

LABOUR COMPENSATION

Labour compensation per unit labour input shows the average compensation received by employees in the economy. This item is closely linked with other competitiveness indicators, e.g. unit labour costs, shown elsewhere in this publication.

Definition

Labour compensation per unit labour input is defined as total compensation of employees divided by total hours worked by employees in the case of Australia, Austria, Canada, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Ireland, Italy, Korea, Mexico, Norway, Slovak Republic, Spain and Sweden. For all other countries, where data on actual hours worked by employees are not available, labour compensation per unit of labour input is defined as total compensation of employees divided by the number of employees.

The annual measures of labour compensation shown here provide one of the building blocks for international comparisons of competitiveness elaborated by the OECD.

Comparability

Compensation of employees is the sum of the gross wages and salaries and of employers' social security contributions. Data refer to the total economy.

Data on total compensation of employees, total hours worked by them and number of employees are based on annual national account data. This assures a fairly good degree of comparability across countries despite differences in the ways in which countries may implement international guidelines in this field.

Differences in the definition of labour inputs (i.e. hours worked in some countries, number of employees in others) affect the comparability of this series across countries.

Overview

Between 1998 and 2008, labour compensation per unit of labour input in the total economy increased in all OECD countries except Japan. The average annual growth of the labour compensation over this period ranged from -0.6% in Japan to over 35% in Turkey. About two-thirds of all OECD countries (19 countries) recorded annual growth rates in labour compensation per unit of labour of less than 5%. For the OECD area as a whole, the average annual growth hovered around 4%, with a decline from around 6% in 1998 to around 3% in 2007.

Amongst individual OECD countries, the annual growth rates of labour compensation declined the most drastically in Mexico (falling from 24% in 1998 to 5% in 2006) and in Turkey (from 74% to 10%). The annual growth rates of labour compensation decreased significantly also in the United Kingdom and the United States. On the other hand, the annual growth rates of labour compensation per unit of labour input increased in New Zealand and Spain. Hungary, Poland and Estonia experienced high variability in their annual growth rates of labour compensation over the period.

When looking at broader geographical regions, the average annual growth rate of EU27 was 3.6%, while it was limited to 2.8% in the G7 countries and to 2.3% in the Euro area. Over the past 10 years, the annual growth rates of the labour compensation for these three regions have been broadly stable.

Sources

- OECD (2010), *Main Economic Indicators*, OECD, Paris.

Further information

Analytical publications

- OECD Compendium of Productivity Indicators.

Web sites

- Main Economic Indicators, www.oecd.org/std/mei.
- OECD Productivity, www.oecd.org/statistics/productivity/.



