TWINNING CONTRACT

BA 17 IPA ST 01 20

Further Support to the Reform of Statistics System in Bosnia and Herzegovina

MISSION REPORT

Activity 4.A: Structure of earnings pilot survey
Component 4 – Labour Market Statistics

Mission carried out by
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FURTHER SUPPORT TO THE REFORM OF STATISTICS SYSTEM IN BIH

List of Abbreviations

BHAS	Agency for Statistics of Bosnia and Herzegovina
BiH	Bosnia and Herzegovina
CBBH	Central Bank of Bosnia and Herzegovina
EC	European Commission
EU	European Union
FBiH	Federation of Bosnia and Herzegovina
FIS	Institute for Statistics of Federation of Bosnia and Herzegovina
MS	EU Member State
RSIS	Institute for Statistics of Republika Srpska
RTA	Resident Twinning Adviser
ToR	Terms of Reference

Executive Summary

The main findings were
- Introduction to requirements
- Introduction to current data input
- agreement to schedule for component

The main recommendations were concerning the best wording of the questionnaire, and for BiH statistical institutions to consider which variables are needed for local purposes, and which coverage would be most interesting for the pilot survey.

1. General comments

This mission report was prepared within the EU Twinning Project "Further Support to the Reform of the Statistics System in Bosnia and Herzegovina". It was the first mission to be devoted to Structure of earnings pilot survey within Component 4 - Labour Market Statistics, of the Project.

The purposes of the mission were:
- Development of work plan / road map
- Briefing on EU / ILO requirements for structure of earnings survey
- Analysis of current available data sources – Are there any available data that can be reused?
- Analysis and decision on need for new data collection / survey
- Discussions and decisions on reference period and optimal time for data collection
- Identification of external stakeholders
- Preparation of ToR for next activity

The experts would like to express their thanks to all officials and individuals from Bosnia and Herzegovina met for the kind support and valuable information, and which highly facilitated the work of the experts.

This views and observations stated in this report are those of the experts and do not necessarily correspond to the views of EU, BHAS, FIS, RSIS, CBBH, Statistics Denmark, Statistics Finland, Statistics Sweden and The Italian National Institute of Statistics.

2. Assessment and results

Information requested by EU and ILO
During the mission, the MS Experts presented the mandatory information, which is needed to be able to deliver Structure of Earnings Survey (SES) to Eurostat and fulfil the requirements for submitting information for ILO.

In addition, there were discussion about ways to calculate the wanted reporting variables in different ways, based on availability of data input. In the different countries reporting to Eurostat, there are multiple ways to get information about the structure of earnings. The most important factor for statisticians are, to make use of the knowledge about local wage structures within the country, e.g. knowledge about taxation in the country etc., which is important knowledge when combining available input data.

There were discussion about using administrative data versus using sample-based input. In addition, there were discussion about how to do 2-stage sampling, which is common for many MS.

The variables requested by Eurostat for SES are:

1. Information about the local unit to which the sampled employees are attached
      1.1. Geographical location of the local unit (NUTS-1)
      1.2. Size of the enterprise to which the local unit belongs
      1.3. Principal economic activity of the local unit (NACE Rev. 1.1.)
      1.4. Form of economic and financial control
      1.5. Collective pay agreement
      1.6. Total number of employees in the local unit in the reference month (**optional**)
      1.7. Affiliation of the local unit to a group of enterprises (**optional**)

2. Information on individual characteristics of each employee in the sample relating to the reference month
      2.1. Sex
      2.2. Age
      2.3. Occupation (ISCO-88 (COM))
      2.4. Managerial or supervisory position (**optional**)
      2.5. Highest successfully completed level of education and training (ISCED 97)
      2.6. Length of service in the enterprise
      2.7. Contractual working time (full-time or part-time)
          2.7.1. Share of a full-timer's normal hours
      2.8. Type of employment contract
      2.9. Citizenship (**optional**)

3. Information on working periods for each employee in the sample
      3.1. Number of weeks in the reference year to which the gross annual earnings relate
      3.2. Number of hours paid during the reference month
          3.2.1. Number of overtime hours paid in the reference month
      3.3. Annual days of holiday leave
      3.4. Other annual days of paid absence (**optional**)

