

Labour Cost Survey 2012

National Reference Metadata in Euro SDMX Metadata Structure (ESMS)

National Statistics Office (NSO)

Time Dimension: 2012

Data Flow: LCS_ESMS_A_MT

Concept name	
1 Contact	
1.1 Contact organisation	National Statistics Office (NSO)
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2 Metadata update	
2.1 Metadata last certified	30/06/2015
2.2 Metadata last posted	30/06/2015
2.3 Metadata last update	30/06/2015
3 Statistical presentation	
3.1 Data description	The aim of the Labour Cost Survey is to provide national authorities, employers and employees organisations, universities and research institutes, with accurate, detailed and harmonised data on enterprises' labour costs. The survey relates to the labour costs incurred by the employer and asks for information such as employees' wages and salaries, overtime, bonuses, allowances, fringe benefits and

	other labour costs incurred by the employer throughout the reference year. The Labour Cost Survey is carried out in line with European Regulations: EC 530/1999 and EC 1737/2005 .
3.2 Classification system	Data for LCS is available at NUTS 2 level by economic activity classified according to the General Industrial Classification of Economic Activities (NACE) . From reference year 2008 onwards NACE Rev. 2 classification has been adopted. The survey covers small, medium and large enterprises.
3.3 Coverage - sector	The target population of this survey comprises enterprises employing 10 or more persons and operating in NACE Sections B to S excluding Section O. This implies that relatively all types of economic activities are included in the target group except for agriculture and fishing activities, and public administration-related enterprises
3.4 Statistical concepts and definitions	<p>Labour Costs refer to the total expenditure borne by employers for the purpose of employing staff. They include:</p> <ul style="list-style-type: none"> • 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 (advertising), and spending on working clothes • Employment taxes regarded as labour costs minus subsidies received <p>Hourly labour costs are annual labour costs divided by the number of hours worked during the reference year.</p> <p>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).</p> <p>Such concepts are as defined in Commission Regulation (EC) No 1737/2005 of 21 October 2005.</p>
3.5 Statistical unit	The statistical unit is the enterprise.
3.6 Statistical population	LCS applies to all activities in sections B to S (excluding section O) of NACE Rev.2 and represents all statistical units occupying 10 and more employees.
3.7 Reference area	Malta.
3.8 Coverage - Time	LCS data is available for 2004, 2008 and 2012 only as it is carried out every four years.
3.9 Base period	Not applicable.
4 Unit of measure	<p>Number of employees, number of hours worked, number of hours paid, and number of statistical units (enterprises) are measured in absolute numbers.</p> <p>Wages and salaries, direct remuneration, bonuses and allowances, employers' social security contributions and other labour costs are also expressed in absolute terms.</p>
5 Reference Period	2012.
6 Institutional Mandate	
6.1 Institutional Mandate - legal acts and other agreements	The Labour cost survey is based on Commission Regulation (EC) No 1737/2005 of 21 October 2005.

6.2 Institutional Mandate - data sharing	Not applicable.
7 Confidentiality	
7.1 Confidentiality - policy	<p><u>At National level:</u> Confidentiality is one of the major principles guiding the activities of the NSO.</p> <p>Article 40 of the MSA Act stipulates the restrictions on the use of information and in Article 41, the prohibition of disclosure of information. Furthermore, Section IX of the Act (Offences and Penalties) lays down the measures to be taken in case of unlawful exercise of any officer of statistics regarding confidentiality of data. No cases of breaches in the law have been recorded to date.</p> <p>Since its inception, the NSO has always operated within a culture of strict confidentiality to which it is also bound by the provisions of the Data Protection Act. This Act, which came fully into effect on July 15, 2003, seeks to protect individuals against the violation of their privacy by the processing of personal data.</p> <p>Refer also to the NSO policy "Confidentiality of Personal and Commercial Data" – https://nso.gov.mt/en/nso/About_NSO/Documents/NSO_Policies/Confidentiality_of_personal_and_commercial_data.pdf</p> <p>Further information on access to microdata is available on the NSO's website through: https://nso.gov.mt/en/Services/Microdata/Pages/Access-to-Microdata.aspx</p> <p>During 2009, the NSO has set up a Statistical Disclosure Committee to ensure that statistical confidentiality is observed, especially when requests for microdata are received by the NSO.</p> <p>Upon employment, NSO employees are informed of the rules and duties pertaining to confidential information and its treatment. According to the MSA Act, before commencing work, every employee is required to take an oath of secrecy whose text is included in the Act.</p> <p><u>At European level:</u> Regulation (EC) No 223/2009 on European statistics (recital 24 and Article 20(4) of 11 March 2009 (OJ L 87, p. 164), stipulates the need to establish common principles and guidelines ensuring the confidentiality of data used for the production of European statistics and the access to those confidential data with due account for technical developments and the requirements of users in a democratic society.</p>
7.2 Confidentiality - data treatment	<p>Primary confidentiality is flagged on either too few enterprises (where the number of units is less than 3), or if the dominance share of the largest two units is 75% or more. Secondary confidentiality is flagged in order to protect primary confidential data, which are suppressed so that sensitive information is not revealed. These are identified and flagged by NSO using a common methodology applied by other statistical agencies.</p>
8 Release policy	
8.1 Release calendar	<p>No news releases on LCS statistics are published. In general the NSO publishes a news release calendar, with a three-month advance notice, on its website.</p>
8.2 Release calendar access	<p>The NSOs news release calendar can be accessed through: http://nso.gov.mt/en/News_Releases/Release_Calendar/Pages/News-Release-Calendar.aspx</p>
8.3 Release policy - user access	<p>Access to microdata is granted by the NSO under strict conditions and solely to a selected number of institutions or persons accredited as research entities and researchers respectively. Further information</p>

