

21 December 2007

## **Annual Wage Structure Survey**

### **2004-2005 Results**

#### **Main results**

- The average annual earnings per worker are 18,676.92 euros in 2005, with a growth of 2.0% as compared with 2004.
- The average annual female earnings (15,294.83 euros in 2005) are 72.5% of the male earnings (21,093.92 euros). These differences are reduced when considering similar situations with respect to variables such as occupation, type of working day or contract, among others.
- Comunidad de Madrid, with 22,973.66 euros per worker per year, is the Autonomous Community with the highest average annual salary. Extremadura, with 15,242.05 euros, has the lowest.
- In 2005, workers with a determined duration contract have average annual earnings 34% lower than those of employees with permanent contracts.

The Annual Wage Structure Survey, whose final data referring to the years 2004 and 2005 is presented today by the INE, provides statistical information that has been widely demanded by all social sectors. It is the case, for example, of the annual earnings (or wages) data, by sex and occupation, among other variables, of which information was only available every four years through the Wage Structure Surveys and for companies with 10 or more employees.

On the other hand, this survey represents a step further in the use of administrative registers, given that it combines the information from the Social Security files, the data from a survey attached to the Quarterly Labour Cost Survey carried out by the INE, and the information on the work payments from model 190: Annual Summary of Withholdings and Advance Payments on Personal Income Taxes by the State Tax Administration Agency (AEAT) and Treasury of Comunidad Foral de Navarra. In this sense, the INE would like to express its gratitude for the collaboration of the Statistics Institute of Navarra and the rest of the institutions involved.

#### **Gross annual earnings**

**The average annual earnings per worker were 18,676.92 euros in 2005**, indicating an increase of 2.0% as compared with 2004. The average annual earnings were 21,093.92 euros for men and 15,294.83 euros for women. **In 2004, the average annual gross wages were 18,310.11 euros.**

The average annual earnings for women in 2005 were 72.5% of the earnings for men, for a difference that was very similar to that registered in the year 2004 (72.4%). However, this difference and its evolution through time should be qualified by other labour variables (type of contract, working day, occupation, seniority, ...) that have an important influence on wages.

One feature of the functions of wage distribution is that many more workers are registered in the lowest values than in the highest wages. This fact causes **the average wages to be higher than the median wages** (that is, the wage figure that divides the number of workers into two equal parts, those whose wages are higher and those whose wages are lower, and which presented a value of 15,130.29 euros in 2005 and 14,674.46 in 2004), **like the most frequent wages** (which was 13,504.14 euros in 2005 and 12,553.12 euros in 2004).

The asymmetry of the wage distribution between men and women is clear, granted that, in 2005, 43.4% of women had wage income between one and two times the inter-professional Minimum Wage (IMW), while only 28.1% of men were within this interval.

Bearing in mind higher wages, 17.1% of men had income four times higher than the IMW, as compared with only 9.3% of women.

These differences are explained, among other reasons, because there is a higher proportion of women than men working part-time, which causes their annual earnings to be lower.

## Wages by Autonomous Community

The average earnings data by Autonomous Community confirm the results obtain by the traditional surveys.

