

3 Labour Costs and Earnings

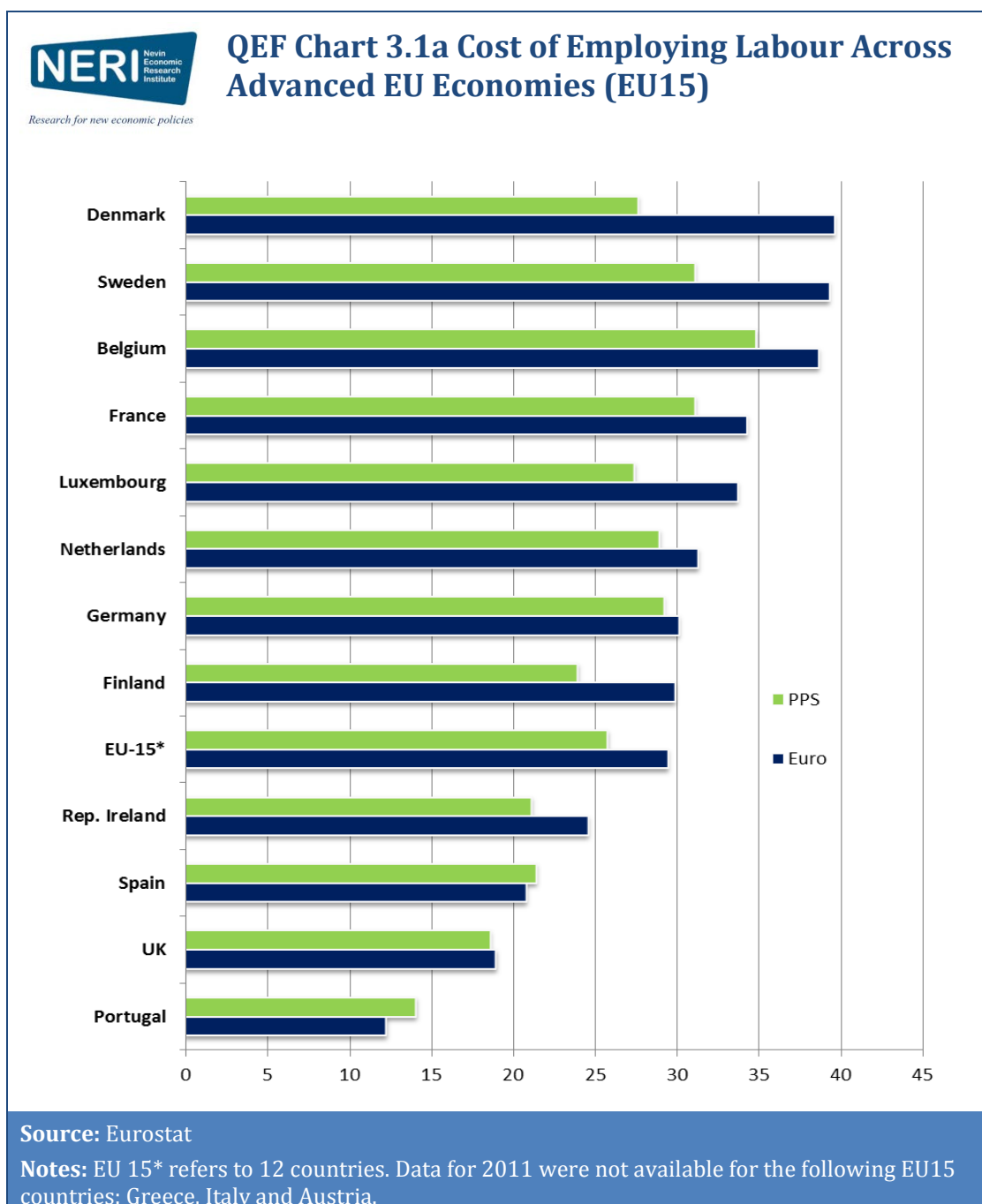
- Indicator 3.1a*** Cost of Employing Labour Across Advanced EU Economies (EU15)
- Indicator 3.1b*** Cost of Employing Labour in the Accommodation and Food Sectors Across Advanced EU Economies (EU15)
- Indicator 3.1c*** Cost of Employing Labour in the Wholesale and Retail Trade Sectors Across Advanced EU Economies (EU15)
- Indicator 3.1d*** Cost of Employing Labour in the Manufacturing Sectors Across Advanced EU Economies (EU15)
- Indicator 3.2*** Comparisons of National Minimum Wage across the EU
- Indicator 3.3a*** Trends in Earnings and Prices (Republic of Ireland)
- Indicator 3.3b*** Trends in Earnings and Prices (Northern Ireland)
- Indicator 3.4*** Gender Pay Gap across the EU

