

34. Share of profit and labour in value added

- For non-financial corporations, profit shares – that is the share of net operating surplus to net value added – above 50% were recorded in Mexico (58.9%) and Ireland (50.4%) in 2011. The largest labour share of value added was recorded in Switzerland (85.7%) and Slovenia (83.8%).
- For financial corporations, the highest profit shares in 2011 were recorded in Mexico (70.7%), and the Czech Republic (61.3%). The largest labour share was in Germany (73.1%) and Austria (68.8%).
- Between 2001 and 2011, for non-financial corporations the largest percentage point changes were in Poland (25.8%) and Italy (-11.6%), and Finland (-8.8%). For financial corporations, largest percentage point changes were in the Slovak Republic (60.7%) and Finland (-20.4%).

Because the corporate sector, particularly non-financial corporations, is the largest contributor to value added, corporations are viewed as the backbone of economic growth in most developed countries. The share of net operating surplus to net value added is a principal measure of a firm's performance in terms of operating profits. In addition, the share of value added that accrues to labour – through compensation of employees – for their participation in the production process can also be calculated. Changes in the share of labour or profits over time is of interest because, for example, if there are gains in productivity but a falling labour share it implies that productivity gains do not translate into increases in pay.

Definition

This indicator presents the share between labour and capital of value added for both financial and non-financial corporations and the change in the shares between selected time periods. The indicator is presented net of depreciation because depreciation is a cost of production – that is, it reflects the amount that needs to be set aside to replace fixed assets as they are used up in the production process. As such, this indicator provides a better picture of the returns to capital to maintain the same level of production in the future.

Comparability

In line recommendations of the Stiglitz-Sen-Fitoussi Report (see “Further reading”) and what is typically done in this publication, it is preferable to use net measures, but international inconsistencies could arise. The consumption of fixed capital is often subject to discussion, mainly because methods for calculating consumption of fixed capital are complex and tend to differ between countries.

Figure 34.1 presents net operating profit also called margin rates and labour shares of non-financial corporations as a percentage of net value added in 2011. Figure 34.2 shows the same indicators but for financial corporations. Note that taxes less subsidies were not available in 2011 in Mexico. Figures 34.3 and 34.4 present the change in margin shares between 2001 and 2011.

The Russian Federation includes financial corporations until 2007 in non-financial corporations.

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>.

Report of the Commission on the Measurement of Economic Performance and Social Progress (Stiglitz-Sen-Fitoussi Report), www.stiglitz-sen-fitoussi.fr/en/index.htm.

