

The same or different? An exploration of wage definitions and measurements in LCS and SBS

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Short Abstract

This work is aimed at exploring the differences in wages and salaries definitions and measurements in SBS and LCS/ESA Regulations. A first step is an in-depth comparison of definitions taking into account the information systems within the enterprises from which the statistical variables are gathered. In fact, the knowledge of rules and practice of the Company Accounts data is strictly necessary to understand how SBS variables are measured while the rules of Personnel accounting are relevant for the measurement of LCS statistics. Secondly, using the new Italian LCS 2012 survey we look for evidence of these definitional differences and try to provide insights on their magnitude.

1. Introduction

Over the last years the European Commission has explored the consistency between business side statistical domains. To this aim an ESSNet project has been constituted on Consistency of Concepts and Applied Methods of Business and Trade Related Statistics. The final purpose is to produce a Frame Regulation on Integrated Business Statistics (FRIBS) that would contribute significantly at reducing inconsistencies, simplifying regulation and increasing the quality of statistical data in a common framework.

A secondary purpose of that project was to promote the use of administrative data, either instead of or in combination with traditional surveys, by simplifying the statistical definitions such that the administrative definitions could fit in.

The task at hand proved not to be an easy one, since the regulations are drafted according different principles.

One of the challenges that this work had to face is the comparison on the labour cost variables between SBS, LCS and ESA regulations. It turned out that the main variables in SBS regulation were defined quite differently from the other regulations and it was not always clear whether the differences in these definitions were substantial or barely depending on wording².

On the basis of the previous experience, the first purpose of this paper is, with particular attention to the variable wages and salaries, to uncover the definitional differences between the SBS and LCS regulations. Throughout an in-depth analysis of the definitions, we will try to highlight also the hidden differences, that is those implied by the measurement system within the enterprise. Secondly, we will try to measure empirically these differences, in Italy, between the last LCS survey and SBS register based statistics for the year 2012.

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² It is important to remind also that the legal base for social statistics collected from businesses (LCS, SES, LCI, JobVacancy, CVTS) will be, sooner or later, upgraded and modernized and both, the DSS and BSDG, were of the opinion that this should be done in the context of FRIBS. This imply that a reasonable grade of convergence in definitions of the same variables should be reached.

2. Principles and philosophies of the regulations

In LCS the variable *Labour Costs*, coded D, is composed by *Compensation of employees* (D1), *Vocational training costs* (D2), *Other expenditure paid by the employer* (D3), *Taxes* (D4) minus *Subsidies* (D5). In SBS the variable *Personnel Costs* does not include the items in D2-D5, so that it is convenient to restrict the comparison to *Compensation of employees*³.

Before turning to the SBS-LCS comparison it is worth noting that the ESA regulation (ESA, 2010) seems very consistent with the LCS one (Commission Regulation n. 1737/2005 for LCS) on the variable *Compensation of employees* and its components, *Wages and Salaries* and *Employer social contributions*. They have the same naming and the same coding (see table 1). The style of the regulations is quite similar since the definitions are very detailed in both regulations.

In LCS, each of the two main components is composed of sub-items with a detailed definition and/or with a structure of sub-items in their own. Moreover the Implementing arrangements provide additional clarifications of what to include and not include in each of these items. ESA, shows a detailed list of inclusion and exclusions as well. Overall, the content of the two regulations show very small differences to the point that it is not clear whether the legislator wanted truly to differentiate them. Since LCS regulation is posterior to ESA95, which is almost identical to ESA2010, it is possible to argue that the legislator wanted to truly refer to ESA concepts.

Assumption: we work under the hypothesis that LCS and ESA definitions are the same and highlight the issues where they might imply some differences.

The SBS definitions of *Personnel costs* and its components *Wages and salaries* and *Employers' social security costs* are written down with a different style. They are more loosely defined and are rather inclusive. What stands out is that they refer explicitly to the legislation of company accounts (CA).