Indicator 3.1a Cost of Employing Labour across Advanced EU Economies (EU15)

Indicator defined

Hourly cost of employing labour for the Business Economy (Euro with, and without, adjustment for differences in cost of living PPS)

Data is the latest available as of 2 December 2014



QEF Table 3.1a Cost of Employing Labour Across Advanced EU Economies (EU15)

Country	€	€PPS
Denmark	39.61	27.61
Sweden	39.28	31.07
Belgium	38.65	34.82
France	34.26	31.09
Luxembourg	33.68	27.39
Netherlands	31.29	28.92
Germany	30.10	29.18
Finland	29.86	23.94
Rep. Ireland	24.57	21.12
Spain	20.80	21.41
UK	18.95	18.59
Portugal	12.25	14.07
EU-15*	29.44	25.77

Source: Eurostat online database

Notes: *Data for 2011 were not available for the following EU15 countries: Greece, Italy and Austria. Therefore, average is for 12 countries only.

Interpretation

Comparative data on what it costs to employ labour may be presented in a number of ways. In this presentation the focus is on the cost per hour adjusted, and not adjusted, for differences in the cost of living in a country as measured by PPS – the purchasing power standard estimated by Eurostat. The PPS method attempts to correct for differences in prices between countries.

Technical Notes

The total business economy includes all sectors of industry and services excluding public administration. Agriculture is not included. Cost data is hourly and for firms with 10 or more employees.

Source(s)

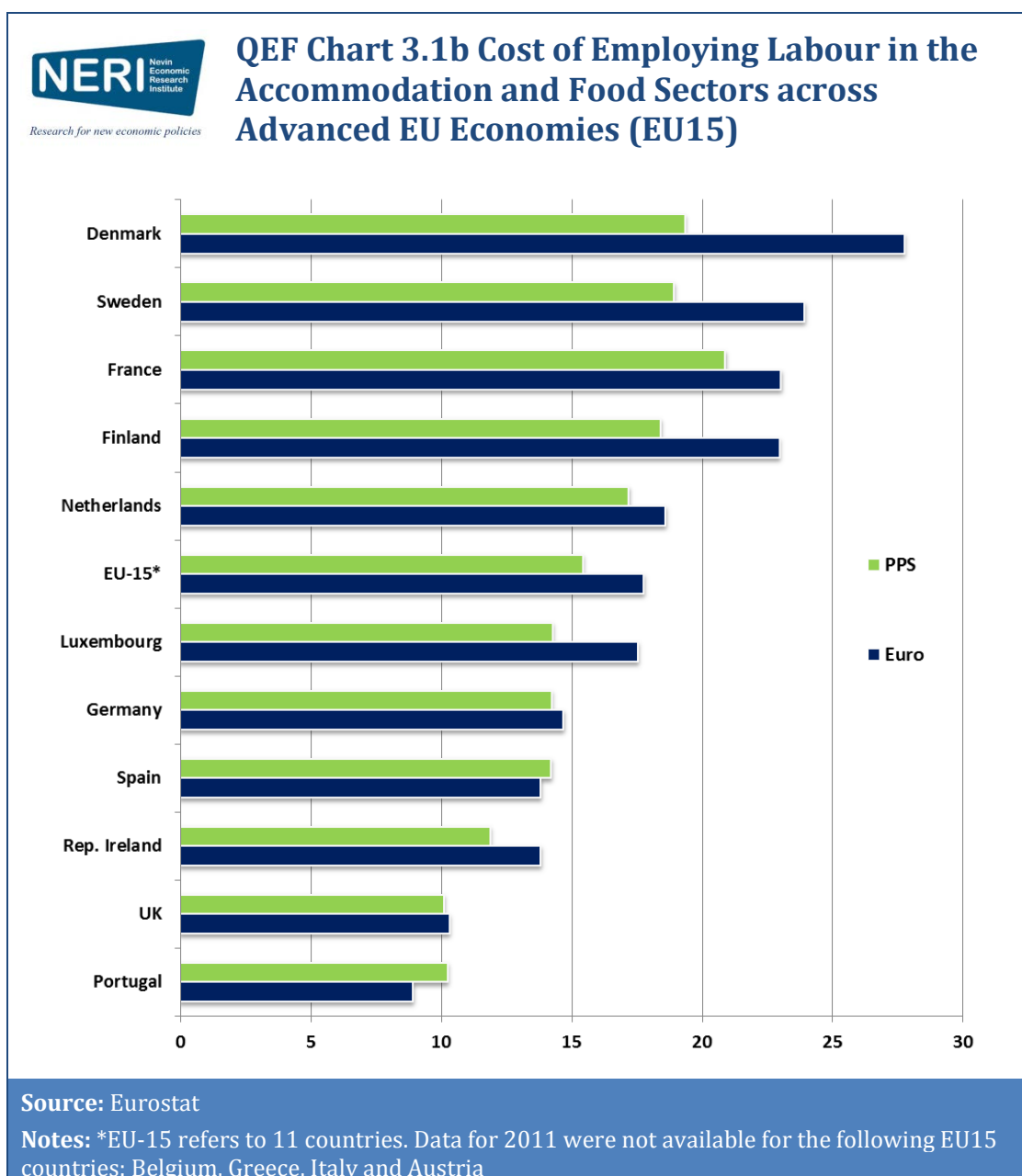
Eurostat online database, Labour Costs – Annual Data [lc_an_cost_r2]

