











The *employees who are the object of the survey* are all those associated to the contribution account for whom there has been a contribution required for at least one day of the reference month.

For the purposes of the labour costs calculation by worker, those that have been registered in the contribution account during a period of less than a month are accounted for in proportion to the time that they have been registered in said account.

Employees are classified according to the type of working day by:

**Full Time Workers** - Are those persons who work a normal company working day in the activity involved.

**Part Time Workers:** Are those persons who work a shorter than usual or normal working day for a full time worker in the activity involved.

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## 4.2 TIME WORKED AND TIME NOT WORKED

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### 4.2.1 Hours worked

**Effective hours:** Are the hours actually worked both in normal work as well as in overtime work periods, including those hours lost in the workplace, which are considered as effective time by virtue of the regulations in force.

They are obtained as the sum of the agreed hours plus the overtime and/or complementary hours minus the hours not worked, from which are excluded those hours lost in the workplace since they are considered as effective time. In summary, it involves the hours worked (in a normal or overtime working day) minus the hours not worked.

**Agreed working day.** Are the hours legally established by verbal agreement, individual contract or collective agreement between the employee and the company.

**Overtime hours:** Are all those that are carried out outside the agreed working day, be they by acts of god (*structural overtime hours*) or voluntary (*non-structural overtime hours*).

**Complementary hours:** Are the hours agreed in the part time contract as an addition to the normal or usual hours. They are paid and contribute the same as ordinary hours.

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### 4.2.2 Hours not worked

#### **Hours not worked and not remunerated**

Hours not worked are included by the following causes:

- Vacations and holidays taken during the month.
- Days missed due to temporary disability.
- Maternity, adoption and personal leave days.
- Leave as compensation for overtime hours.
- Union representation hours, fulfillment of an unavoidable duty, attendance at exams and medical visits, among other concepts
- Days or hours not worked for technical, organisational or for production reasons: they are temporary suspensions in the rendering of the service or in the production of goods by the employee (suspended days) or reductions of the work day (reduction hours) with the aim of overcoming crisis situations in the company.
- *Hours lost in the workplace*: they are hours not worked due to reasons not attributable to the employee or the business person such as occasional lack of work, breakdown in machines, lack of raw materials, atmospheric accidents, power cuts or other causes of acts of god. The law allows the recovery of these non worked lost hours at a rate of one hour per day, with previous notification and if there is no agreement to the contrary. This component only covers the hours that have not been recovered and, therefore, can be considered as truly not worked.

#### **Hours not worked and not remunerated.**

Included are the following:

- *Labour conflicts*: Is the total number of hours lost due to strikes independently of the local, sectorial, or corporate scope, or the total or partial intensity of the same. Time recovered later is not accounted for.
- Absenteeism; legal custody; management lockout, ... .

In the case of *management lockout* the business person closes the work centre due to a collective conflict, with the danger of violence or damages, illegal occupation of the centre or the existence of irregularities that impede the normal production process.

*Legal custody* is a reduction of the work day for those employees that request it because they have under their direct care a child under 6, or a physically or psychologically challenged person who does not work.

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#### 4.3 LABOUR COSTS

Labour cost is defined as the total cost incurred by employer by using the work factor.

The labour cost is analysed from two perspectives:

- Labour cost by unit of work: Labour cost by worker and month.

Measures the expense that a business person undertakes when employing an employee during one month.

- Labour cost by unit of time: Labour cost by effective hours of work.

Measures the expense that a business person undertakes for one effective hour of work.

The cost must be measured in net terms for the employer, in other words, deducting the various subsidies received.

The labour cost comprises a wide range of entries that the survey covers in two main blocks: The cost of wages and other costs.

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#### 4.3.1 Wage Cost

Comprises all remunerations, both in cash and in kind, made to workers for the performance of their work services for others, whether it rewards effective work, whatever the method of remuneration, or the rest periods accounted for as work.

Wages include: the Base Wages, Wage Complements, Overtime and/or Complementary Payments, Bonuses and Wage in Kind.

***The Overtime and/or Complementary wage payments:*** correspond to payments for overtime hours, both structural (by acts of god) as well as non-structural (voluntary) and to payments for complementary hours in the case of part time workers.

***Bonuses:*** is remuneration that is received in periods which are greater than one month: bonuses, payments for participating in profits, premiums, objectives and any other exceptional payments.

***Delayed Payments:*** are payments paid in the reference month but earned in previous periods.

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#### 4.3.2 Other Costs

The other costs include non-wage amounts and the obligatory contributions to social security.

