How much of their marginal product are workers paid?:
Individual-level labor share estimates from linked employer-employee-production data

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Abstract

There are large literatures in economics on estimating the labor share of income relative to that of capital, on the significant male-female wage gap, and on redistribution of income, economic efficiency, and welfare. In this paper, we revisit these questions using employer-employee-production data, which records individual-level wages and which also allows us to estimate a firm-worker type Value-of-Marginal-Product (VMP) for every worker. We then construct individual measures of value capture - the ratio of wage to VMP - for all individuals in Swedish manufacturing from 2000-2010. We find a median “labor share of value added” of 0.81 with a substantial 90-10 range across individuals of 2.47 to 0.21. There is a gap between the median male capture of 0.81 and the median female capture of 0.68 that is larger than the wage gap in the data (median of 392 SEK to 340 SEK per year). We also find that the capture ratios are highly “progressive” as you move across labor types, e.g. while the median technical skilled employee earn 20% more than their unskilled counterpart their VMP is 210% larger, leading to a value capture for unskilled workers that is almost twice that of skilled workers.