

Eurostat/OECD 2018 questionnaire on the methodology underlying labour input data in national accounts

Country: Latvia
Date: October 2018

Part I: Methods

1. Employment in persons

Question 1.1: Please describe the architecture of your estimation method for employment in persons. Please include details of differences in methods and data sources that may exist at different points in the time series (e.g. a break in the series) or due to the timing of the estimate (e.g. flash estimate, regular estimate or annual data). Please also provide links to articles that may be relevant.

For a total **employment**, the main source is LFS data. LFS data include nonresidents working within the territory of Latvia up to 1 year, so this adjustment does not need to be calculated. There are two adjustments made to LFS data. Firstly adjustment from national concept to the domestic concept and secondly employed persons above age 75 are added.

To calculate the number of employees for each NACE rev.2 section, the changes in the number of employed to the corresponding quarter of the previous year and changes in the output of a particular section are taken into account. For data analysis 3 data sources are used:

- Employment from LFS (full-time equivalent, changes to the corresponding quarter of the previous year);
- Employment from enterprise survey (2-darbs) (full-time equivalent, changes to the corresponding quarter of the previous year);
- Quarterly output data (chain-linked value, changes to the corresponding quarter of previous year).

For the number of **self-employed**, LFS is the only available data source and the number is retained (with changes to the domestic concept and self-employed persons above age 75)

For the number of **employees**, the difference between total employment and self-employed persons are calculated.

Annual data is the average of quarterly figures.

Question 1.2: What is the main original source for employment in the national accounts (e.g. administrative source, labour force survey, business survey, other)? Briefly describe this source, its coverage (including over time, range of businesses/households covered, etc.), its availability and whether it is in terms of jobs and/or persons.

Please specify the sources used for different parts of employment (in particular if sources differ between employees and self-employed, and/or between industries, firms of different size, etc.). If sources differ, please provide a clear distinction when answering the questions that follow.

<i>Name of the Source /register</i>	<i>Main use in the project</i>	<i>Type</i>	<i>Periodicity And availability</i>	<i>Coverage</i>
Labour force survey (LFS)	For primary data on employment and estimation of hidden economy (by comparison), NACE A17	Household survey	Quarterly, T+60	Population 15+ until Nov 2001; Population 15-74 since 2002;
Survey on Labour (2-darbs)	For primary data on employment and estimation of hidden economy (by comparison), NACE A17	Enterprise, institution survey	Quarterly, T+60	Commercial companies, individual merchants, central and local government budgetary institutions, foundations, associations and funds in all kinds of activities.
The State Revenue Service	For primary data on employment above age 75	Administration data	Monthly	All paid employees who must be reported to the State Revenue Service.

Question 1.3: Please describe how estimates of annual figures based on higher frequency data (e.g. weekly, monthly, quarterly) are derived. Please also specify, if relevant, how annual figures are derived if survey information is less periodic (e.g. every 5 years)?

Annual data are calculated as the average of four quarters.

Question 1.4: Please describe the adjustments made to pass from jobs to the concept of persons (if the original source is in terms of jobs).

The original sources are in terms of persons, no adjustments needed.

Question 1.5: Please describe the adjustments made to correct for coverage of the economic territory (see ESA §11.17-11.19)? This refers specifically to residents working for non-resident units abroad non-residents working in resident units. If relevant, please also describe adjustments for military (including conscripts, where applicable) and other collective households not covered by your main source.

There is an adjustment for residents working for non-resident producer units (up to one year).

Question 1.6: Which adjustments are made for the unobserved economy (e.g. producers that deliberately do not register, individuals providing their labour that are not required to register, illegal workers, etc.)?

A number of employees in Labour Force Survey is compared with the number of employees in Enterprise Survey on Labour and obtained difference is considered as the unobserved economy.

Unobserved economy from the quarterly point of view is calculated as the proportion in each activity, where last finished year is used as a reference.

Question 1.7: Which, if any, other adjustments are made (e.g. inclusion of resident workers below the age threshold, prisoners, adjustments made to account for statistical deficiencies in the source data, etc.)?

There is an adjustment made for resident workers at age 75 and above, which is not covered by LFS.

Question 1.8: In cases where Labour Force Survey data have not been used as the main source (even if only for some activities or groups of workers), please explain why. Are LFS data used for adjustments or cross-checking? Are differences monitored?

Labour force survey is used as the main data source.

2. Hours worked

Question 2.1: Please describe the architecture of your estimation method for hours worked. Please include details of differences in methods and data sources that may exist at different points in the time series (e.g. a break in the series). Please also provide links to articles that may be relevant.

