

Indicator 10.4.1

Indicator Name, Target and Goal

Indicator 10.4.1 Labour share of GDP

Target 10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality

Goal 10 Reduce inequality within and among countries

Definition and Rationale

Definition

Labour share is derived from the total compensation of employees given as a percent of national income in JSNA.

Concepts

Compensation of employees is the total in-cash or in-kind remuneration payable to the employee by the enterprise for the work performed by the employee during the accounting period. Compensation of employees includes: (i) wages and salaries (in cash or in kind) and (ii) employers' social contributions.

National income is the total amount of income accruing to a country from economic activities. It includes payments made to all resources in the form of wages, interest, rent and profits.

Employees are all those workers who hold the type of job defined as paid employment jobs. Since total employment is made up by employees and the self-employed, compensation of employee does not include the labour income of self-employed workers.

Rationale and Interpretation:

Labour share seeks to inform about the relative share of national income which accrues to employees as compares with the share which accrues to capital in a given reference period.

In order to interpret this indicator effectively, it is important to consider it together with economic growth trend. The share of labour compensation in national income can highlight the extent to which economic growth translates into higher incomes for employees over time.

Data Sources and Collection Method

Data on national income and compensation of employees is based on

National Accounts published by the Cabinet office, Government of Japan.

Method of Computation and Other Methodological Considerations

- Computation Method

Labour share = total compensation of employees / national income (at factor cost) * 100

- Comments and limitations

This indicator underestimates the proportion of GDP accrued to total employment, as it covers only the compensation of employees and does not include the labour income of the self employed.

Data Disaggregation

N/A

References

N/A

Custodian Ministries of Data

Economic and Social Research Institute, Cabinet Office

Custodian Ministries of Related Policies

Cabinet Office

Ministry of Health, Labour and Welfare

International Organizations

International Labour Organization (ILO)