Indicator 3.1b Cost of Employing Labour in the Accommodation and Food Sectors across Advanced EU Economies (EU15)

Indicator defined

Hourly cost of employing labour for the Accommodation and Food Sector (Euro with, and without, adjustment for differences in cost of living PPS)

Data is the latest available as of 2 December 2014



QEF Table 3.1b Cost of Employing Labour in the Accommodation and Food Sectors across Advanced EU Economies (EU15)

Country	€	€PPS
Denmark	27.78	19.36
Sweden	23.95	18.94
France	23.05	20.91
Finland	22.98	18.43
Netherlands	18.62	17.21
Luxembourg	17.56	14.28
Germany	14.70	14.25
Rep. Ireland	13.83	11.89
Spain	13.83	14.23
United Kingdom	10.32	10.12
Portugal	8.93	10.26
EU-15*	17.78	15.44

Source: Eurostat online database

Notes: *EU-15 refers to 11 countries. Data for 2011 were not available for the following EU15 countries: Belgium, Greece, Italy and Austria

Interpretation

See interpretation for indicator 3.1a.

Technical Notes

See notes for indicator 3.1a.

Source(s)

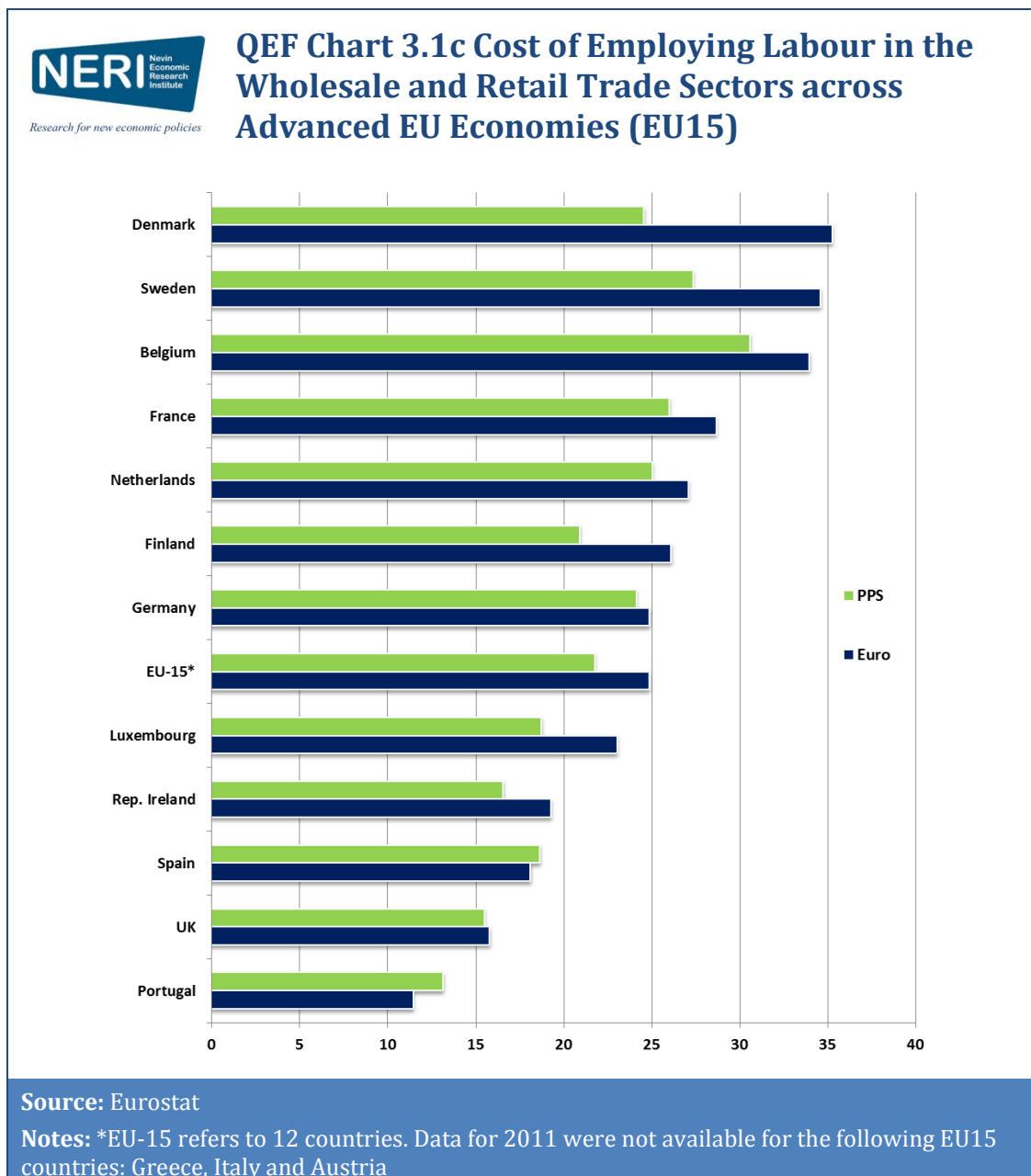
Eurostat online database, Labour Costs – Annual Data [lc_an_cost_r2]

Indicator 3.1c Cost of Employing Labour in the Wholesale and Retail Trade Sectors across Advanced EU Economies (EU15)

Indicator defined

Hourly cost of employing labour in the wholesale and retail trade including the repair of motor vehicles and motorcycles sector (Euro with, and without, adjustment for differences in cost of living PPS)

Data is the latest available as of 2 December 2014



QEF Table 3.1c Cost of Employing Labour in the Wholesale and Retail Trade Sectors across Advanced EU Economies (EU15)

Country	€	€PPS
Denmark	35.27	24.58
Sweden	34.61	27.37
Belgium	33.98	30.61
France	28.68	26.02
Netherlands	27.10	25.05
Finland	26.12	20.94
Germany	24.90	24.14
Luxembourg	23.05	18.75
Rep. Ireland	19.30	16.59
Spain	18.14	18.67
United Kingdom	15.82	15.51
Portugal	11.47	13.17
EU-15*	24.87	21.78

Source: Eurostat online database

Notes: *EU-15 refers to 12 countries. Data for 2011 were not available for the following EU15 countries: Greece, Italy and Austria

Interpretation

See interpretation for indicator 3.1a.

Technical Notes

See notes for indicator 3.1a.