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

34. Share of profit and labour in value added

Table 34.1. Margin rates and labour share of non-financial corporations

Percentage of net value added

	Compensation of employees								Net operating surplus							
	2006	2007	2008	2009	2010	2011	2012	2006	2007	2008	2009	2010	2011	2012		
Australia	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Austria	67.5	67.1	68.8	72.5	71.8	71.2	73.0	30.1	30.6	28.9	24.9	25.7	26.3	24.3		
Belgium	75.8	75.4	77.2	81.9	79.9	79.8	82.7	24.4	25.9	24.2	20.0	22.8	23.2	20.1		
Canada	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Chile	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Czech Republic	63.9	63.6	65.3	68.2	68.7	69.6	70.9	37.6	37.9	36.3	34.0	33.0	31.8	30.6		
Denmark	76.3	79.1	81.1	87.5	77.9	77.7	..	23.9	21.0	18.9	12.8	22.1	22.5	..		
Estonia	58.5	61.0	67.2	72.9	66.9	61.6	62.6	41.5	39.1	33.0	27.3	34.1	39.3	38.2		
Finland	67.7	65.3	68.5	77.6	74.3	74.9	77.1	32.8	35.2	32.0	23.3	26.6	25.9	23.9		
France	76.6	75.5	76.2	79.3	79.3	80.0	80.9	19.2	20.2	19.5	15.9	16.9	15.6	14.5		
Germany	67.9	65.9	68.1	73.2	70.4	70.0	71.5	33.6	35.4	33.2	28.4	31.1	31.3	29.6		
Greece	53.9	53.5	52.3	54.5	58.3	60.6	61.7	46.1	46.7	47.8	45.6	42.4	39.2	38.0		
Hungary	69.0	70.8	70.4	74.2	71.2	70.7	72.2	31.4	29.2	30.2	26.6	29.1	29.8	28.1		
Iceland	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Ireland	50.8	51.9	59.1	57.5	51.7	48.1	48.2	48.4	47.3	39.8	41.2	46.8	50.4	50.3		
Israel	66.4	68.1	67.3	66.6	67.8	65.3	..	30.7	28.5	29.5	30.3	28.9	31.4	..		
Italy	64.2	64.2	66.7	70.3	70.1	71.2	73.4	31.5	31.3	29.4	26.2	26.3	25.1	22.7		
Japan	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Korea	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Luxembourg	67.0	61.6	68.2	79.4	74.1	70.4	71.9	33.8	39.2	32.5	21.5	26.8	30.5	29.3		
Mexico	30.9	30.2	29.7	32.6	29.7	27.9	..	58.0	59.0	54.4	56.9	58.6	58.9	..		
Netherlands	68.2	67.4	68.2	72.9	71.7	70.9	71.7	31.5	32.3	31.7	27.9	28.4	29.2	28.5		
New Zealand	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Norway	45.8	50.3	48.1	58.2	54.9	52.5	53.1	54.3	50.2	52.2	42.5	46.0	48.2	47.7		
Poland	63.0	63.3	64.6	58.6	59.1	57.8	58.2	33.3	34.3	32.8	39.2	38.4	39.9	39.7		
Portugal	79.8	78.0	80.9	80.2	79.3	79.0	77.6	20.6	22.4	19.2	20.0	21.1	21.3	22.7		
Slovak Republic	61.4	59.8	60.3	69.5	66.2	67.4	66.4	39.6	41.7	42.3	32.8	36.2	34.9	35.5		
Slovenia	79.3	77.1	79.0	86.7	87.7	83.8	83.5	19.1	21.9	20.9	15.4	14.6	16.7	16.7		
Spain	77.2	78.3	78.3	78.0	75.7	75.1	73.1	22.4	21.5	21.4	21.5	23.9	24.4	25.9		
Sweden	69.2	70.9	72.0	76.9	71.4	71.1	73.4	27.3	25.4	22.5	17.3	24.0	22.8	20.3		
Switzerland	85.0	84.3	83.9	88.6	83.6	85.7	..	19.7	20.2	19.8	15.1	20.2	18.2	..		
Turkey	..	..	..	..	..	..	..	..	..	..	..	..	..	..
United Kingdom	70.2	70.5	71.1	74.5	73.5	73.3	74.3	27.3	27.0	26.4	22.6	23.2	23.8	22.8		
United States	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Euro area	..	..	..	..	..	..	..	..	..	..	..	..	..	..
OECD-Total	..	..	..	..	..	..	..	..	..	..	..	..	..	..
China	..	..	..	..	..	..	..	..	..	..	..	..	..	..
India	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Indonesia	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Russian Federation	60.9	63.6	61.1	70.1	62.4	63.0	..	36.2	34.8	30.6	23.8	31.1	29.7	..		
South Africa	58.3	58.8	58.7	58.8	58.2	58.8	59.8	40.3	39.8	40.2	40.1	40.5	39.9	39.0		


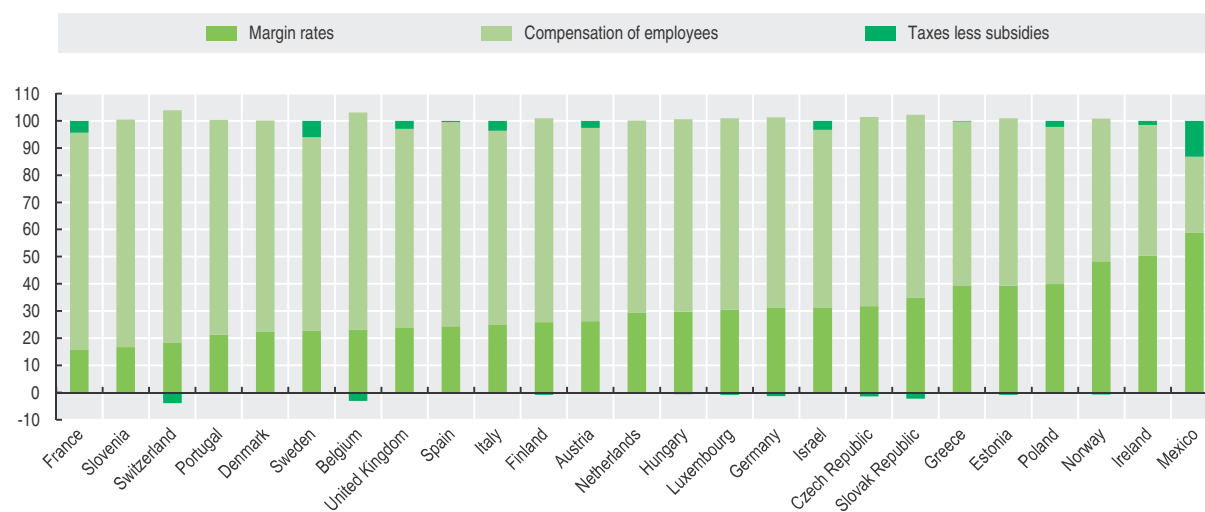

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Figure 34.1. Shares of net operating surplus and labour of non-financial corporations

