

UNIT LABOUR COSTS, LABOUR PRODUCTIVITY AND LABOUR COMPENSATION

Unit labour costs measure the average cost of labour per unit of output. As such, a unit labour cost represents a link between productivity and the cost of labour in producing output. The data presented in this publication are an output of the OECD System of Unit Labour Cost and related indicators database which produces annual and quarterly unit labour cost and related indicators according to a specific methodology to ensure data are comparable across OECD countries.

Definition

Unit labour costs are calculated as the quotient of total labour costs and real output, or equivalently as labour compensation per unit labour input divided by labour productivity. Labour compensation per unit labour input is defined as compensation of employees (SNA 93 definition) divided by total hours worked by employees of businesses (or person counts of total employees if data on hours worked are not available). Labour productivity is real output (gross value added) divided by total hours worked by all persons in employment (or counts of total employed persons if data on hours worked are not available). The Business Sector (excluding Agriculture) is defined as the sum of predominantly market orientated industries, namely ISIC Rev. 3 divisions C, D, E, F, G, H, I, and J.

Comparability

Every effort has been made to ensure that data are comparable across countries. The primary data source is the OECD System of National Accounts database within which data is expected to be compiled on a similar basis across countries according to the SNA 93. Therefore cross country comparisons of developments in indexes of unit labour costs, labour productivity and labour compensation per unit labour input over time can be made with a strong degree of confidence. In all cases countries were consulted in the initial compilation of annual unit labour costs and related indicators.

The target variable for labour input is total hours worked for both total employment (unit labour cost, and labour productivity) and employees (unit labour cost, and labour compensation per unit labour input) compiled according to the 1993 System of National Accounts. However, total hours worked are only available for the following countries: Australia, Austria, Canada, Denmark, France, Germany, Greece, Hungary, Italy, Korea, Norway, the Slovak Republic, Spain and Sweden. For the remaining countries (and the Euro area) persons are used for total employment or total employees.

Long-term trends

Business Sector: over the period shown (1993-2006) in the tables and graphs, annual average growth in labour productivity and unit labour costs have shown moderate increases, while labour compensation per unit labour input has shown stronger growth. Only Japan and Finland have recorded negative annual average growth in unit labour costs over this period driven by annual average growth in labour productivity growing faster than labour compensation per unit labour input. Korea, Poland and the Slovak Republic all show average annual growth in labour productivity of 4% or above with all three also having strong annual average growth in labour compensation per unit labour input leading to strong annual average growth in their unit labour costs.

Sources

- OECD System of Unit Labour Cost Indicators.

Further information

Analytical publications

- Official Launch of the OECD System of Unit Labour Cost Indicators, www.oecd.org/std/statisticsnewsletter. The OECD Statistics Newsletter, April 2007, Issue 36.

Statistical publications

- OECD (2007), *Main Economic Indicators*, OECD, Paris.


Online databases

- OECD System of Unit Labour Cost and Related Indicators.

