

## Quality declaration Labor cost

0.General Information on Statistical Products		
0.1	Title	Labor cost
0.2	Subject Area	Labor cost
0.3	Responsible Authority, Office, Person, etc.	Ms. Lusine Kalantaryan Head Labor Statistics Division Armstat 3 Government House, Republic Avenue, Yerevan, 0010, Republic of Armenia Phone: +374 11 58 78 29 E-mail : kalantaryan@armstat.am, info@armstat.am
0.4	Purpose and History	Provides information on expenses of employer made for the employee in different fields of economy, labor cost, level, structure and their changes. Statistical observation of Labor cost was carried out in 1997. The indicator has been revised throughout the years taking into consideration legislative changes and has been improved to be harmonized with classifications of International Labor Organization (ILO).
0.5	Users and Application	The main users are state government and local self- government bodies, public, scientific, educational, financial organizations, business society, mass media, international organizations, etc. The indicator is used for development of strategies not only in labor market, but also in social –economic field, for the solution of challenging issues, analysis of education system, business environment and revealing social development trends, etc.
0.6	Information Sources	The main source of information is data collected from legal persons, governmental and community authorities through statistical reports “On the number and wages/salaries of employees” on annual basis.
0.7	Legal Authority to Collect Data	The data are collected based on the Law on "Official Statistics" and “Five Year Statistical Program”, as well as the Resolution No. 05-N of RA State Council on Statistics “On Approval of the Procedure for the collection of statistical data” dated 20 June 2016 and Resolution “On Approval of Annual Statistical Program”.
0.8	Response Burden	Response burden is not measured.
Content		
1.1	Description of the Content	Labor cost is a monetary indicator, which characterizes the monthly average expenditure made for one employee by the employer during the reference period.

1.2	Statistical Concepts	<p><b>Concepts</b></p> <p>The methodology (definitions, classifications) of indicator calculation is based on international standard classification of Labor Cost developed by ILO, by taking into account some peculiarities of RA legislation.</p> <p>Labor cost is the employees' remuneration and additional non-salary monetary and in-kind expenditures incurred by the employer both as mandatory (required by the law) an voluntary basis.</p> <p>According to the above-mentioned classification, the labor cost is formed by the employers' expenditures on behalf of the employees:</p> <ol style="list-style-type: none"> <li>1. Remuneration for time worked,</li> <li>2. Remuneration for time not worked,</li> <li>3. One-time bonuses and gratitude's,</li> <li>4. Payments for food, housing, fuel and other related payments,</li> <li>5. Costs of employees housing</li> <li>6. Social security expenditures,</li> <li>7. Costs of vocational training,</li> <li>8. Costs of social-cultural services,</li> <li>9. Other costs not included in other groups,</li> <li>10. Taxes related with labor use.</li> </ol> <p>Expenditures mentioned in points 1-4 are the expenses directed to the remuneration for the work of employees, which also include one-time or regular bonuses, compensations related with working regime and conditions defined by the legislation, premiums and additional payments and payments made for annual and additional leave, etc.</p> <p>Expenditures mentioned in points 5-9 are the non-salary expenses made by the employer, which include the voluntary and mandatory payments to state social insurance funds for the social protection of employees, pension, voluntary health insurance payments, for professional training of staff, for housing, expenses of cultural events, and the value of communication service used for personal purposes, business trips, etc.</p> <p>The expenses mentioned in point 10 are not included in the labor cost because of its absence in RA. Coverage</p>
-----	----------------------	---

