



METHODOLOGICAL EXPLANATION

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STRUCTURE OF LABOUR COSTS

This methodological explanation relates to the data releases:

- Labour costs (by the Labour Cost Survey), Slovenia, 4-yearly (First Release)



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1 PURPOSE

The purpose of the statistical survey is to show the level and structure of labour costs and to provide to employers and economic policy makers the data on the situation and changes of labour costs on the Slovenian labour market. The purpose of the survey is also to show the influence of individual legal changes on the level and structure of labour costs borne by employers in order to employ workers, and to enable the comparison between labour costs on the Slovenian labour market and labour costs on international labour markets, especially the labour markets in the European Union. Key variables are:

- Average monthly labour costs per person in paid employment
- Labour costs per hour worked
- Structure of labour costs

2 LEGAL FRAMEWORK

- [Annual Programme of Statistical Surveys \(LPSR\)](#) (only in Slovene),
- [National Statistics Act](#) (OJ RS, No. 45/95 and 9/01),
- COUNCIL REGULATION (EC) No 530/1999 of 9 March 1999 concerning structural statistics on earnings and on labour costs (Celex: [31999R0530](#))
- COMMISSION REGULATION (EC) No 1726/1999 of 27 July 1999 Implementing Council Regulation (EC) No 530/1999 (1) concerning structural statistics on earnings and on labour costs as regards the definition and transmission of information on labour costs (Celex: [31999R1726](#))
- COMMISSION REGULATION (EC) No 1737/2005 of 21 October 2005 amending Regulation (EC) No 1726/1999 as regards the definition and transmission of information on labour costs (Celex: [32005R1737](#))
- COMMISSION REGULATION (EC) No 698/2006 of 5 May 2006 implementing Council Regulation (EC) No 530/1999 as regards quality evaluation of structural statistics on labour costs and earnings (Celex: [32006R0698](#))

3 UNIT DESCRIBED BY THE PUBLISHED DATA

The unit described by the published data is labour cost, per person in paid employment and per hour worked. Also shown is structure of labour costs.

4 SELECTION OF OBSERVATION UNIT

Observation units are business entities or their units registered for performing activities on the territory of the Republic of Slovenia. They were selected with a sample.

The main sources for the sample frame are the statistical surveys Earnings of Persons in Paid Employment by Legal Persons (ZAP/M) and Average Monthly Earnings paid by Registered Natural Persons (ZAP-RFO).

The units in the frame are divided into strata according to the size of the business entity (four size classes, according to the number of persons in paid employment: 1. 250 and more, 2. 50-249, 3. 10-49 and 4. less than 10), two-digit NACE Rev. 2 and depending on whether they are legal persons (from ZAP/M) or registered natural persons (from ZAP-RFO). The optimal allocation is determined based on the annual gross earnings. All units from size class 1 are included in the sample with certainty and the units from other strata are selected with coordinated probability sampling.

For 2020, 4,965 units were selected in the sample.

5 SOURCES AND METHODS OF DATA COLLECTION

Data are collected every 4 years, most recently for 2020.

For Labour Cost Survey Statistical Register of Employment - SRE is used and data from the web questionnaire from the business entities selected in the sample. Data with the web questionnaire are collected by the The Agency of the Republic of Slovenia for Public Legal Records and Related Services (AJPES).

Data for the survey are not obtained from administrative sources.

6 DEFINITIONS

Total labour costs cover compensation of employees (employees incomes and employers social security payments), vocational training costs, other labour costs, taxes and subsidies. Subsidies reduce labour costs.

Employees' incomes cover earnings and compensation of earnings (basic gross earnings with supplements, individual performance bonuses, bonuses linked to collective performance, compensation of earnings for annual leave, in case of sickness and other compensation of earnings), the holiday bonus, jubilee rewards, travel costs and costs for meals and payments in kind (payment in kind (products), costs for vouchers, costs of staff housing, costs for cars and other payment in kind).

Basic gross earnings with supplements cover payment of basic wages, working span bonus, shift work bonus, divided working hours bonus (interruption of up to and over two hours), turn of duty, waiting for work at home, night work, overtime work, work on Sundays, public holidays and days off, bonuses for dangerous working environment, bonuses for constancy and for working with clients.

Individual performance bonuses cover payment to employees on the basis of their personal effectiveness (amount, quality and economy of work, inventiveness).

Bonuses linked to collective performance cover additional payments on the basis of periodical and final accounts, 13th payment, Christmas bonus or some other additional cash payment defined by the collective agreement or by internal acts of the legal person.