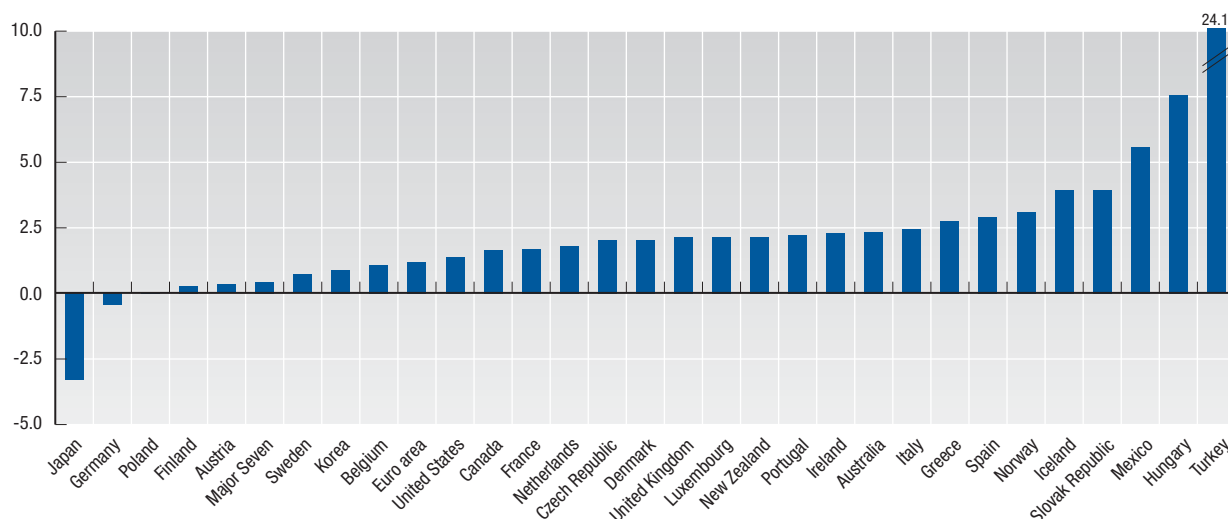

Unit labour costs, business sector

Annual growth in percentage

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Australia	-0.3	0.3	3.7	1.0	0.7	0.1	1.2	3.9	0.5	0.6	1.9	4.2	3.0	..
Austria	3.6	0.8	0.0	-1.4	0.1	0.4	-0.3	-0.8	1.2	1.1	0.5	-0.7	1.4	-0.3
Belgium	5.1	0.1	-0.1	0.9	-0.1	1.1	2.3	0.6	3.9	1.2	-0.3	-0.1	0.9	1.5
Canada	-0.9	-2.0	1.1	2.2	2.0	1.6	-0.1	1.5	3.0	0.0	2.2	..	..	..
Czech Republic	28.1	15.1	12.0	12.3	11.3	8.9	2.1	2.3	5.2	4.4	3.5	1.1	-2.2	0.2
Denmark	1.6	-2.9	1.3	2.7	1.0	3.9	0.3	-0.3	4.6	3.7	1.7	0.8	1.5	2.4
Finland	-5.9	-3.6	3.4	-0.5	-0.6	1.0	0.2	-0.2	2.8	0.1	0.2	-1.1	1.9	-1.6
France	2.6	-0.7	0.6	1.5	0.5	-0.5	0.3	1.3	2.1	2.7	1.1	1.6	1.4	..
Germany	4.7	0.0	2.0	0.7	-1.6	0.0	0.5	0.1	0.3	0.4	0.4	-1.3	-0.9	-1.9
Greece	..	..	..	8.4	8.2	5.4	1.7	0.3	-1.5	4.4	1.9	3.1	5.8	5.5
Hungary	15.9	10.0	19.7	20.3	13.6	9.0	1.8	12.2	11.2	4.3	5.5	9.4	3.1	..
Iceland	-1.4	1.0	5.0	3.1	2.4	7.5	6.4	5.2	4.8	7.3	1.2	-0.6	6.0	..
Ireland	2.1	2.0	-3.4	-0.6	-0.2	6.3	1.3	4.0	2.3	-2.3	2.5	3.3	4.1	2.4
Italy	1.1	-1.1	1.1	5.1	2.5	-0.6	2.3	-0.8	2.2	4.0	4.5	2.2	3.5	1.6
Japan	1.0	0.2	-1.5	-2.3	-0.5	-0.3	-3.2	-2.5	-2.1	-4.1	-4.5	-4.3	-2.3	..
Korea	7.0	7.0	8.8	6.8	-0.3	1.0	-5.0	-2.0	3.8	0.6	5.8	-0.5	-0.1	-1.1
Luxembourg	2.8	1.0	0.8	3.1	-0.7	-0.9	1.8	3.1	6.2	1.2	1.4	0.8	0.7	1.8
Mexico	13.4	6.1	23.4	19.6	18.5	16.5	15.8	10.1	8.5	4.7	3.1	1.7	..	..
Netherlands	2.3	-0.7	0.5	0.8	1.9	2.3	1.2	2.5	4.7	4.2	1.5	-0.5	-0.6	1.1
New Zealand	-1.2	2.9	1.2	3.5	1.8	0.6	-4.1	-0.1	3.6	1.3	3.9	..	..	..
Norway	-0.4	-1.7	0.9	0.7	3.1	8.3	5.3	1.5	3.1	3.1	0.3	1.2	4.5	8.2
Poland	28.3	30.1	25.0	23.9	17.3	14.4	3.6	3.0	7.9	-4.5	-2.8	-3.1	0.1	..
Portugal	4.1	3.5	-0.7	3.3	1.9	4.2	3.5	2.5	1.9	3.5	2.6	0.7	..	..
Slovak Republic	..	19.9	8.6	1.0	15.2	6.3	5.1	12.8	1.3	7.7	2.5	4.8	2.3	-3.0
Spain	7.4	1.1	2.5	4.3	4.0	2.6	2.3	4.0	3.4	3.0	3.1	2.2	2.2	2.4
Sweden	-4.2	-0.5	-1.1	4.4	0.4	0.9	-2.0	4.4	6.0	-1.1	-1.0	-2.4	-0.3	-0.3
Turkey	59.3	69.0	55.6	91.4	93.4	73.3	88.1	51.3	45.1	29.5	18.2	13.2	7.7	10.5
United Kingdom	-1.0	-1.4	2.0	0.5	2.1	4.4	2.3	2.6	3.4	2.1	2.0	0.6	2.9	1.5
United States	0.6	0.1	2.5	1.8	2.4	3.6	1.6	4.4	1.4	-2.0	-0.5	1.8	1.0	3.8
Euro area	3.5	-0.2	1.2	1.8	-2.0	-0.1	1.5	0.8	1.8	2.1	1.6	0.7	0.9	0.6
Major Seven	1.2	-0.2	1.3	1.0	1.2	1.9	0.6	2.0	1.0	-1.0	-0.3	0.3	0.6	..

