

Labour Cost Survey

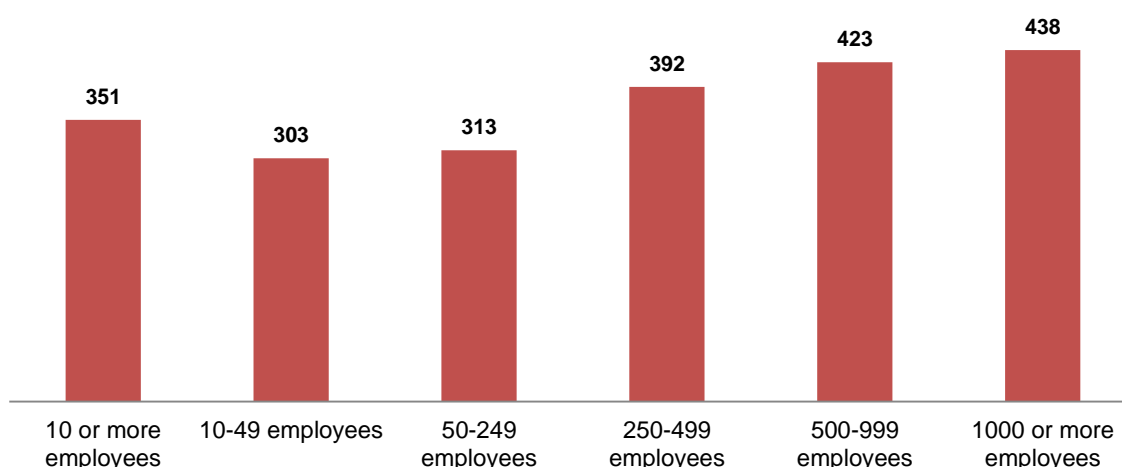
Financial Year 2016

Tirana, 25 April 2018: INSTAT publishes the main results of the Labor Cost Survey (LCS), referring to the financial year 2016. The survey field work was in the period April-May 2017. The quadrennial Labor Cost Survey is carried out by enterprises and constitutes one of the main sources for measuring the levels and structure of labor costs. Labor Costs include employee payments, cash and in-kind wages, social security contributions -the share of the employer, the costs of vocational training, other expenses incurred by the enterprise as per employee recruitment, clothing, housing, and other expenses. In this publication, the data for LCS 2016, refer to the enterprises and institutions with at least 10 employees and cover all economic activities, except activities of Agriculture, Forestry, Fisheries, Public Administration and Defense, and Compulsory Social Security.

According to the Labor Costs Survey (LCS), in Albania, during the financial year 2016, the average hourly cost for a full time working unit in economic enterprises is 351 ALL, increasing by 11.8% compared to 2012.

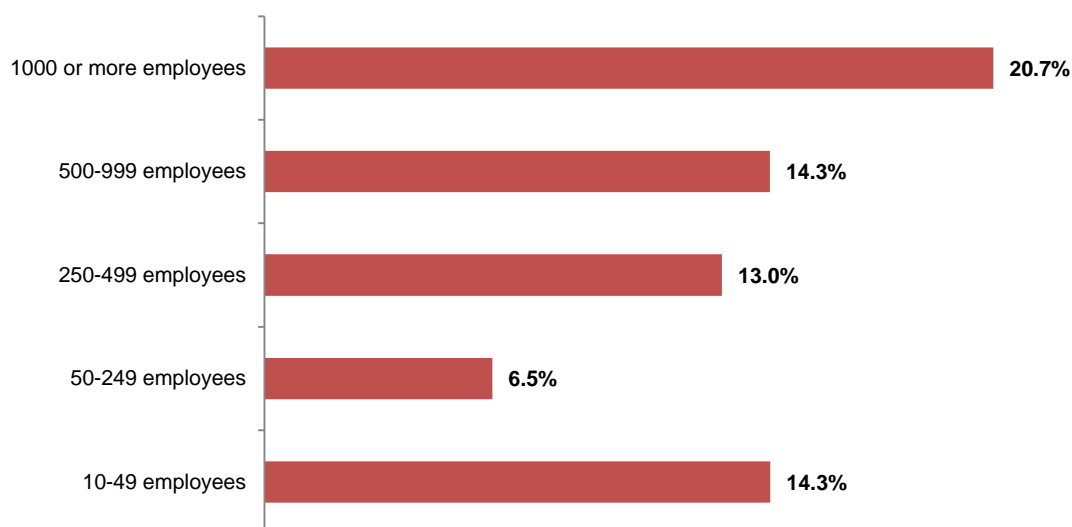
Average hourly cost per full-time working unit in enterprises with over 10-49 employees is 303 ALL, and for enterprises with 1 thousand employees is 438 ALL.