4. Information on earnings for each employee in the sample (see also the figure below)
      4.1. Gross annual earnings in the reference year
          4.1.1. Annual bonuses and allowances not paid in each pay period
          4.1.2. Annual payments in kind (**optional**)
      4.2. Gross earnings in the reference month
          4.2.1. Earnings related to overtime
          4.2.2. Special payments for shift work
          4.2.3. Compulsory social contributions and taxes paid by the employer on behalf of the employee (**optional**)
              4.2.3.1. Compulsory social-security contributions (**optional**)
              4.2.3.2. Taxes (**optional**)
      4.3. Average gross hourly earnings in the reference month

5. Grossing-up factors
      5.1. Grossing-up factor for the local unit
      5.2. Grossing-up factor for the employees

Current data sources
The participants from RSIS, FIS and BHAS informed about the current monthly survey on wages and salaries. Data is collected based on tabular surveys, which are similar between the entities.

The survey is conducted at LKAU level in the enterprises, and is based on a sample. The sample has no enterprises with less than 10 employees. There is total coverage for enterprises with 50 employees or more employees. Enterprises with 10-49 employees are sampled. The information collected is among others; the gross salary, net salary, tax, number of employees, hours worked. In addition, there is collected information about other payments such as 'hot meal compensation' and transport coverage. There are also collected information about the employees; gender split, number of newly hired, number of terminated, and job vacancies. There were a small difference between FIZ and RSIS, regarding compensation for hours paid not worked. In addition, there are some questions not asked by FIZ, due to the information obtained from the tax authorities (see below).

It were the opinion of the experts, that, to a large extent, there is an overlap between the monthly survey, and the requested information in the SES. The difference is the monthly survey is on enterprise level and the SES will request the data for specific employees in the enterprise.

There were a discussion about ISCO, which typically is one of the more difficult variables to collect from the enterprises. It was decided, that the entities initially asks for job titles in the pilot survey.

FIZ informed, that there are information at enterprise level on central variables from the tax authorities, which is not obtained at the moment in RSIS. There are still quality issues with the data that prohibits use for all elements in the current data production, since the data is not sufficiently complete at the time of dissemination of the current statistical output.

It is currently possible for the enterprises to deliver data on paper, in an excel questionnaire, or on a web questionnaire (in RSIS). Most enterprises uses the excel questionnaire.

There were a brief discussion on the information available in the Statistical Business Register (SBR), which will be the source for the population.

Plan for the rest of the component
On the basis of the outlines for the component as a whole, and the input from the participants from BiH on their annual work plan etc., there were a discussion about the future planning of the component.

The mission participants decided that the target for the pilot survey should be the compulsory parts of the SES. In the next phase of the project, the questionnaire will be constructed with this in mind, so that it is ensured that all relevant information is gathered to reach this target. In addition to this, the entities in BiH will consider if there should be more variables collected, which can be of interest to external stakeholders in BiH, and to create interest for the results.

Based on this the following draft plan were agreed upon:

Time	Milestone	Mission
October 2021	• Requirements discussed • Current data input discussed • Work plan agreed upon	4.A (completed)
December 2021	• Questionnaire and methodology for the SES completed and reviewed by experts • Discussion with sample experts	4.B (Sarajevo)

	• Discussion with IT experts about how to enter data into a database	
February 2022	• Drawing of sample • Excel (input) questionnaire complete • Developed application for entering data for the needs of BH institutions	4.C
March 2022	• Training of persons responsible for data collection in each institution	(None)
April 2022	• Data collection completed	(None)
June 2022	• Data entered into database • Analysis of data planned	4.S Study visit
September 2022	• Final analysed version of data ready • Planning of dissemination report	4.D
December 2022	• Dissemination report completed with new indicators of the Labour market statistics based on the Structure of Earnings Pilot Survey such as: gross and hour wages by age, sex, occupation, duration of the working hours and type of contract services produced	4.E (in November 2022)
February 2023	• Training of staff of the Labour market statistics for implementing full Structure of Earning Survey	4.F

3. Conclusions and recommendations

In conclusion, the experts find that it has been a productive mission, which has provided the participants with the needed information about the requirements of the SES as well as the current availability of data in BiH.

