2025 SNA Chapter 16 Labour: Annotated Outline
SNA Chapter 16 Labour: Annotated Outline\textsuperscript{1, 2, 3}  
(Update of existing 2008 SNA Chapter 19)

I. Introduction

- There are many key policy questions that hinge on a better understanding of the labour market and its links and interactions with various aspects of the economy. One can think of the impact on the labour market and the changing nature of ‘work’ from changes in production arrangements, including those changes caused by legislation, technology innovation, globalisation and digitalisation. These issues can affect the numbers employed and how they are deployed. Wages and labour costs are another important dimension of labour as they represent both a large share of costs on the production side of the NA framework and the main source of household’s resources on the income side.

- The use of labour is at the heart of production forming a primary input alongside capital. However labour is currently only really recognised in the main accounts through compensation of employees and, albeit implicitly, mixed income (including informal production) as well as some employment data by industry. Labour needs to be given a more prominent role given its importance in the production process and its linkages to other areas of interest such as the analysis of unit labour costs, per head analyses, labour productivity, etc. It is also important to have better insights into the labour market through more detailed analyses of specific areas such as education and healthcare as well as wider links to skills demand and skills shortages. Furthermore, they may also provide more insights into aspects of living conditions and well-being.

- With links between measures of output and labour input, the concept of labour used must match the coverage of production in the SNA. The relevant standards on the labour force are maintained by the International Labour Organization (ILO). The ILO standards are contained in “resolutions”, which are adopted by the International Conference of Labor Statisticians (ICLS), to which the SNA must link and be adjusted appropriately.

- This chapter covers the topic of labour and places it in the same position as other primary inputs into the production process and supports extensions to the accounts such as valuing human capital.

- The chapter will also discuss different forms of employment, which has become more relevant in view of changes in the labour market as observed in various countries over the past two-three decades amongst others in view of increasing globalisation and digitalisation.

- The chapter will include an introduction followed by Section II covering types of labour; Section III covering the labour market tables framework and its four quadrants; Section IV covering the enhanced

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\textsuperscript{2} This is an annotated outline for the chapter. Some links between this chapter and other 2008 SNA chapters are noted. In the drafting stage, there may be further adjustments to balance the content between chapters.

\textsuperscript{3} This chapter builds upon the existing 2008 SNA Chapter 18 and will re-use relevant material as appropriate.
measures of labour inputs; Section V covering the labour market data links to supply and use tables; Section VI discussing specific issues; and finally, Section VII covering the labour market tables framework links to education, training and human capital. See the Schematic Overview for details.

II. Types of labour

This section will cover each of the different types of labour covered by the SNA. It will also discuss the relationship with the ILO labour statistics (e.g., 19th ICLS Resolution4 and the International Classification of Status in Employment (ICSE-18)). In general, alignment will be sought between SNA and ILO definitions. Where differences remain, these will be clearly explained possibly via a bridge table linking the national accounts and ILO labour statistics provided. Taking the resident population as a starting point, the following types of labour (and unemployment) will be distinguished:

**Employees**

- Employees are persons who, by agreement, work for an institutional unit (resident and non-resident) and receive remuneration for their labour. Their remuneration is recorded in the SNA as compensation of employees. The relationship of employer to employee exists when there is an agreement, which may be formal or informal, between the employer and a person, normally entered voluntarily by both parties, whereby the person works for the employer in return for remuneration in cash or in kind. There is no requirement that the employer should declare the agreement to any official authority for the status of employee to apply.

**Self-employed**

- Self-employed persons are persons who are the sole or joint owners of the unincorporated enterprises in which they work, excluding those unincorporated enterprises that are classified as quasi-corporations. While the self-employed term is no longer used in International Classifications of Status at Work and Status in Employment, ICSE-18, the income/profits of the self-employed are highly relevant in the SNA.

**Unemployed**

- To complete the picture of the labour force, it is necessary to mention unemployment because the labour force is divided between employed persons (that is, employees plus self-employed persons) plus those who are unemployed. An unemployed person is one who is not an employee or self-employed but available for work and actively seeking work. The concept of unemployed persons is not directly required in the national accounts. This is because the unemployed do not contribute to production as part of employment. However, understanding unemployment numbers is necessary to reconcile the employed population to the labour force population, as set out the 19th ICLS resolution.

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4 Resolution concerning statistics of work, employment and labour underutilization
• It will be noted that unemployed could contribute to production via volunteer work and own-use production.

• More details will be added on the alignment or differences between the SNA and the ILO Resolutions.

**Volunteer labour**

• A distinction can be made between those who have an agreement to provide labour for insignificant remuneration or only income in kind, those for whom there is explicitly no remuneration, and those where there is apparently no remuneration but the workers benefit directly from the output to which they contribute. In ILO statistics, those who receive no remuneration are excluded from employment. They are in the economically active population but, unless they are unemployed, they are not in the labour force (as they are neither employees nor self-employed). In the SNA, the remuneration of those working for insignificant amounts or only income in kind is measured by these costs.

• More details to add and alignment of SNA and ILO Resolutions where possible.

Additional categories will be included for completeness, including links to the ILO Resolutions, for example:

• Own use production labour.

• Unpaid trainee labour.