	<p>on access to microdata can be retrieved from: http://nso.gov.mt/en/Services/Microdata/Pages/Access-to-Microdata.aspx</p> <p>Moreover, NSO is guided by policies on dissemination and confidentiality. These can be found in the following link: http://nso.gov.mt/en/nso/About_NS0/Pages/NSO-Policies.aspx</p>
9 Frequency of dissemination	Every four years.
10 Dissemination format	
10.1 Dissemination format - News release	A dedicated news release Labour Cost Survey: 2012 has been published in March 2015.
10.2 Dissemination format - Publications	Not applicable.
10.3 Dissemination format - online database	LCS data tables can be downloaded from Eurostat's online database: http://ec.europa.eu/eurostat/data/database .
10.4 Dissemination format - microdata access	Business microdata are never provided. Only aggregated tabular data can be made available.
10.5 Dissemination format - other	Aggregated tabular data on LCS statistics can be provided to users upon request. Such requests can be made on the NSOs website through: http://nso.gov.mt/en/Services/Pages/Request-for-Information.aspx .
11 Accessibility of documentation	
11.1 Documentation on methodology	Documentation of steps on LCS is available for internal purposes. In addition, this Office uses the implementation arrangements provided by Eurostat: EC 530/1999 and EC 1737/2005.
11.2 Quality management - documentation	Procedures used for the data analysis are documented, but are currently not available to the public.
12 Quality management	
12.1 Quality assurance	<p>All Regulations' requirements and Eurostat's recommendations are strictly adhered to during the data collection and analysis stages of this survey, in order to ensure the production of high quality and harmonised statistics.</p> <p>All methods are documented in a quality report which is updated according to the frequency of the survey.</p> <p>During fieldwork, response is monitored by NACE and Enterprise Size category, to ensure an adequate representation across all surveyed economic sectors.</p>

12.2 Quality management - assessment	In view of checks that are made during fieldwork and following Eurostat's recommendations, data can be said to be of good quality.
13 Relevance	
13.1 Relevance - User Needs	This survey provides the distribution of enterprises' expenditure for their employees. The LCS data is also the main source used for the computation of the indicator on annual labour costs. So far, no specific user survey has been carried out in order to assess the relevance of the LCS to national users, however, basing on feedback provided by Eurostat, it is clear that information from this survey is highly sought by international users, including policy makers, researchers, unions, and market research companies.
13.2 Relevance - User Satisfaction	<p>A user satisfaction survey was carried out by the NSO to measure the degree with which it meets its obligations towards its users. The survey was held in 2014, and results for the total statistical output for Unit C2 (Labour Market Statistics), not specifically for the LCS, were as follows:</p> <p><u>News Releases:</u></p> <ul style="list-style-type: none"> • Quality - 73.2% high/good • Timeliness - 84.1% timely • Usefulness - 81.2% useful <p><u>Requested data:</u></p> <ul style="list-style-type: none"> • Quality - 63.1% high/good • Frequency - 18.4% regular • Timeliness 72.8% timely <p>A dedicated news release outlines main results from this survey, and can be accessed through: http://nso.gov.mt/en/News_Releases/View_by_Unit/Unit_01/Methodology_and_Research/Pages/User-Satisfaction-Survey.aspx</p>
13.3 Completeness	All compulsory variables requested in Commission Regulation 1737/2005 were covered in the 2012 Labour Cost Survey.
14 Accuracy	
14.1 Accuracy - overall	This survey is subject to two main sources of errors, namely sampling and non sampling error.
14.2 Sampling error	<p>The LCS was designed to provide measures of labour costs incurred by employers to maintain their workforce. A high sampling rate was taken in order to minimise sampling errors as much as possible; however a degree of variability between the estimated value and the actual population value cannot be avoided, as long as a sample-based approach is taken.</p> <p><u>Annual Labour Costs:</u></p> <ul style="list-style-type: none"> • Standard Error (B-S excl O): 55,220 • Coefficient of Variation (CV): 3.86 % • Mean value: 1,349,441.57 <p><u>Hourly labour costs:</u></p>

