

# LABOUR COST SURVEY

## LEGAL BASIS

The Labour Cost Survey (ITR-G) is carried out pursuant to the Law on Official Statistics ("Official Journal of RS", number 104/09) and valid Regulation on Establishing Certain Statistical Surveys and the Programme of Official Statistics of the Republic of Serbia concerning the period when the survey is conducted.

## METHODOLOGICAL BASIS

### Objective and scope of the survey

The objective of the survey is to provide data on the amount and structure of labour costs borne by employers for employing labour force. Owing to the results of the survey employers and economic policy creators have an insight into the status and structure of labour costs on the domestic market and are able to compare them with the international labour market. The results also show the impact of regulations on the amount and structure of labour costs.

### Reporting and statistical units

Units of observation are all active enterprises (legal entities and entrepreneurs) on the territory of the Republic of Serbia which have on average 10 or more employees in the reference year. Reporting units are selected by random sampling.

### Main characteristics of the sample

The sampling frame is based on the Statistical Business Register, as of February 2013. It was made of 165756 units (active enterprises) which principal activity is from the section A-S of CA (2010) and which had 10 or more employees.

A stratified random sample has been selected of a size of 3490, the stratification of sampling units being done according to the size (five classes according to the number of employees), CA (2010) divisions and according to the territorial levels NSTU 1.

The Horvitz-Thompson estimator of the totals and standard errors has been calculated by standard procedure for a stratified simple random sample, correction of units non-responses.

### Coverage of the survey

The Labour Cost Survey covers all employees in the enterprises selected in the sample, which have an employment contract for a fixed or indefinite time as well as persons who work under a contract of temporary jobs, whether working full-time or part-time, and who received earnings. The Labour Cost Survey includes all sections of activities of the Classification of Activities (2010) in which the enterprises can be registered.

Since 1999, the Statistical Office of the Republic of Serbia has no available data for AP Kosovo and Metohia, therefore they are not included in the data for the Republic of Serbia (total).

### Method, period and sources for data collection

The survey is based on reporting method by means of the questionnaire ITR, which is to be filled in by every enterprise in the sample. The survey is carried out every four year, and the accounting period is the previous financial year. The main source for data collection is accounting records of enterprises about paid earnings and other labour costs as well as other human resources and hours worked records. The questionnaire is to be filled in for the enterprise as a whole, i.e. as total for all organisational parts, whether located on the same or another address.

### Obligation to protect personal data

The obligation to protect individual data is laid down in Article 3 of the Provision of Data Providers Protection and Articles 44, 45, 46, 47, 48 and 49 of the Provision of Confidentiality of the Law of Official Statistics ("Official Journal of the RS", number 104/09). Individual data are subject to professional secret, used exclusively for statistical purposes and cannot be published nor made accessible to users.

## Definitions of the main concepts

**A.1. Total number of employees** are persons in employment who have an employment contract with an employer for a fixed or indefinite time, whether working full time or part time, as well as persons who work under a contract of temporary jobs (interim or temporary workers, seasonal and occasional workers), and who received earnings.

**A.11. Full-time employees** are persons in employment who work full time and more than full time. If the law, collective agreement or employment contract does not specify working hours, it is considered that the full-time is 40 hours per week.

**A.12. Part-time employees** are persons in employment whose working hours shorter than full time.

**B.1. Total number of hours worked** cover hours actually worked (effective hours of work), hours when employees have been at their place of work but have not worked for some reasons (machine breakdowns and setting-up, tool preparation and maintenance, current lack of work, short rest periods at the place of work etc.), during which time they have received their wages; time spent on training, training courses or seminars in the workplace or at another institution, regardless of whether are employees additional paid or not for training; and overtime hours (regardless of whether they are paid or not).

Excluded are hours paid but not worked such as personal days, annual leave, national and religious holidays, sick leave up to 30 days, paid absence up to 7 days, a break during the work (30 minutes and more – main meal break, as well as hours not worked but paid by funds and other legal entities (sick leave longer than 30 days, maternity leave and other reimbursed hours of work).

**B.11. Hours actually worked by full-time employees** includes actually worked hours - effective hours of work of full time employees

**B.12. Hours actually worked by part-time employees** include actually worked hours - effective hours of work of part time employees.

