



# **Technical Seminar: Strengthening Labour Market Information to Monitor Progress on Decent Work in Africa**

## **GUIDANCE ON MAJOR SOURCES OF LABOUR STATISTICS: Establishment Surveys**

**Igor Chernyshev**  
**Department of Statistics**

**(Addis Ababa, 20-24 July, 2009)**

# ESTABLISHMENT SURVEYS

- ☐ Economic unit that produces and/or sells goods or services, and operates from a single physical location. If a firm has several such locations, each is termed an establishment
- ☐ The ES is designed to provide industry information on non-farm wage and salary employment, average weekly hours, average hourly earnings, and average weekly earnings at national, regional and metropolitan areas.
- ☐ Data based on establishment surveys (ES) are compiled by mail questionnaires (and telephone interviews)
- ☐ Current (at least annual) survey of (employment) average earnings and hours actually worked or paid for (Art. 9.1 of the Convention).
- ☐ Current (at least once a year) survey of time rates of wages and normal hours of work (Art. 9.2 of the Convention).

# ESTABLISHMENT SURVEYS

-  Structural statistics on the structure of earnings and hours of work and on the distribution of employees by levels of earnings and hours, if possible every five years (Art. 10)
-  Surveys on the level and composition of labour cost, at least every five years (Art. 11)
-  The corresponding employment data are always collected in these surveys.
-  Additional topics may be included in the current surveys, such as:
  -  Vacancies
  -  Labour turnover
  -  Training needs, etc.

# ESTABLISHMENT SURVEYS

-  From the standpoint of the collection of data, establishment surveys (ES) have certain advantage over other means of obtaining statistics of wages, and hours of work, particularly on a current basis and at frequent intervals.
-  The establishments which hire and pay workers are in the best position to furnish information on employment, wages paid, hours of work, etc.
-  Establishments can be identified easily by economic activity and by geographical location.
-  Most establishments are compulsory registered under law, ordinances or regulation and are, therefore constrained to maintain records of employment, wages and other particulars.
-  The payroll records of establishments serve as a better source on wages and hours of work than any other.

# ESTABLISHMENT SURVEYS

-  It may be possible that very small establishments, particularly in developing countries, may not consistently maintain accurate and complete payroll records.
  -  In such cases, establishments covered in the survey should be persuaded to maintain reasonably reliable records.
  -  In the establishment surveys the possibility of error in reporting on wages and hours of work is reduced, since the employer supplies information from written records rather than from memory.
  -  Finally, the cost of an establishment survey is relatively lower than that of other methods.
- Business registers

# ESTABLISHMENT SURVEYS

- ☐ As the establishment survey covers only employees, it is well suited for the collection of data on wages and hours of work.

However ES has its limitations:

- ☐ When a person holds jobs in more than one establishment, s/he will be counted more than once his/her wages and hours of work will not be shown together.
- ☐ Similarly, a worker who changes jobs during the survey period, going from one establishment to another, is counted more than once.
- ☐ The ES technique is efficient only in situations where multiple job holding or changes from one establishment to another within a short time are relatively insignificant.
- ☐ The ES approach is not well suited to providing estimates of total employment in a country, as it includes only employees.

# Income from employment – wages

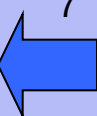
Payments in kind or cash received by individuals as a result of their participation in economic activities

## ☐ Income from paid employment

- ☐ Payments in cash and in kind for work done
- ☐ Bonuses, tips, etc.
- ☐ Social security benefits related to work

## ☐ Income from self employment

- ☐ Gross output less operating costs, adjusted for depreciation of assets used



# EMPLOYEES

## International Classification of Status in Employment (ICSE, 1993)

- ☐ Employees are all those workers who hold the type of job defined as "paid employment jobs".
- ☐ Persons in 'paid employment jobs' are typically remunerated by wages and salaries, but may be paid by commission from sales, by piece-rates, bonuses or in-kind payments such as food, housing or training.

