

### Compensation of senior managers

The level of total compensation for senior managers in the public sector is one indicator of the attractiveness of the public sector and of its ability to keep talent for positions with high levels of responsibility in government. Compensation in these positions represents a minimal share of public expenditures, but holds symbolic value as it concerns staff who have a leading role in government policy making and execution and whose appointment is often discretionary.

D1 managers are top public servants below the minister or Secretary of State, and D2 are just below D1 (see Annex D for details). D1 managers earn on average 32% more than D2 managers, but can sometimes earn less than D2 managers because they have less seniority, e.g. have been in their position for less time.

On average, D1 level senior managers' compensation amounts to around USD 230 000 PPP, including about USD 36 000 PPP in employers' social contributions and USD 31 000 PPP for working time correction. D2 level managers' total compensation reaches around USD 175 000 PPP (including employers' social contributions and holidays). Differences in compensation levels across countries result from differences in the share of highly qualified employees, seniority levels and the share of women in senior occupations. Differences can also be the result of different organisational structures in countries. Relative to GDP per capita (accounting for the differences in economic development of the countries), D1 senior managers in Italy, New Zealand, and Chile experienced the highest compensations while in Iceland, the Slovak Republic and Norway, D1 senior managers had among the lowest levels of earnings.

Differences in compensation levels can also result from differences in national labour markets, in particular the remuneration in the private sector for comparable skills. Part of this effect is captured by comparing the average compensation of senior managers to the compensation of tertiary-educated employees. On average, a D1 senior manager's compensation is 3.4 times higher than the average tertiary educated employee's compensation.

#### Methodology and definitions

Data refer to 2011 and were collected by the 2012 OECD Survey on the Compensation of Employees in Central/Federal Governments. Officials from central Ministries and Agencies responded through the OECD Network on Public Employment and Management.

Data are for six central government Ministries/Departments (Interior, Finance, Justice, Education, Health and Environment or their equivalents). The classification and the definition of the occupations are an adaptation of the International Standard Classification of Occupation (ISCO) developed by the International Labour Organization (ILO). Compensation levels are calculated by averaging the compensation of the staff in place.

Total compensation includes wages and salaries, and employers' social contributions, both funded and unfunded. Social contributions are restricted to health and pensions systems, in order to have consistent data across countries.

Compensation was converted to USD using PPPs for GDP from the OECD National Accounts Statistics (database). The data are not adjusted for hours worked per week, since managers are formally or informally expected to work longer hours but adjusted for the average number of holidays.

See Annex D for the full methodology.

#### Further reading

OECD (2012), *Public Sector Compensation in Times of Austerity*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264177758-en>.

#### Figure notes

Data for Canada, the Czech Republic, Hungary, Ireland, Luxembourg, Mexico, Switzerland and Turkey are not available.

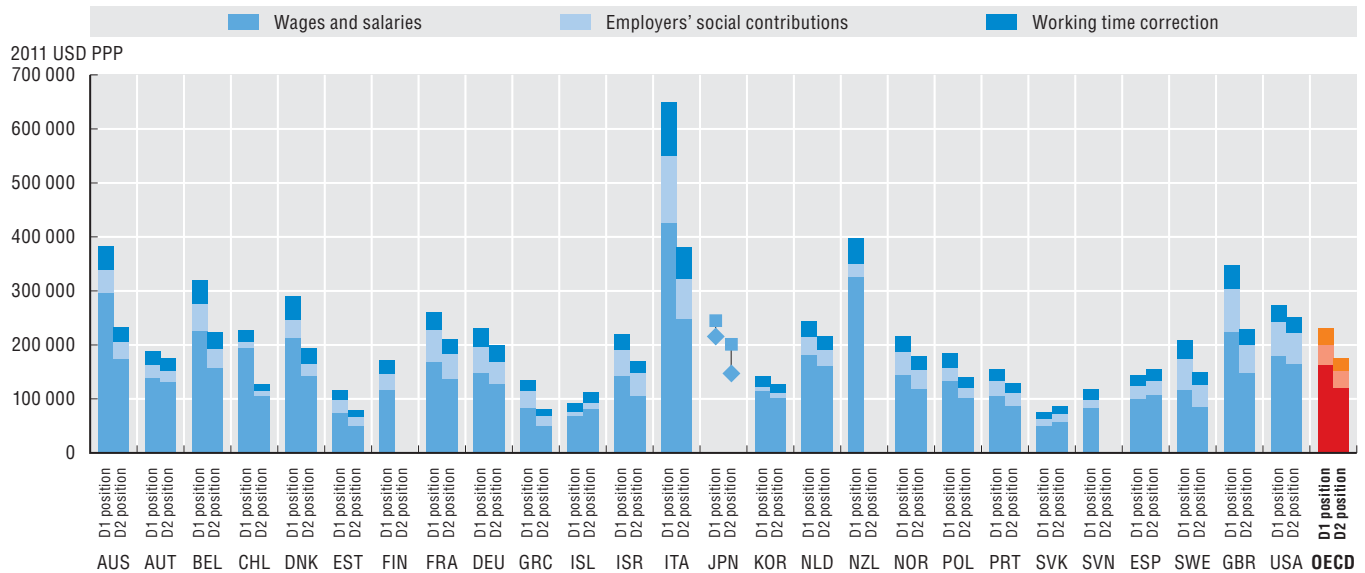
Compensation data for D2 positions are mixed with D1 positions in Finland and Slovenia. **Belgium:** Ministries of Education and Environment are not included because they do not belong to the federal authority. **Denmark:** Ministry of Education is not included because many of its tasks have been moved to other ministries. **Estonia:** data for the Ministries of Education and Environment are not available. **Greece, New Zealand:** only data on entry level and maximum level of compensation are available, the average is hence not the actual average but the mean between the entry level and the maximum level. **Iceland:** the Ministry of Justice belongs to the Ministry of Interior. **Italy:** a law in 2011 limits the level of compensation for senior managers from 2012 onwards to a maximum of USD 370 000 PPP. **Japan:** data are provided in terms of entry and maximum level of total compensation, the arithmetic mean has been taken into account in the OECD average. **The Slovak Republic:** only half of the employees in the Ministry of Justice are included for statistical reasons (consistency of ISCO codes). The head of civil service (one employee of each ministry; D1) is entitled for the coverage of unavoidable expenses in service and other personal expenses to untaxed flat rate compensation each month in the amount of 121% of the highest salary tariff (the highest salary tariff is EUR 935.5). This amount is not included in the data. **Spain:** data for D1 positions do not include incentive payments. **Sweden:** the Ministry of Interior belongs to the prime minister's office and is not included in the data. **The United Kingdom:** data are for 2012 (using PPP 2012) and the average is the median rather than the arithmetic mean.