##### **Non-wage payments**

Are remuneration received by the worker not for their work activity, but rather as compensation for expenses occasioned in the rendering of their work or to cover needs or situations of inactivity not attributable to the worker.

Amongst these, the survey differentiates between:



### **Direct corporate contributions.**

Payments made by the company directly to the worker, the former worker or their family to assist them under certain circumstances as a complement of certain social services, without implicating Social Security or other insurance companies. Their main characteristic is that we are dealing with benefit payments for well-being.

Distinction is made between:

***Temporary Disability Payments:*** Payments that the company makes directly to workers who are in a TD situation. Includes Delegated Payments<sup>1</sup> for TD, payments for TD undertaken exclusively by the company (the first fifteen days) and voluntary supplements or improvements to the TD benefit.

***Unemployment Payments:*** Payments made by the company to workers affected by temporary suspension or work day reduction in the event of work regulation during the reference month. They include Delegated Payments for partial unemployment, as well as voluntary improvements for partial unemployment paid for by the company with the object of complementing unemployment benefits.

***Payments for Other Direct Services:*** Payments that the company makes directly to the active workers and/or former workers and/or their family members, as a complement to social security or private insurance subsidies or pensions. They include payments for retirement, payments for death and survival, payments for disability or handicap, payments for medical assistance and payments for family assistance.

***Indemnities for Dismissal:*** Include the total payments made for dismissal and contract termination, as well as the wages not received during the transcourse of the dismissal proceedings that the employer must pay in this situation (dismissal proceedings wages). Both indemnities for individual dismissals as well as indemnities for group dismissals are considered here. That paid under pending obligations, such as wages owed, vacations not taken, ... (compensations) are excluded, since these amounts are considered delayed payments.

### **Other non salary payments**

Encompass the rest of payments made to the worker: compensation for the expenses derived from the execution of their work and indemnities for contract termination.

They comprise: Currency devaluation, wear and tear of tools, acquisition of work clothes, travel expenses, distance and urban transport allowance, relocation indemnities, contract termination indemnities, products in kind conceded

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<sup>1</sup> Delegated payments: Benefits given as Delegated Payments are those which, previously recognised by the competent managing unit, is paid by the business person and subsequently compensated upon liquidation of the Social Security quotas, which in this manner assumes responsibility for same.

voluntarily by the company whose delivery is not due by virtue of regulation, Group Agreement, or work contract, the delivery of products at reduced prices that are carried out in company canteens or dining rooms or corporate cooperative stores.

### **Obligatory contributions to Social Security**

These are the legally established contributions that the employer makes to the Social Security System in favour of their employees to cover the services the system establishes, and which are those derived from illness, maternity, work accident, disability, retirement, family, survival, unemployment, professional training, wage guarantee, or any other contingency covered by the Social Security System.

The entries that comprise these obligatory contributions are:

#### **General contributions**

*Common contingencies:* Are contributions that cover services for common illness and non-work accident, maternity, disability, death, survival (if these last three contingencies have been the result of a common illness or non-work accident) and retirement.

*Overtime hours contributions:* Are contributions for this concept, both for structural overtime (or due to causes of acts of god) as for non-structural overtime (or voluntary) hours.

*Common Service Contributions:* Contributions of the companies that collaborate in the TD contingency management for work accident and professional illness.

*Workers with Training / work experience contracts:* These contributions cover the common contingencies for employees with training or work experience (if they exist) contracts, because to these workers the type of contribution applied for quota calculation is different to that of the remaining workers.

*Other concepts:* Refers to other contribution concepts different to those already indicated which, not having a specific form for effecting payment, its payment has been authorised in the TC-1.

*Deductions for excluded contingencies:* These deductions are solely used by the companies that have them granted.

*Deductions for voluntary collaboration in common illnesses / non work accidents:* Reductions applied to those companies that are authorised to voluntarily collaborate in the management of the Health Services and TD, derived from common illness or non work accident.

*Temporary Disability (TD):* Economic services, in delegated payment regime, for Temporary Disability (TD), derived from common illness or non-work accident.

#### **Contributions for work accidents and professional diseases**

*TD Quotas:* Quotas for Temporary Disability derived from work-related accidents and/or illnesses.