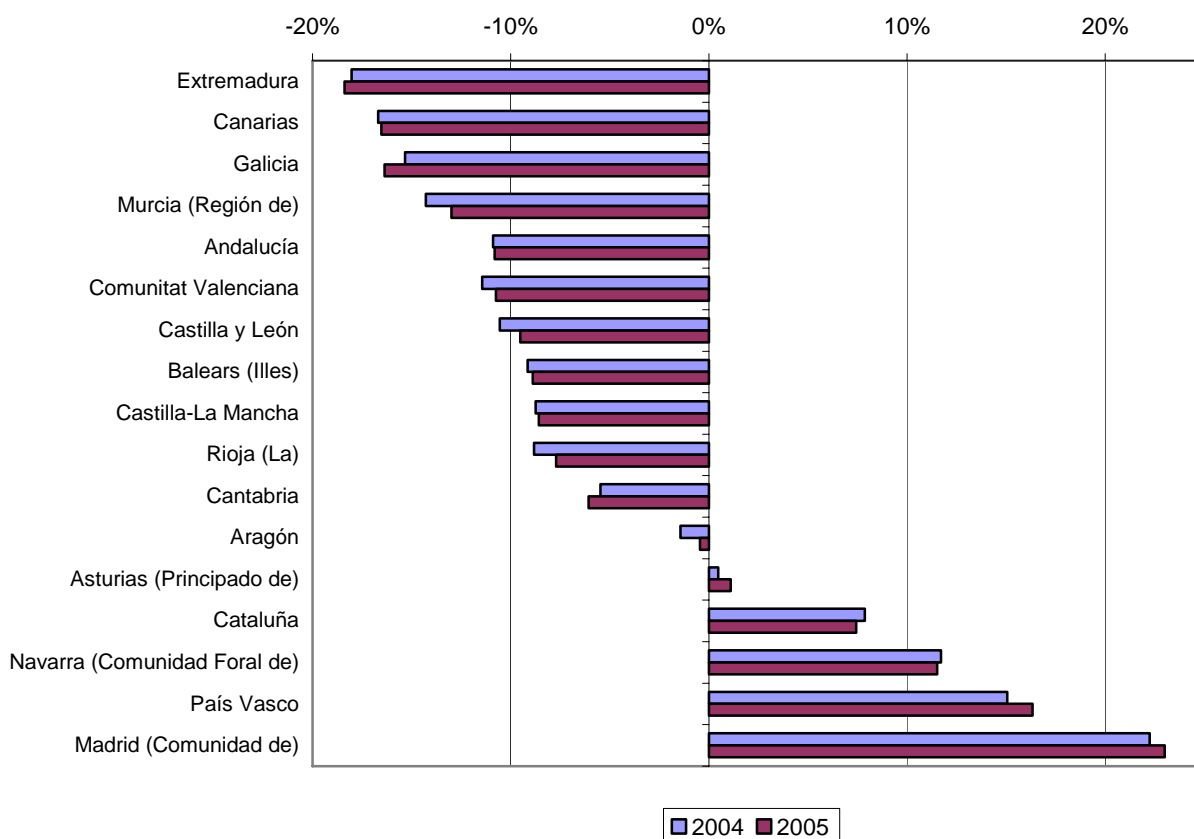
Thus, **during the year 2005, the highest average wages corresponded to Comunidad de Madrid (22,973.66 euros per worker per year), País Vasco (21,730.03 euros), Comunidad Foral de Navarra (20,829.74 euros) and Cataluña (20,067.13 euros)**. These four Autonomous Communities, together with Principado de Asturias, presented average annual earnings above the national average in both 2005 and 2004.

The remaining Autonomous Communities recorded average wages below the national average for both years. Extremadura (15,242.05 euros), Canarias (15,590.68 euros) and Galicia (15,621.43 euros) presented the lowest wages in 2005.

The growth of the average annual earnings was uneven by Autonomous Community. Región de Murcia (3.5%), La Rioja and Castilla y León (3.2%) presented the greatest growth in 2005, while Galicia (0.8%), Cantabria (1.4%) and Extremadura (1.6%) registered the most moderate growth.

## Comparison of average wages by Autonomous Community

Deviation in comparison with the national average wages (%)

