

ANNEX D

Methodology and Additional Notes on Compensation of Government Employees

Occupations

The Survey on Compensation of Government Employees aims to collect information on the annual compensation of employees for a sample of occupations in central/federal/national government. The purpose is to build a database on remuneration levels for typical positions in central government in core and key sectoral Ministries that will contribute to a better understanding of the salary structures and pay levels in the central governments in OECD countries.

The survey focuses on the central government level and excludes local levels and social security institutions if they are separate from the central level in general statistics and/or in terms of functionality. The survey excludes all public and quasi-public corporations at all government levels. In some countries, the central government is referred to as the national or federal government.

In this publication, the data from the survey cover information concerning 12 occupations within central government grouped into four basic headings: top managers, middle managers, professionals, and secretaries. The selected occupations are considered representative and relatively comparable across countries. Information for those positions is collected from six Ministries: three core Ministries (Interior, Finance and Justice) and three sectoral Ministries (Education, Health and Environment). Depending on the institutional structure of its government, a country may have provided data for more or fewer Ministries. The survey focuses on employees under the general employment framework or statute excluding consultants and short-term staff.

The classification and the definition of the occupations are an adaptation of the International Standard Classification of Occupations (ISCO-08) developed by the International Labour Organization (ILO). The reason for the adaptation is that not all countries follow the ISCO model to classify their occupations in government, thus using ISCO-08 may create confusion in some member countries.

Box D.1 contains the definitions of the occupations covered in this survey which are considered to be typical positions in every government. Since there is no common definition of managerial positions and the number of managerial levels varies across countries, for the purpose of this survey, D1 denotes the highest managerial level below the Minister/Secretary of State (who are designated by the President/Prime Minister) and appointed by the Minister (sometimes designated by the President/Prime Minister). This survey covers up to D4 managerial level positions but D5 and D6 Levels have been included if they are reported by participating countries as part of middle management.

Box D.1. Classification of occupations*

Senior managers

- **D1 managers** (ISCO-08 1112) are top public servants *below* the Minister or Secretary of State. They could also be members of the senior civil service and/or appointed by the government or head of government. They advise government on policy matters, oversee the interpretation and implementation of government policies and, in some countries, have executive powers. D1 managers may be entitled to attend some cabinet meetings. They provide overall direction and management to the Minister/Secretary of State or a particular administrative area. In countries with a system of autonomous agencies, decentralised powers, flatter organisations and empowered managers, D1 managers correspond to Directors General.
- **D2 managers** (ISCO-08 11 and 112) formulate and review the policies and plan, direct, co-ordinate and evaluate the overall activities of the Ministry or special directorate/unit with the support of other managers. They may be part of the senior civil service. They provide guidance in the co-ordination and management of the programme of work and leadership to professional teams in different policy areas. They determine the objectives, strategies and programmes for the particular administrative unit/department under their supervision.

Middle managers

- **D3 managers** (ISCO-08 12) plan, direct and co-ordinate the general functioning of a specific directorate/administrative unit within the Ministry with the support of other managers, usually within the guidelines established by a board of directors or a governing body. They provide leadership and management to teams of professionals within their particular area. These officials develop and manage the work programme and staff of units, divisions or policy areas. They establish and manage budgets, control expenditures and ensure the efficient use of resources. They monitor and evaluate performance of the different professional teams.
- **D4 managers** (ISCO-08 121) formulate and administer policy advice, and strategic and financial planning. They establish and direct operational and administrative procedures, and provide advice to senior managers. They control selection, training and performance of staff; prepare budgets and oversee financial operations; control expenditures; and ensure the efficient use of resources. They provide leadership to specific professional teams within a unit.
- **D5 managers (optional)** (ISCO-08 1211, 1212 and 1213) may be senior professionals whose main responsibility is to lead the execution of the work programme and supervise the work of other professionals and young professionals.
- **D6 managers (optional)** (ISCO-08 1211, 1212 and 1213) may be professionals whose main responsibility is to lead the execution of the work programme and supervise the work of other professionals or young professionals.

