

29 July 2015

**Annual Labour Cost Survey (ALCS)
Year 2014****Main results**

- The total cost per worker, in gross terms, is 30,653.05 euros during the year 2014, 0.6% less than the previous year. The annual gross wage per worker is 22,605.79 euros, 0.2% less than in 2013, and accounted for the 73.75% of the total cost.
- The net cost is 30,489.86 euros per worker, after deducting 163.19 euros for subsidies and deductions received by the Public Administrations in order to promote employment and vocational training.
- The main slice of non-wage costs are the compulsory contributions to Social Security (7,005.36 euros/worker) which accounted for the 22.85% of the total cost.
- Of the remaining items comprising the cost, 380.73 annual euros per worker are for corporate benefits, 234.62 for expenses from work, 326.67 euros correspond to compensation for dismissal and 99.88 to vocational training.
- The economic activities with the greatest labour cost are *Supply of electrical energy, gas, steam and air conditioning* (79,676.24 euros), *Financial and insurance activities* (59,421.03 euros) and *Information and communications* (48,602.64 euros). In turn, *Accommodation* (18,500.36 euros), *Other services* (21,113.59 euros) and *Administrative and support services activities* (22,096.16 euros) registered the lowest cost.
- The highest labour cost is recorded in Comunidad de Madrid (36,300.40 euros), País Vasco (36,042.53 euros), and Comunidad Foral de Navarra (32,177.38 euros). In turn, Extremadura (25,163.28 euros), Canarias (25,502.17 euros) and Comunitat Valenciana (26,960.38 euros) registered the lowest cost.
- Labour cost increases along with the size of the workplace size.
- 94.5% of the centres, representing 87.7% of workers, regulate their labour relations through collective agreements.
- 2.6% of the centres with agreement, representing 6.0% of workers, see their labour conditions modified during the year 2014.

Annual labour cost per worker

The labour cost per worker, in gross terms, was 30,653.05 euros in 2014, according to the results of the Annual Labour Cost Survey (ALCS), which completes the results obtained quarterly from the Quarterly Labour Cost Survey (QLCS). This cost represented a 0.6% decrease as compared with the year 2013. After subtracting the subsidies and deductions received by the Public Administrations from this figure, a net cost of 30,489.86 euros was obtained, with an annual increase of 0.6%.

Annual gross wage was 22,605.79 euros/worker, 0.2% less than in 2013. Wage costs accounted for 73.75% of the labour cost.

Regarding non-wage costs, compulsory contributions to Social Security were the most important slice (7,500.36 euros/worker, 22.85% of the labour cost).

Salaries and wages plus contributions to Social Security, together, accounted for 96.6% of the gross cost.

In addition to wages and contributions, 380.73 annual euros per worker were for corporate benefits (voluntary contributions to insurance and pension plans, complementary benefits from Social Security and expenses of a social nature), 234.62 for other expenses from work (end of contract payouts, small tools and work clothes, travel to the workplace, selection of personnel, etc.), 326.67 euros corresponded to compensation for dismissal, and 99.88 euros to vocational training.

Components of annual cost		Net cost	
	Euros		Euros
Gross cost¹	30,653.05	Net cost³	30,489.86
Salaries and wages	22,605.79	Gross cost ¹	30,653.05
Obligatory contributions	7,005.36	Subsidies and deductions (-)	163.19
Corporate benefits	380.73		
-Voluntary contributions	170.85		
-Direct corporate contributions	180.02		
-Corporate expenses	29.86		
Compensation for dismissal	326.67		
Expenditure on vocational training	99.88		
Work-related expenses	234.62		
-Travel expenses	13.77		
-Remaining costs ²	220.85		

1 Excludes travel allowances and expenses

2 End of contract payouts, compensatory payments, small tools, work clothes, personnel selection, etc.

3 Subsidies and deductions deduced

Labour cost by economic activity

Industry was the economic sector with the greatest labour costs, reaching 36,865.49 net euros per worker in 2014. It also registered the greatest annual increase (0.9%). Worth noting was the increase of the wage costs (1.5%) as compared with the decrease of the non-wage costs (0.7%).