CNAE09 Divisions	Sizes								
	Total	1	2	3	4	5	6	7	8
66	420	226	50	45	48	26	10	15	-
68	556	343	64	49	53	26	17	4	-
69	454	178	68	55	61	31	22	24	15
70	341	125	45	45	54	22	20	17	13
71	402	111	46	46	67	43	33	34	22
72	282	38	45	39	53	45	20	30	12
73	341	82	47	50	63	40	23	31	5
74	422	229	57	54	48	19	10	4	1
75	352	234	59	30	20	5	3	-	1
77	321	108	44	43	45	35	19	23	4
78	312	34	34	32	34	35	37	60	46
79	302	90	40	43	55	32	19	15	8
80	284	34	32	34	37	35	33	47	32
81	448	35	35	37	39	35	44	102	121
82	418	75	42	40	57	41	39	53	71
84	669	53	38	39	51	57	68	114	249
85	545	80	50	43	70	46	41	75	140
86	693	76	36	35	34	36	39	115	322
87	311	33	34	40	68	48	35	36	17
88	323	37	34	35	46	42	41	52	36
90	283	91	46	41	47	32	18	8	-
91	194	49	32	35	37	26	10	5	-
92	318	103	35	39	72	34	18	13	4
93	380	103	43	51	86	45	30	19	3
94	376	122	48	51	57	37	27	29	5
95	352	145	52	55	61	26	7	4	2
96	508	274	59	47	52	37	24	14	1

The total sample is divided into five rotation groups in such a way that in the first quarter of each year the oldest group is replaced, which implies a renewal of 20% of the sample.

An exception should be made of the exhaustive units (units with more than 500 workers and those belonging to strata so small that their sample size necessarily coincides with the population), which due to their exhaustive character do not give rise to any renewal whatsoever and, except for termination, should continuously remain in the sample. These units make up 28% of the sample.

## 6.4 ESTIMATORS

### 6.4.1 Estimator of the total of one characteristic X

Separate ratio estimators *are used, using the number of workers in the Social Security Contribution Accounts Directory as an auxiliary variable.*

The separate ratio estimator for the total of X is given by the expression:

$$\hat{X}_R = \sum_h \hat{X}_{Rh}$$



Where

$$\hat{X}_{Rh} = \hat{R}_h D_h = \frac{\sum_{i=1}^{n_h} X_{hi}}{\sum_{i=1}^{n_h} D_{hi}} D_h = \frac{\sum_{i=1}^{n_h} X_{hi}}{d_h} D_h$$

Being,

$h$ : stratum defined by the crossing of the branch of activity, Autonomous Community and size variables.

$N_h$ : population size for the stratum  $h$ .

$n_h$ : sample size for stratum  $h$ .

$X_{hi}$ : value of variable  $X$  in unit  $i$  of stratum  $h$ .

$D_{hi}$ : number of workers, according to the directory, in unit  $i$  of stratum  $h$

$D_h = \sum_{i=1}^{N_h} D_{hi}$  : total workers, according to the directory, in directory centres belonging to stratum  $h$ .

$d_h = \sum_{i=1}^{n_h} D_{hi}$  : total workers, according to the directory, in centres of the sample selected within stratum  $h$ .

Grouping the terms that accompany each value  $X_{hi}$ , observing in a stratum  $h$ , that the factor of elevation within each stratum  $h$  is:

$$F_h = \frac{D_h}{d_h}$$

#### 6.4.2 Estimates of the cost per worker and month and of the cost per effective hour

To estimate the labor cost per worker in a domain  $G$ ,  $\hat{C}_G$ , the following expression is used:

$$\hat{C}_G = \frac{\sum_{h \in G} \hat{X}_{Rh}}{\sum_{h \in G} \hat{Y}_{Rh}}$$

where,

$\hat{X}_{Rh}$ : the separate ratio estimator for the labour cost.

$\hat{Y}_{Rh}$ : the separate ratio estimator for the total number of workers.

The estimator of the cost per hour worked is made in a similar way to the previous case, substituting the estimator of the total number of workers for that of hours worked.

