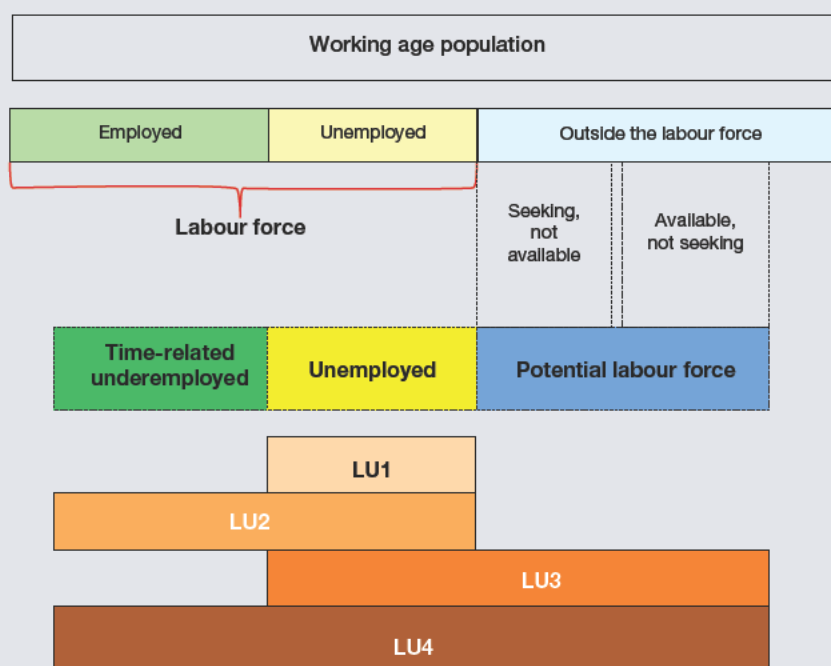
1 International Labour Organization (ILO) (October 2013). Statistics of work, employment and labour underutilization: 19th International Conference of Labour Statisticians. International Labour Office, Department of Statistics. Geneva.

2 Ibid

3 LU1 is the official unemployment rate, representing the share of the labour force that is unemployed. LU2 is the combined rate of time-related underemployment and unemployment, representing the share of the labour force that is either unemployed or in time-related underemployment. LU3 is the combined rate of unemployment and the potential labour force, representing the share of the extended labour force that is either unemployed or part of the potential labour force. LU4 is the composite measure of labour underutilisation, representing the share of the extended labour force that is either unemployed, in time-related underemployment or part of the potential labour force.

4 ILO (July 2024). Note on the Implementation of statistical standards from the 19th, 20th and 21st ICLS through household surveys. Department of Statistics. Geneva.

Composite measures of labour underutilisation



Source: ILO

The 20th ICLS resolution, adopted in October 2018, incorporated measures to track work relationships based on 'status in employment' as outlined in the International Classification of Status in Employment (ICSE-18). This resolution was developed to "enable better statistical measurement of various aspects of the relationships between workers and the economic units for which their work is performed; to adequately monitor changes in employment arrangements and forms of employment; to extend the scope of statistical standards on work relationships to cover all forms of work; and to provide guidelines on a wider set of measures than previously defined internationally, thereby enhancing the relevance and usefulness of the standards for countries at all stages of development".⁵

Before adopting the 20th resolution, Stats SA followed ICSE-93 to classify employment status into five categories: employer, employee, own-account workers, contributing family workers and members of producers' cooperatives. With the adoption of the 20th ICLS resolution and the shift to ICSE-18, two main criteria were introduced to define employment status: the type of authority (control) the worker holds over the organisation for which the work is performed; and the type of economic risk (financial loss) to which the worker is exposed. As shown in the accompanying table, ICSE-18 expanded the classification of employment status to 10 detailed categories across the two main criteria. Consequently, Stats SA broadened the *QLFS* questionnaire to fully align with this classification, starting from the third quarter of 2025.

5 ILO (October 2018). Report III: Report of the Conference: 20th International Conference of Labour Statisticians. International Labour Office, Department of Statistics. Geneva.



Work relationships: status in employment according to ICSE-18^{6,7}

According to type of authority	According to type of economic risk
Independent workers	Workers in employment for profit
Employers <ul style="list-style-type: none">• Employers in corporations• Employers in household market enterprises	Independent workers in household market enterprises <ul style="list-style-type: none">• Employers in household market enterprises• Own-account workers in household market enterprises without employees
Independent workers without employees <ul style="list-style-type: none">• Owner-operators of corporations without employees• Own-account workers in household market enterprises without employees	Dependent contractors <ul style="list-style-type: none">• Dependent contractors
	Contributing family workers <ul style="list-style-type: none">• Contributing family workers
Dependent workers	
Employees <ul style="list-style-type: none">• Permanent employees• Fixed-term employees• Short-term and casual employees• Paid apprentices, trainees and interns	Workers in employment for pay Owner-operators of corporations <ul style="list-style-type: none">• Employers in corporations• Owner-operators of corporations without employees
Dependent contractors <ul style="list-style-type: none">• Dependent contractors	Employees <ul style="list-style-type: none">• Permanent employees• Fixed-term employees• Short-term and casual employees• Paid apprentices, trainees and interns
Contributing family workers <ul style="list-style-type: none">• Contributing family workers	

⁶ For a more detailed explanation of these categories, see ILO (July 2024), Note on the implementation of statistical standards from the 19th, 20th and 21st ICLS through household surveys. Department of Statistics. Geneva.