Professionals

- **Economists/policy analysts** (ISCO-08 242 and 2422) develop and analyse policies guiding the design, implementation and modification of government operations and programmes. These professionals review existing policies and legislation in order to identify anomalies and out-of-date provisions. They analyse and formulate policy options, prepare briefing papers and recommendations for policy changes. Moreover, they assess the impact, financial implications and political and administrative feasibility of public policies. Staff in this group have the possibility of becoming managers through career progression. Their areas of expertise may vary from law, economics, politics, public administration or international relations to engineering, environment, pedagogy, health economics, etc. This is a large occupational category and differences in weight between junior and senior staff may be very significant. Thus, countries are asked to provide information on the senior staff (*i.e.* senior economists) rather than on all economists.

Box D.1. **Classification of occupations*** (cont.)

- **Statisticians** (ISCO-08 2120) conduct research and improve or develop statistical concepts or engage in their practical application to support government's operations. They plan and organise surveys and other statistical collections and design questionnaires. They evaluate, process, analyse and interpret statistical data and prepare them for publication. They advise on or apply various data collection methods and statistical methods and techniques to determine the reliability of findings.

Secretarial positions

- **Administrative executive secretaries** (ISCO-08 3343) perform liaison, co-ordination and organisational tasks in support of managers and professionals and prepare correspondence, reports and records of proceedings and other specialised documentation. They draft administrative correspondence; and assist in the preparation of budgets, monitoring of expenditures, drafting of contracts and purchasing or acquisition orders. They supervise the work of clerical support workers.
- **Secretaries (general office clerks)** (ISCO-08 411 and 4110) perform a range of clerical and administrative tasks in connection with money-handling operations, travel arrangements, requests for information and appointments. They record, prepare, sort, classify and fill information; sort, open and send mail; prepare reports and correspondence of a routine nature; record issue of equipment to staff; respond to telephone or electronic enquiries or forward to appropriate person; check figures, prepare invoices and record details of financial transactions made; transcribe information onto computers; and proofread and correct copy.

* The ISCO-08 number has been added to the definition for comparative purposes only.

Although the OECD methodology invited countries to provide precise information regarding the definition of the occupations for which data have been requested, there is no doubt that the boundaries of occupations continue to differ across countries to a varying degree depending on the occupation. The most coherent groups are likely to be the D1 Level (but see below the issue of “flatter governments”) and secretarial positions. As expected, the category that suffers the most from differing occupational definitions across countries is professionals followed by middle management, both of which have more unclear boundaries. Seniority within those groups also varies across countries.

Data about D1 Levels and sometimes D2 are comparable but not without difficulties. One of the difficulties lies in the differing organisational structure of Ministries. Sweden, for example, is a special case where the government is entirely organised into agencies and the number of D1 Levels is very high. There are other countries for which the high numbers of D1 are less clearly justified suggesting less-than-full comparability. The analysis of the maximum and minimum salary data received for the D1 Level shows that the variation is limited even for those countries having lots of D1 Level staff, indicating that the data are probably correct. However, many countries did not provide data about the maximum and minimum salaries. In consequence, this analysis cannot be carried out for those specific cases.

The number of staff covered by the data in each occupational group is presented in Table D.1. In a few cases, the data are reported for the whole of central government, while in others for the six representative Ministries/Departments (or less).

Compensation

For the analysis of compensation, the survey builds on elements from the International Standard Classification of Labour Costs (ISCLC) developed by the International Labour Organization (ILO) and from the System of National Accounts (SNA). However, it departs slightly from these classifications to better facilitate comparability across countries.

