

13. Compensation of employees

- In 2011, five countries recorded shares of compensation of employees relative to value added above 60%: Denmark (64.7%), Switzerland (63.8%), Sweden and the United Kingdom (60.3%) and Iceland (60.2%).
- In contrast, Mexico and Greece recorded relatively low compensation shares of 28% and 40%, respectively, in 2011, partly due to the share of unincorporated enterprises.

Compensation of employees reflects the total remuneration in cash or in kind paid to employees and comprises gross wages and salaries and the value of social contributions paid by employers. They typically form the largest part of value added. Combined with estimates of labour input they provide the basis for a number of important statistics including unit labour costs and average earnings; which play an important role in many countries in monetary policy and cross country comparisons of labour costs.

Definition

Compensation of employees is made up of two components:

- Wages and salaries payable in cash or in kind: These include the values of any social contributions, income taxes, etc., payable by the employee even if they are actually withheld by the employer and paid on behalf of the employee.
- The value of social contributions payable by employers: These may be the actual social contributions payable by employers to social security schemes or to private funded social insurance schemes to secure social benefits for their employees; or imputed social contributions by employers providing social benefits through unfunded schemes.

Compensation of employees is not payable in respect of unpaid work undertaken voluntarily, including the work done by members of a household within an unincorporated enterprise owned by the same household. Compensation of employees excludes any taxes payable by the employer on the wage and salary bill (e.g. payroll tax, fringe benefits tax).

It's important to note that compensation of employees does not represent the entire costs of labour within production. Mixed income, which reflects the income paid to the

owner(s) or members of the same household who contribute unpaid labour inputs in unincorporated enterprises owned by households, also contains a labour component.

Comparability

Comparability is generally very good across all countries. The presented tables and figures showing breakdowns by activities are re-based on the recently revised classification system (ISIC Rev. 4). However, the following countries report their data according to ISIC Rev. 3: Canada, Israel, Japan, Mexico and Turkey, as well as India, Indonesia, the Russian Federation and South Africa for non-OECD member economies. For more information see "Reader's guide – Industrial classification". Some care should be taken in interpreting labour costs by activity however, especially in a cross-country context. In some countries, and notably in some sectors, the shares of self-employed in the labour force may be significant and, so, differences in the shares of compensation of employees across countries may reflect institutional differences, for example tax incentives to be self-employed or otherwise. This can also have implications in a temporal context. For example systematic declines in the contribution of compensation of employees to value added may reflect a move by individuals to become self-employed rather than a decline in the share of labour overall; this can be both through push and pull mechanisms. For example squeezes on wages and salaries and social benefits (push) or tax incentives (pull).

Figure 13.1: the 6 activity level have been grouped into 3 activities, agriculture, industries (including construction) and services.

Source

OECD (2013), *National Accounts of OECD Countries*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/2221433x>.

Online database

OECD (2013), "Aggregate National Accounts: Gross domestic product", *OECD National Accounts Statistics* (database), <http://dx.doi.org/10.1787/data-00001-en>.

Further reading

Lequiller, F. and D. Blades (2007), *Understanding National Accounts*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264027657-en>.

