Job Creation Statistics: Are the Jobs Decent and Productive?

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The official statistical agency of Azerbaijan is perhaps one of the few such agencies in the world that produces and publishes large-scale reports on new jobs several times a year. This practice was started in 2003 and continues to this day. Anyone interested can get look at these reports in two places on the State Statistics Committee's (SSC) website — the quarterly ["New Jobs"](#) bulletins in the "Labor Market" section, and the regularly updated ["New Jobs"](#) publications in the "E-Editions" section.

The paradox is that, in a country where new job creation is extensively promoted with the help of official statistics, unemployment is at the root of most of the problems people face. From this point of view, the public is right to ask: if hundreds of thousands of jobs really are created every year, why do people migrate to neighboring countries looking for work, and is there large-scale unemployment that is being concealed and goes unacknowledged?

Official jobs statistics

According to the SSC's reports listed above, 2.2 million jobs were created in the Azerbaijani economy in 2003-2018. The government estimates that about 73% (1.6 million) of those jobs were permanent and the rest were seasonal and temporary jobs.

The is something interesting and controversial in these statistics: according to official data, in 15 years, a total of 27% of all new jobs (602,000) were created in businesses and organizations, with almost half (1 million) in private

entrepreneurship. Excluding these, there are 620,000 new jobs left. Where did they come from? Official statistics say that these are various projects classified as "other international and local projects, improvements." What is this classification? Jobs are created in particular sectors of the economy (industry, agriculture, services, transportation, communications, etc.). How can statistics be unable to account for which sector those jobs were created in? For now I will not even mention that it is important to disclose statistics not only on the specific economic sectors, but even on the occupations and specializations for all jobs in Azerbaijan, including new jobs.

According to official statistics, the number of people employed in the period 2003-2018 increased by 900,000 — an average of 55,000 annually. However, as the data presented above shows, an average of 150,000 new jobs were created each year. If the number of jobs created exceeds the number of people employed by 3 times, this means that at least 100,000 uncompetitive jobs disappear each year, failing to meet the demands of the economy. In addition to statistics on newly created jobs, could a report be compiled on the structure of these lost jobs, by region, sector, and occupation? Wouldn't this approach substantially reduce public suspicion regarding job creation statistics? There are many such questions. But the main purpose of this article is not to launch a discussion of the reliability of job creation statistics. Let us assume that the statistics are reported accurately, and even the numbers on regions, sectors and occupations. This article seeks to answer another question: is it more important to create millions of jobs in Azerbaijan, or should job creation based on productive and decent work be a priority?

Decent and productive jobs

One of the United Nations' 17 Sustainable Development Goals is the promotion of decent work. In 1999, the International Labor Organization (ILO), a UN agency, adopted a platform of decent

work. According to the ILO's approach, a decent job is one that is freely chosen, and it provides safe working conditions, social security, and a fair wage. For example, judging by this standard, how many of the newly created jobs will provide employees with social security, i.e. do they have unemployment and pension insurance? Do they have insurance that will adequately cover illness or disability? Or how many of the newly created jobs offer a decent salary (allowing both the employee and the employer to meet their needs) and how many do not? How many of the newly created jobs offer a salary below the median wage or how many pay the official minimum wage? What percentage of jobs with harmful and unfavorable working conditions is accounted for new jobs? What segment of the poor population is made up by the "working poor"? If the statistics come from a database that does not have the answers to these questions, then it is inevitable that filed researchers will question the validity of the official statistics' data. In many countries, official statistics agencies produce indicators that characterize decent work and regularly share statistical reports with the public on the basis of these indicators. This practice exists even in CIS countries like Belarus and Russia.

In terms of providing sustained economic growth and high living standards for workers, it is very important that jobs should be effective (productive). The extent to which new jobs live up to the concept of "effectiveness" can be assessed based on a number of indicators. For example, an indicator for jobs created in industry could be technological intensity of production and the sectors corresponding to each level. The high-tech classification used by Eurostat, the statistical office of the European Union, can also be used in Azerbaijani national statistics. According to this methodology, industries are divided into high-technology (for example, pharmaceuticals, electronics), medium-high-technology (for example, chemicals, arms, motor vehicles), medium-low-technology (for example, metal, oil products, rubber and

plastic), and low-technology (for example, food, tobacco, clothing, furniture, etc.).

Another indicator for "effective work" statistics could be labor productivity levels. If the productivity level, or the amount of generated surplus value, for a newly created job is higher than average for the employment sector, then it can be classified as "productive." One more indicator could be the wage level. If the wages offered by the newly created job are higher than average for the relevant sector of the economy, that job will be categorized in the statistics as an "effective job."

Finally, another criterion for an effective job may be the level of specialization it requires. For example, if more than a secondary education (vocational training, university education) is required to do a particular job, then it will be classed as "effective." By the way, it would not be technically difficult for Azerbaijan's statistical agency at least to disclose data about how many newly created jobs are based on physical labor requiring no specialized skills. Of the CIS countries, only Russia has decided to benefit from this approach which has been used in international practice in recent years. The Russians have been collecting statistics on "high-productivity jobs" since 2012, and data is released every year on how many newly created jobs meet these criteria. For example, according to the most recent data, in 2018, 19.5 million jobs (about 30% of all jobs in the economy) are in the category of "high-productivity jobs." In Russia, however, jobs with this status are identified by just one criterion — the average wage. Local experts believe that there is a need to implement more advanced indicators. These include the employee's level of specialization, whether the job requires high technology, and labor productivity.