Table D.1. **Number of staff included in each occupational group**

	Occupational group							
	D1	D2	D3	D4	Economist/ policy analyst	Statistician	Administrative Executive Secretary	Secretary
Australia	..	212	633	7 007	..	..	6 804	4 661
Austria	..	..	..	..	..	..	..	..
Belgium	6	9	50	424	3 584	3 348	115	2 745
Chile	55	735	1 201	..	33 975	..	22 162	..
Denmark	13	28	91	249	486	..	76	56
Estonia	29	..	81	64	560	323	36	22
Finland	46	..	644	275	9 130	217	671	2 992
Hungary	12	26	85	117	1 054	..	102	97
Iceland	5	5	32	..	136	..	..	58
Ireland	8	55	294	1 111	142	8	1 242	1 603
Italy	149	..	1 588	..	28 310	..	50 885	..
Korea	21	220	1 015	3 417	4 296	8 121	3 443	2 573
Netherlands	73	417	373	1 942	4 085	16 247	10 746	7 389
New Zealand	5	27	107	157	374	490	89	1 194
Norway	8	53	182	60	588	433	72	6
Slovenia	50	..	427	..	725	25	12	297
Spain	96	618	1 432	694	114	11	659	192
Sweden	232	1 281	2 445	4 588	2 486	576	6 777	3 141
United Kingdom	58	273	1 073	7 974	42 558	..	46 667	11 759
United States	96	2 292	7 694	14 733	14 212	881	1 251	6 175
Brazil	126	1 311	2 393	6 447	94 999	32 720	96 034	67 316

Notes: **Austria:** Data are provided for the total federal government.

Belgium: Ministries of Education and Environment are excluded (they are at the regional level).

Iceland: Ministry of Interior is not included.

Ireland: No Ministry of Interior is not included.

Norway: Ministry of Interior is not included but information is provided for the Ministry of Government Administration, Reform and Church Affairs.

Source: 2010 OECD Survey on Compensation of Government Employees.

The survey focuses on total compensation, which includes wages and salaries and employers' social contributions. Given the large variation in the size of social contributions across countries, the analysis of the compensation of employees has two main components: wages and salaries, and employers' social contributions. Governments remunerate their employees via social contributions or via higher wages and salaries to varying degrees, which underlines the importance of focusing on total compensation.

Total compensation includes the following:

1. **Gross Wages and Salaries** which include the values of any contributions, income taxes, etc., payable to the employee even if they are actually withheld by the employer for administrative convenience or other reasons and paid directly to social insurance schemes, tax authorities, etc., on behalf of the employee. Wages and salaries may be paid in various ways, including goods or services provided to employees as remuneration in kind instead of, or in addition to, remuneration in cash. Gross wages and salaries include:

- *Basic wages and salaries* (as set out in the salary scales) refer to the regular annual payments to employees for their time worked and services delivered to government. Although salaries and wages are paid at regular weekly, monthly or other intervals, for the purposes of this survey the annual salary is requested.

- *Additional payments – total*: This refers to the total of all allowances and bonuses paid to employees.
 - *Guaranteed and regularly paid allowances* refer to allowances for working away from home or in hazardous circumstances, expatriation allowances for working abroad, overtime payments, cost-of-living allowances, and housing allowances to cover the cost of travel to and from work, but excluding social benefits.
 - *Remunerations for time not worked* make reference to annual vacation, other paid leave, including long-service leave; public holidays and other recognised holidays; other time off granted with pay (e.g. birth or death of a family member, marriage of employees, union activities, etc.). This applies only to countries where it is indicated in the system.
 - *Bonuses and gratuities regularly paid*¹ refer to year-end and seasonal bonuses; profit-sharing bonuses; and additional payments in respect of vacation, supplementary to normal vacation pay, and other bonuses and gratuities.
 - *Bonuses and gratuities not paid in a regular fashion* (performance-related pay) refer to *ad hoc* bonuses or other exceptional payments linked to the overall performance of the employee to which he/she may be entitled.
2. **Employers' social contributions** (*actual paid*) are social contributions payable by employers to social security funds or other employment-related social insurance schemes to secure social benefits for their employees:
- Employers' contributions to statutory social security schemes or to privately funded social insurance schemes for covering old age, pension, invalidity and survivors, sickness, maternity, sickness leave, employment injury, unemployment, etc.
 - Unfunded² employees' social benefits paid by employers in the form of:
 - Children's, spouse's, family, education or other allowances in respect of dependants.
 - Payments made at full or reduced wage or salary rates to workers absent from work because of illness, accidental injury, maternity leave, etc.
 - Severance payments to workers or their survivors who lose their jobs because of redundancy, incapacity, accidental death, etc.

