

## LABOUR COMPENSATION

Labour compensation per unit labour input shows the average compensation received by employees of businesses, either per hour worked or on an annual basis per employee. Unit labour costs represent a link between productivity and the cost of labour in producing output. Annual growth rates show relative changes over time across countries. Adjusting labour compensation by purchasing power parity (PPP) converts all countries data to a common currency allowing meaningful cross-country comparisons of data in levels to be made. The labour compensation country data can be interpreted as the quantity of equivalent goods and services that could be purchased for the compensation received for labour services rendered. The data presented here are an output of the OECD System of Unit Labour Cost and Related Indicators which produces annual and quarterly unit labour cost and related indicators (e.g., labour compensation per unit labour input, labour productivity) according to a specific methodology to ensure data are comparable across all OECD member countries.

### Definition

Labour compensation per unit labour input is defined as compensation of employees divided by total hours worked by employees of businesses, or if hours are not available then by total employees. Unit labour costs measure the average cost of labour per unit of output. They are calculated as the ratio of total labour costs to real output, or equivalently, as the ratio of mean labour costs per hour to labour productivity (output per hour).

### Long-term trends

At the total economy level, based on the PPP adjusted labour compensation per hour data at least for the last 5 years, workers in the United States are the most highly compensated for their labour services, followed closely by the Netherlands and Norway. However, the Czech Republic and the Slovak Republic are the fastest growing countries for PPP adjusted labour compensation per hour data. This high growth for these countries is mimicked for labour compensation per unit labour input at the total economy (as measured in national currency) with only Hungary, Mexico and Turkey showing higher growth for this series.

Annual growth for unit labour costs in the business sector show a divergent story for the OECD member countries over the last ten years. A number of countries have recorded either very low (or even negative) growth over this timeframe, including Japan, Germany, Korea and Finland. At the other extreme a group of countries has recorded in excess of 5% for this timeframe, namely, Turkey, Mexico and Hungary indicating that growth in average employee compensation exceeds growth in labour productivity, which may be creating pressure on producer prices.

### Comparability

Every effort has been made to ensure that data are comparable across countries. The primary data source is the OECD National Accounts database within which data are compiled on a similar basis across countries according to the 1993 *System of National Accounts*. Therefore cross-country comparisons of labour compensation per employee or per hour in US dollars PPP adjusted levels can be used for static analysis (i.e. comparison of levels across countries at a point in time) whereas growth rates based on the national currency series are useful for comparing evolution over time. Ideally, cross-country comparisons are best made from the US dollars PPP adjusted labour compensation per hour series as comparability of levels across countries for the per employee series can suffer from different proportions of full-time and part-time employees across countries. Due to the high level of comparability, cross-country comparisons of developments in the annual growth of unit labour costs can be made with a strong degree of confidence.

When hours are used (rather than employees) it should be kept in mind that no adjustment is made for the skill composition of hours. Thus, differences in average compensation across countries will also reflect differences in the skill composition of employed persons.

### Source

- Main Economic Indicators.

### Further information

#### Analytical publications

- OECD (2007), *Sickness, Disability and Work: Breaking the Barriers (Vol. 2): Australia, Luxembourg, Spain and the United Kingdom*, OECD, Paris.
- OECD *Compendium of Productivity Indicators*.

#### Statistical publications

- OECD (2008), *Main Economic Indicators*, OECD, Paris.

