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LABOUR COST SURVEY

Financial Year 2024

The Labour Cost Survey 2024 (LCS 2024) measures employers labour costs for their employees, including wages and salaries, social contributions, training expenses, and other labour-related costs. The survey covers non-agricultural enterprises with 10 or more employees and is conducted every four years by INSTAT, in accordance with European Union standards.

Employees and Working Hours

- In 2024, non-agricultural enterprises with 10 or more employees had an average of 397,328 paid employees (full-time and part-time), equivalent to 396,477 full-time units (FTU)[1].
- Of the total number of employees, 99.49 % were employed full-time, 0.47% part-time, and 0.04 % were trainees.
- Manufacturing, Wholesale and Retail Trade, and Education had the largest numbers of paid employees.
- On average, one Full-Time Unit was paid for 2,367 hours per year and actually worked 2,114 hours per year[2].

Labour Cost and Cost Structure

- The average annual labour cost per full-time work unit was 1,182,734 ALL (excluding trainees).
- The average monthly labour cost per full-time work unit was 98,561 ALL.
- The average hourly labour cost was 559 ALL.
- 85.5 % of total labour costs were spent on wages, bonuses, and allowances.
- 14.3 % were allocated to employer-paid social security contributions.
- 0.2 % were spent on vocational training and other expenses such as recruitment, work clothing for employees, and employment taxes.
- Average hourly labour costs generally increased with enterprise size, except among enterprises with 500-999 employees, where costs were lower than in enterprises with 250-499 employees.
- The lowest labour cost was observed in enterprises with 10-49 employees (ALL 480 per hour), while the highest was recorded in enterprises with 1,000 or more employees (ALL 685 per hour).

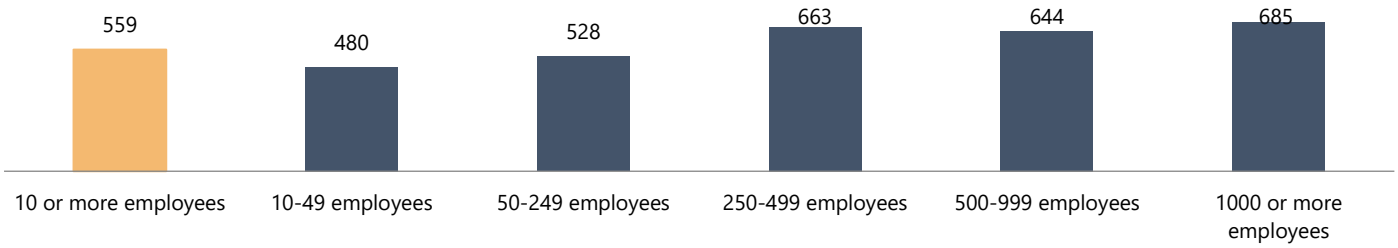
[1] Full-Time Units (FTUs) are calculated by converting part-time employees into full-time equivalents based on hours worked and adding them to full-time employees. Apprentices are not included in the FTU indicator.

[2] Paid hours include, in addition to hours actually worked, annual leave, public holidays and other paid absences, whereas actual hours worked comprise only the hours effectively spent performing work.