	<ul style="list-style-type: none"> • Standard error (B-S excl O): 0.164 • Coefficient of variation (CV): 1.603% • Mean value: 10.24
14.3 Non-sampling error	<p>Non sampling error is attributed to all forms of human error committed during the data collection and analysis stage, despite all the efforts that are made by the NSO in order to ensure that highest quality data is collected and compiled for this survey. These may include non response and errors committed by the respondents during the filling of the questionnaire (e.g. under-reporting, respondents not following properly the instructions set in the questionnaire, etc.).</p> <p>Coverage errors which have been identified in LCS include errors related to misclassification and other coverage errors.</p> <ol style="list-style-type: none"> 1 Misclassification of NACE - Misclassification errors refer to incorrect NACE classification of units present in the target population. In this regard, no enterprises have been misclassified. 2 Misclassification of size class - Another aspect of misclassification concerns size class. In total, 54 companies have been misclassified. The reasons for such a misclassification were mainly two: <ul style="list-style-type: none"> • enterprise employed less than 10 employees; or • enterprise was no longer existent following a merger or acquisition in the reference year 2012. <p>As a result these companies had to be removed from the LCS 2012 sample since they were not part of the target population. Other units which had been assigned a different size class prior to the data collection were reclassified after the data collection phase was concluded and weights were worked out accordingly.</p> <p>Over-coverage errors found in LCS mainly related to misclassified units which were not within the scope of the survey or units which were no longer active during the reference period identified for the LCS. A total of 54 units were excluded from the survey.</p>
15 Timeliness and punctuality	
15.1 Timeliness	<p>Considerable time was taken to complete data collection. These delays were primarily caused by key companies which did not submit the completed questionnaires in time, despite being reminded to comply for a number of times.</p> <p>First transmission to Eurostat was after 1 year 6 months while the last transmission was after 1 year 7 months. No dissemination of data takes place at a national level.</p>
15.2 Punctuality	<p>LCS 2012 data was transmitted to Eurostat on 30 June 2014 and following error checks carried out by Eurostat a final dataset was provided on July 2014. The transmission deadline for this survey was set in June 2014.</p> <p>One news release on LCS was issued for the period June 2012 to June 2015. This news release was issued on the pre established news release calendar date, however it was published after 11.10am.</p>
16 Comparability	
16.1 Comparability - geographical	<p>National concepts applied for LCS are in line with European concepts since the definitions outlined in Commission Regulation 1737/2005 are applied in the local context. In terms of the statistical units which are covered for LCS, data is collected from legal units which are recognized as having autonomous management and an independent accounts system. At NUTS 1 level the whole country is represented therefore information could be collected from enterprises which are recognized to be legal units by the Business Register.</p>