Table 1: Naming and coding of the variables in LCS, ESA and SBS Regulations and the new FRIBS proposals

ESA		LCS		SBS		new FRIBS	
Coding	Definition	Coding	Definition	Coding	Definition	Coding	Definition
D.1	Compensation of employees	D.1	Compensation of employees		Personnel costs		Employee benefits expense
D.11	Wages and salaries	D.11	Wages and salaries	13 32 0	Wages and salaries		Wages and salaries
D.12	Employers' social contributions	D.12	Employers' social contributions	13 33 0	Employers' social security costs		Social Security costs

The latest document on FRIBS definitions (Eurostat, 2015), while changing the name from *Personnel costs* to the IAS (International Accounting Standards) term *Employee benefits expense* and the wording of the definition substantially, leaves the content basically unchanged. The document in fact states that *although the proposed changes might seem radical, in their substance they are rather not. The objective in having this new and significantly shorter definition with the appended explanations was to enhance understandability and accuracy. In practice, the total amount of expenses of employee benefits should be the same, irrespective of the methodological framework used.*

³ In Italy, for the LCS domain, the Compensation of employees is alternatively deemed Labour cost in strict sense, while Labour Cost is defined Labour cost in wide sense.

The new proposed definitions, in continuity with the ones of the current SBS regulation, keep a strong link to the financial definitions, recalling which items of the company accounts have to be used to retrieve the statistical variables according to the different accounting standard used (*European Accounting Directive – 2013/34/EU, Annex V or IAS, nature of expense method or function of expense method*).

Indeed it is exactly the purpose of the new proposed definitions *the strong convergence towards business accounting standards* since ... *the main objective of business accounting itself (namely to give a “true and fair view” of the entity’s financial performance and position) is well suited for business statistics purposes*. This in turn will *allow[NSIs] for more use of administrative data sources having accounting data (primarily balance sheet and profit and loss account data, but other data, as well)*.

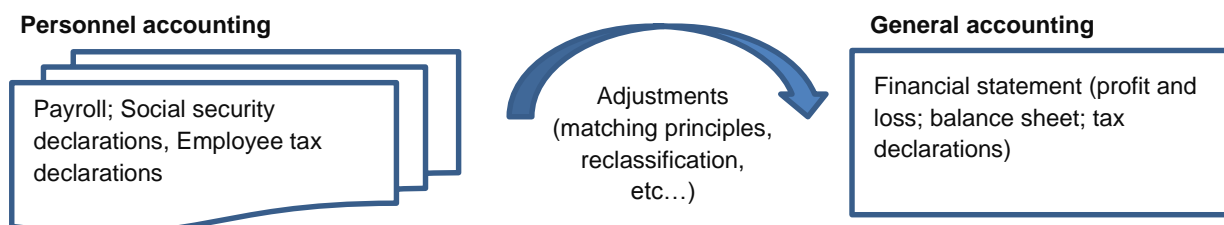
Even if the new FRIBS documents are stressing the link with CA more explicitly, as above mentioned, also the current regulation refers to them. Moreover most of the enterprises were likely to fill in the SBS questionnaire with available data, especially from company accounts or related fiscal documents. Empirically, it was ascertained comparing the data provided to the questionnaire with the CA data: a work done at Istat in 2011 found that most of the firms filled in the statistical questionnaire exactly with the profit and loss figures (Casciano et al, 2011).

Assumption: given the above premises we maintain the hypothesis that, in Italy, operationally, the definitions of SBS coincide with the definition of the company accounts according to 4th Accounting Directive.

In summary, the LCS/ESA and SBS definitions have a very different style: very detailed the first and quite loose the second. Thus the comparison of the definitions between the regulations would be quite tricky due to this inhomogeneity. To have a more meaningful comparison it is more instructive to compare the definition of LCS with the operational definitions of SBS, that is those behind the compilation of the company accounts⁴.

3. Accounting systems within the enterprises

To understand how the required variables are calculated within the firm, it is useful to refer to its accounting systems: the personnel accounting, whose aim is to keep the payroll and prepare the social security and tax declarations for the employees, and the general accounting aimed at producing the main financial statement of the enterprise (profit and loss and balance sheet, i.e. the company accounts) and to produce the enterprise tax declaration. The two accounting systems are linked to each other since the information from the first flows into the second. However this passage implies adjustments to make payroll data fitting the rules of financial statement (for instance the matching principles to guarantee the accrual basis accounting, the compliance of the nature/function expense method, the principle of prevalence of substance to form, etc..).