Source(s)

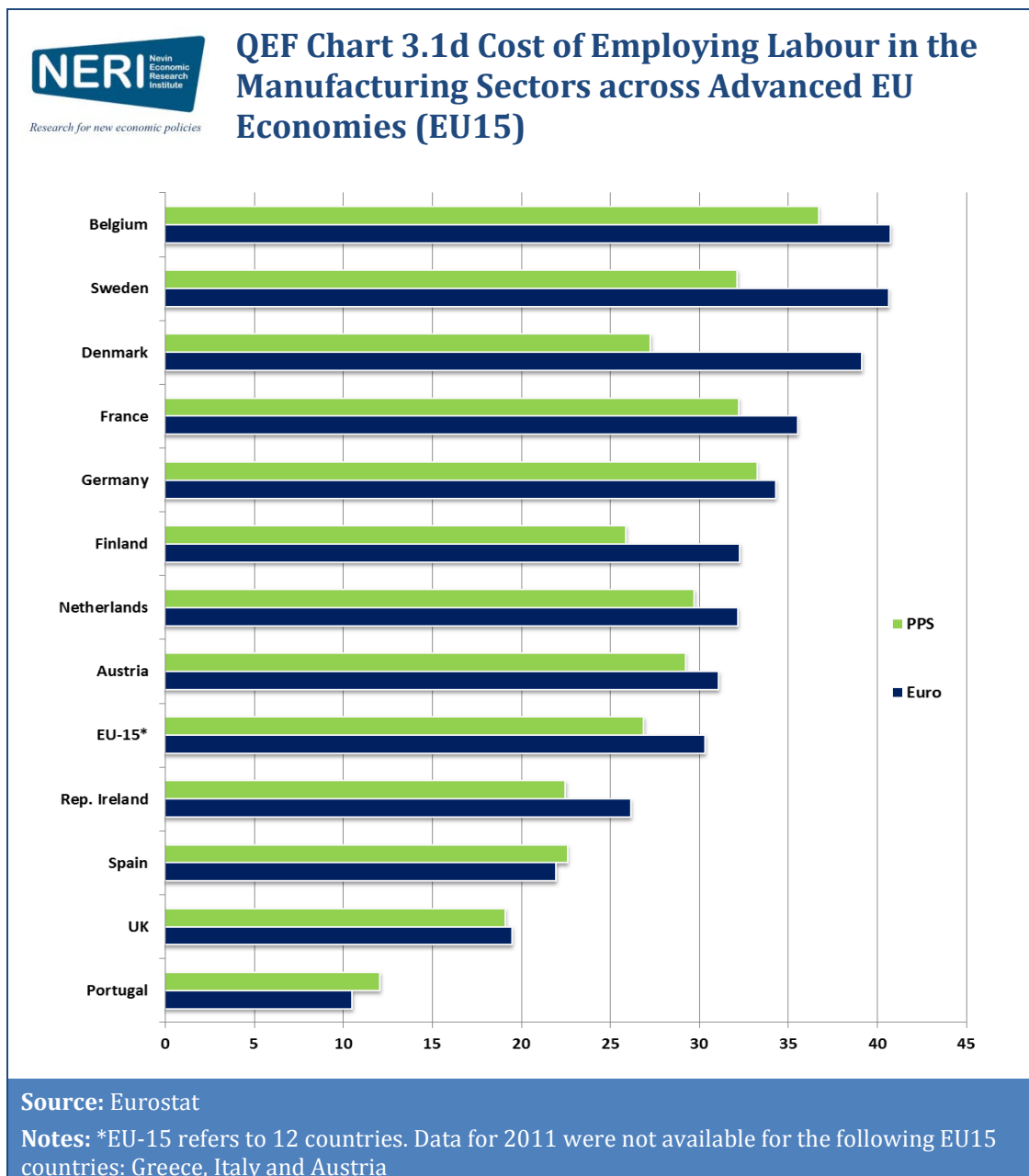
Eurostat online database, Labour Costs – Annual Data [lc_an_cost_r2]

Indicator 3.1d Cost of Employing Labour in the Manufacturing Sectors across Advanced EU Economies (EU15)

Indicator defined

Hourly cost of employing labour in the wholesale and retail trade including the repair of motor vehicles and motorcycles sector (Euro with, and without, adjustment for differences in cost of living PPS)