The data include unfunded pension payments that are made through the state budget rather than through employers' social contributions (this is mostly the case in pay-as-you-go systems).

The analysis of the results of the survey should take the following difficulties into account:

1. Not all countries have been able to include the social contribution element in their survey responses (mainly because for unfunded pension schemes the contribution is imputed) and as a consequence it has been necessary to estimate this component using other data sources (for those countries): namely the data used in constructing the National Accounts, where imputations for unfunded pension schemes are made in a conceptually consistent way across countries. Table D.2 indicates the rates of employers' social contributions that are reported in the different existing databases regarding government employment. The rate that was chosen to calculate compensation costs in the data in this publication is indicated in dark blue. They have been chosen after investigation and discussions with the different countries and after comparing the different data sources.

Table D.2. **Employers' rate of social contributions (general rates)**

Provider:	OECD					EUROSTAT		
Source:	Average calculated from survey (%)	Public administration, total economy, STAN Database (%)	General government, sector accounts (%)	Total economy, sector accounts (%)	Total economy, value added and its components by activity, national accounts (%)	Public administration and community services, activities of households, national accounts (%)	General government, European sector accounts (%)	Total economy, European sector accounts (%)
Australia	16	13	..	..	12	..	..	..
Austria	..	26	34	24	26	..	34	24
Belgium	8	25	42	36	25	..	42	36
Chile	16	..	..	..	..	..	..	..
Denmark	14	12	14	10	12	12	14	10
Estonia	37	31	43	34	31	37	43	34
Finland	2	21	28	24	22	21	28	24
Hungary	37	28	34	27	28	28	34	27
Iceland	22	..	..	..	..	..	..	..
Ireland	11	5	..	..	5	5	..	..
Italy	..	30	41	37	30	30	41	37
Korea	9	..	..	..	..	..	..	..
Netherlands	23	29	37	28	29	29	37	28
New Zealand	7	..	..	..	..	..	..	..
Norway	27	26	29	..	25	25	29	23
Slovenia	16	17	..	..	17	17	..	..
Spain	25	24	29	28	24	..	29	28
Sweden	48	27	33	31	27	26	33	31
United Kingdom	..	..	27	18	..	..	27	19
United States	37	28	40	24	29	..	..	..
Brazil	..	..	28	..	..	..	..	..

Notes: Data in **bold** refer to 2009; all other data are for 2006 to 2008 (closest date to 2009 was used). Cells shaded in dark blue indicate the rate used in this publication to calculate compensation costs.

When possible, the survey data have been used. When not possible, data have been drawn from the *System of National Accounts*, which covers different areas of government. The closest match is public administration, after which is general government and total economy. **Australia:** Survey data used that correspond to the latest data from *STAN Database*. The figures include federal, state and territory public services.

Austria: Rates of social contributions are not available in the survey. *STAN Database* provides timely statistics on social contributions.

Belgium: Rates of social contributions provided in the survey are not supported by other statistical sources. Share of *STAN Database* of year 2007 used instead.

Chile: Survey data used (no other source available).

Denmark: Survey data used and correspond to available statistics

Estonia: Survey data used and correspond to available statistics.

Finland: Survey data used and correspond to available statistics.

Hungary: Survey data used and corresponds to available statistics.

Iceland: Survey data used (no other source available).

Ireland: Social contributions rates are for staff hired after 1995 and exclude unfunded pension schemes through the pay-as-you-go system.