Fig. 1 Average hourly labour cost per an employee in full time units (in Albanian LEK)



In terms of size of enterprises, the largest increase in the average hourly cost per full-time unit is for enterprises with at least 1 thousand employees (20.7%), while the increase is smaller for enterprises with 50 -249 employees (6.5%).

Fig. 2 Average hourly cost per full-time working unit in percentage change, 2012-2016



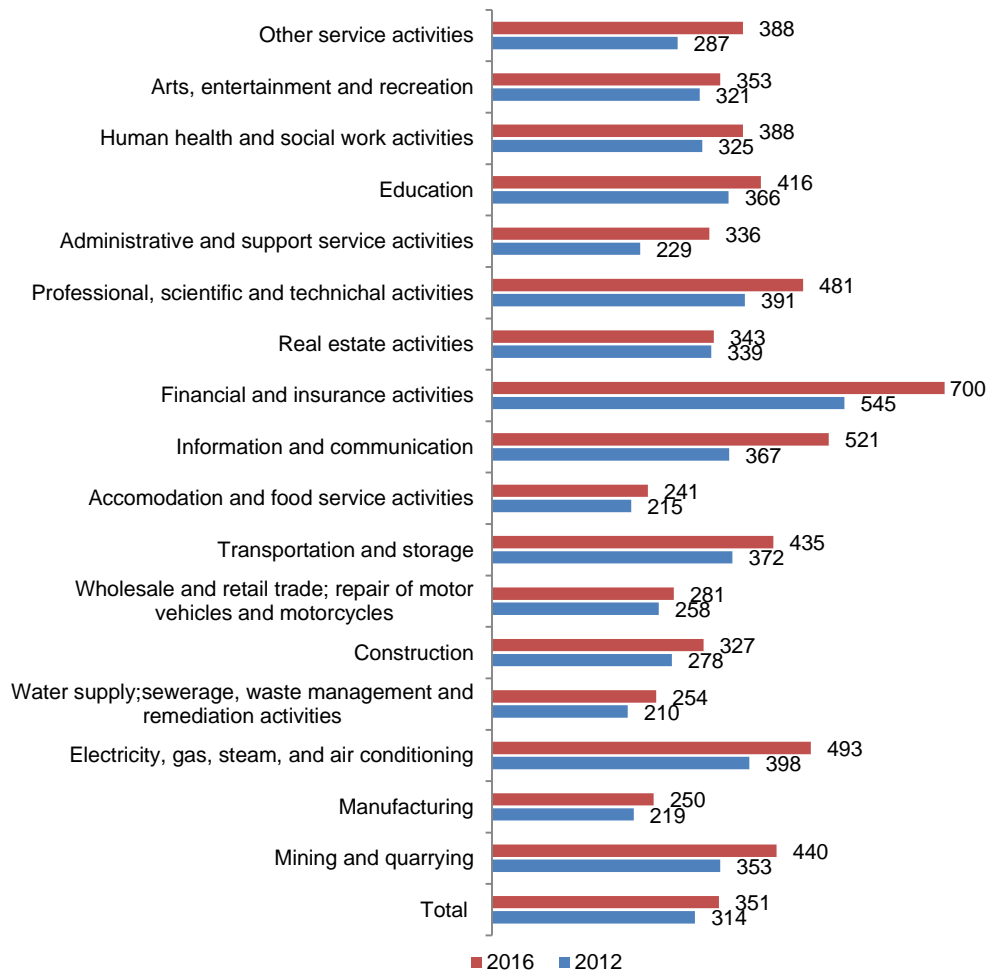
Economic activities with the highest average hourly cost per full time unit are: Banking and Insurance sector with 700 ALL; Information and Communications sector with 521 ALL; and the Electricity, gas, steam and air conditioning sector with 493 ALL.