Labour Cost by Economic Activity

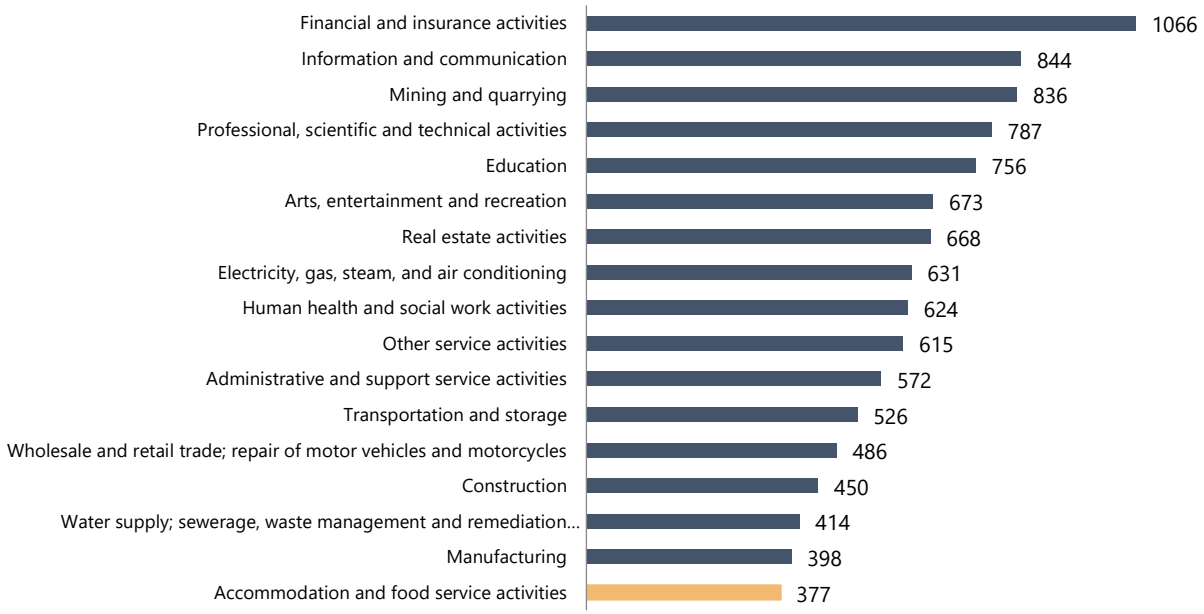
- Financial and insurance activities recorded the highest average hourly labour cost at 1,066 ALL.
- They were followed by: Information and Communication: 844 ALL, Mining and Quarrying: 836 ALL.
- The lowest hourly labour costs were recorded in: Accommodation and Food Service Activities: 377 ALL, Manufacturing: 398 ALL, Water Supply, Sewerage, Waste Management and Remediation Activities: 414 ALL

FIGURE 1. AVERAGE HOURLY LABOUR COST PER FULL-TIME WORK UNIT (ALL)



Source of information: Labour Cost Survey, 2024.

FIG. 2 AVERAGE HOURLY LABOUR COST PER FULL-TIME WORK UNIT BY ECONOMIC ACTIVITY (ALL)



Source of information: Labour Cost Survey, 2024.

Notes for Users:

- Detailed monthly and annual data by group are available in the INSTAT Statistical Database under the section: Anketa e Kostos së Punës
- In accordance with its Error Treatment Policy, INSTAT undertakes the prompt correction of any errors identified in published official statistics. Users are informed immediately and transparently about any corrections and resulting revisions, in line with the principles of impartiality, transparency, and quality of official statistics. The full Error Treatment Policy is available at: *https://www.instat.gov.al/media/9577/politika-e-trajtimit-te-gabimeve.pdf*

Methodology

The Labour Cost Survey (LCS) is an enterprise-based statistical survey aimed at providing regular and comparable information on labour costs in Albania. Its data are used to monitor labour market developments and to support the formulation of economic and social policies. The main labour cost indicators are compiled in accordance with the harmonised concepts and criteria of the International Labour Organization (ILO) and Eurostat. The data refer to the 2024 reference year. The reference year corresponds to the calendar year.

This survey is conducted in accordance with the methodology and definitions established by Eurostat, ensuring the comparability of labour market indicators with those of European Union countries and international standards.

INSTAT has conducted the Labour Cost Survey, 2024 for the third time. When interpreting the results and comparing them with those for 2020, consideration should be given to the impact of the COVID-19 pandemic and the government support measures implemented during that period. For the statistical treatment of these measures, INSTAT applied Eurostat's guidance of 24 April 2020, "Guidance Note on Labour Cost Statistics", according to which wage subsidies are recorded as deductions from labour costs.

Legal Basis

The legal basis for the four-yearly statistical survey on Structural Earnings and Labour Cost Statistics is provided by Law No. 17, dated 5 April 2018, "On Official Statistics", as amended and the National Statistical Programme 2022–2026.