Percentage of net value added, 2011


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34. Share of profit and labour in value added

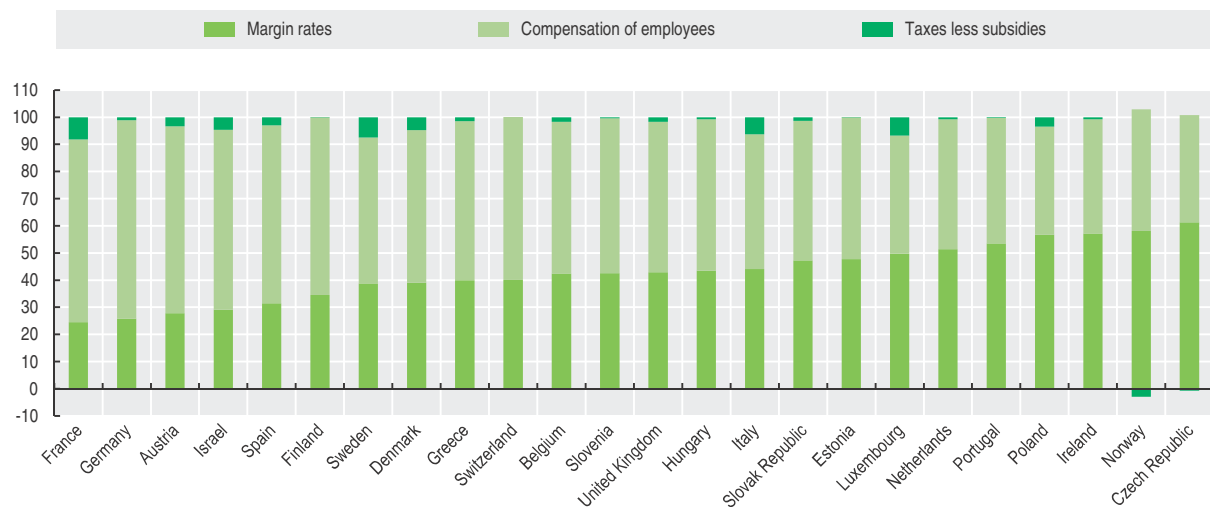

Table 34.2. **Margin rates and labour share of financial corporations**

Percentage of net value added

	Compensation of employees						Net operating surplus							
	2006	2007	2008	2009	2010	2011	2012	2006	2007	2008	2009	2010	2011	2012
Australia	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Austria	66.1	63.5	65.1	76.1	73.4	68.8	73.4	30.4	33.3	31.7	20.1	23.0	27.8	23.4
Belgium	68.4	71.3	76.0	63.8	54.8	55.9	58.0	29.3	26.2	21.2	34.5	43.3	42.5	39.4
Canada	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Chile	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Czech Republic	65.6	56.3	47.9	42.9	40.5	39.4	46.6	34.3	43.5	51.8	57.7	60.5	61.3	52.7
Denmark	61.3	65.6	62.7	57.4	55.1	56.3	..	34.1	30.0	32.9	38.2	40.3	38.9	..
Estonia	45.5	48.7	50.0	59.3	54.8	52.2	59.8	54.3	51.2	49.9	40.6	45.2	47.7	39.5
Finland	54.1	47.3	56.1	64.9	64.9	65.3	65.7	45.9	52.8	43.9	35.1	35.1	34.6	34.2
France	74.5	75.8	84.6	73.0	67.6	67.3	67.2	17.2	15.5	5.5	18.5	24.9	24.6	24.6
Germany	73.5	81.8	86.8	75.3	70.2	73.1	81.8	26.1	17.7	12.7	24.2	29.4	25.8	16.8
Greece	55.4	61.3	64.2	64.0	62.0	58.6	57.7	43.6	37.6	34.5	34.6	37.5	39.9	40.6
Hungary	50.6	62.1	67.6	60.3	60.6	55.7	60.3	49.4	37.9	31.6	39.2	38.6	43.5	38.6
Iceland	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Ireland	35.5	36.1	41.8	39.9	40.7	42.1	45.1	63.9	63.3	57.6	59.5	58.6	57.2	54.1
Israel	53.7	50.5	53.1	43.9	40.2	66.2	..	41.9	44.5	42.1	51.5	55.4	29.1	..
Italy	59.3	54.1	53.5	54.0	51.5	49.6	50.8	32.7	38.8	40.0	40.0	42.3	44.1	42.6