Data is the latest available as of 2 December 2014



QEF Table 3.1d Cost of Employing Labour in the Manufacturing Sectors across Advanced EU Economies (EU15)

Country	€	€PPS
Belgium	40.75	36.71
Sweden	40.65	32.15
Denmark	39.14	27.28
France	35.52	32.23
Germany	34.30	33.25
Finland	32.29	25.89
Netherlands	32.18	29.74
Austria	31.10	29.23
Rep. Ireland	26.17	22.50
Spain	21.97	22.61
UK	19.50	19.12
Portugal	10.53	12.09
EU-15*	30.34	26.90

Source: Eurostat online database

Notes: *EU-15 refers to 12 countries. Data for 2011 were not available for the following EU15 countries: Greece, Italy and Austria

Interpretation

See interpretation for indicator 3.1a.

Technical Notes

See notes for indicator 3.1a.

Source(s)

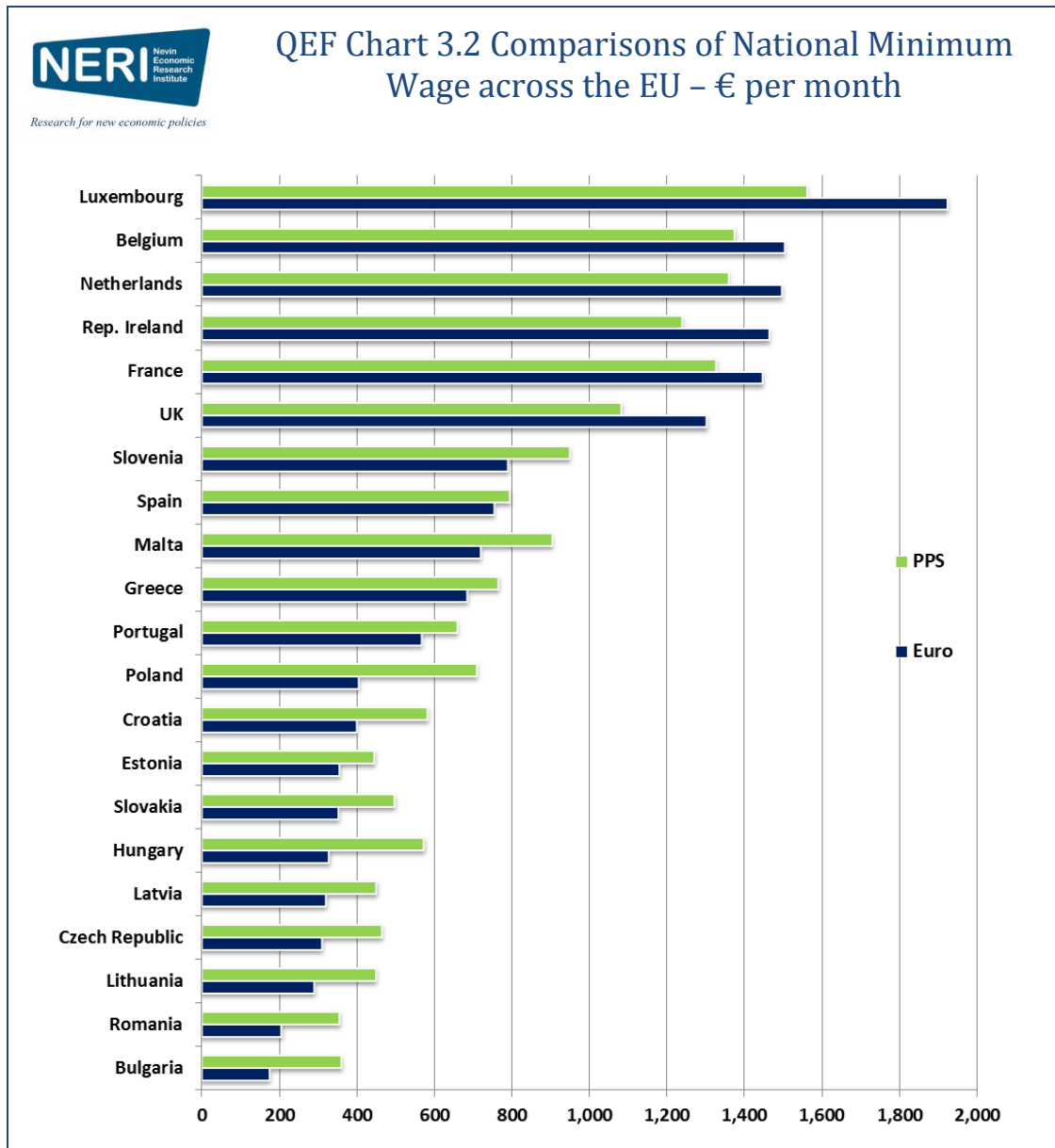
Eurostat online database, Labour Costs – Annual Data [lc_an_cost_r2]