 StatLink  <http://dx.doi.org/10.1787/276128531605>
Unit labour costs, business sector

Average annual growth in percentage, 2000-2006 or latest available period


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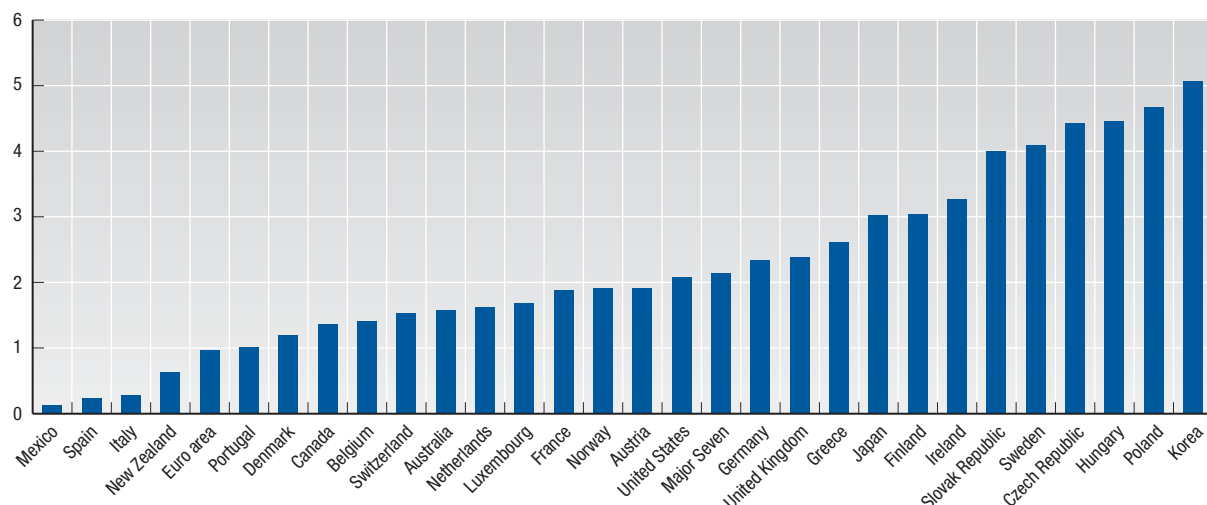