Italy: Rates of social contributions not available in the survey. *Eurostat Database* provides up-to-date statistics on social contributions.

Korea: Survey data used (no other source available).

Netherlands: Survey data used.

New Zealand: Survey data used (no other source available).

Norway: Survey data used and correspond to available statistics.

Slovenia: Rates of social contributions not available in the survey. *Eurostat Database* provides up-to-date statistics on social contributions. The calculated figure does not include the premium of collective supplementary pension scheme for civil servants that the employer pays to all civil servants.

Spain: Survey data used and correspond to available statistics.

Sweden: Survey data used.

United States: Rates of social contributions not available in survey.

2. In all countries, the same shares of employers' social contributions are used across all occupational groups, because only very few countries have provided differences across occupations. This does, of course, have an impact on the quality of the results and some care is necessarily needed in interpretation. The National Accounts data provide ratios of social security contributions as a share of total compensation of employees for all government employees; in other words for an average employee. Using this ratio will not be able to accommodate any differences that may exist within each institution relating to the proportions of individuals with funded rather than unfunded schemes or if the ratio of social contributions is not invariant to the underlying wages and salaries.

For the countries which have provided data for employers' social contributions in the survey, exact data have not been provided systematically across occupations. For that reason, the OECD calculated a country-specific average percentage of employers' social contributions that applies to all occupations for each country.³ Data show that variations in the percentage of employers' social contributions across occupations are probably not large enough to justify a different approach, except maybe in a few countries (Australia, Ireland, New Zealand and Chile) for specific occupations.

3. The level of social contributions is only a proxy. The quantity and quality of benefits that employees get through their employers' and employees' social contributions depend on the quality and efficiency of the management of the funds and services in each country.

For example, most importantly, some countries provide realistic funding of their future pensions, while others do not. This means that compensation may appear higher in a country which realistically forecasts and covers future pension costs than in another country with unrealistic pension funding. One can always say, however, that the data remain comparable because in the country with unrealistic pension funding, pensions will inevitably have to decrease, or future taxes on employees and retirees increase (or possible future contributions of employees increase).

4. Finally, a number of countries are moving away from pay-as-you-go systems to funded pension schemes where contributions may be drawn out of salaries. For countries whose data on social contributions are taken from the National Accounts, it is possible that the percentage adds to a level of salaries that is higher, due to the move from one system to another for that specific position.

Overtime pay

Information on the number of overtime hours worked has not been collected as part of this survey. The weekly wage estimated is thus overstated because it includes overtime pay (for occupations in which overtime is paid).

Purchasing power parities (PPPs)

Calculations have been made in USD using the PPP methodology with the numbers in Table D.3. This compensates for differences in exchange rates and in relative price levels.

The PPP does not take into account the relatively different costs of living in capital cities within and across countries. In many countries, the majority of central government employees are employed in capital cities especially for non-service delivery occupational groups. There are a number of countries where the costs of living in capital cities are particularly high, and relatively higher than in other countries. Wages and salaries tend to make up for that difference and those countries thus tend to have higher salaries.

Table D.3. **Purchasing Power Parities and exchange rates (2009)**

	Purchasing Power Parities for GDP, national currency per USD	Exchange rates, national currency per USD
Australia	1.452	1.282
Austria	0.845	0.720
Belgium	0.866	0.720
Chile	377.126	560.860
Denmark	7.958	5.361
Estonia	8.240	11.257
Finland	0.910	0.720
Hungary	128.186	202.342
Iceland	127.782	123.638
Ireland	0.903	0.720
Italy	0.779	0.720
Korea	804.718	1 276.930
Netherlands	0.848	0.720
New Zealand	1.501	1.600
Norway	8.847	6.288
Slovenia	0.629	0.720
Spain	0.711	0.720
Sweden	8.939	7.654
United Kingdom	0.642	0.642
United States	1.000	1.000
Brazil	1.558	1.999

Source: OECD National Accounts; data for Brazil are from the World Bank.