Economic activities with the lowest average hourly cost per full time unit are: Accommodation and food service activities with 241 ALL; Manufacturing industry with 250 ALL and Water supply, treatment and waste management activities waste with 254 ALL.

Compared to 2012, during the 2016 financial year, the increase in average hourly cost per full-time unit was higher for: Administrative and support services activities, by 46.7%; Information and communication by 42.0%; Other services (associations and organizations activities, repair of computers and personal and household items, etc.) with 35.2% and Mining Industry with 24.6%.

Compared to 2012, during the 2016 financial year, the increase in average hourly cost per full time unit was lower for: Real estate activities by 1.2%; wholesale and retail trade activities by 8.9%; arts, entertainment and entertainment activities, by 10%; and Accommodation and food service activity by 12.1%.

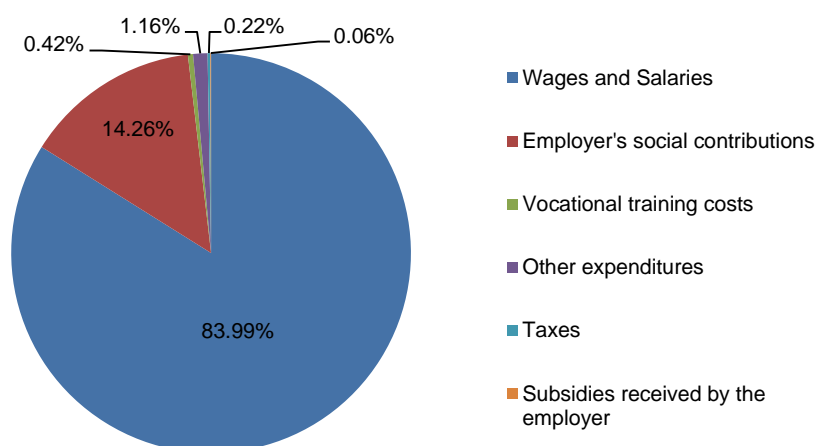
Fig. 3 Average labour costs per employee in full time units by economic activity, 2012-2016 (in ALL)



During the financial year 2016, in Albania, in non-agricultural enterprises with 10 employees and more, the average annual cost per full-time unit is 741.360 ALL (excluding apprentices), while the average monthly cost per full-time unit is 61,780 ALL.

The average annual paid working hours for a full-time unit is 2,173 hours, while the average number of hours worked for full-time unit is 2,109 hours.

In the structure of full-time labor costs, the greatest burden is the cost of wages and rewards followed by the cost of social security contributions (the share of the employer).

Fig. 4 Structure of labor costs for a full-time unit

In 2016, the share of wages and bonuses is 83.99%, from 82.38% in 2012. There is a slight increase in the share of expenditures by enterprises for vocational training of their employees, from 0.25% in 2012 to 0.42% in 2016.

Tab. 1 The structure of annual labour cost, 2012 and 2016 (in %)

Economic Activity	2012	2016
Total	100	100
Wages and Salaries	82.38	83.99
Employer's social contributions	15.26	14.26
Other expenditures	1.96	1.16
Taxes	0.17	0.22
Vocational training costs	0.25	0.42

The largest share of the wage and salary structure of the Manufacturing industry sector, by 20.5%, followed by education activities by 13.8% and trade by 10.9%.

Full-time employees account for 98.4% of employees and part time employees 1.6%. The percentage of apprentices declared by enterprises in the study is 0.4%.