Compensation of earnings for annual holiday, public holidays, etc. covers paid compensation of employees' earnings for annual holiday, public holidays and days off, training, retraining or additional training, interruption of work due to natural disasters, electricity cut-out, breakdown of machinery and equipment, lack of raw material, strikes and other cases defined by law, a collective agreement or a general act.

Compensation of earnings in case of sickness covers compensation of earnings of employees paid by employers during sickness (sick leave shorter than 30 days), due to occupational disease or accident at work. Not covered is reimbursed sickness benefit paid by the Health Insurance Institute of Slovenia (sick leave longer than 30 days).

Other compensation of earnings covers compensation for waiting for work at home and compensation of earnings of permanent lay-offs during the notice period. Also compensation of earnings for absence because of own or child's wedding, child birth, death of spouse, child or parents, change of residence, etc. are covered.

Payment in kind (products) covers net costs of the enterprise for products given away to employees (or the difference between the purchase price and the price at which the products were sold to employees) and goods coupons.

Costs of staff housing cover employer's costs of maintenance, repair and management of accommodation facilities and equipment for employees, taxes and insurance, employer's costs of rent for employees' accommodation, costs of housing loans (the difference between the bank interest and the employer's interest).

Costs for cars cover costs of personal use of company cars by employees (costs of leasing or depreciation, insurance, maintenance, repair, parking, fuel and similar). Not covered are costs of purchasing cars, of official use of cars and of cars intended only for official use, income from selling cars intended for personal use and subsidies of car costs.

Other payment in kind covers costs of maintenance, repair and depreciation of premises for services and costs of services from the fields of culture, sport and other leisure activities in connection with employees, costs of babysitting children of employees (costs of kindergartens and of child care at home), costs of holiday homes, costs of purchasing and using mobile phones, employer's payment for trade unions, scholarships and similar. Also payment or additional payment of convalescence, payment of voluntary health insurance, additional accident insurance, life insurance and other personal insurance, medical check-ups that are not statutory and prevention health care are covered. Not covered

are costs of clothing to be used at the workplace, investment in buildings, premises, means of transport and transport equipment, and monetary assistance from various funds.

Employers' social security payments cover actual social security contributions (employers statutory social security contributions, supplementary employer's social security contributions and payments for voluntary supplementary pension insurance) and imputed social security contributions (redundancy payments and solidarity aid).

Statutory social security contributions cover employers pension and disability insurance contributions, health care contributions, employment contributions, injuries at work contributions and maternity leave contributions.

Supplementary employer's social security contributions cover additional payments in different funds for social security.

Payments for voluntary supplementary pension insurance cover payments for voluntary supplementary pension insurance (total premium or part of the premium) by employers.

Redundancy payments cover retirement bonus, purchase of working span of employees and compensation due to competition clause.

Solidarity aid covers amounts paid by the employer as sympathy assistance to employees (financial assistance in case of straitened circumstances, natural and other disasters affecting the employee, etc.).

Vocational training costs cover costs of maintenance, repair and depreciation of premises and equipment intended exclusively for training, costs of tools and instruments used for training, costs of courses, seminars, conferences and payment for external instructors paid by the employer. Not covered are earnings, compensation of earnings and contributions for in-house instructors, investment into premises and equipment intended for training, and training costs paid by employees.

Other labour costs are recruitment costs and clothing costs.

Recruitment costs cover costs of maintenance, repair and depreciation of premises and equipment intended exclusively for human resource management, costs of advertising job vacancies, testing, travel expense of candidates and similar. Not covered are costs of earnings, compensation of earnings and contributions for human resource personnel employed by the enterprise and investment into premises and equipment intended for human resource management.

Clothing costs cover costs of purchasing clothing, working clothes, protective clothes and protection instruments paid by employers and intended for use at the workplace, irrespective of whether employees got the clothes or money to buy them. Not covered are costs of clothing paid by employers but not used at the workplace.

Taxes cover all taxes which are linked to paying earnings and which are to be paid by employers (payroll tax which was eliminated on 1 January 2009). Also

covered are contribution for promoting the employment of disabled persons or labour costs for substitutive completion of quota and data of received bonuses for exceeding the quota in employing disabled persons (last one reduces labour costs). Not covered are taxes on employees' earnings (income tax).

Subsidies cover all types of subsidies paid by the state or other enterprises, companies and organisations in Slovenia or from abroad with the purpose to subsidise part of the labour costs or total labour costs. Subsidies reduce labour costs.

