

Relation between employment in the labour force survey and in national accounts

Estimates of employment in national accounts may differ from results of other statistics and surveys, in particular the labour force survey (LFS). There are differences due to integration of sources and due to conceptual reasons:

Differences due to integration:

- National accounts integrate information from many sources. All sources available (including LFS) are assessed and subsequently the best way of integrating them is decided. Each source may shed light on a part of the economy. Some countries make very minor use of LFS in national accounts. 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.
- In national accounts, employment figures must be consistent with other variables such as output and compensation of employees (i.e. wages, salaries and social contributions). Ensuring consistency between variables may result in adjustments.

Conceptual differences:

- Geographical scope: ESA95 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. domestic concept). The difference between them corresponds mainly to the net number of cross-border workers. National accounts calculates both domestic and national, but more importance is given to the former (eg. 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: LFS does not cover persons living in institutional or collective households (e.g. conscripts), unpaid apprentices and trainees and/or persons on extended parental leave. They are all covered by ESA95 employment. Appropriate adjustments are therefore needed.
- Recording thresholds: LFS results exclude persons below 15 years old from the definition of employment (in some countries the exclusion boundaries are below 16 years old and/or above 75 years old). National accounts do not exclude individuals from employment because of age. The difference is very small in developed economies.

The size of these conceptual adjustments is modest, with the possible exception of conscripts, and cross-border workers for small countries.