Labour productivity, business sector

Annual growth in percentage

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Australia	2.2	0.5	2.1	3.7	3.6	3.0	1.3	0.3	5.4	2.0	1.5	-0.7	1.1	..
Austria	0.6	3.3	4.0	1.7	1.4	2.6	3.9	4.0	0.6	1.4	1.3	1.7	1.3	3.2
Belgium	-1.4	3.6	1.4	0.4	3.7	-0.3	1.8	1.4	0.1	2.1	2.0	2.2	0.4	1.7
Canada	1.8	2.0	1.5	-0.2	3.2	1.9	2.4	3.6	0.2	1.2	0.7	0.0	2.6	..
Czech Republic	..	..	..	3.9	-1.0	0.3	5.3	4.8	1.9	1.9	4.6	5.1	6.7	6.1
Denmark	0.5	6.9	1.7	1.6	0.9	-1.2	1.7	2.4	-0.5	0.9	2.9	1.1	0.9	0.7
Finland	8.0	8.5	2.1	2.7	2.9	4.0	2.1	4.3	2.6	1.3	2.4	4.7	1.7	4.4
France	1.1	2.5	2.3	0.0	1.8	2.7	1.6	3.9	0.3	2.5	2.1	0.4	2.1	..
Germany	0.7	3.3	2.3	2.2	3.1	1.1	1.2	3.5	2.3	1.8	1.9	1.5	2.0	3.4
Greece	..	..	..	5.0	4.1	-0.3	2.0	5.1	3.6	1.8	4.5	2.8	0.5	0.1
Hungary	..	..	..	2.0	3.4	4.7	-0.5	3.7	4.1	4.7	5.2	4.5	3.9	5.1
Ireland	2.0	2.6	5.8	5.9	5.4	-0.9	4.5	4.3	4.5	6.7	2.2	1.9	1.2	2.2
Italy	1.9	5.2	4.1	-1.1	1.7	-0.9	-0.2	2.9	0.4	-1.1	-1.8	0.0	0.6	1.0
Japan	-0.3	1.3	3.2	2.9	2.0	-0.2	1.8	3.4	1.5	2.9	3.1	4.4	2.9	..
Korea	4.3	5.3	6.4	4.8	5.6	6.3	8.0	5.7	3.0	5.7	5.6	5.0	5.9	4.6
Luxembourg	2.8	3.8	-0.2	-1.2	3.1	1.8	2.0	3.1	-2.7	1.4	0.5	2.7	3.3	3.6
Mexico	..	..	..	3.4	3.9	-3.0	4.0	1.8	-1.3	-0.9	-0.3	1.4	..	..
Netherlands	0.2	3.1	0.4	1.0	0.9	1.6	2.1	2.2	0.2	0.2	2.0	4.2	1.5	1.1
New Zealand	6.0	0.8	-0.7	0.3	1.1	-2.2	3.8	1.9	1.8	1.5	1.3	1.0	-3.6	..
Norway	2.2	5.0	3.4	3.9	2.1	-1.3	0.4	4.4	3.6	2.1	3.3	1.6	0.3	-1.8
Poland	7.4	6.8	4.2	5.6	3.7	1.5	10.4	8.9	1.1	4.1	4.4	6.8	2.9	..
Portugal	1.3	0.5	5.8	3.0	4.1	0.5	1.0	2.7	1.2	-0.4	0.0	1.6	..	..
Slovak Republic	..	..	..	2.4	5.4	8.5	0.1	1.4	3.3	4.5	7.5	3.6	-0.6	8.6
Spain	1.1	2.6	0.5	-1.5	-1.4	-1.0	-0.7	-1.0	0.5	0.4	0.5	0.2	1.1	0.0
Sweden	6.2	4.2	3.6	1.7	5.0	2.7	2.3	4.2	-0.2	5.7	4.7	5.7	4.8	3.9
Switzerland	0.7	1.4	1.6	3.0	2.7	1.5	-1.5	2.0	2.0	2.2	-0.2	0.9	2.3	..
United Kingdom	3.8	4.3	1.6	2.7	1.4	2.6	2.9	3.4	1.2	1.6	2.8	3.6	1.3	2.8
United States	1.1	1.8	0.6	2.4	2.3	3.3	2.9	1.8	1.2	3.2	2.4	3.2	1.7	1.1
Euro area	0.5	3.4	1.9	0.6	1.9	0.8	0.7	1.6	0.5	0.3	0.6	1.3	0.8	1.7
Major Seven	1.0	2.3	1.8	2.0	2.2	1.9	2.2	2.6	1.2	2.4	2.1	2.7	1.9	..