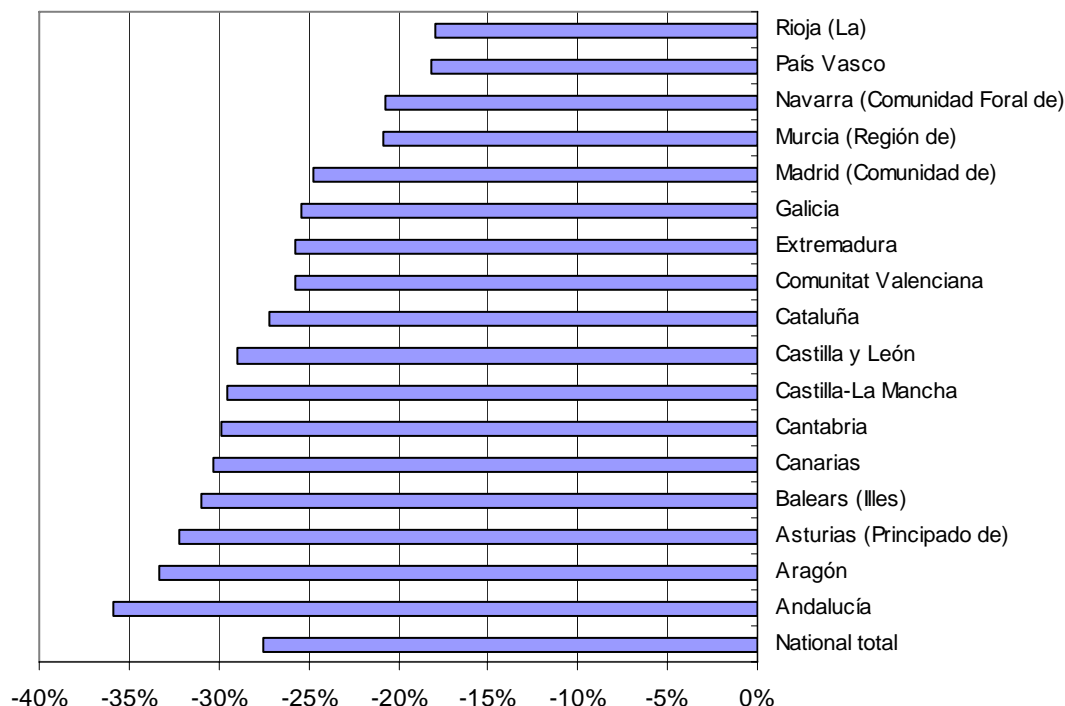


The wage differences between the sexes did not always correspond to a greater wage discrimination in one Autonomous Community or another, but rather, to the different employment structure of each region. In fact, **there were many factors that affected these wage differences, such as the type of contract, the type of working day, the level of studies, or the different occupations**, among others.

Considering the deviation of the average earnings of women over those of men, that is, the percentage that the female wages represent as compared with male wages, it is worth noting that **in almost all Autonomous Communities, the average wages of women was between 25% and 35% lower than the average wages of men, in both years 2004 and 2005.**

The Autonomous Community with the least wage difference between the sexes was Extremadura. Conversely, Principado de Asturias registered the greatest divergence.

### Deviation of women's earnings over men's earnings (%) – year 2005



### Wages by economic activity sector

The economic sector with the highest average annual wages in 2005 was Industry, with 21,998.40 euros per worker (and a growth of 4.0% as compared with the previous year), followed by Services (18,071.07 euros and an increase of 1.9%) and Construction (17,568.66 euros, and 2.0% more).

Analysing the wage differences between the sexes for each activity sector, we verified that in 2005 women had lower wages than men in all sectors.

The activity sector with the least wage inequality was Construction. Nonetheless, we must indicate that this was the sector that employed the fewest women (with women accounting for only 0.8% of the total employees), though they were in occupations with higher pay, such as administrative tasks and technical management.

In contrast, the sector with the highest wage difference between the sexes was Industry, given that women occupied positions with lower pay, and with a higher proportion of persons working part-time.

## Ganancia media anual por actividad económica (euros). Año 2005

	Total		Industria		Construcción		Servicios	
	Euros	Tasa <sup>1</sup>	Euros	Tasa <sup>1</sup>	Euros	Tasa <sup>1</sup>	Euros	Tasa <sup>1</sup>
<b>Ambos sexos</b>	<b>18.676,92</b>	<b>2,0</b>	<b>21.998,40</b>	<b>4,0</b>	<b>17.568,66</b>	<b>2,0</b>	<b>18.071,07</b>	<b>1,9</b>
Mujeres	15.294,83	2,7	16.675,05	3,6	15.484,32	2,9	15.111,28	2,8
Hombres	21.093,92	2,7	23.913,66	4,4	17.765,14	2,0	21.387,29	2,4

<sup>1</sup> Respecto al año anterior

### Wages by occupation

Occupation is one of the variables that most influence the wage level. In 2005, worth noting was the large wage difference registered in Group A (*Management of companies with more than 10 employees*) as compared with the remaining occupations. Specifically, they were 320% higher than the average wages. Group B (*Management of companies with fewer than 10 employees*) registered wages 222% above the average.