16.2 Comparability - over time	All LCS waves (2004, 2008 and 2012 variables) were compiled using consistent methodologies and hence are comparable and reconcilable over time. In addition a common reference number identifying sampling units was used for most cases between both surveys.
17 Coherence	
17.1 Coherence - cross domain	<p>Coherence tests between National Accounts, Structure of Business Survey data and Labour Force Survey estimates are carried out.</p> <p>One is to note however that National Accounts information relates to all companies operating in the sector whereas LCS data refers to companies which employ 10 or more employees. Variations between National Accounts and Labour Cost Survey figures are the result of the micro business effect (under 10 effect) which is taken into account in the National Accounts averages but is missing in the LCS estimate.</p>
17.2 Coherence - internal	Refer to Tables 1 to 3 in Annex A, for coherence with National Accounts, Structural Business Statistics and Labour Force Survey.
18 Cost and Burden	<p>Data collection is carried out using email and ordinary mail (i.e. no use of interviewers); however a full-time statistician needs to be deployed for the running of the survey and its analysis.</p> <p>In terms of response burden, the small size of the country necessitates the use of a census for most business surveys which are carried out amongst companies employing 50 or more employees. This places a huge response burden on selected organizations which are constantly being contacted for various surveys which are held by various units within NSO and also by other entities in general. Since a number of these organizations are key players in their respective sectors one cannot afford to leave them out of any business survey since most often they determine the developments which are taking place within the sector in which they operate and consequently influence the representativeness of the results.</p>
19 Data revision	
19.1 Data revision - policy	No revisions were made on LCS however an organisation wide data revision policy has been in place at the NSO since 2004. This policy can be accessed through: http://nso.gov.mt/en/nso/About_NS0/Pages/NSO-Policies.aspx .
19.2 Data revision - practice	No revisions are made.
20 Statistical processing	
20.1 Source data	Sample selection was made using stratification by optimal allocation. The NACE sections and employment groups were used in order to create the strata. After stratifying enterprises by NACE and size class a sample of 1255 enterprises was chosen.
20.2 Frequency of data collection	Every four years.
20.3 Data collection	Most of the responses are received by email. The IT unit devised an application which enables the automatic emailing of questionnaires to the different respondents along with pre-filled details of the enterprise. The questionnaire is made available in excel version since this software is widely available and since it facilitates the copying and dragging of information for different aspects of this survey. In cases where emails of enterprises were not available, the questionnaires were sent by post.
20.4 Data	To minimize processing errors, each incoming questionnaire is thoroughly checked by trained statisticians

validation	using a number of validations. In addition more checks are carried out at the analysis stage whereby data is compared on a per capita basis in order to determine any incorrect or inconsistent information.
20.5 Data compilation	Prior to the compilation of weights, checking relating to economic activity and size class of enterprise is carried out in order to ensure that sampled units are in line with the target population. Then, the post stratification weights are based on the following variables: economic activity at section level, and size of enterprise.
20.6 Adjustment	No seasonal adjustments to the data are made.
21 Comment	Not applicable.

ANNEX A

Table 1. Compensation of employees per employee (Euros):

NACE	Compensation of employees	
	National Accounts	LCS
Rev. 2		
B to E	19,425	22,548
F	16,320	18,352
G to N	19,612	21,220
P to S	19,743	22,070
B to S	19,917	21,458

Variations between National Accounts and Labour Cost Survey figures are the result of the micro business effect (under 10 effect) which is taken into account in the National Accounts averages but is missing in the LCS estimate.

Table 2. Annual wages and salaries per employee (Euros):

NACE	Annual wages and salaries	
	LCS	SBS
Rev. 2		
B	25,600	18,717
C	20,527	17,246
D	24,118	28,298
E	21,467	17,504
F	16,710	14,495
G	16,505	14,362
H	28,325	24,542
I	11,268	10,449
J	26,144	22,566
K	Not covered	
L	29,312	11,922
M	21,075	18,577
N	15,894	12,951
P	Not covered	
Q	Not covered	
R	Not covered	
S	Not covered	
Total	19,851	16,120

The variations between the two surveys are the result of the restricted details which emanate from SBS. The use of one variable in SBS to estimate annual wages and salaries is likely to give different results when compared to LCS data which is highly more focused on this element of labour costs.

Table 3. Hours actually worked per year per employee (LFS: main job)

NACE	Annual wages and salaries	
	LFS	LCS
Rev. 2		
B	2,052	2,110
C	1,922	1,977

D	2,126	2,135
E	1,861	1,839
F	1,892	1,963
G	1,916	1,888
H	2,032	1,988
I	1,820	1,606
J	1,919	1,833
K	1,851	1,878
L	1,801	1,917
M	1,969	1,937
N	1,844	1,817
O	Not covered	
P	1,282	1,371
Q	1,884	1,865
R	1,801	1,708
S	1,709	1,664
Total	1,846	1,804

When analyzing data on employment by size of enterprise from the LFS, one is to be careful about the interpretation of results, since the LFS is not designed to come up with a proper estimate of the number of units employing 10 or more employees. In addition, LFS provides the household perspective, whereas LCS gives the enterprise perspective. Hence there is bound to be differences in the results obtained.

Another factor which is bound to influence the results relates to the fact that LFS has more rigorous checks on hours worked since information refers to a specific week and this can be better checked at the data validation stage. By contrast, information from LCS on hours worked refers to the annual amounts and hence it is likely that figures are less accurate.

The information presented for LFS refers to the main job as per EC Regulation 698/2006, whereas LCS data includes all hours worked by employees irrespective of whether their employment is a main or a second job. This factor is bound to produce higher averages for LFS data, since persons working a second job are more likely to work less hours and hence their inclusion would drive the average hours downwards.