Tab. 2 Structure of full-time employees by economic activity (Sections B-S, excluded A and O)

NACE Rev 2 Section	Economic Activity	Full time unit employees	Employees
B-S	Total	100.0	100.0
B	Mining and quarrying	2.6	2.6
C	Manufacturing	20.5	20.5
D	Electricity, gas, steam, and air conditioning	2.5	2.5
E	Water supply; sewerage, waste management and remediation activities	2.8	2.8
F	Construction	9.6	9.6
G	Wholesale and retail trade; repair of motor vehicles and motorcycles	11.0	10.9
H	Transportation and storage	2.8	2.8
I	Accommodation and food service activities	3.6	3.6
J	Information and communication	3.6	3.6
K	Financial and insurance activities	2.9	2.9
L	Real estate activities	0.3	0.3
M	Professional, scientific and technical activities	2.2	2.2
N	Administrative and support service activities	9.6	9.7
P	Education	13.7	13.8
Q	Human health and social work activities	8.1	8.1
R	Arts, entertainment and recreation	2.6	2.6
S	Other service activities	1.5	1.5

Tab. 3 Average hours actually worked and average paid hours per year, per employee in full time units by economic activity

NACE Rev 2 Section	Economic Activity	Average hours actually worked	Average paid hours
B-S	Total	2,109	2,173
B	Mining and quarrying	2,164	2,231
C	Manufacturing	2,158	2,222
D	Electricity, gas, steam, and air conditioning	2,130	2,194
E	Water supply; sewerage, waste management and remediation activities	2,143	2,209
F	Construction	2,138	2,204
G	Wholesale and retail trade; repair of motor vehicles and motorcycles	2,149	2,215
H	Transportation and storage	2,094	2,158
I	Accommodation and food service activities	2,065	2,130
J	Information and communication	2,100	2,165
K	Financial and insurance activities	2,139	2,192
L	Real estate activities	2,180	2,247
M	Professional, scientific and technical activities	2,107	2,172
N	Administrative and support service activities	1,953	2,015
P	Education	2,086	2,150
Q	Human health and social work activities	2,113	2,174
R	Arts, entertainment and recreation	2,091	2,156
S	Other service activities	2,087	2,151

Tab. 4 Average labour costs per employee in full time units by economic activity (in Albanian LEK)

NACE Rev 2 Section	Economic Activity	Hourly cost	Monthly cost	Annual cost
B-S	Total	351	61,780	741,360
B	Mining and quarrying	440	79,349	952,186
C	Manufacturing	250	44,923	539,072
D	Electricity, gas, steam, and air conditioning	493	87,435	1,049,219
E	Water supply; sewerage, waste management and remediation activities	254	45,377	544,526
F	Construction	327	58,309	699,707
G	Wholesale and retail trade; repair of motor vehicles and motorcycles	281	50,374	604,492
H	Transportation and storage	435	75,919	911,025
I	Accommodation and food service activities	241	41,489	497,868
J	Information and communication	521	91,178	1,094,132
K	Financial and insurance activities	700	124,824	1,497,890
L	Real estate activities	343	62,286	747,436
M	Professional, scientific and technical activities	481	84,510	1,014,122
N	Administrative and support service activities	336	54,756	657,075
P	Education	416	72,268	867,214
Q	Human health and social work activities	388	68,273	819,275
R	Arts, entertainment and recreation	353	61,499	737,985
S	Other service activities	388	67,445	809,342

Source of information: Labour Cost Survey 2016

Tab. 5 Structure of labour cost by economic activity

NACE Rev 2 Section	Economic Activity	Total labour cost	of which					
			Compensation of employees		Vocational training costs	Other expenditures	Taxes	Subsidies received by the employer
Wages and Salaries	Employer's social contributions	in percentage						
B-S	Total	100.00	83.99	14.26	0.42	1.16	0.22	-0.06
B	Mining and quarrying	100.00	84.26	14.10	0.21	1.40	0.02	0.00
C	Manufacturing	100.00	83.29	13.97	0.74	1.04	1.13	-0.15
D	Electricity, gas, steam, and air conditioning	100.00	85.79	14.17	0.01	0.03	0.00	0.00
E	Water supply; sewerage, waste management and remediation activities	100.00	83.70	14.23	0.18	1.82	0.14	-0.07
F	Construction	100.00	84.73	14.47	0.07	0.59	0.16	-0.02
G	Wholesale and retail trade; repair of motor vehicles and motorcycles	100.00	84.29	14.37	0.38	0.93	0.03	0.00
H	Transportation and storage	100.00	81.88	13.79	0.02	4.35	0.06	-0.11
I	Accommodation and food service activities	100.00	82.76	14.74	0.22	1.99	0.29	0.00
J	Information and communication	100.00	84.15	14.25	1.40	0.14	0.06	0.00
K	Financial and insurance activities	100.00	84.55	13.82	1.45	0.13	0.05	0.00
L	Real estate activities	100.00	83.78	14.40	0.05	1.78	0.00	0.00
M	Professional, scientific and technical activities	100.00	84.78	14.43	0.27	0.49	0.03	0.00
N	Administrative and support service activities	100.00	81.56	13.51	0.63	4.19	0.11	0.00
P	Education	100.00	85.07	14.68	0.05	0.26	0.00	-0.06
Q	Human health and social work activities	100.00	83.68	14.76	0.21	1.49	0.04	-0.19
R	Arts, entertainment and recreation	100.00	84.99	14.24	0.01	0.74	0.02	0.00
S	Other service activities	100.00	85.35	14.58	0.11	0.06	0.03	-0.14

