

4. LABOUR MARKET

Methodological notes

The **Labour Force Sample Survey (LFS)** provides a permanent monitoring of the labour force on the basis of a direct survey in selected households. The survey is based on a random selection of dwellings in all districts of the Slovak Republic. The sample covers 10 250 dwellings every quarter, which represent 0.6% of the total number of permanently occupied dwellings in the SR. The survey covers all persons aged 15 and over living in the households of the selected dwellings without regards to permanent, temporary or unregistered stay, institutionally population excepted. Each selected household remains in the sample for 5 subsequent quarters. All surveyed figures are weighted on the basis of current demographic data of the SR derived from statistical surveys on population changes.

The methodology used for the survey fully corresponds to the International Labour Organizations and the Eurostat recommendations and definitions.

Employment and earnings are collected from enterprises in the framework of monitoring economy development of the SR. Persons on maternity and parental leave and employed under the agreement are not included among employees. Processed data for organizations with 20 and more employees are classified by regions and districts, by staff categories, by kind of property and by legal form of organization. Numbers of employees are presented in persons.

The basic information on the development of earnings is completed with data on the **structure of nominal monthly earnings** obtained by sample survey on the structure of earnings in SR. These are processed using the standard Classification of Occupation, the code-lists of regions, sex and age of employees.

Earnings statistics also includes the survey on **total labour costs** of employers in the SR. The more detailed classification of the labour costs uses the code-lists of regions, staff categories, kind of property and legal form of organization.

The methodology of the sample survey on the structure of earnings and total labour costs is recommended by the Eurostat and corresponds to the related European regulations.

A job applicant of school leavers ranks is defined as an unemployed citizen younger than 26 years, who has finished continual professional training in full time study less than two years ago and who has not obtained first periodically paid employment.

The processing of selected labour market indicators has used the Statistical Classification of Economic Activities (SK NACE Rev. 2) since 2008 and International Standard Classification of Occupation (ISCO – 08) since 2011.

Definitions

Economically active population by LFS are persons aged 15 and over who are employed or unemployed.

Economically inactive population by LFS are persons who have no job in the reference week because they are students and apprentices, pensioners, persons keeping household, persons in retraining course and therefore they were not seeking a job actively during the last four weeks or they are seeking a job but they are not able to start work within two weeks. Persons on parental leave, discouraged workers (they would like to work but are not seeking a job because they do not believe to find suitable job) and persons younger than 15 years are also included.

Economic activity rate by LFS is calculated according to the following formula:

$$\begin{array}{l} \text{Economic activity rate} \\ \text{in per cent} \end{array} = \frac{\text{Economic active population}}{\text{Population aged 15 and more}} \times 100$$

Employed by LFS are all those aged 15 and over who worked at least one hour for pay or profit (full-time or part-time job, permanent, temporary, casual or seasonal job) in the reference week, as well as employed persons working abroad up to 1 year and cross-border commuters, persons working upon contract on work performed outside employment relationship and persons who performed activation works. Data on employed include contributing family workers, who did not receive any wage and allowance for their work, persons not working in the reference week due to illness, holiday, maternity leave, training, bad weather conditions, strike and lock-out except for persons on long-term unpaid leave from work and persons taking parental leave.

Employees in the LFS are those aged 15 and over who work for a public or private employer and who receive compensations in the form of wage or salary, including members of productive co-operatives. **Employees according to the enterprise reporting** are all the stable as well as temporary employees regardless of their citizenship, who have a contract of employment, service, state employment or membership attachment with the employing organization. Students attending secondary vocational schools, persons on maternity and parental leave and persons working upon contract are not included among employees.

Self-employed in the LFS are entrepreneurs with employees (employers), entrepreneurs without employees (own-account workers) and contributing (unpaid) family workers.

Employment rate 20 – 64 by LFS is calculated according to the formula:

$$\begin{array}{l} \text{Employment rate} \\ \text{in per cent} \end{array} = \frac{\text{Number of employed persons at the age of 20 – 64}}{\text{Number of population at the age of 20 – 64}} \times 100$$

Unemployed in the LFS are persons aged 15 – 74 who were not working for pay or profit during the reference week, who are actively seeking work during the last four weeks (or who have already found a job to start work within 3 months) and who are able to start work in the next two weeks. These persons are not obliged to be registered at offices of labour, social affairs and family as job applicants.

Unemployment rate by LFS is calculated according to the following formula:

$$\begin{array}{l} \text{Unemployment rate} \\ \text{in per cent} \end{array} = \frac{\text{Number of unemployed persons by LFS}}{\text{Economically active population by LFS}} \times 100$$

Economically active population in the denominator of the formula excludes persons on parental leave.

