

Unemployment in Cyprus: Comparison between Two Alternative Measurement Methods

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Abstract

Unemployment in Cyprus is measured by the Statistical Service of Cyprus using two alternative methodologies: Registered Unemployment (RU), as calculated by the number of unemployed registered with the district labour offices on a monthly basis, and unemployment as calculated by the Labour Force Survey (ULFS), which is conducted on a quarterly basis. The RU series dates back to 1960 whereas the ULFS series began in 1999. The two methodologies lead to different results, mainly because of measurement differences in three unemployment categories: long-term unemployed, unemployed newcomers, and recently-retired unemployed. The differences in the first category appear to be associated with the fact that changes caused by the business cycle in this category are better captured by the ULFS than by the RU. In the other two categories, the differences reflect demographic and structural factors. This paper reconciles the data from the two methodologies, thus providing an indispensable tool for further work on: (a) the construction of a longer historical series for ULFS, which will be useful for economic analysis; and (b) the creation of a flash estimate of ULFS based on RU, given the time lag of the published ULFS, which is the internationally accepted unemployment measure.

Keywords: unemployment measurement, labour force survey, registered unemployment

JEL Classification: C82, E24