⁷ **Independent workers** are defined as those who own the economic unit for which they work and control its activities. They make key strategic and operational decisions regarding the economic unit and the organisation of their work, are not accountable to or supervised by other persons and are not dependent on a single other economic unit or person for access to the market, raw materials, or capital items.

Dependent workers are defined as those who do not have complete authority or control over the economic unit for which they work. If they are in employment for profit, they have no employees and do not make the most important decisions about the activities of the economic unit for which they work.

Workers in employment or profit are defined as persons whose remuneration depends directly and entirely on the profit or loss made by the economic unit in which they are employed, including payment in cash or kind through a commercial transaction for goods produced or services provided. They do not receive a wage or salary in return for time worked.

Workers in employment or pay are defined as those who receive, or expect to receive, remuneration in cash or kind in return for time worked or for each piece or service produced. This includes both employees and owner-operators of corporations who hold a job in an incorporated enterprise which they own and control.

Source: ILO

The 21st ICLS resolution was adopted by the ILO in October 2023 and introduced a comprehensive statistical framework that outlines the various components of the informal economy. The resolution strengthened the three mutually exclusive definitions of the formal, informal and household own-use production and community (HOC) sectors.⁸ Previously, informality was mainly defined by enterprise size (considering the number of employees or workers), whereas enterprise size is now no longer a key criterion. A new criterion has also been introduced to identify the formal sector, stating that engaging a formal employee now automatically classifies an enterprise as formal. This eliminates the possibility of classifying formal employees within the informal sector and makes it easier to identify the sector for formal employees.

⁸ ILO (October 2023). Resolution concerning statistics on the informal economy: 21st International Conference of Labour Statisticians. International Labour Office, Department of Statistics. Geneva.

Furthermore, the new guidelines specify that for an activity to be considered formal or informal, its production must be intended for the market to generate pay or profit; if not, it is classified under the HOC sector. Another important update is the inclusion of agriculture within the potential coverage of the informal or the formal sector if it fulfils the criteria. Moreover, the sector previously known as 'private households' will henceforth be referred to as 'household sector'. The table below illustrates these changes as reported in the *QLFS* for the second and third quarters of 2025.

Number of household-surveyed employees

Previous reporting	2025 Q2	New reporting	2025 Q3*
Formal sector (non-agriculture)	11 468	Formal sector (Including agriculture)	11 983
Informal sector (non-agriculture)	3 326	Informal sector (Including agriculture)	3 961
Agriculture sector	906		
Private households sector	1 106	Household sector	1 111
Total employment	16 807	Total employment	17 055

* The total number of employed persons remain the same under the new reporting framework, but the composition within the main sectors will change as shown from the third quarter of 2025, with agriculture now included in both the formal and informal sectors.

Source: Stats SA

The resolution also strengthened the definition of informal and formal jobs for employees by using employers' contributions to social insurance as the main criterion for formality. In addition, access to paid annual leave and paid sick leave is also considered for formality.

The enhancement of the *QLFS* through the adoption of the latest ICLS standards will strengthen both the quality and relevance of South Africa's labour statistics, while also introducing important additional variables for statistical reporting and analysis. Most importantly, the definitions of 'employment' and 'unemployment' have remained unchanged, negating the need for revisions to the historical data, thus maintaining consistency and comparability with previous labour market reporting standards and across time periods. The main changes are the addition of the new supplementary indicators to the existing labour market metrics and the refined informality measures.

In addition, agricultural employment is now incorporated within both the formal and informal sectors, having previously been reported as a separate main category and excluded from the measures of formality. This has resulted in a time series break for the measures of formal and informal employment, but studies by the ILO in countries that have already adopted the 21st ICLS resolution indicate that changes in informality statistics have generally been marginal, with only a few exceptions observed in specific national contexts.⁹ Nonetheless, agriculture will continue to be published as one of the 10 main industries. It should also be emphasised that these changes primarily reflect methodological improvements in measurement, rather than shifts in underlying labour market conditions.

9 Stats SA (August 2025). Revamped Quarterly Labour Force Survey to Launch in Q3 2025, Enhancing Employment Insights for South Africa