Indicator 3.2 Comparisons of National Minimum Wage across the EU

Indicator defined

Monthly national minimum wages across the EU (Euro with, and without, adjustment for differences in cost of living PPS)

Data is the latest available as of 2 December 2014



Source: Eurostat

Note: Austria, Cyprus, Denmark, Finland, Germany, Italy, and Sweden do not have a statutory national minimum wage.

QEF Table 3.2 Comparisons of National Minimum Wage across the EU, € per month

Country	2007	2014	Country	2007	2014
Belgium	1,283.00	1,501.82	Malta	601.90	717.95
Bulgaria	92.03	173.84	Netherlands	1,317.00	1,495.20
Croatia	n/a	398.31	Poland	248.43	404.16
Czech Republic	278.57	309.62	Portugal	470.17	565.83
Estonia	230.08	355.00	Rep. Ireland	1,461.85	1,461.85
France	1,280.07	1,445.38	Romania	124.44	205.34
Greece	767.55	683.76	Slovakia	225.96	352.00
Hungary	266.10	328.16	Slovenia	521.80	789.15
Latvia	172.34	320.00	Spain	665.70	752.85
Lithuania	202.73	289.62	UK	1,310.09	1,301.31
Luxembourg	1,570.28	1,921.03			

Source: Eurostat online database

Notes: Austria, Cyprus, Denmark, Finland, Germany, Italy, and Sweden do not have a statutory national minimum wage. Data for 2007 is for the second half of that year.

Interpretation

National monthly minimum wages, adjusted for prices, reflect the minimum standard of living that a full-time employed worker can expect. Minimum wages (adjusted or not for prices) are not an ideal measure of labour cost competitiveness. This is as: many high pay countries without statutory minimum wages have de facto minimum wages; minimum wages do not include other labour costs, such as social insurance; and monthly wages depend on hours worked which vary across countries. In general, labour costs data gives a better indication of labour cost competitiveness (see indicators 3.1a, 3.1b, 3.1c, 3.1d).

Technical Notes

Belgium and Greece have a national minimum wage which is set by national intersectoral agreements. Eurostat includes both countries in the data collection as the minimum wage is fairly universal in coverage. For Ireland, France, the United Kingdom the minimum wage is fixed at an hourly rate, and for Malta the minimum wage is fixed at a weekly rate. These have been converted to a monthly rate.

Source(s)