		<p>Statistical monitoring includes the organizations from state and private sectors, which are considered as large and medium for statistical purposes.</p> <p>According to industry coverage all the sections of Armenian Classification of Types of Economic Activity (NACE rev. 2) are included. NACE Rev. 2 is developed based on NACE rev. 2 of Classification of Types of Economic Activity approved by the Eurostat.</p> <p>Section T is not included (Activities of households as employers, undifferentiated goods and services producing activities of households for own use) which is related with the small number of those enterprises dealing with that activity.</p> <p>Section U (Activities of extra-territorial organizations) is also not included, since those organizations are not residents.</p> <p>According to employment status, only hired employees are included in the calculation of the indicator.</p> <p>According to geographical coverage, it covers all marzes of the Republic of Armenia and Yerevan city.</p> <p>Variables</p> <p>Labor cost for one unit- one employee is calculated by dividing the employer's expenditure in the reference period into the average annual number of employees (used for salary calculation).</p> <p>The indicator is calculated on RA level, as well as in groups according to 19 sections of Types of Economic Activity (NACE rev. 2)), 9 large groups of forming the labor cost.</p> <p>No seasonal adjustment is implemented.</p>
<b>2. Time</b>		
2.1	Reference Period	Data refer to calendar year preceding the statistical observation.
2.2	Date of Publication	The data is published on the fourth quarter of the year following the reference period (year).
2.3	Punctuality	The data is published according to publication schedule of annual programs and there are no delays from the defined time schedule.
2.4	Frequency	Annual
<b>3. Accuracy</b>		
3.1	Overall Accuracy	The information is collected from big and medium legal persons, state and community bodies (about 5600 organizations)

		exhaustively.
3.2	Sources of Inaccuracy	<p>During the observations errors or discrepancies may occur due to non-response, in corrections in business register (the main activity type was not decided properly or changes during the year are not properly registered), etc. The data undergo several stages of validation which start from the local statistical division and finish at the Armstat central office.</p> <p>The software used mainly allows to logically and mathematically verifying the data.</p> <p>If necessary they contact the respondents. In case of non-response the data for the previous period or previous 12 months are taken.</p>
3.3	Measures on accuracy	The response rate is 98 %.
4.Comparability		
4.1	Comparability over Time	<p>The indicators included in the statistical reports had undergone some partial changes throughout the years. All the major groups of standard classifications of costs suggested by ILO have been kept, and sub-costs had undergone some changes based on necessity or based on the actuality of indicator or based on the requirements of external and internal users. It didn't result in data incompatibility in time series, because the indicator is published by major groups of classification.</p> <p>The industry classification has been also changed. Before 2006, the indicator has been represented in accordance with the structure of All Union Classification of Branches of National Economy (AUCOBONE). Since 2006-2009, the indicator has been submitted in accordance with the NACE Rev.1 and since 2010 NACE rev. 2 is applied.</p>
4.2	Comparability with other Statistics	No other source of information on labor cost is available. But the information on employees remuneration and other payments equal to it, which are considered as components of labor cost is compared (see groups of 1-4 in section 1.2) with operative data of 12 months collected through statistical reporting form on "On the number of employees and wages/salaries" on a monthly basis. Employees remuneration and other payments equal to it indicator is compared every year with relevant data of the State Revenue committee under the government of RA taking into consideration some methodological differences.
4.3	Coherence between Provisional and Final Statistics	The final data is published. In some cases the data may be revised based on the adjustments and (or) corrections presented by the organizations.
5.Accessibility		
5.1	Forms of Dissemination	<p>Publications</p> <p>Annual publications</p> <p>"Labor Market in the Republic of Armenia" Statistical Handbook</p>

		<p>(Armenian and English),</p> <p>Databases:  <a href="http://armstatbank.am/pxweb/hy/ArmStatBank/?rxid=602c2fcf-531f-4ed9-b9ad-42a1c546a1b6">http://armstatbank.am/pxweb/hy/ArmStatBank/?rxid=602c2fcf-531f-4ed9-b9ad-42a1c546a1b6</a></p> <p>Website:  Electronic publications are available in Armenian (full version) and English, at:  <a href="http://www.armstat.am/am/?nid=82">http://www.armstat.am/am/?nid=82</a></p>
5.2	Basic Material: Storage and Usability	The database contains preliminary data, which is maintained and archived in accordance with relevant procedures.
5.3	Documentation	Additional documentation is available in the Metadata subsection of the Statistics section of the Armstat official website, in line with IMF Special Data Dissemination Standards, in Armenian, Russian and English languages, at <a href="https://www.armstat.am/en/?nid=549">https://www.armstat.am/en/?nid=549</a> :
5.4	Other Information	The publication of indicators is accompanied with the methodology description, which is presented in a more detailed way in “Labor Market in Armenia” Statistical Handbook and in other thematic publications.
6. Supplementary Documentation		
6.1		Information is available under the General Statistical Business-Process Model at <a href="https://www.armstat.am/en/?nid=672">https://www.armstat.am/en/?nid=672</a> .