

28. Compensation of middle management in central government

Middle managers are located between senior management and professionals in the central government workforce hierarchy. D4 managers are directly below the D3 Level. A detailed description of their responsibilities and the various categories of middle managers are contained in Annex D. Data presented for middle managers are fully adjusted for differences in working time, including weekly hours and holidays.

There are significant differences in the amount of compensation between the two levels of middle managers. In the OECD countries that responded to the survey, the higher level of middle managers' (D3) total compensation amounts to on average about USD 135 000 PPP annually, including wages and salaries, employers' social contributions, and the value of all working time adjustments. In contrast, the average annual compensation of lower level middle managers (D4) amounts to around USD 112 000 PPP. However, wages and salaries alone are about USD 90 000 PPP per year for the D3 Level, and about USD 75 000 PPP for D4 positions. In addition, the compensation of middle managers is significantly lower than that of senior managers – for example, middle managers in D3 positions only earn 59% of what senior managers in D1 positions earn, and 76% of what managers in D2 positions earn (Indicator 27). The level of compensation of middle management also varies much less across OECD countries than that of senior managers.

Data suggest that middle managers in the United States earn the most relative to other OECD countries, and their annual compensation exceeds just over USD 220 000 PPP for D3 Levels and USD 170 000 PPP for D4 Levels. As is the case for other occupations, the division of total remuneration between wages and salaries and employers' social contributions varies across countries. In Sweden, the United States, Italy, Hungary and Estonia employers' social contributions constitute a relatively large share of total remuneration of middle managers while they tend to represent less in other countries (see Annex D for details).

Differences in remuneration levels across countries can be a result of differences in national labour markets, in particular the remuneration in the private sector for comparable positions. They can also indicate different organisational structures in countries and different levels of seniority in similar occupations.

Methodology and definitions

Data refer to 2009 and were collected by the 2010 OECD survey on the Compensation of Employees in Central/Federal Governments of OECD countries. Officials from central Ministries and Agencies responded to the survey through the OECD Public Employment and Management Working Party.

Total compensation includes wages and salaries, employers' social contributions to statutory social security schemes or privately funded social insurance schemes, as well as unfunded employee social benefits paid by the employer, including pension payments paid through the state budget rather than through employer social contributions (mostly for some pay-as-you-go systems). Compensation was converted to USD using PPPs for GDP from the OECD *National Accounts Database*. Working time adjustment compensates for differences in time worked (both weekly working time and holidays). A larger working time adjustment generally means that employees work fewer hours and/or days per year. The focus on total compensation allows a comparison of the varying degrees with which governments remunerate their employees via social contributions or via higher wages and salaries. In most cases data are for six central government Ministries/Departments only (Interior, Finance, Justice, Education, Health and Environment or their equivalents). Positions are based on the International Standard Classification of Occupations (ISCO). The main limitations of the data are the less-than-full comparability of occupations across countries, the way countries have interpreted the definition of the positions, and some lack of clarity regarding the level of social contributions and the differing costs of living across countries in capital cities.