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

Table 13.1. **Compensation of employees**
Percentage of gross value added

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Australia	53.3	53.8	52.9	53.0	52.5	52.5	51.9	52.0	52.2	50.2	50.9	50.7	51.3	52.1
Austria	57.8	57.0	56.2	55.5	55.5	54.5	54.1	53.3	53.0	54.0	55.9	55.4	54.7	55.6
Belgium	57.7	57.1	58.3	58.6	58.0	56.7	56.3	56.2	56.1	57.2	58.6	57.4	57.7	59.0
Canada	55.3	54.5	55.2	55.5	55.0	54.7	54.3	54.9	54.9	54.2	..	..	..	..
Chile	45.2 e	43.8 e	43.8 e	43.6 e	42.5 e	39.9 e	38.3 e	34.8 e	35.2 e	39.7	41.1	39.3	40.5	..
Czech Republic	44.2	44.3	44.3	45.2	45.6	45.8	46.2	45.9	45.8	46.5	46.2	46.5	47.2	48.0
Denmark	63.2	61.2	62.5	63.2	63.5	62.7	62.9	63.2	64.7	65.3	68.2	65.0	64.7	64.1
Estonia	51.5	50.6	49.8	49.7	49.6	50.1	49.9	50.5	52.5	57.1	59.1	55.5	52.8	53.2
Finland	55.5	54.2	54.5	54.6	55.8	55.3	56.4	56.1	54.4	56.3	60.4	59.2	59.4	60.3
France	58.3	58.1	58.3	58.8	58.8	58.5	58.5	58.5	57.8	58.1	59.4	59.3	59.3	59.6
Germany	59.7	60.5	60.0	59.4	59.2	57.9	56.8	55.5	54.5	55.5	58.2	56.8	56.7	57.6
Greece	38.9 e	38.5 e	37.9 e	40.7 e	39.7 e	39.8 e	40.2	39.7	40.1	40.4	41.2	41.2	40.0	37.5
Hungary	50.9	52.7	52.5	52.6	54.0	53.9	54.2	53.3	54.7	54.5	54.9	53.6	53.0	53.5
Iceland	64.5	65.7	62.8	63.8	65.9	66.1	68.3	70.9	72.8	65.0	56.9	58.8	60.2	..
Ireland	45.4	44.0	44.3	43.1	43.6	44.8	46.2	46.7	47.1	51.2	51.4	48.3	46.3	46.8
Israel	57.7	57.7	59.4	57.3	56.7	54.9	54.2	55.0	55.6	55.8	53.8	54.1	54.5	..
Italy	44.5	43.9	43.8	44.1	44.4	44.3	45.1	45.8	45.5	46.4	47.5	47.4	47.3	47.7
Japan	53.2 e	53.1 e	53.3	52.4	51.5	50.6	50.7	50.8	50.0	51.5	52.0	50.9	52.3	..
Korea	47.9	48.1	49.1	49.0	50.0	49.8	51.1	51.5	51.3	51.6	51.5	49.9	50.3	50.9
Luxembourg	51.1	51.8	54.9	55.1	52.7	52.8	51.5	48.6	47.7	52.1	56.3	52.9	52.7	53.8
Mexico	31.7 e	32.1 e	33.2 e	33.0 e	32.5	30.8	30.4	29.2	28.3	28.3	29.9	28.9	28.0	..
Netherlands	57.3	56.7	57.2	57.6	57.8	57.5	55.8	55.3	55.2	55.8	58.4	57.3	57.1	57.5
New Zealand	44.0	43.7	43.6	44.4	44.7	45.3	46.5	47.5	47.5	49.5	48.7	..	..	..
Norway	56.3	49.0	50.1	52.7	51.9	49.3	46.6	45.8	48.3	47.2	52.7	50.8	49.9	50.2
Poland	47.1	45.2	46.0	44.3	43.3	40.7	40.7	40.4	40.6	42.6	41.5	41.8	41.1	40.7
Portugal	55.8	56.1	56.1	56.5	56.9	56.5	58.0	57.6	56.7	57.4	57.8	57.3	57.0	55.0
Slovak Republic	45.4	45.7	43.9	43.9	43.3	41.3	41.9	40.6	40.2	40.1	42.2	41.6	41.7	41.4
Slovenia	58.1	59.0	59.2	58.5	58.0	58.1	58.1	57.5	56.7	58.0	60.6	61.3	60.0	60.3
Spain	54.8	54.8	54.2	53.8	53.6	53.1	53.2	53.2	53.3	53.9	54.0	53.9	53.2	51.1
Sweden	60.2	62.4	64.4	63.9	63.2	62.2	62.0	60.4	61.2	61.4	63.0	60.9	60.3	61.3
Switzerland	62.5	62.3	64.2	65.2	64.7	63.1	63.2	62.1	61.4	61.4	64.4	62.7	63.8	64.7
Turkey	..	..	..	..	..	..	..	..	..	..	..	..	..	..
United Kingdom	59.9	61.1	61.8	60.9	60.2	60.0	59.6	59.7	59.5	59.2	60.9	60.4	60.3	60.7
United States	59.9	60.9	60.8	59.9	59.3	58.9	58.1	58.2	58.6	58.9	58.0	57.1	57.2	56.8
Euro area	55.1	55.0	54.8	54.8	54.7	54.0	53.8	53.5	53.0	53.8	55.4	54.8	54.7	54.9
OECD-Total	..	..	..	..	..	..	..	..	..	..	..	..	..	..
China	..	52.7	52.5	53.6	52.8	50.6	50.3	49.1	48.0	47.8	48.8	47.3	46.8	..
India	..	..	..	..	..	30.3	29.1	27.8	27.7	29.6	30.0	..	..	..
Indonesia	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Russian Federation	45.4 e	45.9 e	49.2 e	52.9	53.6	52.8	51.2	52.2	54.5	55.6	60.3	57.4	58.2	59.3
South Africa	54.7	52.8	51.2	49.6	50.1	50.1	49.9	49.5	49.2	48.9	49.7	50.3	50.7	51.1


