

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 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 2023 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 approximately 27900 economic units and public institutions from all the activities of the national economy. **The response rate**¹ was 90.54% and that of **refusal** 5.38%. 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 2023 as reference year and increasing in this way the overall response rate at 99.61%. The **imputation rate**² was 9.07%.
In the reference year 2023, 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 17600 enterprises 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)", accounting reports/annual financial statements drawn up by enterprises) 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 human health and social work activities (including private sector for education - 5.9%, respectively human health and social work activities - 15.2%), excluding armed forces and similar staff (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.
Information corresponding to the financing type are administered by the Ministry of 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.

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

Definitions:

- ✓ **The number of employees at 31.XII** represents the number of employees (including seasonal workers, the manager or the administrator) with labour contract/agreement on a definite or indefinite period of time, full-time or part-time (including those with suspended working contract/agreement), existing in the unit's records at the end of the reference year.
The employees who work from home or in tele-work are registered in the same way as the employees who carry out their activity at the usual workplace.
The employees detached to work abroad and/or 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 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*;
 - *day labourers* - represent the persons who carry out unskilled activities on an occasional basis, in accordance with the legal provisions in force.
- ✓ **The average number of employees⁴** is calculated as a simple arithmetic mean of the sum of the daily number of employees (those with suspended labour contract/agreement **excluded**), over the reference period, including the week-ends, legal holidays and other non-working days, divided by the total number of calendar days (365/366 days).

In the total daily number of employees considered for the calculation of the average number **are included** the following categories :

- the employees with labour contract/agreement for a definite or indefinite period of time, including the employees detached to work abroad (if the unit that detached them provided remuneration in the country, for which it transferred compulsory social contributions and tax), seasonal workers, the manager or the administrator;
- the employees whose labour contract/agreement has been suspended at the initiative of the employer (in case of temporary interruption of activity) and have received an allowance from the basic salary corresponding to the job;
- the employees who are temporarily in work incapacity (medical leave) during the time period in which they are paid from the employer own funds;
- the employees parents, during the days off granted to them in order to supervise their children, in cases of temporary closure of educational institutions, irrespective of the funds from which they are paid;
- the employees whose working hours have been temporarily reduced, irrespective of the funds from which they are paid.

From the daily number of employees taken into consideration when calculating the average number, the following **are excluded**: the employees on leaves without pay, on strike, owners, family workers, members of county and local councils, day labourers.

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 labour 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 of the reference year.

⁴ in full-time equivalents

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

Exceptionally, in the cases when, **during the reference year, 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) **is 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** are 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 **gross amounts paid** to employees include:

• **Gross amounts paid from the salary funds for time worked:**

- **basic salaries** corresponding to the hours actually worked in full-time and overtime (including indexations, leadership allowances, performance salaries and other rights which, according to the legislation, are included in the basic salary);
- **bonuses and allowances** granted as percentage of the basic salary or as flat rates;
- **bonuses/awards/benefits** granted over the year or annually in different forms (including the 13th salary, holiday bonuses);
- **exceptional payments/bonuses (occasional)** paid to the employees who are leaving the enterprise (including retirement bonuses), only if the respective amounts are **not** related to a labour contract;
- **amounts paid to employees for transportation to/from the workplace;**
- **amounts granted for the payment of employees for holiday leaves not taken;**
- **amounts related to the risk incentive granted to the medical staff**, in accordance with the legal provisions in force;
- **other amounts** paid in accordance with the legal provisions in force and/or established by the labour contracts/agreements (including those to support utility expenses at the place where the employees carry out their activity, such as electricity, heating, water and data subscription, the purchase of office furniture and equipment, within the limits set by the employer through the labour contract or internal regulations, within a monthly ceiling limit, corresponding to the number of days in the month in which the employee is in tele-work/work at home);
- **payment of the manager** or, as the case may be, the **gross allowance of administrator or performance bonuses** granted to them, in accordance with the management, administration, mandate or performance contracts, in accordance with the legal provisions in force.

• **Gross amounts paid from the salary funds for hours not worked:**

- **amounts paid for hours not worked** (holiday or study leaves, legal holidays, special family events, etc.) in accordance with the legal provisions in force and/or established by the labour contracts/agreements;
- **allowances paid by the employer for temporary work incapacity** determined by common diseases or non-related to work injuries, professional diseases and work injuries paid from the salary funds (excluding the amounts paid from the Unique National Health Insurance Fund and Work-Related Accidents and Occupational Diseases Insurance Budget), in accordance with the legal provisions in force;
- **amounts paid for work interruptions** non-imputable to employees;
- **allowances of which the employees benefit for the period when the labour contract is temporary suspended at the employer initiative (technical unemployment)**, irrespective if

are borne by the employer or from the state budget, in accordance with the legal provisions in force;