Regarding the remaining occupations, those associated with University degrees (Groups D and E) were significantly above the average. The earnings of technicians and support professionals (Group F) were also higher than the average, and the same occurs, though to a lesser extent, with the wages of *skilled workers in the fields of extractive industries, metallurgy and construction of machinery* (Group N).

The other occupations had average earnings below the national average, with the least paid those corresponding to *unskilled workers in services, except transport* (Group S).

Even distinguishing by occupation and sex, the previous pattern repeats itself. **The occupations with the highest pay were the same for men and women**, and in the same order.

The occupations with the lowest earnings were also very similar. However, in the case of men, the lowest annual wages were for unskilled agricultural, fishing, construction, manufacturing and transport industry labourers, while the women with the lowest pay were those working in unskilled occupations in services.

Considering the increase in annual earnings as compared with 2004, the occupations with the greatest growth were those corresponding to Group D, *Professions associated with 2nd and 3rd cycle university degrees and the like* (11.2%), Group L, *Skilled agricultural and fishery workers* (9.5%) and Group E, *Professions associated with a 1st cycle university degree and the like* (8.6%).

Conversely, the occupations with the least growth were those corresponding to Group K, *Retail workers and the like* (0.7%), Group B, *Management of companies with fewer than 10 employees* (2.1%), Group P, *Skilled workers from the graphic arts, textile and preparation, elaboration of food, cabinetmakers, craftpersons and other similar industries* (2.3%).

## Average annual earnings by occupation (euros). Year 2005

	Both sexes		Women (1)		Men (2)		1/2
	Euros	Rate <sup>1</sup>	Euros	Rate <sup>1</sup>	Euros	Rate <sup>1</sup>	%
<b>Total</b>	<b>18.676,92</b>	<b>2,0</b>	<b>15.294,83</b>	<b>2,7</b>	<b>21.093,92</b>	<b>2,7</b>	<b>72,5</b>
A	59.799,87	7,3	41.137,78	-7,3	63.967,88	8,8	64,3
B	41.424,50	2,1	--	--	45.792,99	6,9	--
D	31.632,62	11,2	26.732,98	8,7	35.929,51	11,9	74,4
E	25.617,52	8,6	23.058,83	7,3	29.843,47	11,7	77,3
F	25.920,43	4,2	20.837,17	3,4	29.377,37	5,5	70,9
G	16.731,95	2,4	14.701,14	2,1	20.800,97	4,1	70,7
H	13.355,60	7,1	11.777,84	4,8	15.748,03	10,9	74,8
J	17.931,61	5,9	--	--	18.838,11	7,4	--
K	12.841,02	0,7	11.707,67	7,0	15.360,08	-6,8	76,2
L	15.044,80	9,5	--	--	15.234,76	6,1	--
M	17.685,72	3,8	14.543,77	-8,3	17.763,41	4,1	81,9
N	20.405,99	2,5	16.745,50	4,9	20.658,88	2,4	81,1
P	14.312,72	2,3	12.293,27	4,1	16.564,18	4,8	74,2
Q	18.077,90	2,4	13.345,86	6,2	20.320,10	2,8	65,7
R	16.832,14	4,4	12.998,93	-12,6	16.972,85	4,9	76,6
S	12.187,95	4,8	10.761,02	6,5	15.246,07	3,2	70,6
T	14.217,33	6,0	11.856,36	2,9	14.613,78	5,5	81,1

1 In comparison with the previous year

As in the case of the different economic activities, women also earned wages lower than those of men in all occupations. In addition, there are occupations in which women were scarcely represented, such as *workers in the protection and security services* (Group J) or *skilled workers in general* (Groups L, M, N and P) and *mobile machinery drivers and operators* (Group R).

### Note:

#### Description of Main Groups of the National Classification of Occupations 1994 (CNO-94)

- A Public administration management and management of companies with 10 or more employees
- B Management of companies with fewer than 10 employees
- D Professions associated with 2nd and 3rd cycle university degrees and the like
- E Professions associated with a 1st cycle university degree and the like
- F Technicians and support professionals
- G Administrative type employees
- H Catering services workers and personal services workers
- J Protection and security service workers
- K Retail workers and the like
- L Workers skilled in agriculture and fishing
- M Skilled construction workers, except machinery operators
- N Skilled workers in the fields of extractive industries, metallurgy and construction of machinery and the like
- P Skilled workers from the graphic arts, textile and preparation, elaboration of food, cabinetmakers, craftspersons and other similar industries
- Q Fixed machinery and industrial installation operators; fitters and assemblers
- R Mobile machinery drivers and operators
- S Unskilled workers in services (except transport)
- T Unskilled agricultural, fishing, construction, manufacturing and transport industry labourers

## Wages by nationality

Spanish workers and those citizens of European Union countries (excluding Spain) presented the highest average annual wages (18,905.66 euros for Spaniards and 18,238.64 euros for EU nationals) in 2005.