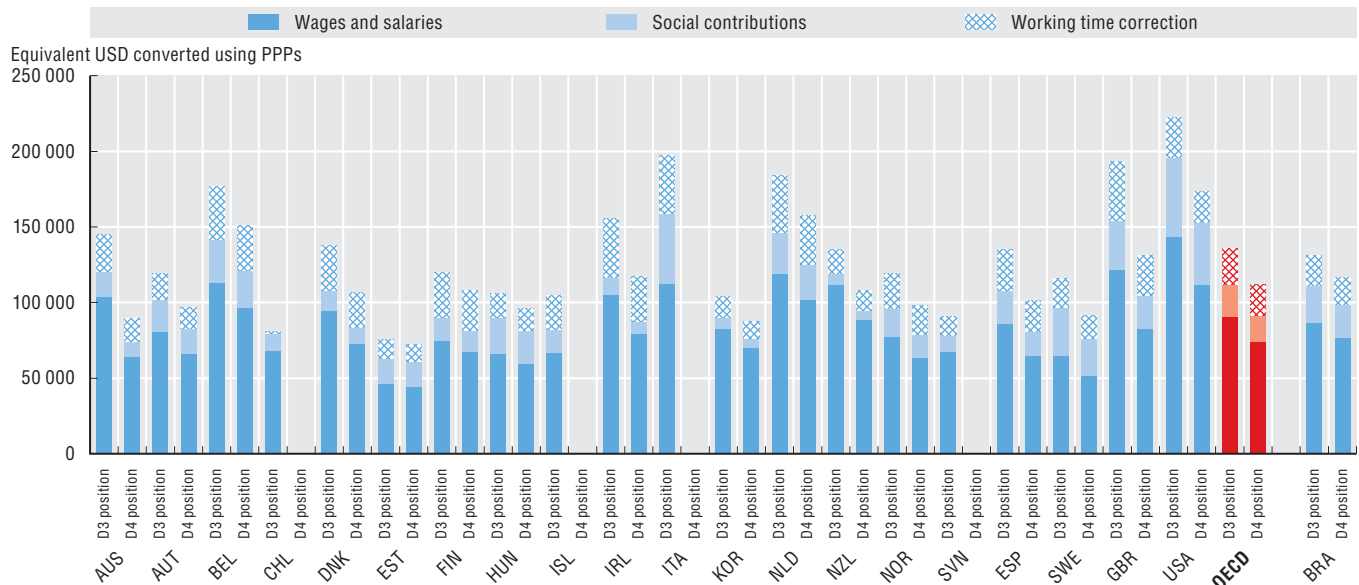
Compensation levels are calculated by averaging the compensation of the staff in place. (It is not the middle point between the minimum and maximum salary.) See Annex D for the full methodology.

VI. COMPENSATION IN SELECTED PUBLIC SECTOR OCCUPATIONS

28. Compensation of middle management in central government

28.1 Average annual compensation of middle managers in central government (2009)

Adjusted for differences in working hours and holidays



Notes: Compensation data for D4 positions are missing or mixed with D3 positions for Chile, Iceland, Italy and Slovenia. **Austria:** Value is median rather than average. **Brazil:** Source of social contribution: IBGE. Source of PPP: World Bank. Data include career salary +60% of *Direção e Assessoramento Superiores*. **Chile:** Data exclude bonuses for critical functions. This affects cross-country comparisons by one to two percentage points depending on the occupational group but may be much higher for top ranking positions. **Estonia:** Data for managers in policy making/basic units of Ministries are presented under D3 and data for managers in support units of the Ministries (budgeting, personnel, IT, etc.) are presented under D4. **Ireland:** Data take into account the decrease in salaries following the *Financial Emergency Measures in the Public Interest Act 2009*. Social contributions rates are for staff hired after 1995 and exclude unfunded pension schemes though the pay-as-you-go system. **Italy:** Public managers' compensation is comprehensive in that it rewards "all functions, tasks, and assignments performed in relation to their office" and also includes social contributions paid by the manager (11% of gross salary). The government introduced cuts in 2011 to the wages of all public managers with a total gross remuneration above EUR 90 000. Reductions amount to 5% for the share of gross remuneration between EUR 90 000 and EUR 150 000, and 10% for the part exceeding EUR 150 000. **Korea:** Civil servants are entitled to 3-21 days of annual leave per year depending on the length of service. **New Zealand:** Data do not include all social payments including sick leave and other unfunded leave payments made by the employers. **Spain:** Data are from 2009 and a major reduction in compensation in May 2010 is not reflected. **The United Kingdom:** Data exclude additional payments. Please see Annex D for additional notes. Data are not available for the Czech Republic, France, Germany, Greece, Israel, Japan, Luxembourg, Mexico, Poland, Portugal, the Slovak Republic, Switzerland and Turkey. Canada withdrew its data.

Source: 2010 OECD Survey on the Compensation of Employees in Central/Federal Governments, OECD STAN Database.

StatLink  <http://dx.doi.org/10.1787/888932390766>



From:
Government at a Glance 2011

Access the complete publication at:
https://doi.org/10.1787/gov_glance-2011-en

Please cite this chapter as:

OECD (2011), "Compensation of middle management in central government", in *Government at a Glance 2011*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/gov_glance-2011-34-en

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