

COMPARABLE ESTIMATES OF AVERAGE WAGES PER FULL-TIME EQUIVALENT EMPLOYEE

To enable international comparisons of levels and trends of average annual wages (i.e. wage and salary earnings),¹ **Table I** provides benchmark average wage estimates derived from *OECD National Accounts*, covering all sectors of the economy and all types of dependent employment. These averages are likely to give fairly consistent time-series and cross-country comparisons, as they have the advantage of being derived in a consistent and transparent way for all countries.

The averages are obtained by dividing the total wage bill (“wages and salaries”, in the terminology of National Accounts) by the average number of employees in the total economy, also multiplying by the ratio of average usual weekly hours worked for full-time dependent employee in their main job to average usual weekly hours worked for all dependent employee in their main job.² The resulting estimates correspond to **average annual wages per full-time equivalent dependent employee**.

Average annual wage levels are expressed in US \$ using current exchange rates and US \$ Purchasing Power Parities (PPPs) for private consumption expenditures as conversion factors.

National Accounts (NA) annual wage data coverage

Compared to alternative wage series based on household, structure of earnings or labour cost type enterprise surveys, NA wage series offer the advantage of being more encompassing in many dimensions.

- NA wages cover all dependent employees.
- NA wages include both full-time and part-time workers at a full-time equivalent rate, and include part-year workers with a weight corresponding to the proportion of the year that they were counted as employees.
- NA wages refer to dependent employees of all ages.
- NA wages include earnings from all wage and salary jobs.
- NA wages have broad coverage, including in principle undeclared earnings (as part of what is called in national accounting the "non-observed" economy), and usually including components such as apprentices' wages and the wages and salaries paid to owners of incorporated businesses.

How do NA wages compare with other estimates of annual wages?

As a result of broader worker coverage, NA wage levels and trends are likely to differ from wage series from alternative sources mentioned above mainly for the following reasons.

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1. The terms “wages” and “earnings” are used indifferently here and refer to total wage and salary earnings including basic pay, regular and irregular overtime and bonus payments.
 2. The full-time/all employee ratio for usual hours is used due to the non-availability of corresponding data for paid hours. The resulting bias will be small so long as usual hours are a good proxy for paid hours. This need not be the case in the presence of unpaid working time, which is likely to be included, at least in part, in usual hours worked, but not in paid hours worked. A second possible source of bias is that this ratio adjustment does not take into account hours worked on secondary jobs by multiple job holders. However, this bias is likely to be small as only a small fraction of employees have two or more jobs. See the discussion in the text.

- NA wages include both full-time and part-time workers at a full-time equivalent rate. This is likely to reduce the level of NA wages (as compared to average earnings from only full-time jobs) since average wages for part-time workers, even at a full-time equivalent rate, are lower than average earnings from full-time jobs. This is known from wage surveys in countries such as the United Kingdom and the United States.
- NA wages include the average earnings from the secondary jobs of workers with two or more jobs. This tends to increase NA wages (as compared to average earnings from only full-time jobs) although usually by only a small amount. In the United States about 4% of the workforce has a full-time job combined with a second part-time job, but this work status is less common in most other OECD countries.
- The lower level of NA wages for certain countries such as Germany, as compared to average earnings reported from some well-known surveys, probably reflects the inclusion of employees in mini (part-time) jobs and apprenticeships. Low-paid apprentices are counted as employees in national accounts and labour force surveys, but are omitted from structure of earnings surveys.
- NA wages include both production/non-production and non-supervisory/supervisory workers. This explains the higher level of NA wages, relative to data from surveys that cover, for instance, only production or only non-supervisory workers.
- Some alternative estimates, for instance those based on labour cost surveys, are limited to establishments with ten or more employees. These surveys tend to overstate average wages, relative to the more comprehensive coverage of NA wages.