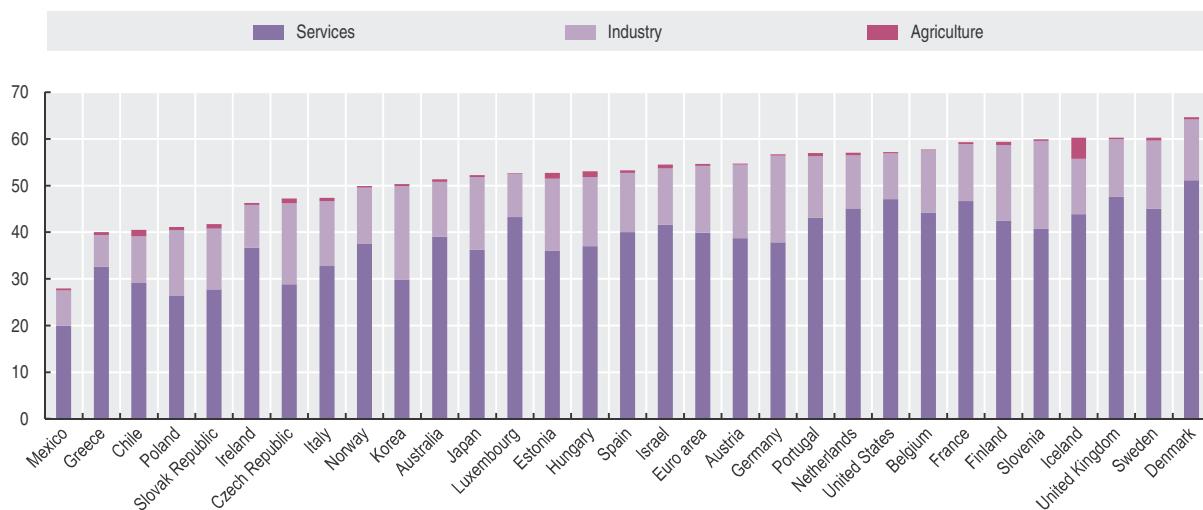
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Figure 13.1. **Compensation of employees by main activity**
Percentage of gross value added, 2011



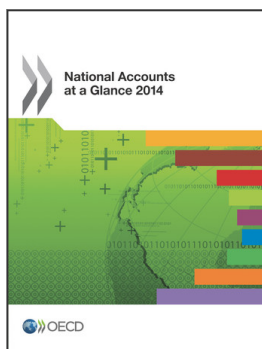
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HOUSEHOLD

14. Disposable income
15. Household final expenditure on housing
16. Household saving rate
17. Household financial transactions
18. Non-financial assets of households
19. Composition of household portfolio
20. Household debt
21. Financial net worth of households
22. Total net worth of households



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