Labour compensation per unit labour input, total economy

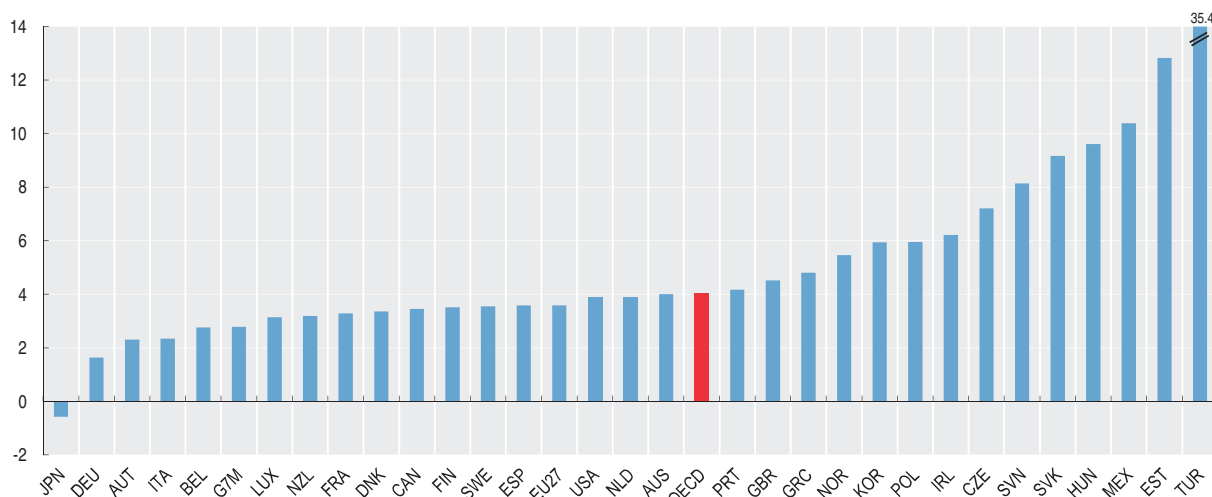
Annual growth in percentage

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Australia	4.3	5.5	3.6	3.1	3.1	3.9	5.0	3.1	4.3	4.4	4.7	4.5	..	..
Austria	4.6	1.0	0.0	2.1	2.3	2.0	1.1	2.3	1.4	1.3	3.4	3.5	3.1	2.9
Belgium	1.4	1.4	3.4	1.3	3.5	2.0	3.6	3.8	1.7	1.9	2.1	3.3	3.8	3.4
Canada	1.6	1.5	5.2	2.9	2.3	5.3	3.1	2.2	3.1	2.7	4.7	4.8	..	..
Czech Republic	..	16.9	8.5	8.2	5.9	6.2	13.7	9.1	9.1	4.7	4.0	5.9	6.7	6.1
Denmark	3.6	4.9	1.6	3.1	2.9	3.0	3.7	4.5	3.9	3.1	3.3	3.1	2.2	4.2
Finland	4.1	2.6	1.6	4.5	2.2	3.7	4.7	1.8	2.8	3.6	3.8	2.9	3.4	5.3
France	3.5	1.7	2.3	2.3	2.4	5.1	3.1	6.0	3.1	1.5	3.2	4.8	1.6	3.2
Germany	4.7	2.7	1.6	1.3	2.0	3.3	2.4	2.1	2.0	0.1	0.6	1.2	0.8	2.2
Greece	..	10.3	16.1	4.2	4.1	5.5	3.5	12.4	7.1	4.0	2.9	0.0	..	..
Hungary	..	21.1	19.8	13.9	4.1	15.8	17.5	12.7	11.1	6.5	7.0	4.9	6.8	6.4
Ireland	..	4.4	5.0	4.8	5.2	8.3	7.8	6.2	6.7	5.5	6.2	5.1	6.4	..
Italy	4.3	4.6	4.9	-2.5	2.1	2.2	4.1	2.9	2.9	2.8	3.7	2.1	2.2	3.4
Japan	1.6	0.6	1.5	-0.1	-1.1	0.4	-0.5	-1.6	-1.4	-1.3	-0.1	0.4	-0.4	..
Korea	14.7	12.9	6.5	8.4	0.1	2.4	8.1	7.4	10.0	5.4	6.9	4.3	6.6	6.1
Luxembourg	1.3	1.9	2.6	0.9	4.0	5.3	3.5	3.1	1.1	3.3	4.6	3.3	3.6	2.0
Mexico	..	20.8	20.5	23.7	16.7	19.7	12.1	3.0	9.6	3.7	1.9	5.3	..	..
Netherlands	1.2	1.7	2.8	4.6	4.2	5.1	5.3	5.3	3.8	3.7	1.7	2.2	3.7	3.5
New Zealand	1.6	2.9	3.7	-0.6	-0.6	3.3	4.3	3.9	4.6	4.9	3.3	4.3	4.7	..
Norway	4.6	4.7	5.2	7.1	5.5	6.1	7.6	5.4	4.8	2.8	4.2	5.7	5.5	5.4
Poland	34.0	27.0	21.5	16.3	11.3	12.2	5.2	2.3	1.6	1.9	1.7	1.8	4.9	7.5
Portugal	..	6.1	6.0	5.5	5.2	6.4	4.0	3.6	3.5	2.6	4.7	2.1	..	..
Slovak Republic	..	15.1	16.6	10.9	7.3	13.4	6.8	11.9	11.8	5.5	7.5	7.7	9.0	9.3
Spain	3.7	3.9	2.1	1.6	1.9	2.8	3.9	3.5	3.7	3.1	4.1	4.1	5.5	5.3
Sweden	2.4	6.3	4.6	2.6	0.8	8.5	5.7	4.5	4.3	2.4	3.4	2.3	3.9	0.9
Turkey	66.9	93.4	101.8	74.2	74.8	44.9	43.6	37.8	27.9	16.5	6.2	10.4	..	..
United Kingdom	3.6	3.4	4.1	6.8	4.7	5.4	4.9	3.7	4.7	4.1	3.8	4.6	3.7	3.3
United States	3.3	3.2	3.8	5.9	4.7	5.4	3.2	2.4	3.7	3.8	3.7	3.8	3.7	2.5
Euro area	3.3	2.8	0.2	0.8	2.7	2.6	2.6	2.6	2.3	2.2	2.0	2.3	2.6	3.1
EU27 total	..	4.8	4.3	3.3	3.2	4.6	4.2	4.1	3.8	2.6	3.4	3.4	3.2	3.7
Major seven	3.2	2.6	3.2	3.4	2.9	4.0	2.6	2.1	2.6	2.3	2.7	3.0	2.4	2.7
OECD total	..	6.0	6.4	6.0	5.1	5.6	4.4	3.4	3.8	2.9	3.0	3.4	2.9	..
Estonia	..	28.6	20.1	13.8	8.3	14.5	9.6	9.1	10.9	10.6	9.7	14.7	26.3	14.7
Slovenia	..	13.7	12.5	8.7	8.7	10.2	11.9	8.7	8.0	7.8	5.3	5.5	6.4	8.5

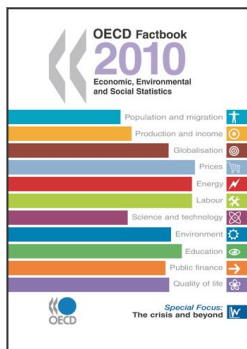
StatLink <http://dx.doi.org/10.1787/824765740726>

Labour compensation per unit labour input, total economy

Average annual growth in percentage, 1998-2008 or latest available period



StatLink <http://dx.doi.org/10.1787/818715472216>



From:
OECD Factbook 2010
Economic, Environmental and Social Statistics

Access the complete publication at:
<https://doi.org/10.1787/factbook-2010-en>

Please cite this chapter as:

OECD (2010), "Labour Compensation", in *OECD Factbook 2010: Economic, Environmental and Social Statistics*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/factbook-2010-32-en>

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