

Methodological notes

1. The data source is the annual **Labour cost survey (S3)**, a **statistical sample survey** carried out according to the EU recommendations and standards stipulated in the Regulation of the European Council and Parliament no. 530/1999 regarding structural statistics on earnings and on labour costs, in the Regulation of the European Commission no. 1726/1999 implementing the Regulation of the European Council and Parliament no. 530/1999, concerning structural statistics on earnings and on labour costs as regards the definition and transmission of information on labour costs and the Regulation of the European Commission no. 1737/2005 amending the Regulation of the European Commission no. 1726/1999 as regards the definition and transmission of information on labour costs.
2. The survey was carried out for 2019 based on a representative sample at national economy and economic activities level (division level – two digits) according to CANE Rev. 2 and in territorial profile, on macro regions, development regions and county level (section level). The economic units with 50 employees and over were exhaustively included in the survey. The units from the „budgetary sector” have been exhaustively included in the survey, with the exception of the local public administration for which data at the level of the local communal councils had been collected based on representative sample at county level (around 820 units).
3. The sample size was around 27500 economic units and public institutions from all the activities of the national economy. **The response rate**¹ was 91.14% and that of **refusal** 3.73%. In order to improve the quality estimates and to increase the overall response rate, estimation methods were applied, by imputing the missing data from the statistical survey with the data reported in administrative sources, having 2019 as reference year and increasing in this way the overall response rate at 98.46%. The **imputation rate**² was 7.32%.

In the reference year 2019, to improve the reliability of data at county level (NUTS3) and CANE Rev.2 division level (2 digits), the survey sample was extended by about 16800 economic agents belonging to the size class of less than 50 employees, for which estimation methods of the statistical indicators from administrative sources³ ("Statement regarding the payment obligations of social contributions, tax on income and nominal record of insured persons (D112)") were applied.

4. Information regarding „**budgetary sector**” should be used carefully, because data refer to statistics from economic activities (aggregated by homogenous activity) **according to CANE Rev.2.** of public administration, education and health and social assistance (including private sector for education – about 5.6%, respectively health and social assistance - about 13.8%), excluding armed forces and similar (Ministry of National Defence, Ministry of Administration and Interior, Romanian Intelligence Service etc.).

These statistics do not take into account the financing type, their purpose being to provide information by economic activity according to CANE Rev.2.

¹Type of response taken into account: response, response given by another unit.

² Type of non-response taken into account: refusal, units not identified, units not contacted, dormant or insolvency units at the end of the reference year (that reported data in administrative sources).

³ National Agency for Fiscal Administration

Information corresponding to the financing type are administered by the Ministry of Public Finance, according to the stipulations of Urgency Government Ordinance no. 48/2005, with later completions and modifications.

5. Data centralization was performed according to the **homogenous activity** for the indicators related to the number of employees and the gross and net average earnings, respectively by **the main activity** for the indicators related to the average labour costs and the structure of the labour costs.

Definitions:

- ✓ **Number of employees at 31.XII** represents the number of employees (including seasonal workers, manager or administrator) with individual working contract/agreement on a definite or non-definite period of time (those with suspended working contract/agreement included). The employees detached abroad and those with several jobs and the main job not in the reporting unit, are not included and the following categories:
 - employers who carry out their activity within their own enterprises and for whom the income source is solely represented by unit dividends and profits;
 - family workers mean those persons who are carrying out their activity within an economic unit belonging to the family or to a relative, by helping it and for which they do not receive a compensation as wages and salaries; the payment is done in kind (food, clothing, housing) or occasionally or exceptionally in cash, without being included on payrolls;
 - members of county and local councils.
- ✓ **The average number of employees⁴** is a simple arithmetic mean of the sum of the daily number of employees (those with suspended working contract/agreement excluded) over the whole year, week-end, legal holidays and other non-working days included divided by the total number of calendar days (365/366 days), as well as the employees whose working contract/agreement was suspended by the employer (in case of temporary interruption of work) and received a compensation from the basic salary corresponding to the position held, according to the legislation in force.

In the daily number of employees counted in calculating the average number **are also included** the employees on temporary work incapacity (sick leave) for the period when they **are paid from the salary fund**. In the daily number of employees taken into consideration when calculating the average number, the following **are not included**: employees on leaves without pay, on strike and detached to work abroad, employers, family workers, members of county and local councils.

During the week-ends, legal holidays and other non-working days the number of employees of the previous day is taken into consideration as daily number of employees, except the number of those employees whose working contract/agreement ceased that day. If the unit established or ceased its activity during the year, the daily number of employees is taken into account only for the period in which it operated, and the resulting amount is divided by the total number of calendar days.

Part-time employees are included in the average number proportional with the working time included in the working contract. In the number of employees taken into consideration in the average number only the paid persons are included.

⁴ in full-time equivalents

Exceptionally, in the cases when **amounts for prior periods are paid** (backdated paid arrears as consequence of winning the lawsuits involving the money rights for the previous years) the **number of beneficiaries** (former employees or employees with suspended labour contract/agreement) **are included in the average number of employees** proportionally with the periods for which respective payments are done, so that a direct correlation between gross amounts paid and the average number of employees exists.