Japan	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Korea	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Luxembourg	35.9	38.2	45.5	48.8	42.5	43.5	45.7	56.4	53.9	47.6	44.4	50.6	49.7	47.3
Mexico	25.4	24.7	25.3	24.6	26.0	26.5	..	72.1	72.9	72.4	73.0	71.0	70.7	..
Netherlands	62.8	73.7	72.2	53.9	46.5	47.9	43.8	36.4	25.2	26.8	45.3	52.9	51.4	54.3
New Zealand	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Norway	48.1	46.0	49.1	43.9	42.3	44.9	41.6	55.4	56.4	53.4	58.6	60.3	58.1	61.4
Poland	42.0	34.5	36.0	47.5	41.1	39.8	39.9	55.1	63.5	61.7	49.3	56.2	56.7	56.8
Portugal	42.8	40.1	38.8	43.7	44.4	46.1	47.6	57.0	59.6	60.9	56.0	55.3	53.5	52.1
Slovak Republic	49.4	58.3	65.0	53.5	55.4	51.4	50.4	50.1	39.5	32.8	44.3	42.6	47.3	39.6
Slovenia	54.8	57.5	59.8	59.8	54.2	57.0	69.6	42.3	40.4	39.2	40.3	45.8	42.6	30.0
Spain	57.1	50.6	48.5	45.1	60.8	65.5	60.8	42.1	48.7	50.7	53.6	36.8	31.5	27.4
Sweden	59.2	60.4	59.3	52.5	57.4	53.8	48.5	36.7	35.6	35.2	42.3	36.2	38.8	44.9
Switzerland	57.0	53.0	49.9	58.8	62.1	60.0	..	43.1	47.1	50.2	41.3	38.0	40.1	..
Turkey	..	..	..	..	..	..	..	..	..	..	..	..	..	..
United Kingdom	60.4	57.0	48.5	46.8	52.8	55.3	59.1	38.0	41.5	50.0	51.9	45.5	43.0	37.9
United States	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Euro area	..	..	..	..	..	..	..	..	..	..	..	..	..	..
OECD-Total	..	..	..	..	..	..	..	..	..	..	..	..	..	..
China	..	..	..	..	..	..	..	..	..	..	..	..	..	..
India	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Indonesia	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Russian Federation	..	..	46.6	38.7	44.5	47.1	..	..	..	48.6	57.0	50.8	47.7	..
South Africa	49.8	46.4	46.7	49.5	51.8	51.3	49.6	47.9	51.9	51.6	48.7	46.7	47.1	49.1

StatLink  <http://dx.doi.org/10.1787/888933002756>Figure 34.2. **Shares of net operating surplus and labour of financial corporations**

