

Labour input method

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UNECE Workshop on measuring the non-observed economy in SPECA countries
 25-27 April 2007, Bishkek, Kyrgyzstan

Basics

- 1) obtain estimates of the supply of labour input to GDP, for selected economic activity and size of enterprise, from a household labour force survey and/or other demographic sources;
- 2) obtain estimates of output per unit of labour input and value added per unit of labour input for the same activity and size breakdown from regular or special purpose enterprise survey; and
- 3) multiply the labour input estimates by the per unit ratios to get output and value added for the activity and size categories.

Steps

- Estimation of labour input to production based on data from households
- Estimation of labour input to production based on data from enterprises
- Standardisation of labour input estimates
- Comparison of the sets of estimates
- Identification of labour input missing from enterprise surveys
- Estimation of output and value added per unit of labour input ratios
- Estimation of contribution to GDP as product of labour input and ratios

3

Italian approach

- most of the non-observed production estimated by labour input method (70%)
- also involves a substantial correction for underreporting
 - assumption that income of a self-employed worker of an enterprise should at least equal the average wage of the regular employees
- estimation procedures separately for branches for which estimates are based on
 - quantity x price – agriculture, energy and part of construction;
 - expenditure data – part of construction, rents and private services for education, research, health, entertainment and leisure;
 - costs and earnings directly from balance sheets – credit, insurance, some branches belonging to public enterprises;
 - distributed incomes – non-market services;
 - labour input method

4

Labour input method used in countries

Labour input method used in:

- Albania, Bulgaria, Croatia, Estonia, Italy, Kyrgyzstan, Latvia, Moldova, Poland, Romania, Serbia, Uzbekistan
- Used for adjustment to type N1: 'Producers Deliberately Not Registering' of the Eurostat framework
- Important to take into account the differences between employment concepts used in LFS and NA