Regulations

The 2024 Labour Cost Survey questionnaire was adapted in accordance with the European Commission Regulation on Structural Statistics on Earnings and Labour Costs. To ensure that the Labour Cost Survey results are comparable with those of European countries, the same regulations applied by them were implemented:

- EC Regulation No. 530/1999 on Labour Cost Structure Statistics
- EC Regulations No. 1737/2005 and No. 1726/1999 concerning the definitions used in Labour Cost Structure Statistics and their transmission to Eurostat
- EC Regulation No. 698/2006 on the Quality Assessment of Labour Cost Structure Statistics

Economic Activities

The Labour Cost Survey covered all enterprises producing goods and services, excluding the following activities: Agriculture, Forestry and Fishing; Public Administration and Defence, Compulsory Social Security; Activities of Households as Employers; Undifferentiated Goods- and Services-Producing Activities of Households for Own Use; and Activities of Extraterritorial Organisations and Bodies.

Indicators by economic activity were calculated for economic units falling within the survey scope according to NACE Rev. 2.0, excluding activities classified under Section O, "Public Administration and Defence; Compulsory Social Security".

Results by economic activity are based on economic units registered in the Statistical Business Register and covered by the survey. During the 2024 reference year, NACE Rev. 2.0 was the classification in force and was therefore applied in the compilation of the survey results. The transition to the updated classification, NACE Rev. 2.1, will be implemented for the first time in the next Labour Cost Survey (LCS), scheduled for 2028. Maintaining NACE Rev. 2.0 for the 2024 survey ensures the comparability of results with previous Labour Cost Survey publications.

Definitions

Labour Costs refer to the total expenditure incurred by employers for their employees. They include compensation of employees, employers' social security contributions, vocational training costs, other employment-related expenses such as recruitment costs and expenditure on work clothing, as well as employment taxes. Subsidies received by employers are deducted from total labour costs.

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

Full-Time Employees are those persons whose normal working hours are the same as the collectively agreed working hours or the standard working hours of the enterprise, even if the contract duration is less than one year.

Part-Time Employees are persons who generally work fewer hours than the full-time employees of the same enterprise.

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

Average Number of Usual Weekly Hours Worked. The average number of usual weekly hours worked refers to the hours normally worked or contractually agreed for an employee belonging to one of the following categories: a full-time employee, a part-time employee, or an apprentice.

Wages and Salaries of Full-Time and Part-Time Employees. These include bonuses, piece-rate payments, shift work payments, allowances/per diems, fees, tips, commissions and payments in kind.

Direct Payments, Bonuses and Allowances. These include the value of any social contributions, income taxes, etc., payable by employees, even if these are actually withheld by the employer and paid directly into social security schemes, tax authorities, etc., on behalf of the employee. Payments for days not worked include only the portion covered by the employer and paid for statutory, contractual or voluntary leave, public holidays and other paid days off.

Payments in Kind or Fringe Benefits. Payments in kind or fringe benefits are wages and salaries that are not paid in cash. They consist of goods, services or other benefits provided free of charge or at reduced prices by the employer to employees.

Employers' Social Security Contributions (Excluding Apprentices). These are the social contributions paid by employers in order to secure entitlement to social benefits for their employees (full-time and part-time).

Vocational Training Costs Paid by Employers. These are expenditures on services and facilities for vocational training.

Employment Taxes (Excluding Income Taxes). This variable covers all taxes based on payroll, wages and salaries, or employment. These taxes are considered labour costs. It also includes penalty taxes paid by employers for employing too few persons with disabilities, as well as other similar taxes.

Subsidies Received by Employers . These are all amounts received by employers in the form of general subsidies intended to reimburse part or all of the direct remuneration costs of employees, but not to cover social security contributions or vocational training costs.

Explanatory Note on Key Labour Market Indicators

The sampling frame for the Labour Cost Survey was the 2024 Statistical Business Register. The statistical units covered by the survey were enterprises with 10 or more employees operating in NACE Rev. 2.0 sections B to S, excluding Section O.

The sample was selected using a systematic random sampling method. Stratification was based on the enterprise's economic activity according to the two-digit level of NACE Rev. 2.0 and on enterprise size. All enterprises with 50 or more employees were included in the survey with certainty.

The final sample size for the Labour Cost Survey comprised 3,326 non-agricultural enterprises.