Duration of unemployment by LFS is defined as the shorter of the following two periods: the duration of work searching or duration since the last employment termination.

Job applicant is a citizen who is able and wants to work, is looking for a job and after a personal submission of a written application in order to be placed into the register of job applicants at office of labour, social affairs and family situated in a territorial district where he has a residence. This citizen is not in working, state employment or membership relation, in a service

relation; he does not perform individual gainful job, he does not perform a gainful job in an EU member state or abroad. He can perform gainful job that does not exceed 40 days in calendar year and his monthly allowance for this performance does not exceed sum of the living minimum for one adult person as of first day of the respective calendar month, for which the allowance is rendered. The gainful activity being considered as personal execution of an activity either on the basis of a labour-law relation or another legal relation.

There are not included applicants interested in work, who are looking for another job or who are interested in providing informational and professional consultancy and education services and they are not job applicants. A citizen who is obliged to compulsory school attendance, namely to the end of school year, when he reached the age of 16 years or is in systematic vocational preparation, is temporarily unable to work, he has a right to maternity benefits, he has granted old-age pension or he has granted invalidity pension and reached the age required for a claim for old-age pension or he was excluded from the register of job applicants on the base of his requirement to be excluded from the evidence and because of work performance without working relation, or similar working relation, taking a job, non-cooperation with office of labour or he has granted work permit in an EU member state or abroad; he is not included in the register of job applicants. The methodology of indicators is defined by the Ministry of Labour, Social Affairs and Family of the SR and it is included in the Act No 5/2004 Coll. on employment services amended and supplemented by certain acts.

Registered unemployment rate is calculated from **a number of disposable job applicants**, who can immediately report to work after submission of an offer of convenient job vacancy, in accordance with the Agreement of the International Labour Organisation.

The registered unemployment rate (methodology of the Ministry of Labour, Social Affairs and Family of the SR) is calculated according to the following formula:

$$\text{Registered unemployment rate in per cent} = \frac{\text{Disposable job applicants}}{\text{Economically active population}} \times 100$$

The economically active population in the denominator of the formula covers employed from LFS for previous year (includes persons on maternity leave) plus job applicants.

A **job vacancy** is defined as a paid post (newly created, unoccupied or to become vacant) for which the employer is taking active steps to find a suitable candidate from outside the enterprise and is prepared to take more steps to fill it. An occupied post that become vacant due to long-term absence – maternity or parental leave or long-term sickness (more than 4 weeks) is included into job vacancy. The average annual number of job vacancies per year is calculated as average of job vacancy number of the last day of each month in the reference year.

Employed persons are employees and self-employed.

The average nominal monthly earnings consist of basic (tariff) wage set by wage rules including basic components of contracted payments for working overtime, payments for hours not worked, monthly and long-term bonuses paid according to the performance and evaluation criteria, extra payments for working overtime, the night work, work during Saturdays and Sundays, holidays, for environment damaging health, noise, risky and hard work, in-kind wages express in financial terms and other wages in the form of wage advantages whose level and periodicity are set in advance regardless of the situation in an enterprise.

The total labour costs represent a sum of cost spent by employer to recruit and train their employees, remunerate their work as well as to ensure their social welfare according to obligations adopted. Total labour costs include both direct labour costs and indirect labour costs minus

subsidies. **Direct labour costs** are the sum of wages and wages compensation, payments to employees' savings schemes, compensation for being on call to work outside the workplace, bonuses based on profit after taxation and other direct costs. **Indirect labour costs** include statutory and supplementary social security contributions paid by employer, employers' imputed social contributions, employers' social contributions for apprentices, social benefits, vocational training costs paid by the employer, taxes paid by employer and other expenditures paid by the employer. **Subsidies** are the sum of all amounts received in the form of subsidies, which are intended to refund a part or all of the cost of direct remuneration.

Data on total labour costs are surveyed in annual periodicity; data are published for **annual labour costs**, **monthly labour costs** and **hourly labour costs** according to the number of working hours.

Source

All published data are the result of the statistical surveys carried out by the SO SR, except data relating job applicants. These data are supplied by the Central Office of Labour, Social Affairs and Family.

More detailed information can be obtained in quarterly publications Labour Force Sample Survey Results, in annual publications Structure of Earnings, Total Labour Costs and Employees and Average Monthly Wages as well as on the SO SR website in the section Demography and social statistics – Labour and Labour costs and in the public database of the SO SR DATAcube.