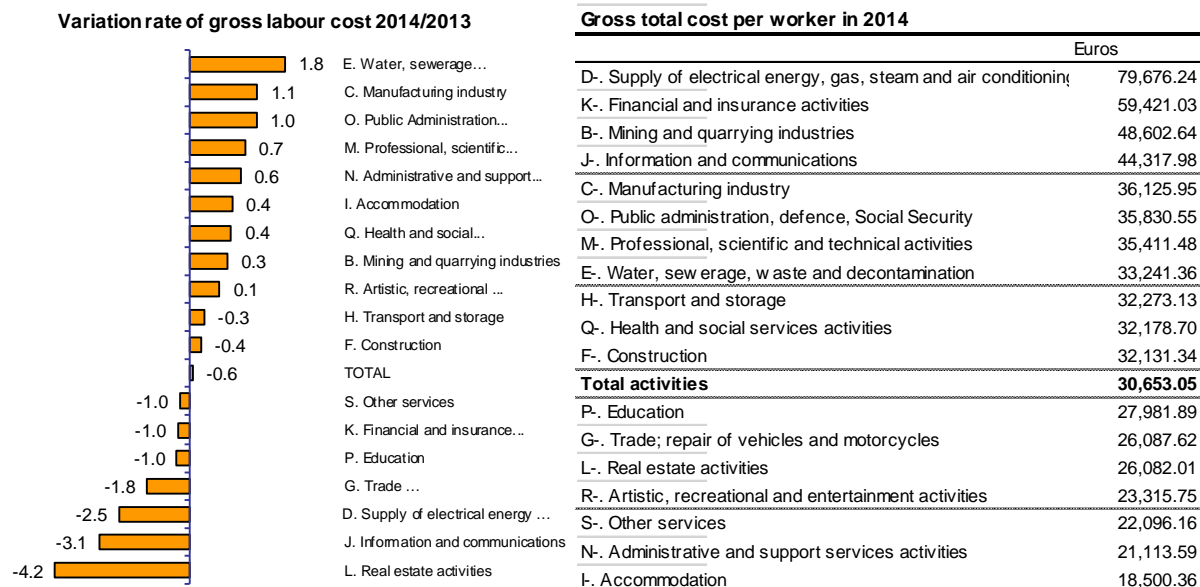
The *Construction* sector experienced a 0.4% decrease in net cost, as compared to the previous year, due to the decrease in non-wage costs (3.0%) and despite the increase in wage costs (0.7%).

The *Services* sector registered a 0.9% decrease in net cost, as a consequence of recording a decrease in both wage (0.6%) and non-wage costs (1.8%).

Economic sectors	Net cost		Salaries and wages		Non-wage cost	
	Euros	Rate ¹	Euros	Rate ¹	Euros	Rate ¹
Industry	36,865.49	0.9	27,035.93	1.5	9,829.56	-0.7
Construction	31,987.68	-0.4	22,755.55	0.7	9,232.13	-3.0
Services	29,185.52	-0.9	21,757.68	-0.6	7,427.84	-1.8

¹With regard to the previous year

The differences between the labour cost per worker were noteworthy, according to the different activities of the CNAE-09 classification of activities, with a broad spectrum ranging from 18,500.36 gross annual euros per worker in Accommodation (I), to more than 79,676.24 euros per wage earner in the Supply of electrical energy, gas, steam and air conditioning section (D).



Worth noting were the energy (D) and financial (K) sections, those which paid the highest salaries and wages to their workers and took on the highest cost in corporate benefits. These two sectors were those where compensations for dismissal accounted for the highest cost.

The Financial and insurance activities (K) and the construction sector (F) were the activities with the most expenditure on work (work clothes, small tools, transport, end of contract payouts, payments of compensation, etc.). The Construction sector was also worth noting, because it presented the greatest weight in obligatory Social Security contributions over the total cost, as compared with the remaining activities.

The energy (D) and mining and quarrying (B) industries were the activities that invested the most in vocational training for their workers. In turn, Artistic activities (R) and Accommodation (I) registered the lowest expenditure in this subject.

The greatest subsidies and tax deductions due to the creation of employment and the promotion of vocational training were obtained in other services (S), whereas the lowest ones were recorded in education (P), although it was the cost variable that presented the least dispersion as compared with the average.