The following data sources are used to calculate the hours worked:

- Labour Force Survey, providing information on the average amount of working hours per week;
- The estimated number of employees in the national accounts.

The main source for hours worked estimation in the national accounts is LFS, providing information on hours actually worked per week. On the basis of the mentioned information, total hours worked per quarter are calculated as:

$$\text{Total hours worked} = \text{Number of employees} * \text{The average amount of working hours per week} * \text{Number of days per quarter} / 7 \text{ (days per week)}$$

Data on total hours worked by employees are calculated as the sum of hours worked by employees and hours worked by self-employed.

Annual data is the sum of quarterly figures.

Question 2.2: What is the main original source for hours worked in the national accounts (e.g. administrative source, Labour Force Survey, Business survey)? Briefly describe this source, its coverage and its ability to reflect the definition of hours worked (see ESA §11.27-11.31). In particular, does it capture a ‘usual’ hours, ‘actual’ hours, or some other concept?

Please specify the sources used for different parts of the employed population (in particular if sources differ between employees and self-employed, and/or between industries, firms of different size, etc.). If sources differ, please provide a clear distinction when answering the questions that follow.

The main source for estimation is Labour force Survey. See Answer on Question 1.1.

Question 2.3: Please describe the adjustments made to transform the original source to adapt it to the concept of working hours as defined in national accounts? Please, describe each adjustment separately. These adjustments might include:

- Accounting for holidays and annual leave
- Accounting for sickness leave
- Accounting for strikes and temporary lay-offs
- Accounting for paid but unreported overtime
- Accounting for unpaid overtime

There are no additional adjustments made for calculating as the Labour Force Survey covers all ranges.

Question 2.4: Is a specific adjustment made to account for under- or over-reporting in the source data? Please specify if these adjustments are made for employees and/or self-employed workers.

See answer on Question 2.3.

Question 2.5: If an adjustment is made for the number of persons employed in relation to the unobserved economy, what assumption is made regarding the hours worked by these persons?

See answer on Question 2.3.

Question 2.6: Which other adjustments, if any, are made?

See answer on Question 2.3.

Question 2.7: If necessary, please describe any additional calculations needed to derive total hours worked and average hours worked from the sources and adjustments specified above. This includes, but is not limited to, adjustments made to align the coverage of hours worked with that of employment in persons (i.e. the coverage produced by the process followed in section 1).

See answer on Question 2.3.

Part II: Other work in this area

3. Differences between national accounts and Labour Force Survey estimates

Question 3.1: To what extent do you consider your Labour Force Survey an accurate tool for the measurement of employment and hours worked? Please describe any issues or shortcomings of which you may be aware.

The Labour Force Survey is the preferred source of data for employment and actual hours worked.
See answers on Questions 1.1., 1.7.

Question 3.2: If the Labour Force Survey is not the primary source of data used to derive your estimates of employment in persons hours worked: Are you able to quantify, even approximately, what the difference would be between your current national accounts estimates and those you would obtain if you did use the Labour Force Survey data as your primary source?

Labour force survey is the main data source.

Question 3.2.1: Where differences between these estimates exist, can you provide a brief assessment of the source of these differences?

Not applicable.

4. Flash estimates of employment in persons

Question 4.1: Are you currently producing flash estimates of employment (t+30 or t+45)? If so, please describe briefly the methodology, coverage and sources. If you are not producing a flash estimate, do you have plans to start doing so in the future?

Latvia does not produce employment flash estimates.

Question 4.2: Please provide information on the quality of the estimates (e.g. revision analysis).

Final data are available at T+60.

5. Other data produced (Optional)

Question 5.1: Do you have plans in the near future to improve or expand the content of national accounts labour input data (e.g. improved alignment with national accounts concepts, extension of the time series, increased industry detail, etc.)?

Latvia National Accounts section is working to improve calculation methods. Right now annual data are calculated as the average of four quarters, the new method will use annual enterprise surveys.

Question 5.2: Do you produce labour input data other than that already discussed, for example quality adjusted labour input or labour input in terms of full-time equivalents? If so, please provide details and/or links to these data.

Latvia produces only labour data in persons.

Question 5.3: Do you produce productivity statistics (e.g. labour productivity for the total economy, further breakdowns of labour productivity, capital productivity, multi-factor productivity, etc.)? If so, please provide details and/or links with regards to these data.

Not applicable

Question 5.4: If there is any other work that you produce currently, or are looking to produce in the future, in the areas or labour input or productivity, please use the space below to inform us about this work.

Latvia is actively working to improve the estimation methodology for calculating employment data. The plan is to implement the advanced methodology that will cover a broader range of data sources, including annual data (at the moment only quarterly data are used).