

# Proposal for calculation of the Good Jobs Index (GJI) for all countries

## 1. What is measured by the index:

The index measures the progress of a country or countries in promoting good jobs, or jobs that offer fair opportunities, social security and respect for the rights of workers.

## 2. The components of the index:

The index would measure a country's progress in five areas:

- Equal opportunities for women
- A living wage
- Job security
- Access to social security
- Respect for core labor rights

The GJI takes into account these five sub-indices: The Equal Opportunity Index (IEO), Salary Index (IS), Employment/Unemployment Rate (IEE), Social Security Index (IASS), Index of Respect for Labor Rights (IRLS).

## 3. Calculation of the GJI:

The GJI is a simple average of the five subindices:

$$\text{GJI} = \frac{\text{IEO} + \text{IS} + \text{IEE} + \text{IASS} + \text{IRLS}}{5}$$

Each subindex contains a series of indicators that fall between 0 and 1. In order to assign value within this range, each indicator of the subindex is assigned minimum and maximum values, according to the following formula.

$$\text{Index}_{ab} = \frac{\text{Effective Value}_{ab} - \text{Minimum}_{ab} \text{ Value}}{\text{Maximum Value}_{ab} - \text{Minimum}_{ab} \text{ Value}} = \text{Value of the Index}$$

Where:

**a** = is the indicator of the subindex in the analysis

**b** = is the country of analysis

**Effective Value** = is the value of the year of the study

**Minimum Value** = the minimum value in the country or that is to be accepted on an international level

**Maximum Value** = the maximum value of the indicator in the country or that is to be expected on an international level, or the goal of that indicator within the current conditions.

**Value of the Index** = the resulting value, which will be between 0 and 1.

Example of how to arrive at a value between 0 and 1 for the IASS index:

$$\text{Index}_{a,b} = \frac{45\% - 0\%}{95\% - 0\%} = 0.474$$

Where:

**a** = index of social security of the IASS

**b** = El Salvador

**Effective Value** = 45%, indicator that measures social security coverage in 2004  
**Minimum Value** = 0%, the minimum value that can be assigned to social security coverage in a given year. In El Salvador, it is assumed that there could be a year in which 0% of workers have social security coverage.

**Maximum Value** = 95% , the maximum value that a country could hope for. We have supposed that it is impossible to achieve total social security coverage, so we have arrived at 95% as the maximum level of coverage.

**Value of the Index** = 0.417. in this value, we can see the progress of the country in providing social security and compare it to other years and other countries.

When the index approaches 1, this indicates that there are good jobs being created, while when the index approaches 0, the opposite is true.

#### 4. What Indicators Are Needed?

In order to apply the index on a world-wide scale and allow for the possibility of comparison between different countries, there are several proposed indices below. These were chosen because each of the countries in the GPN are able to generate relevant official statistics.

GJI Subindicies	Indicators Needed To Calculate The Index
Equal Opportunity Index IEO	Number of employed and unemployed men and women
	Working age population
	Average salary for men and women
Salary Index (IS)	Average wage
	Minimum wage
	Real Wage
	Cost of minimum basket
	Index of consumer prices
Employment (IEE)	Rate of employment or Rate of Unemployment
	Number of Formal Workers
	Subemployment Rate
Social Security Index (IASS)	Percentage of workers covered by social security (each country must individually determine how they define social security coverage)
Index of Respect for Labor Rights (RLS)	Rate of unionization (number of workers in unions/working population)
	Rate of collective negotiation (workers who are protected by collective contracts/working population)
	Number of ratified ILO agreements

It will be necessary to communicate with countries in order to appraise the method for calculating these indices, and also the criteria for setting the maximum and minimum values. It is also necessary to assess which indices should be measured by gender, and which should be measured by geographic area. Initially, a small number of countries would participate, as a pilot project, in these discussions.

## **5. How Is The Index Useful?**

With the help of the index, it will be possible to create reports on a regional or world-wide scale that will measure the creation of good jobs. Such a report will shed light on economic policies that are leading to job growth and employment stability, as well as social security and a general respect for workers' rights.

Reports will spring from two main information sources:

- The first will be the indices that countries submit according to the GJI standards
- The second will be the reports submitted to the GPN, which will provide a picture of the policies that effect the factors involved with the GJI.

Each report will have three components:

- A section that provides a social-economic context for that region (in order to see the evolution of the GDP, poverty, economic development, debt, etc.)
- Evolution of the GJI and its components
- Labor market situation (this will provide a summary of the information given and provide a larger context for country comparison)