⁴ In Italy, the operative instructions for the compilation of the Company accounts are provided by the OIC (Organismo Italiano di Contabilità). This Foundation was formed in 2001 in response to the need perceived by the main public-sector and private-sector parties to establish a National Standard Setter on accounting matters. It is in charge of providing the accounting national principles for the balance according to the European and international standards and national laws.

It is expected that the LCS figures are drawn from the personnel accounting, since only the payroll data have the information (on number of employees, hours worked and paid and the disaggregation of wages and social contributions) necessary to comply this regulation.

On the other side, the information required by SBS are best filled in using the General accounting data and in particular the Profit and Loss statement. Moreover, as above said, the SBS regulation explicitly refers to company accounts.

Since the two accounting systems might measure the same variable (e.g. wages and salaries) according to different principles, the two statistics will likely produce different measures of the required variables.

4. The main definitional differences in the definition of *wages and salaries*

4.1 *Accrual vs cash basis*

The founding accountancy principle of the profit and loss of the company accounts is *the accrual basis* that is the principle for which income and expense must be recognized in the accounting periods to which they relate rather than the period in which the cash flows related to them occur. Especially with reference to personnel costs this means that these expenses should be attributed to the period during which the work is done.

Instead ESA and LCS require a mixed recording system. LCS states that wages and salaries *are recorded in the period during which the work is done. However, ad hoc bonuses or other exceptional payments (13th month pay, back-dated pay arrears, etc.) are recorded when they are due to be paid.*

ESA2010 similarly states that *wages and salaries (D.11) are recorded in the period during which the work is done. However, ad hoc bonuses or other exceptional payments such as 13th month payments, are recorded when they are due to be paid.*

It is not clear whether LCS regulation wanted to precise the statements of the ESA, adding the arrears, or to claim a difference with ESA. Whatever the case for ESA, one may expect, for instance, that arrears are not recorded in the profit and loss in the period in which they are paid, being accounted for, although with an estimate, in previous periods, while they are in LCS. We maintain this position in the empirical analysis of paragraph 5. However, since accrual accounting is rather complex, the degree to which this principle is actually used for all the enterprises is however debatable. It is possible, in fact, that especially smaller enterprises adopt a simpler approach to accounting.

4.2 *Travel allowance*

While the reimbursement of expenses undertaken by employees in the course of their duties as counterpart of the presentation of detailed justifications (for travelling, meals, hotels etc.) are excluded from labour cost either in the company accounts and in the LCS/ESA, travel allowance, that is fixed sum (for instance per day) paid to employees may pose a problem.

The problem arises since the nature of this allowance is twofold: in part it is meant to cover the expenses incurred by the employees when they travel for work; in part it is meant to remunerate the employees for the discomfort of working outside the workplace. The first part is in substance an intermediate cost for the enterprise, while the second part is a component of the wages. It is instructive that Italian legislation fixes a threshold over which this component does not form employee income and thus is not taxable nor subject to social contributions. The threshold has exactly the purpose to distinguish the two parts.

The sources treat the travel allowances differently.

In the company accounts they must be included in wage and salaries.

ESA2010 states explicitly that wages and salaries do not include *allowances or reimbursement of employees for travelling, separation, removal and entertainment expenses incurred in the course of their duties*. LCS clarifies this subject in the same spirit of ESA in the implementing document for LCS2012 where it is provided an explanation to the question whether the *fixed allowances paid in each pay period covering travelling expenses for business purposes fall under D.11111 (Direct remuneration, bonuses and allowances paid in each pay period)*. *The assignment to D.11111 is correct if the payments are made irrespective of the need to travel. If the payments are made as a fixed allowance only in order to facilitate administrative processes, but are meant to cover actual business travel costs, then the costs seem to be intermediate expenditures not covered by D.2 or D.3 (hence should be excluded from the LCS)*.

In the Italian LCS 2012, the regulation has been interpreted in such a way that only a part of the travel allowance has been considered labour cost, while the remaining part has been considered out of scope. The questionnaire has been designed to measure both parts. To facilitate the task to the enterprises, the fiscal regulation has been followed to distinguish these two parts.

4.3 Meal vouchers and other Fringe benefits

Other profit and loss items can have an administrative/fiscal classification different from the statistical one like for meal voucher and fringe benefits, which include various types of wages in kind compensation provided to employees in addition to their cash wages or salaries.