# EMPLOYEES

## International Classification of Status in Employment (ICSE, 1993)

### Particular groups:

- ✓ Owner-managers of incorporated enterprises (SNA = employees; Labour market analysis = employers)
- ✓ Casual workers
- ✓ Seasonal workers
- ✓ Apprentices and trainees

# EMPLOYEES

## Wage earners

- Usually manual workers, operatives, factory workers, production and related workers, construction workers, piece workers, etc.
- Non-supervisory staff up to and including the level of working foremen who are engaged in the production process, in construction, installation and maintenance operations, warehouse and delivery staff, security staff, etc.
- Generally paid on an hourly, daily, or piecework basis (even if they receive their pay at the end of each week or month).
- Can be divided into time-rated and piece-rated wage earners.

# EMPLOYEES

## Salaried employees

- Comprise all other employees, i.e. managing directors, working directors of incorporated business, executives, professional and technical staff, supervisory workers above the level of working foreman, administrative, clerical and similar office staff.

## **WAGE/SALARY RATES**

**Resolution concerning an integrated system of wages statistics  
(12th ICLS, 1973)**

### **Include:**

- ✓ **basic wages and salaries,**
- ✓ **cost-of-living allowances and**
- ✓ **other guaranteed and regularly paid allowances,**

**Exclude:** overtime payments, bonuses and gratuities, family allowances and other social security payments made by employers.

# EARNINGS

## Resolution concerning an integrated system of wages statistics (12th ICLS, 1973)

-  **Remuneration in cash and in kind** paid to employees, as a rule at regular intervals, for time worked or work done together with remuneration for time not worked, such as for annual vacation, other paid leave or holidays.
-  **Earnings exclude** employers' contributions in respect of their employees paid to social security and pension schemes and also the benefits received by employees under these schemes. Earnings also exclude severance and termination pay.

# HOURS ACTUALLY WORKED

## Resolution concerning statistics of hours of work (18th ICLS, 2008)

Time spent in a job for the performance of activities that contribute to the production of goods and/or services during a specified short or long reference period.

-  Hours actually worked measured *within the SNA production boundary* **includes** time spent directly on, and in relation to, productive activity; down time; and resting time.
-  Hours actually worked measured *within the SNA production boundary* **excludes** time not worked during activities such as:
  - hours paid for but not worked, such as paid annual leave, paid public holidays, paid sick leave;
  - meal breaks;
  - Time spent in education activities (outside the production process).
  - time spent on commuting between work and home when no productive activity for the job is performed; for paid employment, even if paid by the employer.

# **NORMAL HOURS OF WORK**

## **Resolution concerning statistics of hours of work (18th ICLS, 2008)**

-  Hours of work fixed by or in pursuance of laws or regulations, collective agreements or arbitral awards to be performed in specific paid-employment jobs over a specific reference period.
-  Normal hours of work may vary, between jobs for different groups of persons on paid employment, by occupation or industry, depending on their regulatory source.

# LABOUR COST

 **CONCEPT:** COST TO EMPLOYER IN EMPLOYING LABOUR

 **DEFINITION:**

THE COST INCURRED BY THE EMPLOYER IN THE EMPLOYMENT OF LABOUR, COMPRISING REMUNERATION FOR WORK PERFORMED, PAYMENTS IN RESPECT OF TIME PAID FOR BUT NOT WORKED, BONUSES AND GRATUITIES, THE COST OF FOOD, DRINK AND OTHER PAYMENTS IN KIND, COST OF WORKERS' HOUSING BORNE BY EMPLOYERS, EMPLOYERS' SOCIAL SECURITY EXPENDITURE, COST OF VOCATIONAL TRAINING, WELFARE SERVICES AND MISCELLANEOUS ITEMS SUCH AS TRANSPORT OF WORKERS, COST OF WORK CLOTHES AND RECRUITMENT, TOGETHER WITH TAXES REGARDED AS LABOUR COST.