### III. Labour market tables framework

• This section will describe the overall structure of the labour market tables framework. In doing so, the links and differences with the ILO Resolutions will be appropriately reflected.

• The scope of the economy embraces the activities of all enterprises resident within the economic territory and engaged in the production of goods and services, which fall within the production boundary of the SNA. Employment in the SNA is defined as all persons, both employees (both resident and non-resident) and self-employed persons, engaged in the production of goods and services within this scope as undertaken by institutional units within the economic territory.

• The labour market tables framework focuses on the labour market (employees and self-employed persons) involved in domestic production and is different from the types of labour described in Section II, for example; these tables do not include volunteer labour. Furthermore, the domestic labour market tables differ from the (national) labour force by excluding resident employees being employed by non-resident enterprises and including non-resident employees being employed by resident enterprises. These differences will be explained.

• The labour market tables provide a conceptual frame through which existing labour market data from diverse sources can be confronted and integrated, with the aim of producing a coherent and consistent set of labour market statistics. These statistics will provide users with detailed information on various
aspects of the labour market, linked to the information included in supply and use tables (by industry), institutional sector accounts and other national accounts' tables.

- The labour market tables framework helps address data coherence by:
  
  (a) bringing together related labour statistics from multiple sources in a single set of tables; and

  (b) applying a consistent set of concepts across the data to generate comparable data and consistent data that can be compared with other data in the national accounts (aligning underlying micro data).

- The labour market tables framework consist of four quadrant tables: jobs, persons (both employees and self-employed), volumes (i.e., hours worked) and payments. The overall framework identity relationship diagram is shown below.
Accounting conventions are necessary to define the scope and treatment of activities that occur within the economy. The production and residency conventions adopted in the SNA are used in the labour market tables framework to determine the scope of activities covered, and the size of the economy being measured. The scope of the economy defined by these conventions embraces the activities of all

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5 The four quadrants will be reviewed based on the SNA and ILO reconciliation of the definitions.
enterprises resident within the economic territory and engaged in the production of goods and services, which fall within the scope of the National Accounts production boundary.

- There will be reference to the possibility of extending the accounts to also include elements that go beyond the boundaries of the SNA such as the relevance of unpaid household activities (in terms of hours worked). Also need to link to 2025 SNA Chapter 35 on Measuring well-being.

- It is important to note the items presented in the labour market tables framework need to be completely aligned with existing national accounts definitions where they currently exist and complement these existing definitions with additional items (such as those for filled and vacant jobs) to provide a more complete picture of the labour market.

- To provide completeness and comprehensiveness, the labour market tables framework brings together in one place concepts that in the current system of national accounts are presented across different accounts. These concepts are linked through a set of defined accounting identities and enable users to analyse the data through different economic perspectives such as payments from both an employer and employee perspective.

- There will be a brief explanation of what is covered in each of the four quadrants and why it is relevant, thereby also briefly explaining how it links to the other quadrants and highlighting the main indicators that may be derived from the various quadrants.

**IV. Enhanced measures of labour inputs**

This section will discuss different types of labour market measures.

- A crude estimate of the labour inputs required for productivity measures is provided by the numbers of persons employed. Using this as a starting point, the labour input measures can then be adjusted to provide various degrees of sophistication. Examples in increasing order of measurement complexity are full-time equivalents, total actual hours worked and quality-adjusted labour inputs. Each of these will be discussed in turn or linked to other chapters.

- Other areas that will be covered include employment measured on a full-time equivalent basis and employee labour input at constant compensation.

**V. Labour market data links to Supply and Use Tables (SUTs)**

This section will describe linkages of the labour market data to SUTs.

The SUTs provide a lot of detail by industry linking primary inputs to output and to final uses including the use of labour as an input. This presently covers compensation of employees and mixed income (including some informal production). Moreover, there is a need to have consistent and coherent information on numbers of employees, hours worked, etc. This information would also help to provide a quality assurance feedback loop using per head analyses or labour productivity.

The data sought after by industry is shown in the supplementary table part of the diagram below.
There will be more discussion on the link of the labour input data with the primary inputs covering issues such as the guidelines bringing different data from different sources (e.g., business surveys, household surveys, administrative data) together.

VI. Specific issues

Issues that will be covered in this section:

- Non-observed economy.
- Paid and unpaid household services, and production for own consumption.
- Regional data.
- Imputed labour costs (allocating self-employment income to compensation of employees and gross operating surplus).
- Links to the Standard Occupational Classification.
- To note, labour productivity and capital services will be left to the productivity chapter.

VII. Labour market tables framework links to education, training and human capital

This section will briefly cover extensions linking to concepts related to education, training and human capital.

Labour market tables framework are quite distinct from education and human capital, although a link could be made to measuring human capital as representing the stock measure of the (available) ‘labour’ capital. It is therefore considered important to introduce the link to the labour market tables framework and the relevance of obtaining estimates of human capital in understanding (future) labour market (developments). This may then also be linked up to extended accounts for education and human capital.
to be covered in 2025 SNA Chapters 34 on Measuring well-being and Chapter 35 on Measuring sustainability of well-being, and linking gender, age, skills, etc. extensions.

**Schematic Overview**

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