

Sources

Hourly compensation costs measure employers' average hourly labor costs in the manufacturing sector. Average costs refer to all employees, are based on national establishment surveys, and are prepared for level comparisons. To permit meaningful level comparisons of employer labor costs across countries, earnings data from national surveys are adjusted to the BLS concept of hourly compensation. Data for all countries are based on the BLS news release [International Comparisons of Hourly Compensation Costs in Manufacturing, 2009](#) and the related [time series tables](#). Also, see the [technical notes](#) and [country notes](#) associated with this release.

Due to various data gaps and methodological issues, compensation costs for [China](#) and [India](#) are not directly comparable with each other or with data for other countries.

Average compensation costs for selected regions are calculated by weighting each country's compensation cost value by its relative importance to U.S. trade. The weights are calculated using the dollar value of U.S. trade (exports plus imports) in manufactured commodities with each country in 2007. Latin America refers to Argentina, Brazil, and Mexico; Western Europe to Austria, Belgium, France, Germany, Ireland, the Netherlands, Switzerland, and the United Kingdom; Northern Europe to Denmark, Finland, Norway, and Sweden; Southern Europe to Greece, Italy, Portugal, and Spain; Eastern Europe to the Czech Republic, Estonia, Hungary, Poland, and Slovakia; and Asia to Japan, the Republic of Korea, the Philippines, Singapore, and Taiwan.

Data on productivity, output, hours, and unit labor costs refer to all employed persons in the manufacturing sector, are based on national accounts,

and are prepared for trend (rather than level) comparisons. Data for most countries are based on the BLS news release [International Comparisons of Manufacturing Productivity and Unit Labor Cost Trends](#) and the related [time series tables](#). Also, see the [technical notes](#) associated with the news release.

Data for the remaining countries are based on data from the Organisation for Economic Co-operation and Development (OECD) database [OECD.Stat](#).

Definitions

Hourly compensation (labor cost) is the average cost to employers of using one hour of labor in the manufacturing sector. Compensation includes (1) pay for time worked, (2) directly paid benefits, and (3) employer social insurance expenditures and labor-related taxes. **Pay for time worked** refers to wages and salaries for time actually worked, including basic wages, overtime pay, shift and holiday premiums, and regular bonuses. **Directly paid benefits** primarily include pay for vacations and other leave, irregular bonuses, and pay in kind. **Social insurance expenditures** are employer contributions to social benefit funds on behalf of workers, such as for unemployment insurance, workers' compensation, health insurance, and pension funds. **Labor-related taxes** are taxes on payrolls or employment, net of subsidies. **Total hourly direct pay** includes all payments made directly to the worker consisting of pay for time worked and directly paid benefits.

Productivity is real output per hour worked. **Output** is defined as real value added. **Hours** refer to the hours worked by all persons engaged in the manufacturing process. **Unit labor costs** are nominal compensation costs divided by real value-added output. Unit labor cost can be expressed in national currency and in U.S. dollars. ■