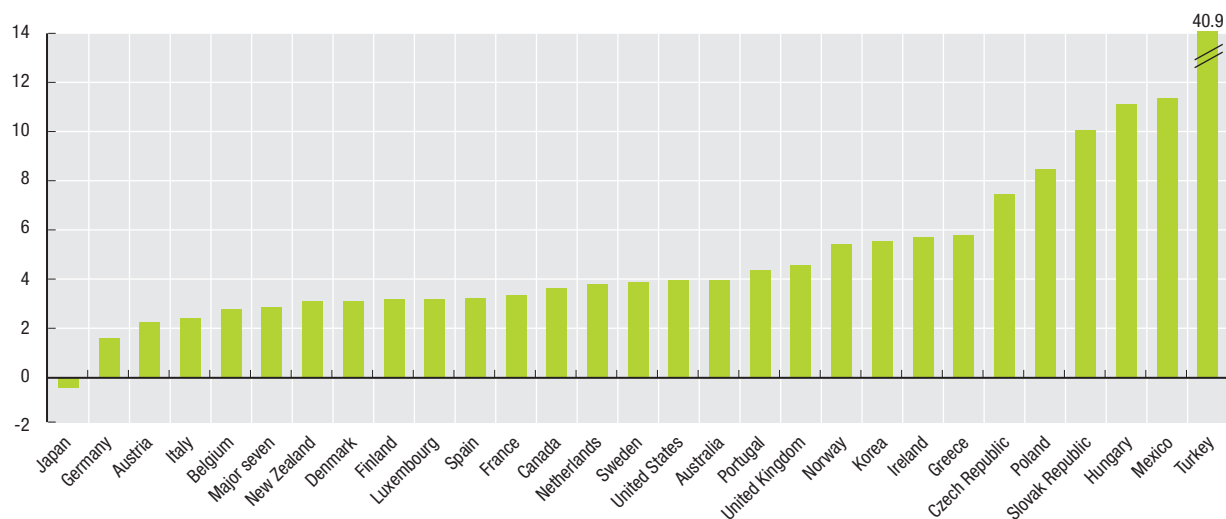

**Labour compensation per unit labour input, total economy**

Annual growth in percentage

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Australia	1.5	4.3	5.5	3.6	3.1	3.1	3.9	5.0	3.1	4.3	4.4	4.7	4.4	..
Austria	4.1	4.3	1.0	-	2.1	2.3	2.0	1.1	2.3	1.4	1.3	3.4	3.6	3.1
Belgium	4.4	1.4	1.4	3.4	1.4	3.5	2.0	3.6	3.8	1.7	1.9	2.1	3.3	3.7
Canada	-0.1	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	6.1	6.8
Denmark	3.8	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
Finland	3.4	4.1	2.6	1.6	4.5	2.2	3.7	4.7	1.8	2.8	3.6	3.8	2.9	3.5
France	1.7	3.5	1.7	2.3	2.3	2.4	5.1	3.1	6.0	3.1	1.5	3.2	4.4	..
Germany	3.2	4.7	2.7	1.6	1.3	2.0	3.3	2.4	2.1	2.0	0.1	0.6	1.2	1.0
Greece	..	..	10.3	16.1	4.2	4.1	5.5	3.5	12.4	5.4	5.5	3.7	-1.5	..
Hungary	..	..	20.6	19.1	13.9	4.0	15.9	17.5	12.7	11.1	11.3	7.1	4.9	6.2
Ireland	..	..	4.4	5.0	4.8	4.5	8.0	7.5	5.0	5.7	5.3	6.4	4.6	6.0
Italy	4.0	4.1	4.8	4.9	-2.5	2.1	2.2	4.1	2.9	2.9	2.8	3.7	2.1	1.5
Japan	1.4	1.6	0.6	1.5	-0.1	-1.1	0.4	-0.5	-1.6	-1.4	-1.3	-0.1	0.1	..
Korea	12.6	14.7	12.9	6.5	8.4	0.1	2.4	7.4	6.3	9.6	4.8	5.5	3.8	6.4
Luxembourg	3.9	1.3	1.9	2.6	0.9	4.0	5.3	3.5	3.1	1.1	3.7	3.7	3.1	4.3
Mexico	..	..	20.8	20.5	23.7	16.7	19.7	12.1	3.0	9.6	3.7	1.9	5.3	..
Netherlands	2.1	1.2	1.7	2.8	4.6	4.2	5.1	5.3	5.3	3.8	3.7	1.7	2.5	2.8
New Zealand	2.3	1.6	2.9	3.7	-0.6	-0.6	3.3	4.2	3.9	4.6	4.6	3.1	4.9	..
Norway	3.2	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
Poland	40.4	34.0	27.3	20.9	15.9	12.1	11.7	10.4	1.4	3.2	3.9	3.6	4.3	7.3
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	..	..	15.2	16.9	11.4	6.5	13.1	5.8	13.3	12.3	7.8	7.4	6.5	..
Spain	3.7	3.7	3.9	2.1	1.6	1.9	2.8	3.9	3.5	3.7	3.1	4.1	4.0	4.7
Sweden	3.6	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
Turkey	53.9	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	3.1	3.6	3.4	4.1	6.8	4.7	5.4	4.9	3.7	4.7	4.1	3.8	4.6	3.6
United States	2.8	3.3	3.2	3.8	5.9	4.9	5.2	2.6	2.7	3.1	4.1	3.7	3.7	3.7
Euro area	3.0	3.2	2.8	0.1	0.7	2.6	2.5	2.6	2.6	2.3	2.1	1.9	2.2	2.5
EU27 total	..	..	4.8	4.3	3.1	3.3	4.5	4.3	4.0	3.5	2.7	3.1	3.3	3.3
Major seven	2.5	3.1	2.6	3.1	3.4	3.0	4.0	2.4	2.2	2.3	2.5	2.8	2.9	..

