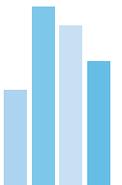


# Regulations concerning Labour Costs and Earnings



# ILO – ratified by Armenia

- Current statistics of average earnings and hours of work covering:
  - all important categories of employees
  - all important branches of economic activity
- Statistics of wage structure and distribution covering:
  - employees in important branches of economic activity.
- Statistics of labour costs covering:
  - important branches of economic activity.



# ILO

- Recommendations
  - further guidance regarding frequency of data collection, recommended disaggregation of the statistics
- Resolutions
  - detailed guidelines on conceptual frameworks, operational definitions and measurement methodologies to produce and disseminate the various labour statistics
  - Their purpose is to enhance international comparability
- Guidelines
  - more general guidance relating to particular areas of interest.



# ILO - recommendation

- Statistics of average earnings and hours of work
  - Should be compiled at least once a year.
  - Should be classified at least according to branch of economic activity and sex
  - If relevant according to size of establishment and geographical area
  - If possible, age group and occupational group



# ILO- recommendation

- Statistics of wage structure and distribution
  - should be compiled at regular intervals, if possible once every five years
  - data on earnings and hours of work classified at least according to sex, age group, occupation, branch of economic activity, size of establishment and geographical area
  - detailed data on the composition of earnings and of hours of work
  - data on the distribution of employees according to levels of earnings and hours of work, classified according to important characteristics of employees, such as sex and age group.



# ILO - recommendations

- Statistics of labour costs
  - should be compiled at least once every five years.
  - should provide data on the level and composition of labour cost, classified according to branch of economic activity.



# European Union and Eurostat

- European union; Council, Parliament and Commission
- Eurostat is one of forty General Directorates in the Commission
- Eurostat is divided in 7 Directorates
- Directorate F is about "Social Statistics"
- One of 5 sections under Social Statistics is "Labour Market"
- Each section has its own so-called Working group. Labour Market Statistics (LAMAS)



# Statistics in Labour Market

- Labour Cost Survey (LCS)
- Structure of Earnings Survey (SES)
- Labour Cost Index (LCI)
- Gender Pay Gap
- Labour Force Survey
- Labour Market Policy
- Job Vacancies



# Eurostat

- Mission: to be the leading provider of high quality statistics on Europe
- Its task is to provide the European Union with statistics at European level that enable comparisons between countries and regions
- The result: Eurostat offers a whole range of data that governments, businesses, journalists and the public can use



# Eurostat

- Does not collect data
- Data stems from the Member States
- Consolidate the data
- Ensure they are comparable



# European legislation

- Council regulation: frame of the survey
- Commission regulation: how to implement the survey
- Gentlemen's agreement

# European legislation

- Regulations:
  - Council Regulation is the frame of the surveys
    - 450/2003: LCI
    - 530/1999: SES and LCS
  - Commission regulations: how to implement the survey
    - 1216/2003: LCI, implementing and quality report
    - 1737/2005: Labour Cost Survey (LCS)
    - 1738/2005: Structure of Earnings Survey (SES)
    - 698/2006: Quality report of LCS and SES
  - Gentlemen's agreement
    - Gender Pay Gap



# Structure of Earnings Survey (SES)

- Commission regulation 1738/2005
  - Amended with NACE rev2. and ISCO and ISCED
  - Delivery:
    - Information on local unit
    - Information on the individual employee
    - Transmission no later than 18 months after end of reference period.
    - Reference years: 2002, 2006, 2010, 2014...



# Labour Cost Survey (LCS)

- Commission regulation 1737/2005
  - Amended with NACE rev2.
  - Delivery:
    - Aggregated data by NACE, size class and NUTS
    - Information on number of employees, hours worked, hours paid and labour costs
    - Transmission no later than 18 months after end of reference period.
    - Reference years: 2000, 2004, 2008, 2012....



# Gender Pay Gap (GPG)

- Gentlemen's agreement
  - Yearly transmission
  - $GPG = \frac{\text{gross hourly earnings of male paid employees} - \text{gross hourly earnings of female paid employees}}{\text{gross hourly earnings of male paid employees}}$
  - NACE rev2.
  - Working time, full-time and part-time
  - Sector, private and public
  - Age ranges
  - In order to calculate the EU-aggregates countries shall also provide the corresponding number of employees (weighting variable).



# Labour Cost Index (LCI)

- Commission regulation 1216/2003
  - Amended with NACE rev2.
  - Total labour cost in relation to hours worked
  - Quarterly delivery
- Objective of the LCI is to;

*Establish a common framework for the production, transmission and evaluation of comparable labour cost indices in the European Union.*



# Labour Cost Index (LCI)

- Distributed by NACE:
  - Total Labour cost, D1+D4-D5 from regulation 1737/2005
  - Hours worked:
    - Hours actually worked including overtime
- Transmission 70 days after end of reference period
  - As a chained Laspreyres index as explained in regulation 1216/2006



# LAMAS working group

- Participants
  - Eurostat
  - All member states
  - Candidate countries
  - Potential candidate countries
  - European central bank
  - DG employment
  - Business Europe, ILO, OECD

# LAMAS working group

- Discussions in LAMAS takes in some way it's starting point the regulations
- One of the most important statistics is the LCI
- Sources for the statistics are also discussed.

# Possible sources

- Tailored questionnaires
  - Designed for the specific survey
- Existing surveys
  - National surveys; monthly, quarterly or yearly
- Administrative sources
  - Other databases which collect the information
  - IT pay systems
- Combination of sources



# The Danish Structure of Earnings Survey

- Yearly survey
- Coverage:
  - All public companies
  - All private companies with more than 9 employees
- Collecting:
  - All employees in the company on individual level.



# The Danish Structure of Earnings Survey

- How do we collect the information?
  - IT pay-roll system
    - 99 % of all private companies
    - 100 % of all public companies
  - Online questionnaire
    - 1% of all private companies



# The Danish Labour Cost Survey

- Yearly survey
- Coverage:
  - A sample of private companies with more than 9 employees
- Collecting:
  - Information at company level.
- Uses following sources:
  - Danish Structure of earnings survey
  - National pension fund
  - Tailored questionnaire



# The Danish labour cost index

- Quarterly survey
- Coverage:
  - All public companies
  - Sample of private companies with more than 9 employees
- Collecting:
  - All employees in the company on individual level.
- Combining with the yearly Labour Cost survey



# From national survey to Eurostat survey

- Redefine our variables to Eurostats variables.

