

J.3. Average wage: employee compensation per employee

■ In all countries for which data are available, average compensation per employee is higher for foreign-controlled affiliates than for national firms both in manufacturing and services industries. Average wages are higher in the manufacturing sector than in the services sector.

■ Differences in average wage between industries and types of companies are directly related to differences in (apparent) labour productivity. Value added per employee is higher in manufacturing than in services; this partially explains the higher average compensation per employee in manufacturing.

■ Along the same lines, apparent labour productivity is higher in foreign affiliates than in firms under national control. This results in higher average wages because foreign affiliates are largely in more labour-productive and higher capital-intensive industries and typically use more capital-intensive technologies.

■ The differences may also be due to other factors as well, such as differences in skills between the two types of firms. Other reasons might be differences in the number of hours worked, the organisation of the labour market and average firm size.

Sources

- OECD, *AFA Database*, January 2010.
- OECD, *FATS Database*, January 2010.

For further reading

- OECD (1994), *The Performance of Foreign Affiliates in OECD Countries*, OECD, Paris.
- OECD (2005), *Measuring Globalisation: OECD Handbook on Economic Globalisation Indicators*, OECD, Paris, www.oecd.org/sti/measuring-globalisation.

Employee compensation

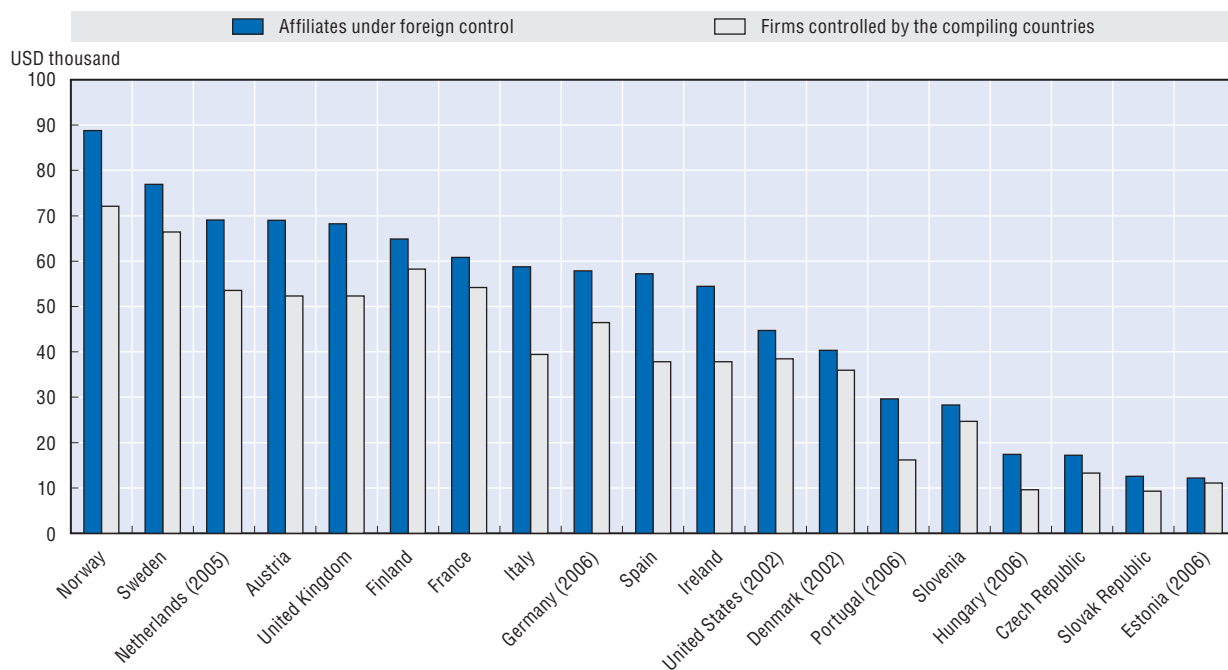
Employee compensation is defined as the total remuneration, in cash or in kind, payable by an enterprise to an employee in return for work done by the latter during the accounting period. Compensation of employees has two main components:

- Wages and salaries payable in cash or in kind.
- The value of the social contributions payable by employers; these may be actual social contributions payable by employers to social security schemes or to privately funded social insurance schemes to secure social benefits for their employees; or imputed social contributions by employers providing unfunded social benefits. (SNA 1993, § 7.21 and 7.31)

“Social security costs for the employer include the employer’s social security contributions to schemes for retirement pensions, sickness, maternity, disability, unemployment, occupational accidents and diseases, and family allowances as well other schemes. Optional social benefits are also a cost for the employer.” (*Definition of Economic Variables*, Code 13330, Eurostat.)

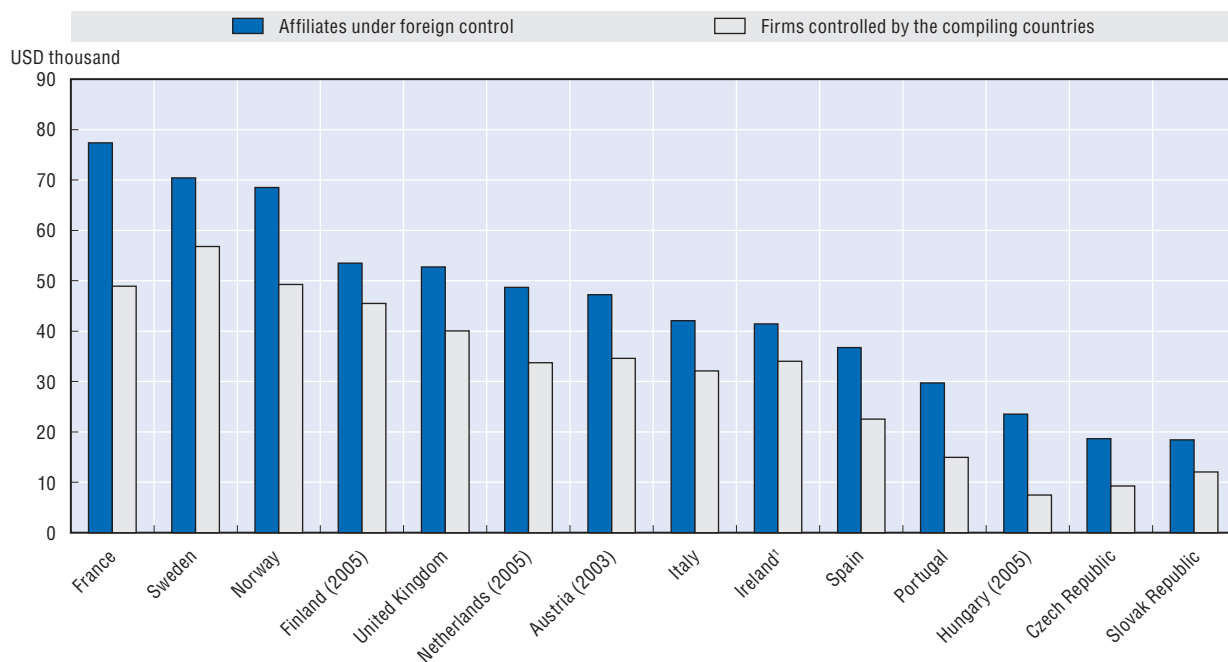
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Figure J.3.1. Compensation per employee of foreign affiliates and national firms in manufacturing, 2007



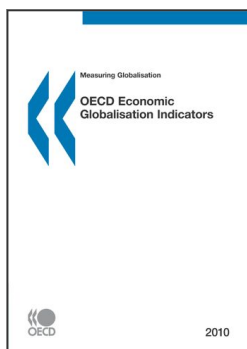
StatLink <http://dx.doi.org/10.1787/844728521770>

Figure J.3.2. Compensation per employee of foreign affiliates and national firms in services, 2006



1. Enterprises with 20 employees or more.

StatLink <http://dx.doi.org/10.1787/844758182662>



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