On the other hand, workers citizens of European countries outside of the Monetary Union (13,347.23 euros) and Latin American citizens (13,686.29 euros) presented the lowest average annual earnings.

### Average annual earnings by nationality (euros). Year 2005

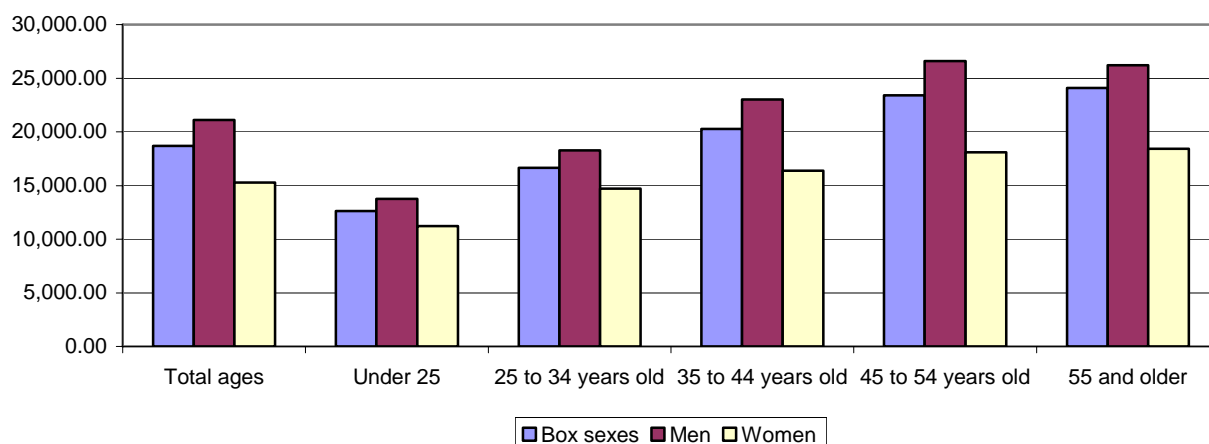
	Both sexes	Women	Men
	Euros	Euros	Euros
<b>All nationalities</b>	<b>18,676.92</b>	<b>15,294.83</b>	<b>21,093.92</b>
Spain	18,905.66	15,426.58	21,437.38
EU-25 (not including Spain)	18,238.64	15,615.63	20,209.77
Rest of Europe	13,347.23	10,733.20	14,781.55
Latin America	13,686.29	11,730.69	15,036.42
Rest of the world	14,606.26	11,393.37	15,305.76

## Wages by age

There was a positive relation between the age of the workers and their wage level. Thus, those older workers, those with more seniority and those with more experience in the post received higher pay. The average annual wages in 2005 for workers aged 25 to 34 years old were 16,646.42 euros, while for workers aged 55 to 64 years old, the figure reached 23,403.89 euros. Nevertheless, for younger workers (under 25 years of age) and older workers (over 55 years of age), the sample of the survey is reduced, which causes a decrease in the statistical reliability of the results.

It is worth noting that the wage differences by sex were greater, according to the age of the workers. This was largely explained by the better qualification (occupation, studies, ...) of the younger women as compared with the older women.

### Average annual earnings by age group (euros). Year 2005



## Wages by type of working day

The working day is one of the most influential variables when determining wage level. In 2005, the average annual wage level for full-time workers was more than twice that of the average annual earnings for part-time workers.

If we consider wage differences by type of working day, we observe that the inequality between men and women diminished noticeably upon bearing in mind this variable.