The experts recommend that BiH statistical institutions:

- aim at collecting the mandatory variables for SES in the pilot survey
- choose only 1 or more economic activities for the pilot survey based on the potential interest of important stakeholders and to the public as a whole. It is also possible to restrict the pilot survey

in other ways, the goal should be to request data for approximately 1000 employees at the state level. This should ensure at least 500 responses with good quality for dissemination.
- consider the need for local questions of interest to be included in the survey (e.g. payments companies usual pays for employees or specific tax information, etc.)
- consider the need to split the questionnaire (e.g. type of remuneration (by the hour/by the month)
- consider reusing formulations from monthly survey or from tax reports known to the enterprises

Actions needed for moving forward as well as for preparing the next mission –add rows as needed.

Action	Deadline	Responsible person
Consider local questions needed	December 2021	BiH statistical institutions
Complete variables included in the questionnaire	December 2021	BiH statistical institutions

Annex 1. Terms of Reference for the current mission

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Terms of Reference

EU Twinning Project BA 17 IPA ST 01 20

Component 4 – Labour Market Statistics
26, 27 and 28 October 2021

RSIS, Banja Luka

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Activity 4.A: Structure of earnings pilot survey

1. **Mandatory result**

The component on Labour Market Statistics has the following objectives and Indicator / Relevant Milestones / Internal deadlines:

Component 4: Labour markets statistics: Structure of earnings pilot survey conducted and respective indicators produced		
Objective as in Twinning Fiche:	**Indicator / Relevant Milestones / Internal deadlines**	**Status**
4.1 Questionnaire and methodology for implementing Structure of earnings pilot survey prepared (including preparation of sample survey)	Time frame to be defined by activity 4.A Questionnaire to be ready by end of 2021	
4.2 Developed application for entering data for the needs of BH institutions	Time frame to be defined by activity 4.A	
4.3 Pilot survey conducted and data entered	Time frame to be defined by activity 4.A Data expected to be collected during March / April 2022	
4.4 Results of pilot survey analysed	Analysis of pilot survey to be ready no later than December 2022	
4.5 New indicators of the Labour market statistics based on the Structure of Earnings Pilot Survey such as: gross and hour wages by age, sex, occupation, duration of the	Time frame to be defined by activity 4.A	

working hours and type of contract services produced		
4.6 Staff of the Labour market statistics trained for implementing full Structure of Earning Survey	End of project	

2. Purpose of the activity

- Development of work plan / road map
- Briefing on EU / ILO requirements for structure of earnings survey
- Analysis of current available data sources – Are there any available data that can be reused?
- Analysis and decision on need for new data collection / survey
- Discussions and decisions on reference period and optimal time for data collection
- Identification of external stakeholders
- Preparation of ToR for next activity

3. Expected output of the activity

- Detailed work plan and roadmap for producing pilot Structure of Earnings survey ready for approval no later than December 2021
- Mission report

Annex 2. Terms of Reference for the next mission

Activity No.	Activity title
Budget section	III. Components Mandatory Results – Component 4
Subject	**Structure of Earnings Survey** The purpose of the mission is to: • Finalize the questions for the questionnaire and decide on the methodology to calculate the needed variables for SES based on the variables to be collected • To present the outline for the population and sample to the sample experts from BiH, to give them input for the sample to be drawn in early 2022 • To present the plan for the data to be collected to the IT experts from BiH, to give them input on how to design a database for the data to be entered into
Methods	Mission in Sarajevo, unless travel restrictions makes it impossible. In the latter case the mission will be conducted as an online mission.
Resources	MS: Jesper Moltrup-Nielsen (DK) and Maria Boye (DK) BC: Key staff Venue: Sarajevo
Duration	2 STE x 3 working days
Output	Questions are approved and agreed upon IT and sample experts are introduced to the outline for the pilot survey, in order for them to prepare for their tasks in 2022
Time schedule	December 2021 (proposal is week 49)

Annex 3. Persons met

<u>BHAS:</u>

Svjetlana Kezunović   Senior Officer in Labour Market Department
Vladimir Mijović   Head of Labour Market Department

<u>FIS:</u>

Emina Šabanadžović, Senior adviser
Samka Avdić, Head of Labour Market Department

<u>RSIS:</u>

Biljana Glušac, Senior Statistician for labour, wages and employment statistics

<u>MS Experts:</u>
Maria Boye, Leading Chief Advisor, Statistics Denmark
Jesper Moltrup-Nielsen, Chief Advisor, Statistics Denmark

<u>RTA Team:</u>
Niels Madsen, RTA