According to the general accounting principles, meal vouchers are declared in company account among intermediate costs and not in personnel costs⁵.

Other benefits in kind or fringe benefits, like company car, may be declared as intermediate consumption for the principle for which costs are classified according to their nature (OIC, 2005).

On the opposite side, LCS/ESA regulation explicitly include Meal voucher and other fringe benefits among wages in kind.

4.4 Wages and salaries which the employer continues to pay in the event of illness, occupational accident, maternity leave or short-time working (imputed social contributions)

The SBS Regulation states that *wages and salaries which the employer continues to pay in the event of illness, occupational accident, maternity leave or short-time working may be recorded here (under wages) or under social security costs, dependent upon the unit's accounting practices*. In practice, in Italy, the Company accounts rules and practices include them in wages.

The LCS and ESA classify these costs separately in the employers' imputed social contributions as they are considered as social benefit paid directly by the employer.

The following table summarizes the main differences in definitions.

⁵ See principle n. 12 of the Interpretative Document N.1 of the accounting standard (OIC, 2005).

Table 2: Main items with a difference

Items	LCS/ESA Regulations	SBS - CA operational definitions
Non regular components (arrears, golden handshakes)	Wages and salaries "when due to be paid"	Wages and salaries "at the time the work is done" or, for the golden handshakes, social security costs
Travel allowance	Partially wages and salaries	Totally Wages and salaries
Meal vouchers and other Fringe benefits	Wages and salaries	Intermediate costs
Wages and salaries employer continues to pay in the event of illness...	Employers' social contributions	Wages and salaries
Other components (occasional cash subsidies, compensation in lieu of notice)	Employers' social contributions	Wages and salaries

5. The empirical differences between SBS and LCS in Italy

In this paragraph we try to measure the magnitudes of the definitional differences above described, controlling for the estimation methodology and measurement systems. Before going into the analysis it is necessary to describe briefly how the LCS and SBS statistics have been compiled in Italy for 2012.

5.1 The LCS 2012 for the private sector: a survey based approach

The LCS 2012 statistics for the private sector, the domain that overlaps with SBS, have been produced through a direct survey. For this edition, the questionnaire of the survey has been reviewed, especially regards the composition of wages and, to a certain extent, it allows to reallocate the items to simulate the SBS definition.

5.2 SBS 2012: a register based approach

Until 2010 in Italy structural business statistics (SBS) had been produced through two direct surveys: one on a sample of firms with less than 100 employees (SMEs) and the other on the census of firms over this threshold (LEs); administrative and fiscal data were used as auxiliary information mainly for check and editing purposes. Since 2011 reference year, the Italian NSI has been developing a new system for the production of SBS statistics based on the use of administrative data as primary source of information at firm-level, integrated with direct survey data, for items not retrievable through the administrative data, as complementary information on specific economic issues or businesses' sub-populations for SMEs. The new system, called SBS-Register, is expected to overcome some limitations of the current SBS production system like low response rates, large sampling and non-sampling errors, NSI costs and statistical burden on the enterprises. For the Frame implementation an in-depth analysis of the available administrative information has been necessary for their statistical use. The main data source of the system is the Profit and Loss part of Company Accounts. For firms not obliged to keep full-fledged CA⁶ the data are retrieved from fiscal declarations on the Enterprises income. The SBS statistics for 2012 have been produced using the Frame system for the SME's and survey data for the LE's.

5.3 Decomposing the differences between LCS and SBS

Let's define the following notation:

be W_{DMW} the estimate of the Wage and Salaries defined with definition D , measured with measurement system M , applying the weighting system W .

⁶ In Italy in 2012 these firms are about 80% of the total firms but they employ only 20% of total employees.

Here the measurement system indicates both the source of data and the set of procedures of editing and imputation applied to these data.

In this way, the LCS and SBS estimates are respectively defined as: W_{LLL} and W_{SSS} , where the subscripts L and S indicates respectively LCS and SBS.

We can also define the following quantities:

W_{SSL} , that is the estimate obtained with the SBS definition with the SBS measurement system on the sampling units and the weighting system of LCS. In other terms it is the SBS estimate we would obtain if we used the SBS variable for the units of the LCS sample weighting them with the LCS weights.