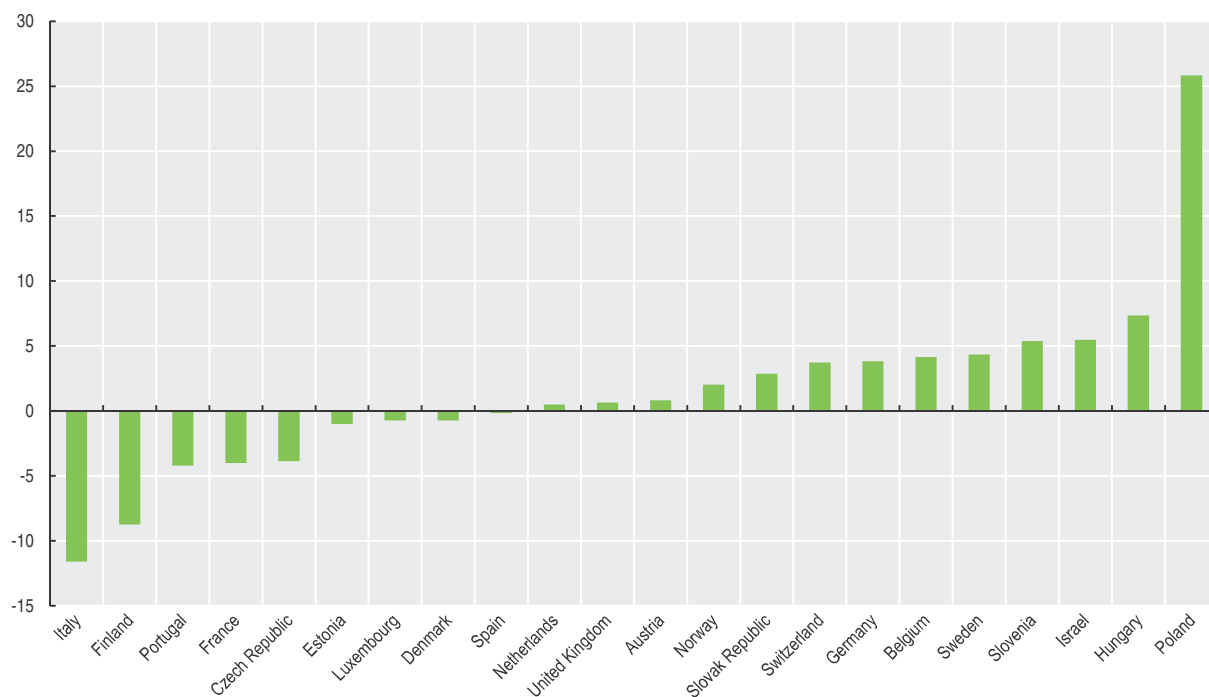

Percentage of net value added, 2011

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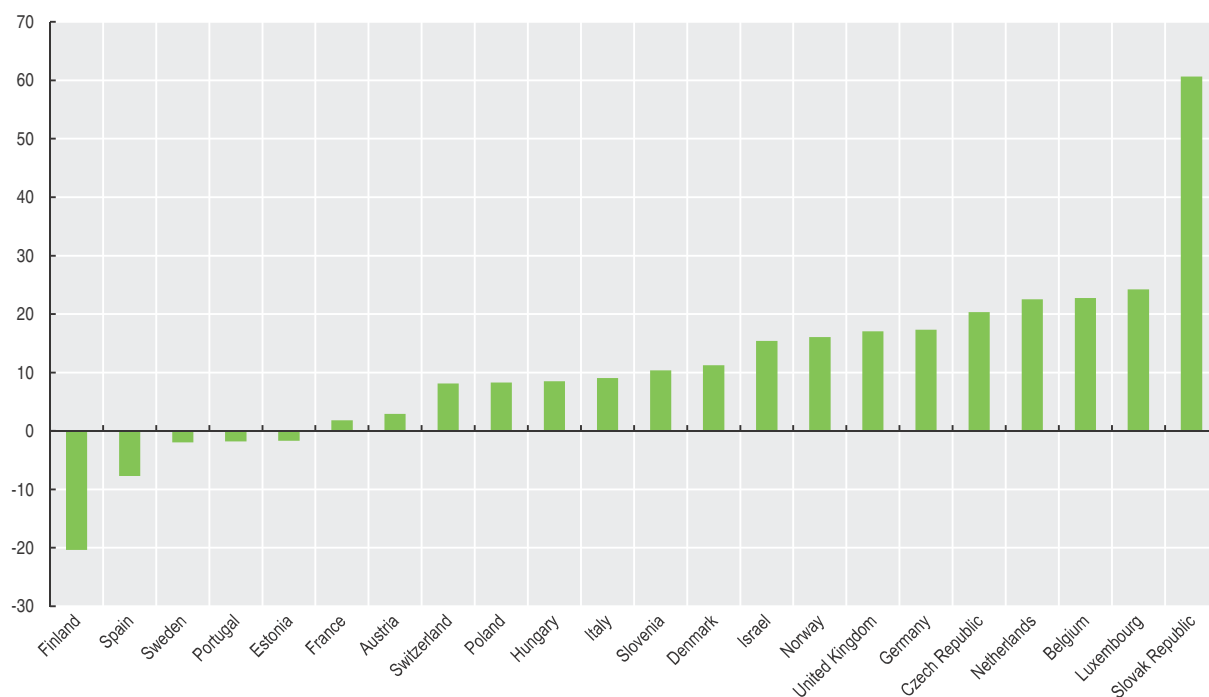
34. Share of profit and labour in value added

Figure 34.3. **Change in margin rates, between 2001 and 2011 in non-financial corporations**

Percentage points

StatLink  <http://dx.doi.org/10.1787/888933001825>Figure 34.4. **Change in margin rates, between 2001 and 2011 in financial corporations**

Percentage points

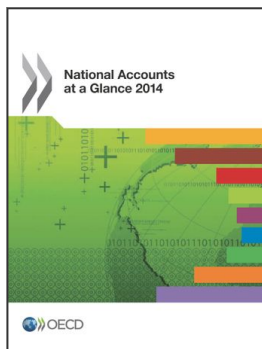
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CAPITAL

35. Net capital stock

36. Consumption of fixed capital



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