Highest and lowest costs by economic section

Salaries and wages		Social benefits	
D- Supply of electrical energy, gas, steam and air conditioning	57,978.79	D- Supply of electrical energy, gas, steam and air conditioning	6,738.39
K- Financial and insurance activities	43,575.24	K- Financial and insurance activities	2,224.98
Total activities	22,605.79	Total activities	380.73
N- Administrative and support services activities	15,228.07	S- Other services	143.53
I- Accommodation	13,354.95	I- Accommodation	116.90

Work-related expenses		Compensations for dismissal	
B- Mining and quarrying industries	719.34	K- Financial and insurance activities	1,503.72
F- Construction	591.29	D- Supply of electrical energy, gas, steam and air conditioning	727.14
Total activities	234.62	Total activities	326.67
Q- Health and social services activities	76.79	Q- Health and social services activities	37.59
J- Information and communication	16.67	O- Public administration, defence, Social Security	10.83

Vocational training		Subsidies and tax deductions	
D- Supply of electrical energy, gas, steam and air conditioning	1,290.69	S- Other services	299.38
B- Mining and quarrying industries	649.86	Q- Health and social services activities	248.43
Total activities	99.88	Total activities	163.19
R- Artistic, recreational and entertainment activities	31.84	L- Real estate activities	118.49
I- Accommodation	23.59	P- Education	84.33

Labour cost by company size

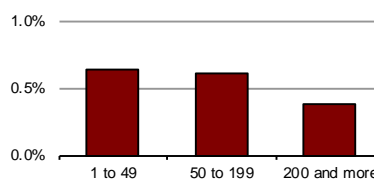
The largest companies (200 workers or more) paid the highest salaries per worker, as compared with medium (50 to 199 workers) and small-sized (less than 50 workers) companies. As a result, the Social Security contributions of the former were also higher.

The greater subsidies and tax deductions per worker, as an absolute value, were received by the medium-sized companies, followed by the small-sized ones.

Company size ¹	Gross total cost	Salaries and wages	Obligatory contributions	Subsidies and deductions
1 to 49	25,104.67	18,312.49	5,993.46	160.37
50 to 199	32,992.65	24,249.59	7,507.23	200.79
200 and more	37,688.72	28,154.91	8,245.59	145.23

¹ Number of workers

% subsidies and deductions over the gross total cost



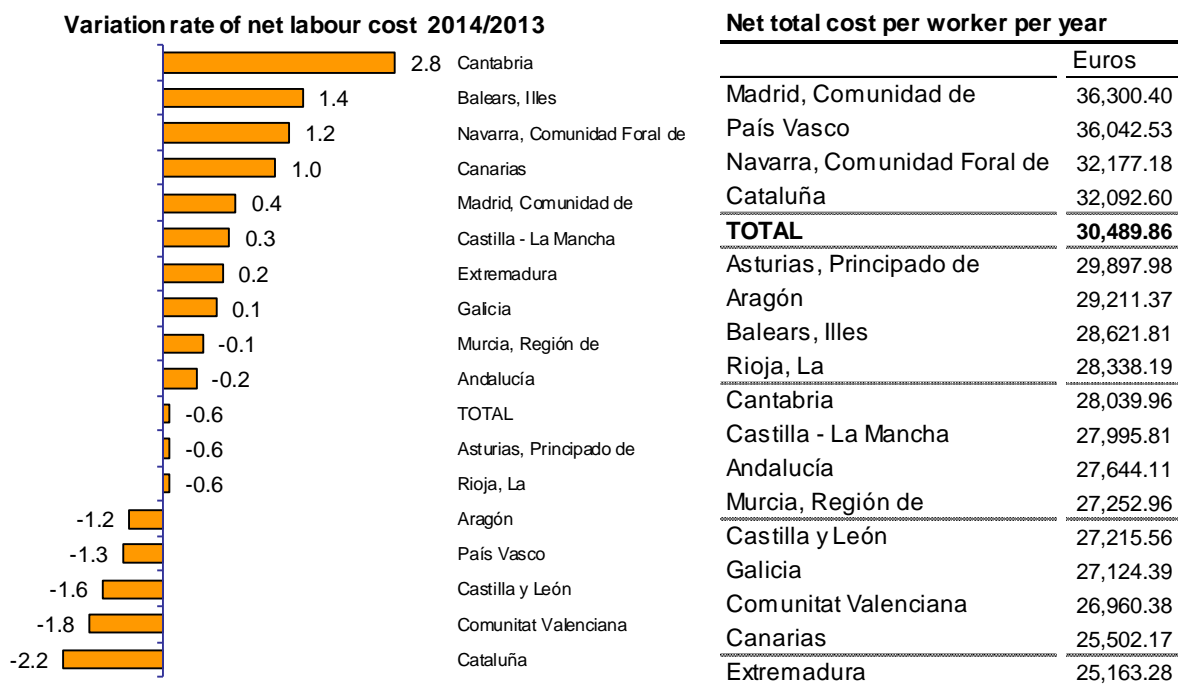
Corporate benefits and expenditure on vocational training were significantly greater in the largest-sized centres, while costs from work were greatest in the small and medium-sized centres.