Source of information: Labour Cost Survey 2016

Methodology

The Labor Cost Survey is conducted at enterprises with 10 and more employees.

Sample selection: the sampling frame for the Labour Cost Survey is based on the Statistical Business Register 2016. The statistical units are enterprises with at least 10 employees for the NACE Rev 2 sections B to S (excluding section O - Public administration and defence, Compulsory social security).

The enterprises were sampled using the stratified systematic random sampling method where the stratification is done based on the economic activity of the enterprise according to the Economic Activity Nomenclature Rev 2 in two digit levels, and the enterprise size-class. Enterprises with at least 50 employees were exhaustively surveyed. The sample size of LCS is 2,980 non-agricultural enterprises.

Reference Period: The data refer to financial year 2016. The financial year corresponds to the calendar year.

Labour Costs refer to the total expenditure borne by employers for the purpose of employing staff. They include employee compensation, which is mainly comprised of gross wages and salaries in cash and in kind and employers' social security contributions, vocational training costs, other expenditure, such as recruitment costs and spending on working clothes, and employment taxes regarded as labour costs minus subsidies received.

Hourly labour costs are annual labour costs divided by the number of hours worked during the reference year.

Monthly labour costs per employee are the annual labour costs divided by 12 and by the average number of employees during the year (converted into full-time equivalents).

Employees are all persons who work directly with the enterprise and receive remuneration from employer.

Apprentices are all employees who do not yet fully participate in the production process and who work either under an apprenticeship contract or in a situation in which vocational training predominates over productivity.

Average number of hours per week normally worked are hours regularly worked or contracted hours for a typical employee of the following categories in a typical week: a full-time employee, a part-time employee and an apprentice.

Wage and salaries for full-time and part-time employees include bonuses, pay for piecework and shift work, allowances, fees, tips and gratuities, commission and remuneration in kind.

Direct remuneration, bonuses and allowances include the values of any social contributions, income taxes, etc., payable by the employee even if they are actually withheld by the employer and paid directly to social-insurance schemes, tax authorities etc. on behalf of the employee.

Payments for days not worked (include part covered by employer only) refers to the remuneration paid for statutory, contractual or voluntarily granted leave and public holidays or other paid days not worked.

Employers' Social contributions are the social contributions incurred by employers in order to secure for their employees (full-time and part-time employees) the entitlement to social benefits.

Vocational training costs paid by the employer include the expenditures on vocational-training services and facilities.

Taxes (Employment Taxes, Not Income taxes) cover all taxes based on the wage and salary bill or on employment. These taxes are regarded as labour costs. Here are included penalty taxes to be paid by employers for employing too few handicapped persons, and similar taxes or fees.

Subsidies received by the employer are all amounts received in the form of subsidies of a general nature by the employer intended to refund part or all of the cost of direct remuneration of employees, but not intended to cover social-security or vocational-training costs.

