

Employment and national accounts

Employment and population are not variables that people normally associate with national accounts. Yet there is an entire chapter of ESA2010 devoted to population and employment, and all EU Member States produce national accounts employment estimates both on annual and quarterly basis. Employment and population have traditionally been considered auxiliary variables in national accounts, aimed to calculate ratios like value added, output, or labour costs per inhabitant or per employed person. Employment however has gained importance and nowadays it is an endogenous variable in the national accounts framework. Quarterly employment also stands as a key short term economic indicator.

There are some advantages in estimating employment in the framework of national accounts. First, national accountants integrate information from many sources (labour force surveys, population censuses, employment registers, income tax registers, business production surveys, labour cost surveys, etc.). A second level of integration is reached when employment is estimated simultaneously to and consistently with other national accounts variables, like output and compensation of employees i.e. salaries and social contributions. Resulting from it, national accounts employment estimates are best suited to measure the overall level of employment in an economy and its breakdown into main economic categories.

Not only employment estimates benefit from integration in the national accounts framework. Conversely, national accounts also benefit from integration of employment. This is so because, in certain cases, employment can be estimated faster or better than other core variables like value added or compensation of employees. Some countries use employment in the estimation of the "hidden economy", and some use quarterly employment as an indicator for their earliest quarterly estimates of activity in certain industries, mostly services.

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 variables like unemployment or employment rates. The approaches to employment from labour market statistics and national accounts therefore complement each other: the former concentrate on the social aspect of employment, whereas the latter focus on labour as an input to processes of production, income generation and income distribution.