 StatLink  <http://dx.doi.org/10.1787/276157315844>
Labour productivity, business sector


Average annual growth in percentage, 2000-2006 or latest available period


 StatLink  <http://dx.doi.org/10.1787/272274323024>

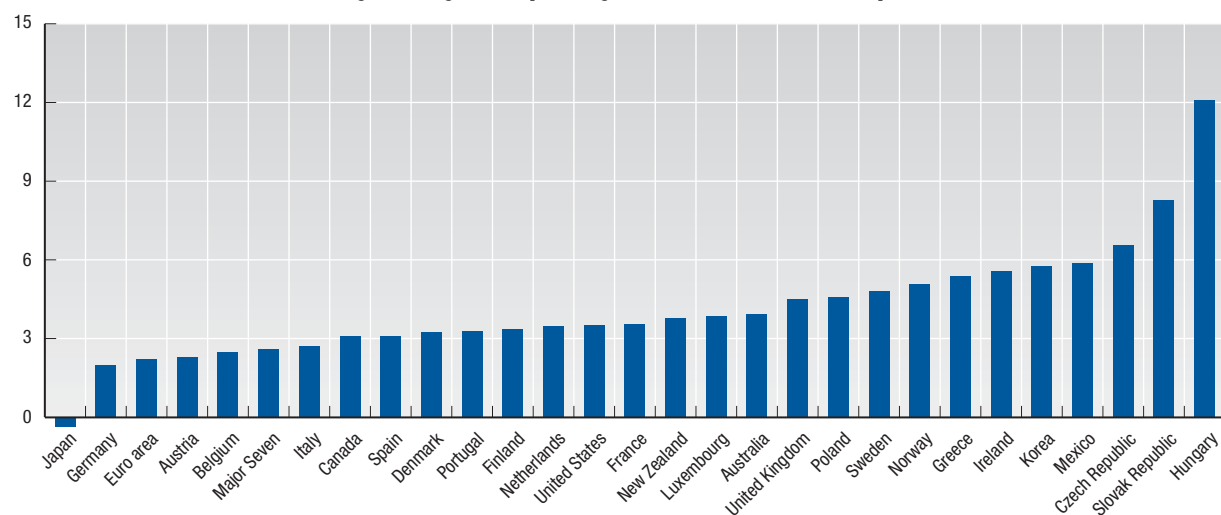
Labour compensation per unit labour input, business sector