# RELATIONSHIP BETWEEN WAGE MEASURES

## WAGE RATES

- x Time worked (or paid for)
- = **DIRECT WAGES AND SALARIES**
- + Pay for time not worked
- + Bonuses, premiums, etc.
- + Payments in kind
- + Family and other allowances
- = **EARNINGS**
- + Severance and termination pay
- + Value of employers' social contributions
- + Net current social security benefits
- = **COMPENSATION OF EMPLOYEES**
- + Cost of vocational training
- + Cost of welfare services
- + Labour cost not elsewhere classified
- + Taxes regarded as labour cost
- = **LABOUR COST**

# OCCUPATIONS

## International Standard Classification of Occupations (ISCO-08)

-  **An occupation** is a set of jobs whose main tasks and duties are characterized by a high degree of similarity.
-  **Jobs** are defined as a set of tasks and duties executed or meant to be executed by one person.

# VACANCIES

**A vacancy is an unoccupied or soon to be vacated post, or a newly created post, open to people from outside your (the employer) business or organization.**

**Example of question:**

***How many job vacancies did your business or organization have on (reference period) for which you were actively seeking recruits from outside your business or organization?***

# VACANCIES

**One or more vacancies exist when:**

- (a) An employer has made an effort during a recent period (e.g. the last 4 weeks) to find one or more persons to provide labour-services;**
- (b) The employer would have engaged one or more suitable candidates to work during the reference period if they had been available, and would have not fired anyone as a consequence.**
- (c) “Vacancies” also exist if only (b) is satisfied and the employer either is in the process of selecting someone among possibly suitable candidates or is waiting for such a candidate to accept a job or to start working.**

# LABOUR TURNOVER

- ✓ Refers to the movement of employees in and out of a business
- ✓ Commonly used to refer to « wastage », i.e. the number of employees leaving in a period (usually a year) due to voluntary or involuntary severance, redundancies and retirements;
- ✓ Separation rate (or crude wastage rate) =  
$$\frac{\text{Number of leavers in a set period}}{\text{average number employed in same period}} * 100$$

# Establishment surveys vs. Labour Force Surveys

-  The household-based and establishment-based data complement one another, each providing significant types of information that the other cannot suitably supply. Population characteristics, for example, are obtained only from the household survey, whereas detailed industrial classifications are much more reliably derived from establishment reports.
-  Data from these two sources differ from each other because of variations in definitions and coverage, source of information, methods of collection, and estimating procedures. Sampling variability and response errors are additional reasons for discrepancies.
-  The major factors which have a differential effect on the levels and trends of the two data series are as follows.

# Establishment Surveys vs. Labour Force Surveys



## Employment

**Coverage.** The household survey definition of employment comprises wage and salary workers (including domestics and other private household workers), self-employed persons, and unpaid workers who worked 15 hours or more during the reference week in family-operated enterprises. Employment in both agricultural and non-agricultural industries is included.

The establishment survey covers only wage and salary employees on the payrolls of non-farm establishments.

**Multiple jobholding.** The household survey provides information on the work status of the population without duplication, since each person is classified as employed, unemployed, or not in the labour force. Employed persons holding more than one job are counted only once.

In the figures based on establishment reports, persons who worked in more than one establishment during the reporting period are counted each time their names appear on payrolls.

# Establishment Surveys vs. Labour Force Surveys



## Earnings

The household survey measures the earnings of wage and salary workers in all occupations and industries in both the private and public sectors. Data refer to the usual earnings received from the worker's sole or primary job. Data from the establishment survey generally refer to average earnings of production and related workers in mining and manufacturing, construction workers in construction, and non-supervisory employees in private service-producing industries.



## Hours of work

The household survey measures hours worked for all workers, whereas the establishment survey measures hours for private production and non-supervisory workers paid for by employers.

In the household survey, all persons with a job but not at work are excluded from the hours distribution and the computations of average hours at work. In the establishment survey, production or non-supervisory employees on paid vacation, paid holiday, or paid sick leave are included and assigned the number of hours for which they were paid during the reporting period.

# Establishment Surveys vs. Labour Force Surveys

## Unpaid absences from jobs

The **household survey** includes among the employed all civilians who had jobs but were not at work during the reference week—that is, were not working but had jobs from which they were temporarily absent because of illness, vacation, bad weather, child care problems, labour-management disputes, or because they were taking time off for various other reasons, even if they were not paid by their employers for the time off.

In the figures collected from **establishment surveys** (based on payroll reports), persons on leave paid for by the company are included, but those on leave without pay for the entire payroll period are not.



Thank you for your attention!