W_{SLL} , that is the estimate obtained with the SBS definition with the LCS measurement system on the sampling units and the weighting system of LCS.

These two quantities allow decomposing the differences between the estimate W_{LLL} and W_{SSS} in the following way:

$$W_{SSS}-W_{LLL}=(W_{SSS}-W_{SSL})+(W_{SLL}-W_{LLL})+(W_{SSL}-W_{SLL})$$

The first addend is the *weighting effect* that is the difference due to set of units used and the system of weights. The second addend is the *definition effect*, the differences due only to differences in definitions between SBS and LCS. The third addend might be called the *measurement effect* since it is due to the application of the same definition to two different measurement systems, or in other words it arises from how two different measurement systems try to capture the same definition. Here for measurement systems we mean not only the data collection instruments (statistical questionnaire or administrative data) and the errors related to them, but also the E&I procedures of the statistical process.

In practical terms we prefer not to go so far. In fact, this last term also captures every differences between the true SBS definition and the SBS definition calculated through LCS data due to deficit of understanding or impossibilities to apply exactly our understanding of SBS definition to the LCS data. At the same time we cannot be completely sure that the definition effect captures all and only the definitional differences. The last two terms may have some kind of indeterminacy and mixes with each other. In what follows we will measure a combined definition-measurement effect and then highlight what we think can be due to definitional differences only.

The decomposition above is permitted by a series of conditions. First, while the LCS statistics are survey based, the SBS ones are based on a Register. This allows matching each of the LCS units to the SBS-Register. Second, the LCS survey unit is the Enterprise, exactly as SBS. Third, in the Italian edition of the LCS all the subcomponents of the wages and salaries are requested for the all employees workforce and not for the employees excluding apprentices⁷.

The difference between SBS and LCS wages is quite limited accounting for a mere -0.3% (see table 3). This small difference hides higher differences in particular NACE rev 2 sections. The largest negative difference is found in Mining (section B) and Accommodation and food activities (I) while the major positive difference is found in Construction (F). Looking at the decomposition it is immediately evident that the different components compensate each other to a large extent. In the aggregate sectors and in large sections the weighting component is very small. The definition-measurement component is usually larger, in absolute terms. As for the definitional component, that is the main objective of the analysis, it averages 0.4% and there is a prevalence of positive signs meaning that, overall, the components included in the SBS definition and excluded in LCS one are larger than the opposite ones. The Construction sector register the largest figure (3.1%) followed by Transportation and Human Health And Social Work Activities (1.6%). On the opposite side the

⁷ The values of the subcomponents, excluding the apprentices, such as requested by the regulation are then estimated.

Mining and Quarrying and Electricity, Gas, Steam And Air Conditioning Supply show the largest negative differences⁸.

Table 3: Decomposition of differences between SBS and LCS

Nace rev. 2 sections	Total	Weighting	Definitions and measurement	OF WHICH definitions
B - Mining and quarrying	-9.3	-7.2	-2.2	-5.6
C – Manufacturing	-0.6	0.2	-0.8	0.3
D - Electricity, gas, steam and conditioning supply	-1.6	1.0	-2.6	-3.4
E - Water supply, sewerage, waste management and remediation activities	-1.2	-0.9	-0.3	0.4
F – Construction	5.1	0.2	5.0	3.1
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-1.3	-0.1	-1.2	0.1
H - Transportation and storage	1.1	-0.4	1.5	1.6
I - Accommodation and food service activities	-2.4	0.3	-2.7	0.6
J - Information and communication	-1.7	-0.5	-1.2	-1.5
L - Real estate activities	1.4	1.5	-0.2	-0.3
M - Professional, scientific and technical activities	-1.1	-1.5	0.4	-1.3
N - Administrative and support service activities	-0.6	0.9	-1.5	0.7
P – Education	-2.0	-2.2	0.2	0.8
Q - Human health and social work activities	0.9	0.0	0.9	1.6
R - Arts, entertainment and recreation	3.4	1.0	2.4	-0.5
S - Other service activities	0.9	1.2	-0.3	1.4
Industry excluding construction (B-E)	-0.8	0.0	-0.8	0.1
Industry (B-F)	-0.1	0.0	-0.2	0.4
Services (G-S)	-0.5	-0.1	-0.4	0.3
Total (B-S)	-0.3	0.0	-0.3	0.4