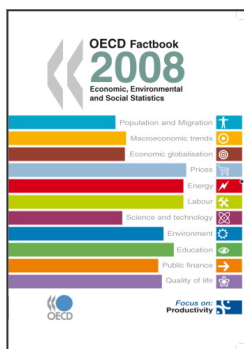
Annual growth in percentage

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Australia	1.8	0.9	6.1	4.6	4.3	3.1	2.6	4.2	5.8	2.6	3.5	3.3	4.2	..
Austria	4.2	4.0	4.0	0.2	1.5	2.9	3.7	3.2	1.9	2.5	1.7	1.0	2.7	3.1
Belgium	3.4	4.0	1.6	1.3	3.6	0.8	4.0	1.8	3.8	3.5	1.6	2.2	1.3	3.2
Canada	0.9	0.1	2.5	1.9	4.9	3.5	2.1	5.1	3.2	1.2	2.8	..	..	..
Czech Republic	..	..	..	16.5	10.0	9.4	7.7	7.1	7.2	6.3	8.4	6.3	4.3	6.2
Denmark	2.1	3.8	3.0	4.3	2.0	2.6	2.1	2.1	4.1	4.6	4.6	1.9	2.4	3.1
Finland	1.7	4.6	5.6	2.3	2.3	5.0	2.3	4.1	5.5	1.4	2.6	3.6	3.6	2.8
France	3.7	1.8	3.0	1.5	2.4	2.2	1.9	5.2	2.3	5.2	3.2	2.0	3.5	..
Germany	5.4	3.3	4.5	3.1	1.5	1.1	1.8	3.7	2.6	2.2	2.4	0.2	1.1	1.6
Greece	..	..	..	14.1	12.1	4.6	3.3	5.4	2.3	6.2	6.6	5.6	6.3	5.3
Hungary	..	..	..	22.5	17.0	13.2	1.7	16.8	15.5	8.4	11.0	14.2	6.9	..
Ireland	..	..	..	5.1	5.0	5.3	5.7	8.2	6.7	4.0	4.7	5.4	5.4	4.6
Italy	3.2	4.2	5.1	4.1	4.1	-1.8	2.1	2.0	2.8	2.7	2.8	2.1	4.0	2.6
Japan	0.7	1.4	1.7	0.5	1.5	-0.5	-1.5	0.7	-0.6	-1.2	-1.6	0.0	0.5	..
Korea	12.8	12.6	15.9	12.7	6.0	9.1	0.5	2.8	6.1	6.8	10.8	5.0	5.7	3.2
Luxembourg	5.6	4.8	0.7	1.8	2.3	0.9	3.9	6.3	3.3	2.5	1.9	3.4	4.0	5.5
Mexico	..	..	..	23.5	23.1	12.9	20.2	12.3	7.4	4.1	3.0	2.8	..	..
Netherlands	2.5	2.4	0.9	1.8	2.7	3.8	3.3	4.7	5.0	4.4	3.5	3.7	0.8	2.2
New Zealand	4.7	3.7	0.4	3.8	2.8	-1.4	-0.6	1.8	5.5	2.7	5.2	..	..	..
Norway	1.7	3.2	4.4	4.5	5.3	6.9	5.7	5.9	6.9	5.3	3.6	2.8	4.9	6.1
Poland	38.2	38.7	30.3	31.0	21.8	16.4	14.4	12.2	8.7	-0.7	1.4	3.6	2.9	..
Portugal	..	..	..	6.5	6.0	4.7	4.5	5.2	3.2	3.1	2.6	2.3	..	..
Slovak Republic	..	..	..	3.6	20.4	15.6	5.2	14.2	5.0	12.7	10.3	8.5	2.3	5.5
Spain	8.8	3.7	2.9	2.8	2.3	1.4	1.2	2.7	3.9	3.3	3.6	2.5	3.3	2.3
Sweden	..	3.7	2.4	6.2	5.3	3.6	0.3	8.7	5.8	4.5	3.6	3.1	4.5	3.6
United Kingdom	2.9	2.9	3.1	2.7	3.7	7.2	5.2	6.0	4.5	3.6	4.6	4.2	4.2	4.4
United States	1.7	1.9	3.1	4.2	4.8	7.0	4.5	6.3	2.6	1.2	1.9	5.1	2.6	4.9
Euro area	4.0	3.3	3.1	2.5	-0.1	0.7	2.1	2.5	2.3	2.4	2.2	2.1	1.7	2.3
Major Seven	2.2	2.1	3.1	3.0	3.5	3.9	2.7	4.6	2.2	1.4	1.8	3.2	2.4	..

 StatLink  <http://dx.doi.org/10.1787/276181136065>
Labour compensation per unit labour input, business sector

Average annual growth in percentage, 2000-2006 or latest available period


 StatLink  <http://dx.doi.org/10.1787/272307083456>



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