Quality of Labour Market Statistics

The survey data were weighted to represent the entire target population, namely non-agricultural enterprises with 10 or more employees. The weighting process takes into account the probability of selection of enterprises and includes adjustments for enterprises that were:

- not contacted;
- closed;
- dormant;
- refused to participate in the survey.

The Labour Cost Survey data were collected through two methods:

- By interviewers who completed the printed questionnaire;
- By enterprises submitting the completed questionnaire via e-mail.

Among the selected enterprises, 9.9 % did not complete the survey due to non-response, while 1.3 % were found to be outside the survey scope. Data for non-response cases were imputed from administrative sources. Considering only the units belonging to the target population, the net response rate was 92.3 %.

Variance was calculated for each survey indicator. The estimation of variance for total annual labour cost and average hourly labour cost per full-time equivalent employee was carried out using SAS software and the CLAN macro. The tables below present the standard deviations and coefficients of variation for the two main survey variables: annual labour cost and hourly labour cost.

TABLE 1. COEFFICIENTS OF VARIATION FOR TOTAL ANNUAL LABOUR COSTS BY NACE REV. 2 SECTIONS

Section	Ecomomic Activity	Annual labour cost (ALL) $\hat{t}$	Standard deviation $\sqrt{v(\hat{t})}$	Coeficient of variation (%) $CV(\hat{t})$
B-S	**Total**	**468.926.918.690**	**3.530.481.336**	**0,75**
XB	Mining and quarrying	13.313.750.074	137.047.868	1,03
XC	Manufacturing	63.070.784.251	364.988.739	0,58
XD	Electricity, gas, steam, and air conditioning	14.241.718.182	102.350.930	0,72
XE	Water supply; sewerage, waste management and remediation activities	10.554.057.645	48.281.057	0,46
XF	Construction	40.984.130.450	197.444.193	0,48
XG	Wholesale and retail trade; repair of motor vehicles and motorcycles	67.000.837.124	342.992.233	0,51
XH	Transportation and storage	16.113.542.522	197.670.148	1,23
XI	Accommodation and food service activities	14.898.382.254	61.112.450	0,41
XJ	Information and communication	27.353.458.276	256.904.974	0,94
XK	Financial and insurance activities	27.579.404.138	365.116.572	1,32
XL	Real estate activities	2.004.104.632	16.862.166	0,84
XM	Professional, scientific and technical activities	17.771.232.949	165.366.065	0,93
XN	Administrative and support service activities	32.003.313.154	186.420.230	0,58
XP	Education	64.862.459.897	600.587.609	0,93
XQ	Human health and social work activities	43.337.094.051	304.730.313	0,70
XR	Arts, entertainment and recreation	6.348.226.064	49.389.785	0,78
XS	Other service activities	7.490.423.024	46.410.318	0,62

TABLE 2. COEFFICIENTS OF VARIATION FOR TOTAL ANNUAL LABOUR COSTS BY ENTERPRISE SIZE

Enterprise Size	Annual labour cost (ALL)	Standard deviation	Coeficient of variation (%)
B-S	**468.926.918.690**	**3.530.481.336**	**0,75**
10-49	123.881.344.258	1.821.055.761	1,47
50-249	155.918.408.483	1.621.551.448	1,04
250-499	69.447.172.625	381.959.449	0,55
500-999	54.266.905.246	151.947.335	0,28
1000+	65.413.088.076	—	—

The total annual labour cost (for sectors B-S) is estimated at ALL 468.9 billion, with a standard deviation of ALL 3.5 billion. At a 95 % confidence level, the confidence interval for this indicator ranges from ALL 462.0 billion to ALL 475.8 billion. This indicates that, with 95 % confidence, the true value of the total labour cost lies within this interval. The coefficient of variation of 0.75 % indicates a high level of statistical accuracy and low variability of the estimate.

Meanwhile, the total labour cost for enterprises employing 50-249 employees is estimated at ALL 155.9 billion, with a standard deviation of ALL 1.6 billion. At a 95 % confidence level, the confidence interval for this indicator ranges from ALL 152.7 billion to ALL 159.1 billion. This indicates that the true value of labour cost for this group lies within this interval, with an exceptionally low coefficient of variation of 1.04 %.