Table 4 shows the magnitudes of the definitional components coded according table 2. The item Non regular components captures on one side wage *arrears* paid in 2012 that, in SBS may not be included due to the accrual method and on the other hand Golden handshakes, that in the Italian Profit and loss are not counted under wages and salaries but included, with other social contributions, under other labour costs and the added in Employer social contributions in SBS. Overall, in the macro sectors, each component's magnitude is in the range of 1-1.5%. In the sectors characterized by negative differences, that is where SBS is lower than LCS, such as B and D the difference is dominated by Non regular components. In D the exclusion in SBS of wages in kind weights significantly. Looking at positive differences it is evident the role of Travel allowances in Construction and Transportation and Storage.

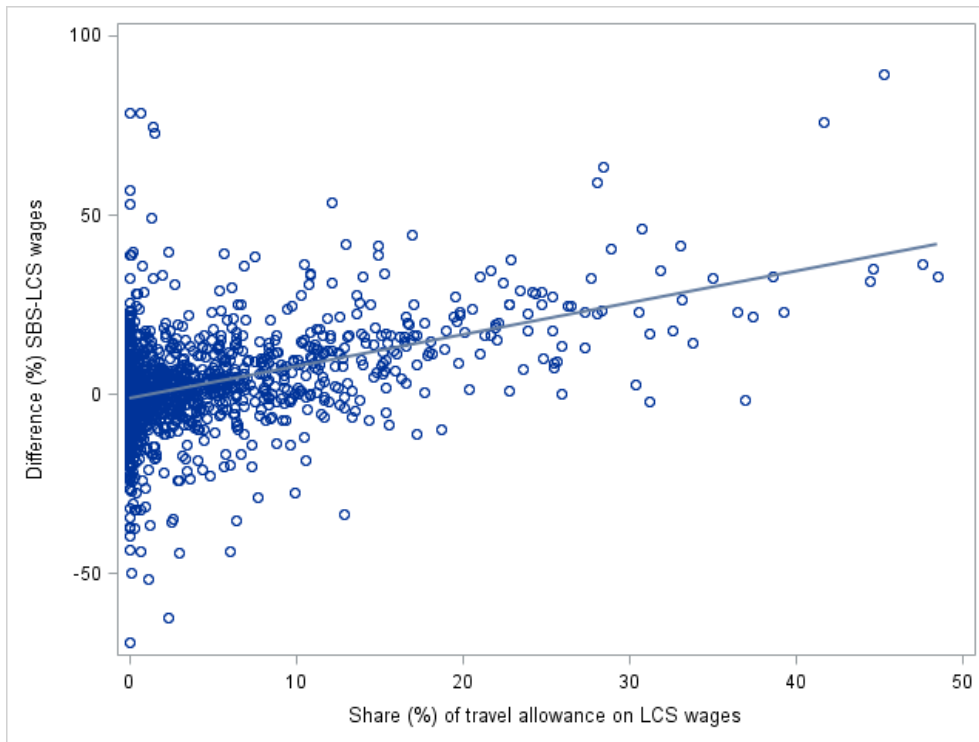
⁸ It seems useful to remark that, overall, these two independent statistical processes produce quite close estimates of a variable, wages and salaries. It seems quite a positive result that should not be taken for granted. In fact, each process is subject to a wide variety of errors (cognitive and response errors, processing errors, errors in the E&I, sampling errors and in the re-weighting procedure etc..) which can lead to quite different estimates despite the fact that the variable has limited definitional differences between the two domains. It is possibly the fruit of the effort, made over the recent years, in improving the quality of these statistics.