**C.1. Total hours paid** includes hours actually worked and paid (during normal working hours and overtime) and hours not worked but nevertheless paid (annual leave, national and religious holidays, sick leave up to 30 days).

Exclude: hours not worked but paid by funds and other legal entities (sick leave longer than 30 days, maternity leave and other reimbursed hours of work).

**C.11. Paid hours by full-time employees** include paid hours of full-time employees.

**C.12. Paid hours by part-time employees** includes paid hours of part-time employees .

**D Labour costs** mean the total expenditure borne by employers in order to employ staff. Labour costs include compensation of employees (D.1) with wages and salaries in cash or in kind and employers' social contributions, vocational-training costs (D.2), other expenditures (D.3), less any subsidies received (D.5). The costs for persons employed by temporary employment agencies are to be included in the industry of the agency which employs them (NACE Rev.2. 78.20 and 78.30) and not in the industry of the enterprise for which they actually work.

**D.1 Compensation of employees** is defined as the total remuneration, in cash or in kind, payable by an employer to an employee in return for work done during the reference period. Compensation for employees include wages and salaries (D.11), and employers' social contributions (D.12).

**D.11 Wages and salaries** include direct remuneration, bonuses and allowances (D.1111), payments for days not worked (D.11113) and wages and salaries in kind (D.11114).

**D.1111 Direct remuneration, bonuses and allowances** include direct remuneration, bonuses and allowances paid in each pay period (D.11111) and direct remuneration, bonuses and allowances not paid in each pay period (D.11112).

**D.11111 Direct remuneration, bonuses and allowances paid in each pay period.** This means remuneration in the form of regular cash payments paid regularly at each pay period during the year, which is in most cases monthly. This variable include : basic wages and salaries, direct remuneration calculated on the basis of time worked (length-of –service), remuneration and additional payments for shift work, duty or on-call payments, night work, overtime, working on Sundays and public holidays, workplace bonuses for noise, risk, difficult work, shift or continuous work, individual performance bonuses, bonuses for output, production, productivity, responsibility, diligence, punctuality; payments covering journeys between home and usual working place if they are cash transactions paid in each pay period, cost-of-living allowance. Variable D.11111 refers to gross amounts before deduction of taxes and social-security contributions payable by employees.

**D.11112 Direct remuneration, bonuses and allowances not paid in each pay period.** All payments to employees which are not paid regularly at each pay period. This variable include: productivity bonuses/awards for meeting performance targets - bonuses and allowances paid at fixed periods (13th or 14th month pay), special festive bonus, golden handshake and employee recognition awards. Variable D.11112 likewise refers to gross amounts before deduction of taxes and social-security contributions payable by employees.

**D.1113 Payments for days not worked** include remuneration paid for statutory, contractual or voluntarily granted leave and public holidays or other paid days but not worked (payments to employees for absence from work in periods of national and religious holidays, annual leave, paid absence, work stoppage not caused by the employee and payments for other cases when the employer deems it fit in line with the general act).

**D.1114 Wages and salaries in kind.** This variable refers to an estimate of the value of all goods and services made available to employees. It includes costs such as **company cars costs** for the utilization of corporate car for employees' needs for non-corporate purposes (the cost of leasing, depreciation, insurance, maintenance, repair, parking, garaging, fuel, etc.); free or subsidized **housing** (maintenance and administration costs, the costs of taxes and insurance associated with such accommodation and costs for the construction or purchase of properties by employees or the difference between market interest rates and certain ones that are really specific staff); **employee benefits in kind/company products** (net costs of enterprises for products that have been granted to employees, or the difference between the purchase price and the price at which the products were sold to employees as well as commodity certificates), **stock options and share purchase, as well as other payments in kind** (costs for repairs, maintenance and depreciation of premises for the provision of services in the field of culture, sports and other leisure activities related to employees, the costs of caring for the children of employees; gifts for children of employees; gifts on March 8 and other holidays, the costs of mobile telephony costs resorts, payment of employers in union funds, scholarships according to the contract of schooling, etc.).

**D.12 Employers' social contributions** include employers' actual social contributions (D.121) and employers' imputed social contributions (D.122).

**D.121 Employers' actual social contributions** include statutory social-security contributions paid to social-security institutions by the employer and made compulsory by law; and collectively agreed, contractual and voluntary social-security contributions paid to social-security institutions by the employer which are supplementary to those which are compulsory by law.