 StatLink <http://dx.doi.org/10.1787/543102365846>
**Labour compensation per unit labour input, total economy**


Average annual growth in percentage, 1996-2007 or latest available period


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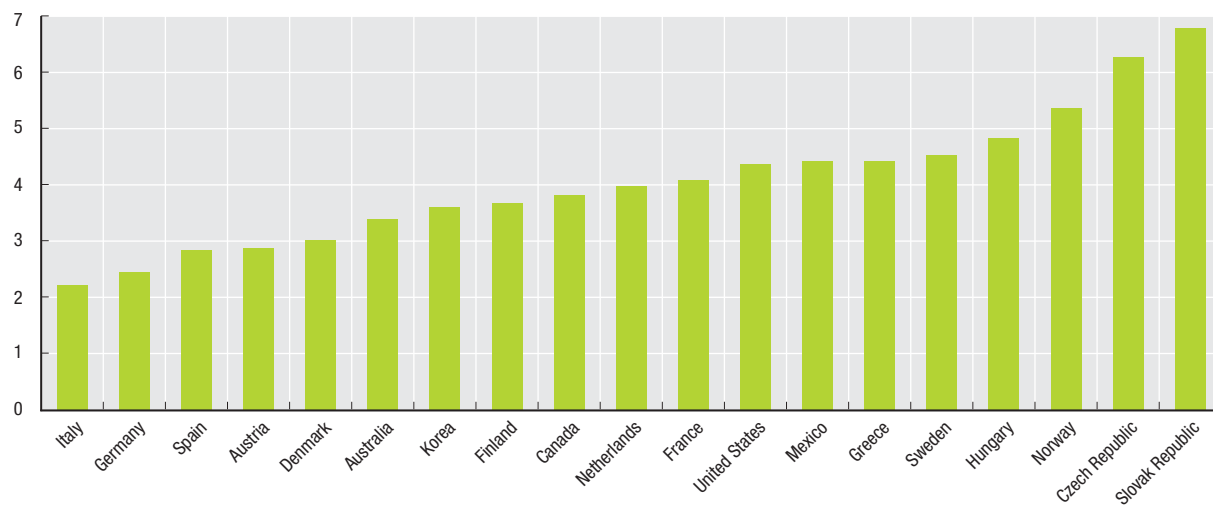

**Labour compensation per hour, total economy**

US dollars calculated using PPPs

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Australia	13.8	14.4	15.2	15.8	16.2	16.9	17.4	18.0	18.3	18.6	19.7	20.3	21.2	..
Austria	19.4	20.3	20.5	20.6	21.3	22.0	22.9	22.7	23.6	24.3	24.8	25.7	26.9	28.0
Canada	15.0	15.3	15.6	16.5	16.9	17.3	18.1	18.7	18.8	19.5	20.2	21.3	22.7	..
Czech Republic	..	5.9	6.5	6.6	6.6	7.0	7.4	8.6	9.1	10.1	10.5	11.1	11.8	12.7
Denmark	16.4	17.0	17.9	18.3	19.0	19.4	20.0	20.2	21.4	21.4	22.4	22.9	24.1	24.8
Finland	14.0	14.7	15.2	15.5	16.2	16.7	17.5	18.0	18.5	18.9	20.1	20.9	21.8	22.6
France	18.4	19.3	19.7	20.5	21.1	22.0	23.7	25.2	26.9	26.4	27.0	28.2	29.4	..
Germany	19.5	20.6	21.3	21.7	22.0	22.9	23.6	24.4	25.0	26.0	26.5	27.0	27.5	27.8
Greece	..	9.0	9.4	10.5	10.4	10.7	11.3	12.0	13.9	13.8	14.4	14.8	14.5	..
Hungary	..	7.2	7.2	7.5	7.6	7.3	7.8	8.7	9.5	10.1	10.8	11.4	11.9	12.1
Italy	17.2	17.2	17.6	18.5	18.2	18.5	18.9	19.5	19.5	20.1	20.6	21.3	21.9	22.4
Korea	7.4	8.1	8.8	9.0	9.2	9.1	9.0	9.4	9.7	10.5	11.0	11.7	12.2	13.0
Mexico	..	3.9	3.7	3.9	4.1	4.2	4.7	5.0	5.0	5.3	5.3	5.5	5.7	..
Netherlands	..	20.0	20.5	20.9	22.0	22.9	24.5	25.4	26.8	26.9	28.5	29.3	30.3	31.5
Norway	15.7	16.4	17.5	18.2	19.1	20.0	21.0	22.4	23.8	25.2	26.3	27.4	29.2	31.1
Slovak Republic	..	4.9	5.5	6.3	6.7	6.6	7.0	7.5	8.4	8.7	9.0	9.9	10.6	..
Spain	..	15.7	16.1	16.5	16.8	17.1	17.6	18.4	19.3	19.4	19.5	20.2	21.0	21.9
Sweden	14.7	15.0	16.1	16.8	17.3	17.7	19.7	20.4	21.3	22.2	23.3	24.1	24.9	26.2
United States	19.5	19.9	20.5	21.2	22.5	23.4	24.9	25.8	26.8	28.0	29.1	30.3	31.5	32.8