Table 4: Components of definitional differences

Nace rev. 2 sections	Definitions	Detailed items on definition differences			
		Travel allowances	Non regular components	Wages in kind	Imputed social contributions
B - Mining and quarrying	-5.6	0.5	-7.4	-1.8	3.2
C – Manufacturing	0.3	0.7	-1.1	-0.7	1.5
D - Electricity, gas, steam and conditioning supply	-3.4	1.2	-3.5	-2.7	1.6
E - Water supply, sewerage, waste management and remediation act.	0.4	0.7	-0.6	-1.2	1.5
F – Construction	3.1	3.6	-0.8	-0.9	1.2
G - Wholesale and retail trade; repair motor vehicles and motorcycles	0.1	0.7	-0.8	-0.8	1.0
H - Transportation and storage	1.6	3.0	-1.4	-1.6	1.6
I - Accommodation and food service activities	0.6	0.3	-0.4	-0.2	0.9
J - Information and communication	-1.5	0.8	-1.6	-1.8	1.1
L - Real estate activities	-0.3	0.6	-1.3	-1.2	1.6
M - Professional, scientific and technical activities	-1.3	1.0	-2.3	-1.4	1.4
N - Administrative and support service activities	0.7	0.8	-0.5	-1.0	1.4
P – Education	0.8	0.5	-0.3	-0.4	1.2
Q - Human health and social work activities	1.6	0.2	-0.3	-0.2	1.8
R - Arts, entertainment and recreation	-0.5	1.2	-2.0	-0.6	0.9
S - Other service activities	1.4	1.0	-0.3	-0.5	1.3
Industry excluding construction (B-E)	0.1	0.7	-1.3	-0.8	1.5
Industry (B-F)	0.4	1.0	-1.2	-0.8	1.5
Services (G-S)	0.3	1.2	-1.0	-1.1	1.3
Total (B-S)	0.4	1.1	-1.1	-1.0	1.4

A further evidence of the role of travel allowances in the differences between the SBS and LCS wages comes from Figure 1. Among firms with travel allowance there is a clear positive correlation between the increasing share of travel allowance and the SBS-LCS wages differences. An analysis of the plot clarifies also that when travel allowances are relevant they explain most of the differences in wages.

Figure 1: Correlation between travel allowance and SBS-LCS wage differences



Note. The figure is drawn only on firms whose SBS data comes from company accounts and not imputed in LCS.

6. Concluding comments

Regulations supply the frame in which statistics are computed. This paper shows that while LCS and ESA have quite similar approach and (detailed) definitions regards labour costs, SBS definitions appear to be quite loose, not supplying specific detail on sub-items.

The theoretical comparison of the *wage and salaries* definitions shows that, especially once taking into account the operational instructions of the standard account practices, which the SBS regulation explicitly refers to, they are different in LCS and SBS.

On the empirical side, SBS and LCS supply different estimates of wages and salaries, although the difference is rather small. However, it has been shown that these differences do not depend merely from estimation and weighting issues. In fact, differences in definitions do matters and this is more evident when detailed by Nace rev 2 sections. Even with some uncertainties, it seems clear that specific components of wage definitional differences have a certain impact on the overall difference in the estimates, although that in part is cleared out through compensation of positive and negative items.

Moreover it is not to be forgotten that the two statistics are filled in using different accounting systems within the enterprises. While the SBS statistics explicitly refers to company accounts, so that even when they were completely compiled through questionnaires the enterprises would use the figures of general accounting, to fill in the LCS questionnaire enterprises are likely to use data from payroll accounting which is the only source able to provide all the detailed information requested by the regulation. But payroll data does not supply the same amount of labour costs with respect to general accounting, since they comply different legislations.

In Italy, National Accounts estimates move from SBS ones, but are adjusted at a macro level, to comply with the ESA regulation.

The recent work of the FRIBS task force may have simplified SBS regulations stressing even more the reference to accounting standard, but has not reduced inconsistencies. In fact, the last document

leaves the differences with LCS and ESA unaltered. This may depend on the fact that the last document, in contrast with the work of the Essnet project on Consistency, that explicitly aimed at finding a common definition between Structural Business Statistics and Business side labour statistics, seems to focus only to a revision of SBS standards. Standing the things as they are now, it should be expected that SBS, LCS and National accounts will continue to produce different labour costs estimates, on the overlapping domains.

In our opinion the document should also clarify the sentences regarding the relationships of the definitions of personnel costs (and in particular of its components) to those of LCS and ESA since the present claimed correspondence of definitions may only be interpreted in a loose sense.

More generally, in the context of the rationalization of the statistical system it remains open the question whether the content of labour cost should not be the same in the mentioned statistical domains and therefore also users should expect different figures, or if the work on consistency has to be pushed further on domains, like labour costs, that have several statistics related to them.

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