- **allowances of which the employees benefit for the days off granted to parents in order to supervise their children**, in cases of temporary closure of educational institutions, in accordance with the legal provisions in force;
- **allowances of which the employees benefit as a result of working hours reduction**, in accordance with the legal provisions in force.
- **Gross amounts paid from the salary fund as payments in kind and cash aids** include the equivalent value of the payments in kind and of the cash aids, paid as work remuneration (in accordance with the legal provisions in force and/or established by labour contracts/agreements);
- **Gross amounts paid for previous periods** include the backdated paid arrears as consequence of winning the lawsuits involving the money rights related to previous years;
- **Gross amounts paid to the employees (as incentives) from net profit** include the gross amounts granted to employees as incentives from the net profit of the unit, including the amount corresponding to the share of the manager or administrator, as the case may be, **excluding** dividends paid from the net profit;
- **Gross amounts paid from other funds** (including the payments in kind, cash aids, food allowance/norm, other allowances) include gross amounts paid from funds other than the salary funds, including incentives granted from a fund established by applying a percentage to the amounts obtained from turning into account seized goods from penalties coming from amounts cashed based on enforced legal acts in accordance to the Fiscal procedure code, those cashed based on judicial restructuring and bankruptcy, other incentive granted besides the salary funds, the amounts paid for activity performed in projects financed from European funds, payments in kind as products, rents, fuel, energy, transport; the values tickets equivalent (meal tickets, gift tickets, nursery tickets, cultural tickets and holiday vouchers/tickets), all amounts granted based on legal provisions in force.

The gross amounts paid include: all amounts, including deductions for the payment of rates, seizures, social security contribution, respectively social health insurance contribution paid by employees, tax, as well as refunds for reductions for production un-achievements.

- ✓ **The average net monthly earnings** result 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 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**".*

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.

Starting from 2019, in accordance with the national legal provisions in force, certain categories of employees benefit from fiscal facilities in terms of tax and mandatory social contributions. Also, in some economic activities, a differentiated minimum gross basic salary is applied.

✓ **The labour cost** includes the unit entire expenditure (borne by the employer) on labour, namely:

• **gross amounts directly paid to employees (direct expenditure):**

- the amounts paid from the salary fund, net profit and other funds as specified at the average gross monthly earnings definition;
- the amounts paid for temporary incapacity for work (excluding the amounts paid from the salary fund) from the Unique National Health Insurance Fund and Work-Related Accidents and Occupational Diseases Insurance Budget.

• **other labour expenditures of the unit (indirect expenditure):**

- the employment insurance contribution paid by the employer to the general consolidated budget;
- the security contribution paid by the employer to the state social insurance budget;
- the contribution of employer to the disabilities fund;
- other compulsory social contributions paid by the employer;
- the contribution of employer to the voluntary health insurance;
- the contribution of employer to the voluntary private pension funds;
- the expenditure on staff recruitment;
- the amounts paid to the employees leaving the enterprise;
- the expenditure for nursery and kindergarten, cultural, educational and recreational services;
- the expenditure on food for strengthening the body (including the nutrition antidote) according to the national legislation in force;
- the expenditure on reducing the cost of tickets for rest and treatment;
- the expenditure on staff transportation to/from the work place with the employer's own/rented vehicles;
- the expenditure incurred by the employer for the vocational training and improvement of employees in relation to the activities or in matters of health and safety at work: courses attendance and training expenditure (including the costs paid by the employer and related to the daily expenses, transport and accommodation related to the courses held outside the unit in which the participants are involved), payment of trainers who are not employees of unit, expenditure on educational materials, the amounts paid by the employer to the professional training organisations;
- the expenditure incurred by the employer with work and protective equipment for work related activities and not for personal use;
- other labour expenditure (including the occupational health expenditure, in accordance with the legal provisions in force).

In the unit labour expenditures **are not included** the transfers from the state budget to the employer for the stimulation of employment, by (re)employing people (for example: graduates, unemployed), respectively those granted for the time not worked, as allowances from which benefit:

- the employees when their labour contract is temporary suspended at the employer initiative (technical unemployment);
- the employees parents for the days off granted in order to supervise their children, in cases of temporary closure of educational institutions;
- the employees as a result of temporary reduction of the working time (the difference between the gross basic salary stipulated in the labour contract and the gross basic salary related to the hours actually worked as a result of the working time reduction).

- ✓ **The average monthly labour cost per employee** is 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.

*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 earnings.*

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

*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** includes the activities: wholesale and retail trade; repair of motor vehicles and motorcycles, 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** includes the activities: public administration (armed forces and assimilated are excluded), education (5.9% private sector is included), human health and social work activities (15.2% private sector is included), arts, entertainment and recreation (59.0% 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** include units organized according to the legal form "autonomous management (RA)";
- **Commercial companies** include units organized according to the following legal forms: General partnership (SNC); Limited partnership company (SCS); Limited partnership company by shares (SCA); Joint-stock company (SA); Private limited company (SRL);
- **Other legal forms** include the units organized according to the legal form "other legal forms (units of economic, cultural, social, public without express legal form)".

- **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
Center	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