Quality of Labour Cost Statistics

The survey data are extrapolated for the whole population (non-agricultural enterprises with at least 10 employees). The weighting procedure takes into consideration the selection probability of the enterprise and compensates for the unit non-response and out of scope, which are:

- Without contact
- Refuse to participate
- Closed
- Sleeping

The Labor Cost Survey data gathered in two ways:

- With the interviewers. They delivered the questionnaire to the enterprises and went to collect them after four weeks.
- By e-mail. An electronic questionnaire in Excel was available in INSTAT webpage, where a specifically design was dedicated to LCS. It contained a presentation of the LCS, the questionnaires (electronic version), the manual for respondents, some example of "compiled" questions, and email and phone number for assistance. In the web-based questionnaire some logical checks were made before the questionnaires were sent in. Only one hundred and nine enterprises used the electronic questionnaire.

www.instat.gov.al/al/rreth-nesh/aktivitetet/anketa-dhe-studime/anketa-për-koston-e-punës-në-shqipëri-2016/

8.3 % of sampled enterprises did not participate in the labour cost survey because were closed, sleeping, or refused to answer. 3.7 % of these enterprises were imputed from administrative data. The net response rate of non-agricultural enterprises with at least 10 employees in the survey is 95.4 %.

The coefficients of variation relating to the "total annual labour costs" and "hourly labour costs" are calculated using macro CLAN in the SAS software. In the tables below are shown the standard deviations and the coefficients of variation for two main survey estimates, total annual labour costs and hourly labour costs.

Tab. 6 Coefficients of variation for the total annual labour cost by NACE Rev2 Sections

NACE Rev 2 Section	Economic Activity	Annual total labour cost (in ALL)	Standard deviation	Coefficient of variation (%)
		\hat{t}	$\sqrt{V(\hat{t})}$	$CV(\hat{t})$
B-S	Total	260,015,776,586	1,521,165,787	0.59
B	Mining and quarrying	8,702,979,572	153,278,639	1.76
C	Manufacturing	38,846,074,666	624,130,224	1.61
D	Electricity, gas, steam, and air conditioning	9,098,824,005	361,990,948	3.98
E	Water supply; sewerage, waste management and remediation activities	5,387,539,891	88,150,759	1.64
F	Construction	23,588,516,064	866,945,858	3.68
G	Wholesale and retail trade; repair of motor vehicles and motorcycles	23,283,806,787	720,304,080	3.09
H	Transportation and storage	8,970,864,811	223,874,863	2.50
I	Accommodation and food service activities	6,295,041,143	259,612,867	4.12
J	Information and communication	13,719,319,313	221,308,178	1.61
K	Financial and insurance activities	15,251,513,106	22,902,000	0.15
L	Real estate activities	723,517,659	21,463,424	2.97
M	Professional, scientific and technical activities	7,910,148,341	224,242,544	2.83
N	Administrative and support service activities	22,176,933,514	312,739,343	1.41
P	Education	41,764,164,204	344,199,231	0.82
Q	Human health and social work activities	23,260,047,028	377,414,145	1.62
R	Arts, entertainment and recreation	6,802,011,188	60,560,879	0.89
S	Other service activities	4,234,475,294	189,970,935	4.49

Tab 7: Coefficients of variation for the hourly labour cost per employee in full time units by NACE Rev2 Sections

NACE Rev 2 Section	Economic Activity	Annual total labour cost (in ALL)	Standard deviation	Coefficient of variation (%)
		\hat{t}	$\sqrt{V(\hat{t})}$	$CV(\hat{t})$
B-S	Total	351	1,6	0,45
B	Mining and quarrying	440	6,2	1,40
C	Manufacturing	250	3,4	1,37
D	Electricity, gas, steam, and air conditioning	493	19,4	3,93
E	Water supply; sewerage, waste management and remediation activities	254	1,6	0,62
F	Construction	327	6,8	2,09
G	Wholesale and retail trade; repair of motor vehicles and motorcycles	281	6,6	2,33
H	Transportation and storage	435	9,6	2,20
I	Accommodation and food service activities	241	3,6	1,47
J	Information and communication	521	9,0	1,73
K	Financial and insurance activities	700	1,3	0,18
L	Real estate activities	343	3,9	1,15
M	Professional, scientific and technical activities	481	10,0	2,08
N	Administrative and support service activities	336	3,1	0,92
P	Education	416	1,9	0,46
Q	Human health and social work activities	388	2,9	0,75
R	Arts, entertainment and recreation	353	1,7	0,49
S	Other service activities	388	13,8	3,57