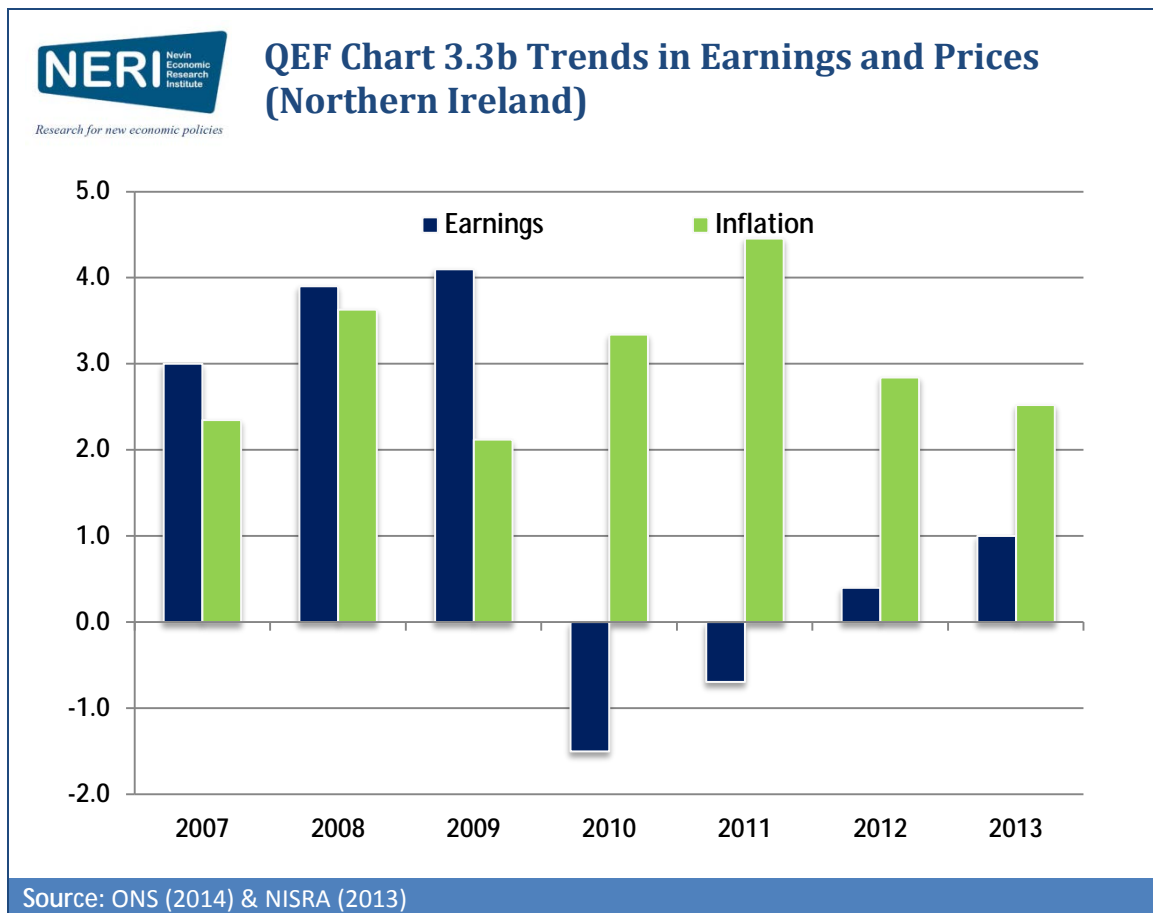
Eurostat online database, Minimum wages [code earn_mw_cur]

Indicator 3.3b Trends in Earnings and Prices (Northern Ireland)

Indicator defined

Comparing the annual % change in the average weekly wage in Northern Ireland and the annual % change in UK wide inflation

Data is the latest available as of 5 December 2014



QEF Table 3.3b Trends in Earnings and Prices (Northern Ireland)

Year	Earnings	Inflation
2007	3.0	2.3
2008	3.9	3.6
2009	4.1	2.1
2010	-1.5	3.3
2011	-0.7	4.5
2012	0.4	2.8
2013	1.0	2.5

Source: ONS (2014) NISRA (2013)
Note: Inflation rate refers to UK HICP

Interpretation

During an economic recession we expect inflation (the rate of change in prices) to be quite moderate. However the most recent recession that began in 2008 proved quite the opposite. Inflation increased substantially reaching a high point of 4.5% in 2011, falling then to 2.5% in 2013. At the same time the recession saw large falls in wage increases across, with 1.5% reduction in average wages in 2010 and a further reduction of 0.7% in 2011. The combination of the two trends means that real wages – wages adjusted for changes in prices, have fallen substantially over the period. 2009 was the last time that wages outpaced inflation, and it will require many years of string wage growth for earnings to recover the buying power that they enjoyed before 2008.

Technical Notes

The measure of inflations used is the UK CPI which is known internationally as the Harmonised Index of Consumer Prices, a standardised European measure of inflation. The earnings data from the Annual Survey of Hours and Earnings only applies to employees and is measured in April of each year.

Source(s)

Office for National Statistics (2014), [Consumer Price Inflation](#)

Northern Ireland Statistics and Research Agency (2013), [Annual Survey of Hours and Earnings](#)