Working time adjustment

In order to build comparable data, the difference between the time people actually work and the annual average compensation (annual average gross salary plus employers' social contributions) is calculated so as to obtain an adjusted annual average compensation. Indeed, to put the compensation of employees reported on a comparable basis across countries, the difference in the working time (number of hours worked per week in the civil service, annual leave entitlements (holidays) and statutory holidays) is used for the calculation of the adjusted annual average compensation. For senior managers, since weekly working time applies very unevenly to this category of employees, data were adjusted only for holidays.

Computations for comparing annual compensation

Average comparative annual compensation is as:

$$W_{co}^{a*} = \frac{\left(\frac{W_{co}^a S_c^*}{P_c} \right)}{H_c^{a*}}$$

where:

W_{co}^{a*} = Average annual compensation of employees in PPP in country c within occupational group o.

W_{co}^a = Average annual wages and salaries in domestic currency in country c within occupational group o.

P_c = Purchasing power parity of country c.

S_c^* = Ratio of social contribution in country c, where:

$$S_c^* = \left(1 + \frac{S_c}{w_c} \right), \text{ and}$$

S_c = Paid social contributions in country c (from survey data or general statistics).

Table D.4. Working time and working time correction

	Contractual working time, h/week	Number of holidays	Number of average public holidays that apply to the civil service	Holidays as maximum, extra or by special agreement	Average working days per year in country	Average working hours per year in country	Coefficient for working time corrections, weekly hours and holidays	Coefficient for working time correction, holidays	Coefficient for working time correction, no correction
Australia	37.5	20	10		231	1 730	0.830	0.885	1.000
Austria	40	25	10	5	223	1 786	0.856	0.856	1.000
Belgium	38	26	10	9	220	1 674	0.802	0.845	1.000
Chile	44	15	13		233	2 048	0.982	0.893	1.000
Denmark	37	30	10.3		220	1 631	0.782	0.845	1.000
Estonia	40	25	12	10	219	1 750	0.839	0.839	1.000
Finland	36.25	30	9	8	218	1 578	0.757	0.835	1.000
Hungary	40	25	9	11	221	1 770	0.848	0.848	1.000
Iceland	37.08	24	14	6	220	1 629	0.781	0.843	1.000
Ireland	34.75	20	10	11	225	1 565	0.750	0.864	1.000
Italy	36	24	4		233	1 676	0.803	0.893	1.000
Korea	40	20	14		227	1 814	0.870	0.870	1.000
Netherlands	36	23	8		230	1 654	0.793	0.881	1.000
New Zealand	40	20	11		230	1 838	0.881	0.881	1.000
Norway	37.5	25	10	5	223	1 674	0.803	0.856	1.000
Slovenia	40	20	13	5	225	1 802	0.864	0.864	1.000
Spain	37.5	22	14	6	222	1 663	0.797	0.850	1.000
Sweden	39.75	28	11	7	218	1 735	0.832	0.837	1.000
United Kingdom	37	25	8	5	225	1 667	0.799	0.864	1.000
United States	40	20.76	10		230	1 840	0.882	0.882	1.000
Brazil	40	30	10		221	1 766	0.847	0.847	1.000

Notes: Maximum working days per year if 5 out of 7 days per week are worked: 261.

Maximum working hours per year if 8 h per working day: 2 088.

Contractual working time, hours/week does not include lunch breaks.

Maximum and extra holidays, special agreement: Total is maximum reported holidays reduced by minimum number of holidays (formula: min. holidays + (max. holidays – min. holidays)/2 = average holidays).

Australia: 60.6% of Australian public service (APS) employees are covered by agreements requiring them to work a 7 hours 30 minutes day (or a 37½ hours week) within a flex-time bandwidth. A substantial number of APS employees (38%) are covered by agreements that require a slightly lower standard working day/week. A small number of APS employees are covered by agreements requiring a longer working day/week.

