Concept of Labour Cost
&
Labour Cost Statistics

Labour Cost Statistics

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Jakarta- Indonesia

Presentation plan

- Labour Cost concept
- Labour Cost Statistics
- Main guides and international documents
- Measuring labour cost
- Designing a labour cost survey

Importance of labour cost

- Wage negotiations
- Policies
- Domestics and foreign trade

What is the labour cost?

- Costs incurred by the employers of maintaining their employees
- Cost pressure arising from the production factor 'labour'.
  - Production factors: land, labor and capital.
- Labour Costs are defined as core expenditure borne by employers for the purpose of employing staff.
- They include employee compensation, with wages and salaries in cash and in kind, employers' social security contributions and employment taxes, vocational training costs and other expenditure such as recruitment costs and spending on working clothes regarded as labour costs minus any subsidies

What is the labour cost?

For purposes of labour cost statistics,

labour cost is the cost incurred by the employer in the employment of labour. (ICLS-1966)

Main Components of Labour Cost

- *Remuneration for work performed (pay for working time),*
- *Employers' social security expenditures,*
- *Payments in respect of time paid for but not worked,*
- *Bonuses and gratuities,*
- *Payments in kind,*
- *Workers' housing*
- *Vocational training and etc.*

The International Standard Classification of Labour Cost

Main guides and international documents

Two ILO Conventions have been adopted in the field of labour statistics

- Convention (No. 63) concerns statistics of wages and hours of work, and was adopted by the International Labour Conference in 1938
- Convention (No. 160) was adopted in 1985 to replace Convention No. 63

Main guides and international documents

A Recommendation has been adopted in the field of labour statistics

non-binding instrument, which provides further guidance regarding frequency of data collection, recommended disaggregations of the statistics, as well as on national statistical infranstructures.

- Recommendation (No.170) in 1985.

Measuring Labour Cost

- Whole economy
  - Complex problems
  - Calculation at national and enterprise level
- Industry
  - The unit for which data are collected should be the establishment, where possible, rather than the enterprise or firm, so far as the accounting system used enables a multi-establishment enterprise to supply data for each establishment.

Measuring Labour Cost

- Per unit of output
  - Inter-industry and inter-country productivity differences
  - Output is reported by procduct

- Per unit of labour input
  - In terms of time unit of work
  - Easier and recommended
- *Each country should compile statistics of average labour cost per unit of time (cost of labour input). In particular, data should, wherever possible, be compiled showing average labour cost per hour actually worked.*

How should we collect the data?

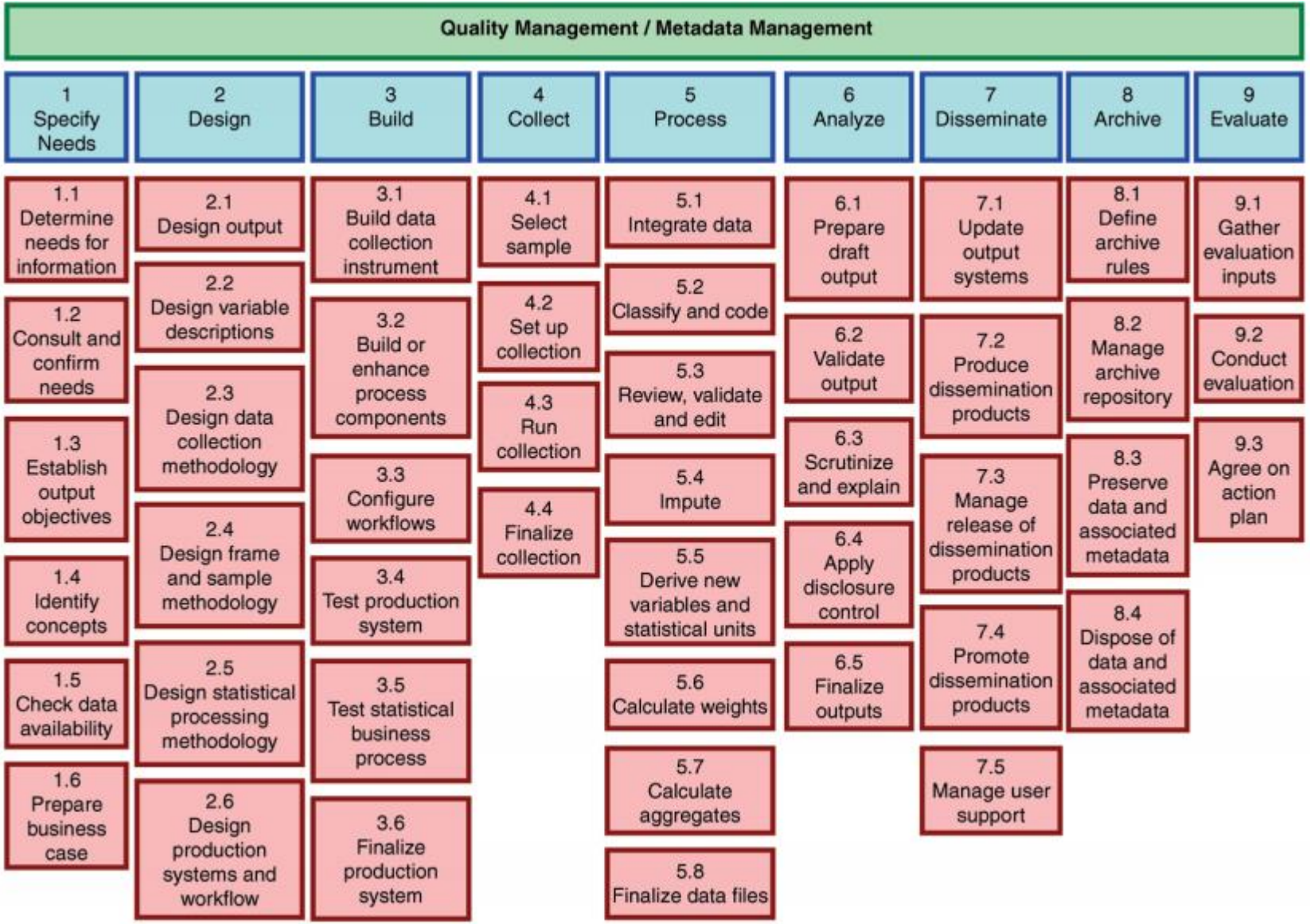
- Combining industrial censuses and other surveys? ☒
- With wage structure and distribution? ☒
- Seperate survey? ☑

Labour cost statistics

- **Quarterly Labour Cost Index (LCI)**
- **Annual labour costs data**
- **Labour Cost Surveys (LCS)**

Designing a labour cost survey

Generic Statistical Business Process Management



תודה
Dankie
Gracias
Спасибо
شكراً
Merci
Takk
Köszönjük
Terima kasih
Grazie
Dziękujemy
Dėkojame
Ďakujeme
Vielen Dank
Paldies
Kiitos
Täname teid
谢谢
Thank You
Tak
感謝您
Obrigado
Teşekkür Ederiz
감사합니다
Σας ευχαριστούμε
ขอบคุณ
Bedankt
Děkujeme vám
ありがとうございます
Tack