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**Labour compensation per employee, total economy**

Average annual growth in percentage, 1996-2007 or latest available period


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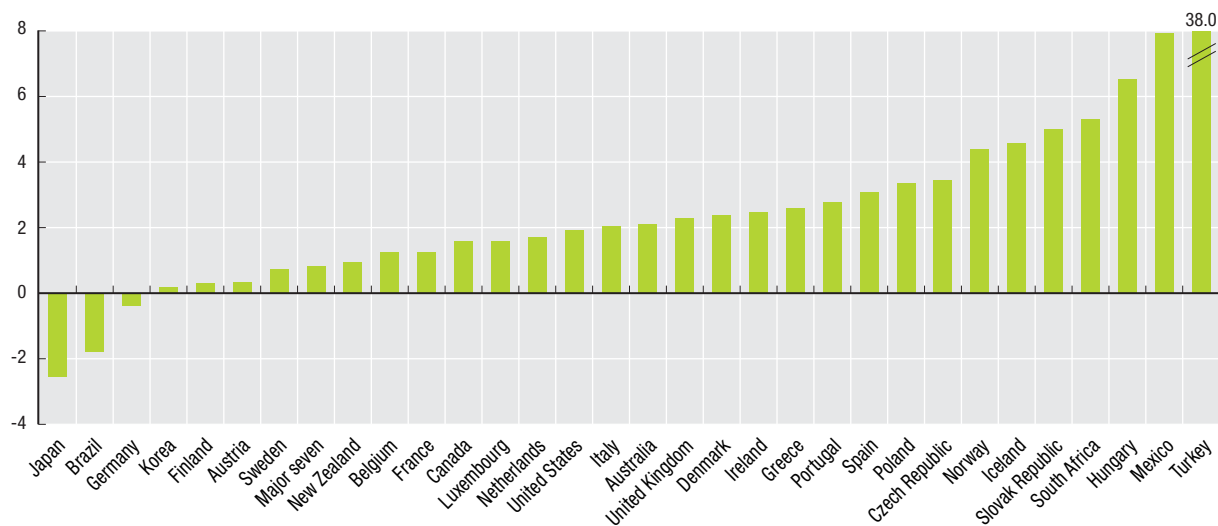