Estonia: Number of holidays is calculated on the basis of calendar days in Estonia. In the case of Estonia, 35 calendar days ideally equals 25 working days (+ maximum 10 days holiday after 3 years in public service). Concerning the number of average public holidays, it is important to mention that if the public holiday falls on a weekend, it is not possible to receive extra day off from work during the previous or following work week in Estonia.

Finland: Weekly working time as full office hours. Extra holidays after 15 years of service

Hungary: The length of paid annual leave varies by length of service (in the case of non-managers) or the hierarchical level of managers. Basic paid annual leave: 25 days. Additional paid annual leave varies by the length of service in the case of professionals: 1-3 years: 3 days; 3-8 years: 5 days; 8-16 years: 7 days.

Iceland: Special holidays are 17 in total, of which 8 are major holidays. Of those 17 days: 7 holidays are on fixed dates and can be on a weekend, 7 holidays are on certain weekdays, and 3 during certain weekends (Saturday or Sunday). The length of annual leave depends on age. The minimum length of vacation is two days or 16 obligatory hours for each earned month of full-time work. For those younger than 30 years old, the annual leave is 24 days (192 working hours); for 30-37 years old, the annual leave is 27 days (216 working hours); and for those older than 38, the annual leave is 30 days (240 working hours).

Italy: Public managers do not have any legal obligation in terms of working time, as their performance is evaluated on results rather than on the presence at the workplace. However, based on habits and on the previous regulation on public managers' working time (d.p.r. No. 748 of 1972) that indicated 10 weekly hours more than other employees, the conventional contractual working time of public managers is estimated at 45 hours per week.

Korea: Civil servants are entitled to 3-21 days of annual leave per year depending on length of service.

Norway: All workers in Norway are entitled to 5 weeks/25 working days holiday per year. Workers from the age of 60 are entitled to one more week/5 working days. In addition, civil servants from the age of 62 are entitled to a further 8 working days + 6 days optional – the optional days have to be negotiated locally.

Sweden: The number of holidays varies with age according to the central collective agreement. Employees under 30 years of age have 28 days holiday; between 30 and 39 years of age they have 31 days holiday; and employees 40 years or older have 35 days holiday.

Slovenia: The length of annual leave depends on seniority, job complexity, work performance, working conditions, social and health conditions, and age. As for seniority, there is a maximum of 24 days annual leave as follows: up to 3 years' service: 16 days, over 3 to 7 years' service: 17 days; over 7 to 10 years: 18 days; over 10 to 15 years of service: 20 days; over 15 to 20 years' service: 22 days; over 20 to 25 years' service: 23 days; over 25 years' service: 24 days. Employees get up to 5 additional days depending on work performance, working conditions, social and health conditions and age.

W_c = Paid wages and salaries in country c (from survey data or general statistics).

H_c^{a*} = Ratio of average working time in country c.

Where:

$$H_c^{a*} = \frac{H_c^a}{2088}, \text{ and}$$

H_c^a = Average annual working hours in country c (from survey data).

The number 2 088 equals the theoretical working hours in year with 40 hours of work per week and no holidays or leave of any kind. This also results in an average of 261 working days per year with each working day including 8 hours of work.

Notes

1. Please note that an allowance is paid for who the person is (for pre-existing individual attributes) and bonuses and benefits are paid based on performance. An allowance is something that has to be paid because a special skill is possessed even though it may never be used at work, such as the knowledge of another language. The bonuses and gratuities, like end-of-year pay, are guaranteed payments but the time span to be granted may be longer. Other bonuses and gratuities, like payments for supplementary work, have a more voluntary connotation.
2. The term “unfunded” refers to social benefits for which no social security fund exists.
3. The average for employers’ social contributions has been calculated through an unweighted average of employers’ social contributions reported for occupations of top management, middle management, professionals and secretarial positions. This average has been applied to all occupations.