

EU-ARMENIA TWINNING PROJECT

Activity 3.3

Labour costs and labour costs index I

Labour Market Statistics

Yerevan, 31 October – 4 November 2016





Mandatory result

Mandatory result MR4 related to this activity

Labour cost, labour cost index, structural statistics on wages calculated and published (July 2017)

Benchmarked by

- Labour cost and labour cost index calculated and published (July 2017)
- Structural statistics on wages calculated and published (July 2017)
- Staff of NSSRA trained on issues related to the labour cost, labour cost index, structural statistics on wages (July 2017)



Purpose and expected output of 3.3

Purpose

- Discussion on data collection, sample, survey design, calculation
- Discussion on legislation concerning Labour Cost Survey (LCS) and Labour Cost Index (LCI)
- Identification of problems faced and possible solutions in respect to compliance with the European Commission Regulation
- To involve relevant stakeholders in the discussions

Expected output

- Mission report with identification of problems and solutions, and discussion of the possible use of administrative data.
- A lining up of work programme for the next activities:
 - 3.5: Labour costs and labour costs index II (20-24 February 2017)
 - 3.6: Follow-up on achievements and recommendations for the future (June 2017)



Conclusions (1)

1. NSSRA has requested for access to a database administered by the State Revenue Committee, containing valuable information on individual employees. The response was negative also after the second request.
2. As access to the database has been denied NSSRA will have to collect data and thereby increasing the burden for the companies for data already collected by another institution in Armenia.
3. The plan, sample and draft questionnaire for the pilot structure of earnings survey has been evaluated and approved.
4. Collecting and processing data on individual employees are also expensive and burdensome for NSSRA.



Conclusions (2)

4. The current annual Labour Cost Survey has been evaluated and changes has been suggested. The current survey almost live up to the criteria set out in the European regulation on the statistics. Some extra questions will have to be added so all variables can be calculated.
5. NSSRA has been introduced to the Labour Cost Index and how to calculate it. Also here, compliance with EU regulation is possible.
6. Once again, the staff at NSSRA have been very open, dedicated and cooperative. The experts are amazed by how the staff in the Labour Statistics Division are able to work with so many statistics and variables, but are also concerned about the workload this creates.
7. The stakeholders were informed on the current status of component 3 at a well-organized stakeholder meeting.



Recommendations (1)

- It is recommended that NSSRA continues to try to get access to the State Revenue Committee's database.
- It is recommended to keep on having regular meetings with the stakeholders. In this way they get involved and dedicated, and the usefulness of the earnings statistics will be anchored also outside of NSSRA. At the same time it constitutes a possibility to strengthen the pressure on SRC. Specifically it is recommended to partly involve the stakeholders in the correspondence with SRC.
- As access to the SRC data has been denied, NSSRA should continue the work with the pilot study for the Structure of Earnings Survey



Recommendations (2)

- Consider adding or changing questions in the annual survey on labour cost to comply with the EU legislation.
- The frequency of the annual Labour Cost Survey could be changed. It will be up to NSSRA if this should be done, but according to EU legislation it is only mandatory every 4th year for the years 2016, 2020 and so on.
- NSSRA should produce a Labour Cost Survey and Labour Cost Index that is comparable between countries. With this Armenia will have a tool to compare labour costs between countries and can identify differences between Armenia and the neighboring countries.



Road map and time plan (1)

- NSSRA should contact the State Revenue Committee again to hopefully start a dialog about getting access to the database.
- NSSRA should follow the time schedule for the implementation of a small-scale survey on the structure of earnings
- NSSRA should consider the suggested changes for the annual Labour cost survey as well as the frequency.
- NSSRA have to list how to calculate each variable for the European LCS based on their current data collection.



Road map and time plan (2)

- At the next mission NSSRA will present how they will calculate the Labour Cost Index based on their current sources.
- Some of the time on the next mission will be used to train the staff in Demetra for seasonal adjustment of the Labour Cost Index.