

## Differences in Employment Estimates (National Accounts Vs Labour Force Survey (LFS))

National Accounts employment estimates differ from the results of other statistics and surveys, especially from those obtained from the Labour Force Survey (LFS). In particular, there are differences due to both integration of sources and conceptual reasons.

### Differences due to integration of sources:

National accounts in Cyprus integrate information from multiple sources such as:

- The Employment Survey which is based on a sample of enterprises
- The LFS which is based on a sample of households
- Administrative sources like the Social Insurance Services Records
- Annual economic surveys for every economic activity (Structural Business Statistics)
- The Population Census.

All sources available are assessed and subsequently the best way of integrating them is decided. Each source may shed light on a part of the economy. The information is combined to provide the most complete and consistent estimate. As a consequence, each individual basic source may provide results that are different from the integrated national accounts estimates. It should be noted that Cyprus makes very minor use of LFS in National Accounts.

### Conceptual differences:

- **Geographical scope:** ESA 2010 acknowledges two employment concepts depending on the geographical coverage: resident persons in employment (i.e. the so-called national concept of employment) and employment in resident production units irrespective of the place of residence of the employed person (i.e. the domestic concept). The difference between them corresponds mainly to the net number of cross-border workers (non-residents working within the economic territory). National Accounts calculates both domestic and national concept, but more importance is given to the former (e.g. this concept is more appropriate when examining employment and GDP together). LFS, on the other hand, covers resident households. Hence, LFS gives information on the major part of the national concept. This means that LFS data must be adjusted, mainly for cross-border workers, to align with the domestic concept normally used in National Accounts.
- **Coverage differences:** The LFS does not cover persons living in institutional or collective households (e.g. conscripts, monks, nuns etc.). They are all covered however by ESA 2010 employment. Appropriate adjustments are therefore needed.
- **Recording thresholds:** The LFS results exclude persons below 15 years old from the definition of employment. National Accounts do not exclude individuals from employment due to age. In any case, the difference is very small in developed economies.

In summary, in order to make the LFS employment conceptually comparable to employment in National Accounts, the following adjustments should be made:

**LFS employment****+ Coverage differences**

Conscripts

Workers living in collective households (e.g. monks, nuns, etc.),

**+ Recording thresholds**

Workers outside the age boundaries (below 15)

**= Employment in National Accounts (national concept)****+ Geographical scope adjustments**

Non-residents working within the economic territory

Staff of national embassies and consulates abroad

Crews of ships, aircrafts and floating platforms operated by resident units

**minus**

Residents working abroad (not valid for the Cyprus LFS)

Foreign Staff of foreign embassies and consulates and international organisations

**= Employment in National Accounts (domestic concept)****Which source fits which purpose**

National Accounts employment estimates are best suited to measure the overall level of employment in an economy and its breakdown into main economic categories. National accounts, however, do not provide information on social or gender aspects of employment. The classical and most reliable source for this information is the Labour Force Survey. National Accounts do not calculate either, variables like unemployment or employment rates. Therefore, the two approaches for estimating employment complement each other: LFS concentrates on the social aspect of employment, whereas National Accounts focus on labour as an input to processes of production, income generation and income distribution.