### Ganancia media anual por tipo de jornada (euros). Año 2005

	Ambos sexos		Mujeres		Hombres	
	Euros	Tasa <sup>1</sup>	Euros	Tasa <sup>1</sup>	Euros	Tasa <sup>1</sup>
Total	18.676,92	2,0	15.294,83	2,7	21.093,92	2,7
Tiempo completo	20.593,90	2,9	17.947,81	3,5	22.061,70	3,1
Tiempo parcial	9.471,02	6,8	8.846,38	6,3	10.963,23	7,9

<sup>1</sup> Respecto al año anterior

## Wages by type of contract

In order to establish comparisons between workers with a permanent contract and those with a determined duration contract, we have adjusted the wages of the workers who did not remain the entire year in the same workplace, and they have been assigned an annual wage equivalent to that which they would have received had they worked in the same conditions for the entire year.

Regarding this adjustment, in 2005, **the workers who had a determined duration contract received annual average wages 34% lower than those who had a permanent contract.**

By sex, men with a permanent contract received wages 32% higher than the average annual wages; while in the case of those who had a determined duration contract, the wages were 18% lower than the average. For women, the wages were always below the national average, noting in particular the case of determined duration contracts, for which the difference in comparison with the average annual wages was 34%.

### Average annual earnings by type of contract (euros). Year 2005

	Both sexes		Women		Men	
	Euros	Rate <sup>1</sup>	Euros	Rate <sup>1</sup>	Euros	Rate <sup>1</sup>
<b>Total</b>	<b>18.676,92</b>	<b>2.0</b>	<b>15.294,83</b>	<b>2.7</b>	<b>21.093,92</b>	<b>2.7</b>
Permanent	21.501,13	1.9	17.043,85	1.8	24.773,82	3.2
Determined duration	14.124,31	3.1	12.355,97	4.9	15.333,82	2.7

<sup>1</sup> In comparison with the previous year



## Methodological note

The main objective of the Annual Wage Structure Survey is to obtain estimates of the gross annual earnings per worker, classified by type of working day, sex, section of the National Classification of Economic Activities (NCEA-93) and one-digit occupation of the National Classification of Occupations (CNO-94).

The information is obtained through the combined processing of the Social Security General Affiliation File (SS) and Model 190 statements: Annual Summary of Withholdings and Advance Payments on Personal Income Taxes by the State Tax Administration Agency (AEAT) and the Treasury of Comunidad Foral de Navarra, along with the occupation and work time variables provided by the survey attached to the INE Quarterly Labour Cost Survey (QLCS).

In this sense, the collaboration of the General Social Security Treasury, the State Tax Administration Agency, the Treasury of Comunidad Foral de Navarra and the Statistics Institute of Navarra have been fundamental in this statistical operation.

The procedure followed was the following: Along with the mailing of the questionnaires of the Quarterly Labour Cost Survey corresponding to the given three months, we included an attached questionnaire with a selected sample of workers, identified by their Social Security number. This questionnaire contained only questions on occupation, except in País Vasco, in which it also included wage variables.

Beginning with the previous information from Social Security and the INE, we prepared a file that is sent to the State Tax Administration Agency and to the Statistics Institute of Navarra. This file is crossed with that from the Model 190 statements, adding to each register (worker) the payment received.

The State Tax Administration Agency and the Treasury of Comunidad Foral de Navarra prepare the results tables following the methodology designed from the final file built.

**The population scope** is made up of all workers working for others. It includes all units, independently of their size. It excludes all presidents, members of administrative boards and, in general, all personnel whose remuneration is not mainly in the form of wages, but rather commissions or benefits.

**It deals with the whole country.** The design allows for offering results by Autonomous Community for the main variables.

**The sectorial coverage** extends to industry, construction and services, except the Public Administration and Domestic Service. It covers sections C to O (except L) of the National Classification of Economic Activities (NCEA-93).

### Wage concepts

All wage concepts are collected as gross values, that is, before carrying out withholdings or advance payments on personal income taxes or contributions to Social Security on the part of the worker.

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**Press office:** Telephone numbers: 91 583 93 63 / 94 08 – Fax: 91 583 90 87 - [gprensa@ine.es](mailto:gprensa@ine.es)

**Information area:** Telephone: 91 583 91 00 – Fax: 91 583 91 58 – [www.ine.es/infoine](http://www.ine.es/infoine)

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