**D.122 Employers' imputed social contributions** include wage compensation for the period of absence from work due to temporary inability to work up to 30 days, the additional costs for health care, severance age pension and severance pay to employees who have been made redundant, and other social benefits such as disposable compensation of employees in accordance with the social program, employee and family assistance (assistance in the event of death of the employee, in case of death of an employee's immediate family, welfare assistance in case of serious or prolonged illness of an employee or a member of his immediate family, welfare assistance for the purchase of medicines and the treatment of the employee or a member of his immediate family, other types of assistance to employees and their families).

**D.2 Vocational training costs** include: expenditure on participation in courses seminars, symposiums, professional trips, etc. Also expenses for teaching aids and tools used for training.

**D.3 Other expenditure paid by the employer** include the employer's costs related to the recruitment of new workers (on ads, for employment agencies, the costs of interviews with candidates, etc.) and cost of occupational health services relating to the purchase of protective and work clothes.

**D.5 Subsidies received by the employer** include all kinds of subsidies from the state or other enterprises, companies or organizations in the country or abroad for the purpose of subsidizing a part of total labor costs or total labor costs. Subsidies reduce labor costs. Excluded are subsidies covering contributions and payments for social security / protection, education costs and funds reimbursed by the Republic Fund for Pension and disability Insurance and the Republic Fund for Health Insurance.

## Level of representativeness

The data are representative and are processed on the level of CA (2010) sections and divisions; for the territory of the Republic of Serbia and statistical territorial units of Srbija – sever and Srbija – jug (NSTU 1); and size classes of enterprises by the number of employees (10-49, 50-249, 500-999 and 1000 and more employees).

## Harmonisation with international recommendations, standards and practice

Methodological solutions that are fully harmonised with European recommendations (European Statistical Office) are used in this survey, thus making possible data of the Republic of Serbia comparable with other countries. Used are the definitions and recommendations published in the following regulations: Council Regulation (EC) No. 530/1999 of 9 March 1999; Commission Regulation (/ec) No 1726/1999 of 27 July 1999, Commission Regulation (EC) No. 1737/2005 of 21 October 2005).

## DESCRIPTION OF THE SURVEY MANAGEMENT

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### Bodies in charge of the survey management

According to the Programme of Statistical Surveys, the Statistical Office of the Republic of Serbia is in charge of the preparation, organisation and carrying out of all surveys as well as of data processing. All the employees of the Division of Employment and Earnings Statistics in the head office and in all 14 regional offices participate in the realisation of the survey.

### Obligation to provide data

The obligation to provide data is laid down in Article 26 of the Law of Official Statistics ("Official Journal of the RS", number 104/09), and penalty provisions for refusal or provision of incomplete or erroneous data are laid down in Article 52 of the same law.

### Timetable of the main stages of the survey

Knowing that financial data for the Labour Cost Survey are drawn from accounting records of selected enterprises, the survey is carried out after the expiration of the deadline for the submission of financial statements (financial accounts) for the reference year.

The survey has several stages:

- Survey preparation, establishing the list of reporting units, checking of address information, adjustment of the questionnaires and instructions (March).
- Sending the questionnaires and instructions from 1 to 15 April.
- Collection of filled questionnaires, data entry, visual, computing and logical control of entered data, contact with competent persons in case of missing or erroneous data and data analysis (15 December included).
- Deadline for the first results is 18 months after the reference period.

## SURVEY TOOLS

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### LCS questionnaire

### Instructions for filling in the questionnaires

### List of nomenclatures and classifications used in this survey

The following classifications have been used in this survey:

- Classification of Activities (2010) based on the Law on the Classification of Activities ("Official Journal of the RS", number 104/09), prescribed by the Government by the regulation of 29 July 2009 ("Official Journal of the RS", number 54/10). This classification is comparable with the EU classification of activities (NACE, rev. 2);
- Nomenclature of Statistical Territorial Units based on the Regulation of the Nomenclature of Statistical Territorial Units ("Official Journal of the RS", number 109/09 and 46/10).

The above mentioned classifications are available on the website of the Statistical Office of the Republic of Serbia.

### List of publications

The results of the survey, with methodological notes are also published in the bulletin "Labour Costs in the Republic of Serbia" which is available on the website of the Statistical Office of the Republic of Serbia ([www.stat.gov.rs](http://www.stat.gov.rs)).

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