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### 6.4.3 Sampling errors

The relative sampling errors or coefficients of variation, in percentage, are published for the main variables: Total labor cost, Wage cost and Other costs, by activity division and by autonomous community. This sampling error, in percentage, for a given domain G, is calculated as follows:

$$\widehat{CV}(\hat{X}_G) = \frac{\sqrt{\widehat{V}(\hat{X}_G)}}{\hat{X}_G} \times 100$$

Being a separate ratio estimator, the linearization technique, which is based on Taylor's development, is used to approximate the nonlinear ratio estimator to a linear expression and apply the usual techniques for calculating the variance of a linear estimator. Therefore, the sampling error that is calculated is an approximation of the true error and is given by the following formula:

$$\widehat{V}(\hat{X}_G) = \sum_{h \in G} \widehat{V}(\hat{X}_{Rh}) = \sum_{h \in G} N_h^2 (1 - f_h) \frac{S_{he}^2}{n_h}$$

Being,

$$S_{he}^2 = \frac{\sum_{i=1}^{n_h} (X_{hi} - \hat{R}_h D_{hi})^2}{n_h - 1} \quad f_h = \frac{n_h}{N_h}$$

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## 7 Collection and treatment of the information

The questionnaires are sent by post from the INE's provincial delegations and collected by them, where they are submitted to recording and a first filtering. In the Central Services a second filtering and treatment of the data is carried out. Once the consistency of the information is assured, the tables and series of results are obtained.

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## 8 Calculation of cost per hour of overtime

Overtime hours can be remunerated with cash or with remunerated rest hours.

Paid hours are defined as, (making abstraction of full time and part time), the effective hours plus the non worked and remunerated hours, or as the agreed hours plus the overtime hours less the non worked and non remunerated hours:

$$PH = AH + OT - NWNRH = AH - NWNRH + OT$$

Where,

PH Paid hours

AH Agreed hours



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## 9 Description of published variables

**Total cost::** includes the wages cost plus other costs.

**Other costs:** non-wage payments plus obligatory contributions minus social security subsidies and bonuses.

**Total wage cost:** this includes ordinary wage costs, extraordinary payments and delayed payments.

- **Ordinary wage cost:** are the monthly wage payments.
- **Extraordinary payments wage cost:** includes extraordinary payments and any other payment whose due date is more than a month (except delays).
- **Delayed payments wage cost:** these are payments made over the month and earned in previous periods.

**Extraordinary wage cost:** is the wage cost for extraordinary payments plus the wage cost for delayed payments.

**Non-wage payments cost:** includes cost for T.D. (temporary disability), for unemployment, other direct corporate benefits, compensation, dismissal and non-wage payments.

- I.T. cost: payments for I.T. at the employer's expense.
- Unemployment cost: payments for unemployment (reduction of working day and/or suspension of contract) at the cost of the employer.
- Cost for other direct corporate benefits: includes direct corporate benefits complementary to social security paid for by the employer.
- Cost for other non-wage payments: includes the rest of non-wage payments.

**Cost for obligatory contributions:** cost of obligatory social security paid for by the employer.

- Cost for common contingencies: contributions for common contingencies from obligatory social security paid for by the employer.
- Cost for unemployment, Fogasa and professional training: contributions paid for by the employer who covers these contingencies.
- Cost for other obligatory corporate contributions: this includes the rest of obligatory social security contributions

**Social security subsidies and bonuses:** reductions, bonuses and subsidies in social security liquidations.

**Cost for dismissal:** payments made as compensation for dismissal and extinction of contract.

**Payments per day of T.D.:**T.D. payments paid for by the employer per day when the employee comes off work for this contingency.

**Cost of compensation for dismissed employee:** this is the quotient of the total cost for dismissal among the total dismissed workers.

**Cost per extra hour:** overtime hours may be remunerated in cash or with remunerated rest hours. Cost per extra hour is the quotient between the sum of payments made for overtime hours plus the corresponding contributions for these hours plus the labour cost attributable to rest hours granted as compensation (see point 8 of the methodology) among the extra hours carried out.

**Agreed hours:** these are those legally established by employer/workers agreement (including that agreed for holidays and public holidays).

**Paid hours:** includes hours worked and not worked.

**Effective hours:** these are hours really worked including extraordinary hours. They are calculated as the hours agreed plus extraordinary hours minus hours not worked by different causes.

**Hours not worked:** this is the total of agreed hours not worked for some reason. Included are: not worked by holidays, not worked for public holidays (official and non-official), not worked by T.D. (temporary disability) not worked by maternity, adoption, paid leave (marriage, birth, death...), not worked for technical or economic reasons (with or without employment regulation file), other hours not worked and paid (union representation, medical visits...), not worked in the job post because of acts of god (power cuts, breakage of machines...), not worked due to labour conflict and finally not worked for other reasons (absenteeism, lockout, ...).

**Number of vacancies:** Number of vacancies during the reference quarter.

**Reasons why there are no vacancies:** percentage distribution of the reasons why the units do not have vacancies.