**Unit labour costs, business sector**

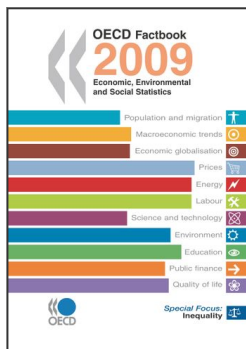
Annual growth in percentage

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Australia	1.3	3.7	1.0	0.7	0.0	1.2	3.9	0.5	0.6	2.3	4.7	3.8	3.4	..
Austria	0.8	-0.3	-0.2	-0.3	0.2	0.0	-0.8	0.8	0.5	1.3	-0.8	1.0	0.8	1.1
Belgium	0.2	-0.2	1.0	-0.2	1.1	2.2	0.8	3.8	1.2	-0.3	-0.2	0.9	1.6	2.8
Canada	-2.0	1.1	2.2	2.2	1.7	-0.4	1.6	2.9	-0.1	2.4	2.3	..	..	..
Czech Republic	15.3	12.0	12.2	11.6	8.8	1.4	2.4	6.2	5.0	3.8	0.5	-1.8	-1.0	1.8
Denmark	-2.9	1.0	2.7	1.1	3.9	0.3	-0.4	4.6	3.8	1.6	0.0	3.5	2.7	5.1
Finland	-3.6	3.4	-0.5	-0.6	1.0	0.2	-0.2	2.8	0.1	0.2	-1.1	1.9	-1.5	0.7
France	-0.7	0.6	1.5	0.4	-0.5	0.3	1.3	2.1	2.7	1.1	1.6	1.5	2.1	..
Germany	0.0	2.0	0.7	-1.6	0.0	0.5	0.1	0.3	0.4	0.4	-1.5	-1.2	-1.7	0.0
Greece	..	..	8.4	8.2	5.4	1.7	0.3	-4.3	8.3	-0.2	-1.5	4.2	4.5	..
Hungary	10.5	19.2	20.7	13.8	9.9	1.9	12.0	9.8	5.9	5.4	7.4	3.2	-0.4	3.7
Iceland	1.0	5.0	3.1	2.4	7.4	6.4	5.3	4.8	7.3	-1.4	2.5	6.9	..	..
Ireland	2.0	-3.4	-0.5	-0.1	5.9	1.3	4.0	2.1	-2.5	2.3	2.9	6.4	3.3	1.9
Italy	-1.1	1.1	5.1	2.5	-0.6	2.3	-0.8	2.2	3.8	4.6	1.5	3.2	1.8	2.0
Japan	0.2	-1.5	-2.3	-0.5	-0.3	-3.2	-2.5	-2.1	-4.1	-4.5	-4.3	-3.2	-0.8	..
Korea	7.0	8.8	6.8	-0.3	1.0	-5.0	-2.0	3.8	0.6	5.8	-0.5	-0.1	-1.2	0.4
Luxembourg	1.0	0.8	3.1	-0.7	-0.9	1.8	3.1	6.2	1.2	0.3	1.0	1.4	0.4	3.8
Mexico	5.9	22.1	21.9	18.7	15.4	13.6	9.6	8.3	6.3	1.9	1.8	3.1	2.0	..
Netherlands	-0.6	0.5	1.3	1.4	2.3	1.3	2.1	4.3	4.0	1.4	-0.4	-1.0	1.1	2.3
New Zealand	2.9	1.1	3.4	1.9	0.6	-4.3	-0.2	3.4	1.2	4.2	..	..	..	..
Norway	-1.8	1.0	0.5	3.2	8.4	5.3	1.5	3.1	3.2	0.2	1.2	4.3	8.8	9.4
Poland	30.1	25.0	23.8	17.1	14.2	3.6	3.0	8.0	-4.6	-2.8	-3.1	0.1	0.2	..
Portugal	3.5	-0.7	3.5	3.3	4.6	3.1	2.5	1.9	3.5	2.6	0.7	3.5	2.0	..
Slovak Republic	19.8	8.6	9.2	12.7	2.8	5.4	15.2	1.4	5.0	3.7	3.1	3.6	-1.8	..
Spain	1.4	1.7	4.3	4.0	2.6	2.3	4.0	3.4	3.0	3.1	2.3	3.5	3.6	2.2
Sweden	-0.5	-1.1	4.4	0.4	0.9	-2.0	4.4	6.0	-1.1	-1.0	-2.4	-0.3	-1.3	4.9
Turkey	68.2	55.1	95.9	91.9	69.9	91.1	45.8	43.8	31.3	18.6	10.9	4.7	6.2	..
United Kingdom	-3.4	1.9	0.6	2.1	4.3	1.8	2.8	3.5	2.2	2.3	1.2	1.9	2.1	1.1
United States	0.1	2.5	1.8	2.4	3.6	1.6	4.4	1.4	-2.0	-0.5	1.8	1.8	3.3	3.5
Euro area	-0.2	1.2	1.7	-1.9	-0.1	1.6	0.7	1.8	2.1	1.6	0.5	0.9	0.9	1.4
EU27 total	..	..	3.5	2.1	2.2	1.4	2.4	3.2	2.3	1.9	0.7	1.7	1.2	1.8
Major seven	-0.4	1.3	1.0	1.2	1.9	0.5	2.0	1.0	-1.0	-0.3	0.4	0.7	1.8	..
Brazil	..	..	-25.6	-13.0	-3.4	-1.4	8.7	-3.5	-0.6	3.9	-7.8	2.4	-1.6	..
South Africa	5.8	8.0	5.3	5.9	9.5	6.0	4.2	3.5	5.1	5.8	3.4	4.4	5.2	5.3

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**Unit labour costs, business sector**

Average annual growth in percentage, 1996-2007 or latest available period


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