- ✓ **The average gross monthly earnings** were calculated by relating the gross sums paid from the salary funds, from the net profit and other funds, plus backdated pay arrears, to the average number of employees and to the number of the months of the year.
- ✓ **The average net monthly earnings** were calculated by subtracting from the paid gross sums related to the average gross monthly earnings the social security contribution paid by the employees, the social health insurance paid by the employees and the corresponding tax⁵, the result being divided by the average number of employees and by the number of the months of the year.

*According to the national legislation provisions in force (GEO No. 79/2017, as subsequently amended and supplemented), the social security contribution and the social health insurance contribution paid by the employer were transferred to the employee; thus, **starting with the reference year 2018**, these contributions are **borne entirely by the employee**, and reflected in the gross amount of the nominal earnings.*

*Consequently, the indicator "**average monthly gross earnings**" produced and disseminated **starting with the reference year 2018** is no longer comparable to previous data series.*

*These legal provisions do not affect the data series comparability for the "**average monthly net earnings**".*

In accordance with the legal provisions in force, the employees working in the field of research, development and innovation, respectively in the activity of creating computer programs, are tax excepted.

For the period 1 January 2019 - 31 December 2028, in accordance with the legal provisions in force (EO No. 114/2018 setting up measures in public investments field and some fiscal-budgetary measures, modification and completion of some normative acts and extension of some deadline), the employees working in the field of construction benefit from some special provisions concerning tax, social security contribution and social health insurance contribution.

- ✓ **The average monthly labour costs per employee** were calculated by dividing the unit expenditure for the paid labour to the average number of employees and to the number of the months of the year. The transfers from the state budget to the employer for the stimulation of employment were not included in the unit labour expenditure.

*According to the national legislation provisions in force (GEO No. 79/2017, as subsequently amended and supplemented), the social security contribution and the social health insurance contribution paid by the employer were transferred to the employee; thus, **starting with the reference year 2018**, these contributions are **borne entirely by the employee**, and reflected in the gross amount of the nominal earnings.*

*These legal provisions do not affect the data series comparability for the "**average monthly labour costs**".*

⁵ The social security contribution paid by the employees, the social health insurance paid by the employees and the tax correspond to the gross sums paid from the salary funds, the net profit, the other funds, respectively the backdated pay arrears.

*By contrast, the components regarding the "direct (wage) expenditure" and the "indirect (non-wage) expenditure" of the labour cost structure produced and disseminated **starting with the reference year 2018** are no longer comparable to previous data series, as a result of the transfer of contributions from the employer to the employee.*

Classifications used:

- **The Classification of Activities in the National Economy** (CANE Rev. 2), harmonized with the European classification in the field (NACE Rev. 2):

CANE Rev. 2 Code (section level)	Name of section
A	Agriculture, forestry and fishing
B	Mining and quarrying
C	Manufacturing
D	Electricity, gas, steam and air conditioning supply
E	Water supply; sewerage, waste management and remediation activities
F	Construction
G	Wholesale and retail trade; repair of motor vehicles and motorcycles
H	Transportation and storage
I	Accommodation and food service activities
J	Information and communication
K	Financial and insurance activities
L	Real estate activities
M	Professional, scientific and technical activities
N	Administrative and support service activities
O	Public administration ^{*)}
P	Education
Q	Human health and social work activities
R	Arts, entertainment and recreation
S	Other service activities

^{*)} armed forces and assimilated are excluded

- **Economic activity sectors:**
 - Primary sector includes agriculture, forestry and fishing;
 - Secondary sector includes industry and construction;
 - Tertiary sector includes:
 - the commercial services sector: wholesale and retail trade, accommodation and food service activities, transportation and storage, information and communication, financial and insurance activities, real estate activities, professional, scientific and technical activities, administrative and support service activities and other service activities
 - the social services sector: public administration (military forces and assimilated are excluded), education (5.6% private sector is included), human health and social work activities (13.8% private sector is included), arts, entertainment and recreation (58.8% private sector is included).

- **Ownership type:**
 - Private sector includes: private majority ownership (private capital over 50%), entirely private ownership, cooperative ownership, communal ownership, entirely foreign ownership;
 - Public sector includes: entirely state ownership, state majority ownership (state capital over 50%), public national and local ownership.
- **Legal status:**
 - Public corporation (R.A.);
 - General partnership (S.N.C.); Limited partnership company (S.C.S); Limited partnership company by shares (S.C.A.); Joint-stock company (S.A.); Private limited company (S.R.L.);
 - Other legal forms (units of economic, cultural, social, public without express legal status).
- **Nomenclature of Statistics Territorial Units (NUTS)**

Development region NUTS2 level	Name of component counties (NUTS3 level)
North-West	Bihor, Bistrița-Năsăud, Cluj, Maramureș, Satu Mare, Sălaj
Centre	Alba, Brașov, Covasna, Harghita, Mureș, Sibiu
North-East	Bacău, Botoșani, Iași, Neamț, Suceava, Vaslui
South-East	Brăila, Buzău, Constanța, Galați, Tulcea, Vrancea
South-Muntenia	Argeș, Călărași, Dâmbovița, Giurgiu, Ialomița, Prahova, Teleorman
Bucharest-Ilfov	Bucharest Municipality, Ilfov
South-West Oltenia	Dolj, Gorj, Mehedinți, Olt, Vâlcea
West	Arad, Caraș-Severin, Hunedoara, Timiș