Please see also Annex D for additional notes.

Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.

### 5.5. Average annual compensation of central government senior managers (2011)

Adjusted for differences in holidays

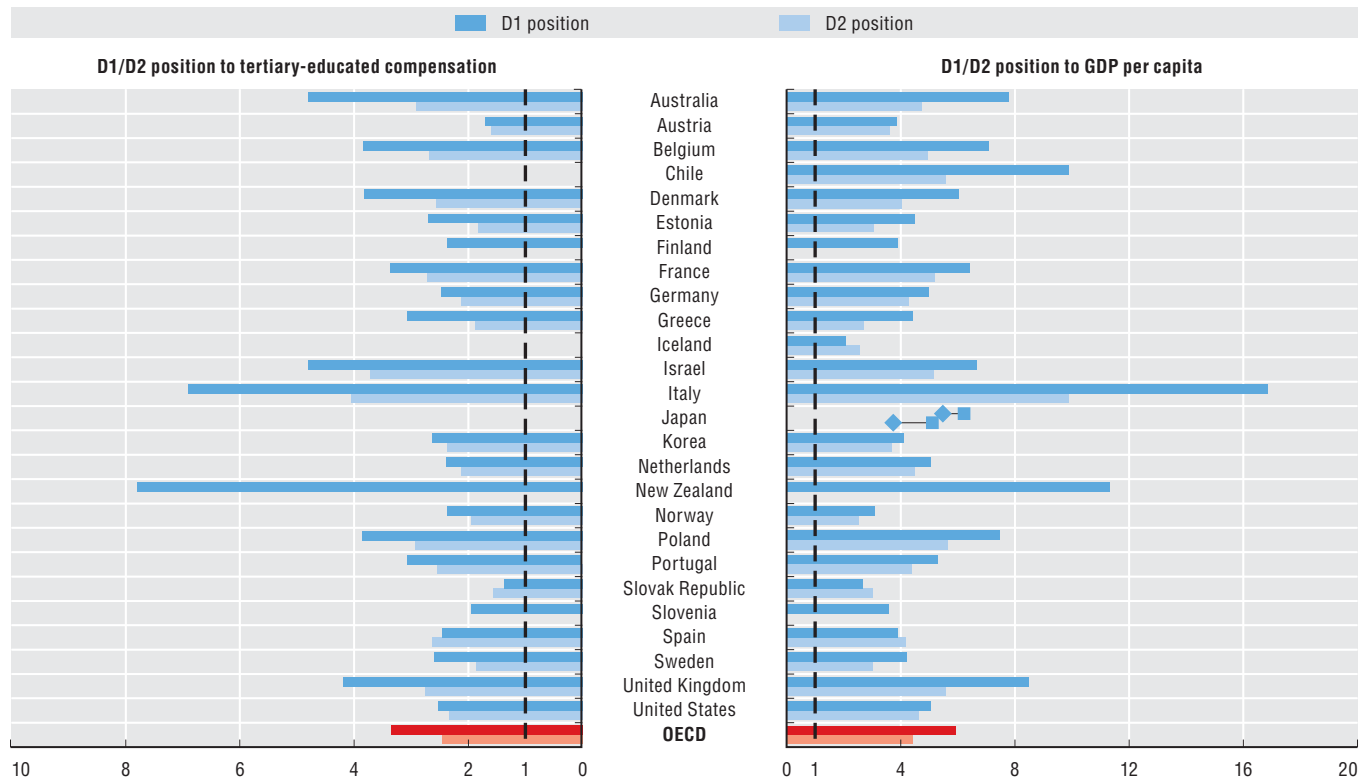


Sources: 2012 OECD Survey on Compensation of Employees in Central/Federal Governments; OECD STAN/National Accounts Statistics (database).

StatLink <http://dx.doi.org/10.1787/888932942317>

### 5.6. Average annual compensation of central government senior officials relative to GDP per capita and to compensation of tertiary-educated workers

Ratio in 2011



Sources: 2012 OECD Survey on Compensation of Employees in Central/Federal Governments; OECD STAN/National Accounts Statistics (database); OECD (2013), Education at a Glance 2013: OECD Indicators, OECD Publishing, Paris, <http://dx.doi.org/10.1787/eag-2013-en>.

StatLink <http://dx.doi.org/10.1787/888932942336>



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