Actually worked hours cover hours actually worked in full time, part time and overtime and hours when employees were at the workplace and received earnings but did not work due to work and site preparation, breakdown or cleaning of machinery, accidents, temporary lack of work or writing reports. Not covered are paid and unpaid working hours when employees did not work or were not present at the workplace (lunch breaks longer than 30 minutes, annual holiday, sick leave (less and more than 30 days), public holidays, days off, study leave, education, paid leave shorter than 7 days, waiting for work, etc.) and transport to and from work.

Paid hours cover hours worked (hours worked in full time, part time and overtime) and paid hours not worked (annual holiday, public holidays and days off, sick leave shorter than 30 days, other paid hours not worked). Not covered are reimbursed hours (maternity leave, nursing, sick leave longer than 30 days and other reimbursed hours).

7 EXPLANATIONS

7.1 CLASSIFICATIONS

Standard Classification of Activities (SKD) 2008.

Standard Classification of Territorial Units (SKTE).

Standard Classification of Institutional Sectors (SKIS).

More information on classifications is available on <http://www.stat.si/StatWeb/en/Methods/Classifications>

7.2 DATA PROCESSING

DATA EDITING

Data were edited with the combination of systematic corrections, individual corrections and imputation procedures. The following imputation methods were used: hot-deck imputations.

For more, see the general methodological explanations [Statistical data editing](#).

WEIGHTING

With weighting adjustment we want to achieve representativeness of the sample, so that the weighted data give us as good population estimates as possible. The process of weighting depends on the sampling design, the unit non-response rate and available auxiliary variables used for calibration. The final weight is the product of the sampling weight, the non-response weight and the calibration factor.

SEASONAL ADJUSTMENT

Seasonal adjustment is not applicable.

7.3 INDICES

Indices are not published.

7.4 PRECISION

In statistical surveys different kinds of errors can occur (e.g. sampling error, non-response error, measurement error) influencing the reliability and accuracy of the statistical results. Errors deriving from the random mechanisms determine the precision and consequently the reliability of the statistical estimates. The precision of the statistical estimate is estimated by calculating the standard error (SE). The Statistical Office of the Republic of Slovenia draws attention to less reliable estimates by flagging them with a special sign.

If the table contains estimated population totals of (continuous) variables, estimated averages of continuous variables or estimated ratios of population totals of (continuous) variables, publishing limitations are determined by the relative standard errors or the coefficients of variation (CV). In such cases it holds:

If the coefficient of variation (CV) is

- 10% or below ($CV \leq 10\%$), the estimate is reliable enough and is published without limitations;
- between 10% and up to 30% ($10\% < CV \leq 30\%$) the estimate is less reliable and is flagged for caution with letter M;
- over 30% ($CV > 30\%$), the estimate is too unreliable to be published and therefore suppressed for use by letter N.

For more, see the general methodological explanations [Precision of statistical estimates](#).

7.5 OTHER EXPLANATIONS

Data that are statistically protected to respect the confidentiality of reporting units are replaced with the letter »z«.

8 PUBLISHING

- SiStat Database: [Earnings and Labour Costs](#) - Labour Costs; averages per person in paid employment and per hour worked. Data are published by section of activities according to the Standard Classification of Activities (SKD) 2008, by statistical regions according to the Standard Classification of Territorial Units (SKTE), by size classes of the business entities according to number of persons in paid employment (1. less than 10 employees, 2. 10-49 employees, 3. 50-249 employees, 4. 250-499 employees and 5. 500 and more employees) and by private and public sector according to the Standard Classification of Institutional Sectors.
- First Release ([Earnings and Labour Costs - Labour Costs](#)): »[Labour costs \(by the Labour cost survey\), Slovenia, 4-yearly](#)«.
- EUROSTAT (Statistical Office of the European Union)

9 REVISION OF THE DATA

9.1 PUBLISHING OF PRELIMINARY AND FINAL DATA

Provisional data are not disseminated. Only final data are published.

9.2 FACTORS INFLUENCING COMPARABILITY OVER TIME

There were no breaks in the time series, so all data points in the available time series are comparable.

Methodological explanation on revision of statistical data is available on <http://www.stat.si/dokument/5299/RevisionOfStatisticalDataMEgeneral.pdf>

10 OTHER METHODOLOGICAL MATERIALS

Methodological materials on SURSs website are available at <https://www.stat.si/statweb/en/Methods/QuestionnairesMethodologicalExplanationsQualityReports>.

- Questionnaire:

- [Structure of Labour Costs and Working Time \(ZAP-RSD and ZAP-SDČ\) \(only in Slovene\)](#)

Theme: Earnings and Labour Costs, Subtheme: Labour Costs

- [Methodological instructions for filling in the questionnaire 'ZAP-RSD and ZAP-SDČ' \(only in Slovene\)](#)