Company size ¹	Corporate benefits	Work-related expenses	Compensation for dismissal	Vocational training
1 to 49	190.37	244.74	309.57	54.04
50 to 199	426.78	268.57	436.65	103.83
200 and more	638.83	197.45	286.95	164.99

¹ Number of workers

Labour cost by Autonomous Community

By Autonomous Community, the highest labour costs were registered in Comunidad de Madrid (36,300.40 euros), País Vasco (36,042.53) and Comunidad Foral de Navarra (32,177.18). The lowest were recorded in Extremadura (25,163.28), Canarias (25,502.17) and Comunitat Valenciana (26,960.38).



Companies in Comunidad de Madrid and País Vasco paid the highest wages and had the greatest expenditure on corporate benefits.

Regarding vocational training, Comunidad de Madrid and Andalucía presented the highest costs, whereas Illes Balears and Canarias registered the lowest.

The highest compensations for dismissal were recorded in Comunidad de Madrid and Cataluña.

Companies in Cantabria and País Vasco received the highest subsidies and tax deductions related to employment and vocational training.

Autonomous Communities with the highest and lowest costs per worker

Salaries and wages		Corporate benefits		Work related expenses	
Madrid, Comunidad de	27,171.84	Madrid, Comunidad de	581.64	Madrid, Comunidad de	349.07
País Vasco	26,842.59	País Vasco	544.33	Balears, Illes	345.40
Total national	22,605.79	Total national	380.73	Total national	234.62
Canarias	18,811.01	Canarias	246.00	Cataluña	139.42
Extremadura	18,658.41	Extremadura	242.79	Navarra, Comunidad Foral	91.45
Compensations for dismissal		Vocational training		Subsidies and tax deductions	
Madrid, Comunidad de	458.10	Madrid, Comunidad de	171.38	Cantabria	324.84
Cataluña	411.36	Andalucía	131.14	País Vasco	239.58
Total national	326.67	Total national	99.88	Total national	163.19
Extremadura	199.29	Canarias	53.79	Castilla y León	130.38
Murcia, Región de	177.84	Balears, Illes	51.68	Aragón	126.22

Regulation of labour relations

Most of the centres (94.5%) and their workers (87.8%) were regulated by collective agreements in 2014, with the area smaller than the state scope being the most populous (Autonomous Community sectoral agreements, provincial agreements, etc).

Proportion of centres and workers, according to the means of regulating labour relations

	Total	Collective Agreements			Another form of regulation
		State	Lower than State	Company or work centre	
Centres	100	23.2	68.0	3.4	5.5
Workers	100	24.3	46.5	17.1	12.2

6.0% of the total workers working under such agreements saw changes made in their working conditions as compared to the reference collective agreement.

Proportion of workers and centres, according to whether or not they have changed the conditions of the collective agreement

	Total	Total changes	Only the wage scheme	No changes or not subject to agreements
Centres	100	2.6	1.5	97.4
Workers	100	6.0	2.5	94.0

The highest labour cost was recorded in those centres that were regulated by company or work centre agreements, followed by those centres that were not regulated by collective agreements.

1. Cost component, according to the means of regulating labour relations

	Total	Collective agreement			Another form of regulation	
		Total	State	Lower than State	Company or work centre	
GROSS COST¹	30,653.05	29,651.61	30,732.85	25,397.33	37,077.53	36,379.19
Salaries and wages	22,605.79	21,728.62	22,610.20	18,435.32	27,358.40	27,893.52
Obligatory contributions	7,005.36	6,850.47	6,909.84	6,146.19	8,190.81	7,938.72
Voluntary contributions	170.85	188.17	205.72	72.89	477.77	45.84
Direct corporate contributions	180.02	186.40	176.36	115.07	320.52	270.48
Corporate expenses	29.86	30.02	42.40	9.55	68.29	28.67
Compensation for dismissal	326.67	351.42	493.35	273.90	352.29	54.27
Expenditure on vocational training	99.88	98.73	118.16	54.20	192.62	108.18
Expenditure on travel	13.77	15.36	6.69	9.40	43.93	2.30
Remaining costs ²	220.85	202.42	170.13	280.81	72.90	37.21
Subsidies and deductions	163.19	182.67	165.50	159.03	255.84	46.17
NET COST³	30,489.86	29,468.94	30,567.35	25,238.30	36,821.69	36,333.02

1 Excludes travel allowances and expenses

2 End of contract payouts, compensatory payments, small tools, work clothes, personnel selection, etc.

3 Subsidies and deductions deducted

29 July 2015

Methodological Annex

The Annual Labour Cost Survey is compiled using a questionnaire attached to the Quarterly Labour Cost Survey (QLCS) during the months of April to June in the year following the reference year of the data. The ALCS is a constant, quarterly statistical operation whose main purpose is to ascertain the evolution of the average labour cost per worker and per hour actually worked.

The reference period of the results is the calendar quarter, and the reference period of the information requested in the questionnaire is the calendar month. Nonetheless, there is a series of amounts that are not registered monthly, given that their expiry period is longer than one month. Among these amounts are voluntary contributions, direct corporate contributions, expenditure on vocational training, etc. These components of labour cost appear in the module that yields the Annual Labour Cost Survey.

To this end:

- Annual estimates have been obtained from the quarterly results of the variables collected in the QLCS.
- Annual results have been obtained of the variables collected in this module.
- The Annual Labour Cost arises from the union of both estimates.

The **population scope** comprises all workers employed by others who are associated with contribution accounts, regardless of their size, included in the General Social Security Regime and the Special Scheme for Coal Miners, and in the Special Regime for Marine Workers, whose economic activity is sea transport.

Regarding the **sector scope**, work places whose economic activity is classified as Industry, Construction or Services are studied, with the exception of domestic staff and extraterritorial organisations.

The **geographical scope** encompasses the entire national territory, providing results by Autonomous Community.

Labour cost is defined as the cost which the employer incurs for using labour, and is made up of various amounts. Beginning with the **gross cost** components, the first block is the **wage cost**, which comprises all remunerations, both in cash and in kind, paid to employees for the professional provision of their work services for others, whether it pays for work actually carried out, whatever the method of remuneration, or for the rest periods accounted for as work; consequently, the wage cost includes the base wages, wage supplements, overtime payments, bonuses and delayed payments. All components are considered in gross terms, that is, before deductions or payments to Social Security on behalf of the worker.

A second group is comprised of **obligatory Social Security contributions**, which are the compulsory contributions that must be paid to Social Security by the employer. Included here are contributions for *common eventualities, overtime, training and internship contracts, common services, industrial accidents and occupational illness, unemployment, the wage guarantee fund (FOGASA) and vocational training*.

The third group is made up of **Voluntary contributions**, which are contributions established through negotiation in the collective agreements, and which are made with the aim of

improving the benefits covered by Social Security or to cover any benefits not included. The *pension plans and funds, health, maternity and accident insurance and other insurance plans* are highlighted.

The fourth block making up the labour cost contains the **direct corporate contributions**, which are payments that the employer makes directly to employees or their families to help them under particular circumstances. These payments arise from *temporary incapacity* (both during the stage when only the employer pays the benefits, and when these payments are complemented for a period of time by the Social Security system), *unemployment, retirement, death and survival, invalidity or disability, family aid and medical assistance*.

The fifth group is comprised of the **remaining cost components**, including *compensation for dismissal, expenditure on vocational training, expenditure on transport, corporate expenditure* (canteens, crèches, sporting and cultural activities, etc.) and *other expenses*, such as compensation payments (work clothing, currency devaluation, small tools, etc.), end of contract compensation, allowances and travel expenses, personnel selection, etc.

The last group to be included, and which entails a reduction in the gross labour cost, is **subsidies**, made up of *subsidies in Social Security contributions, contracting subsidies, vocational training subsidies and tax deductions*.

The **net cost** is the total gross cost minus subsidies.