

Employment Costs

DECODED

An In-Depth Look at Employment Costs and Take-Home Pay Across 32 European Countries

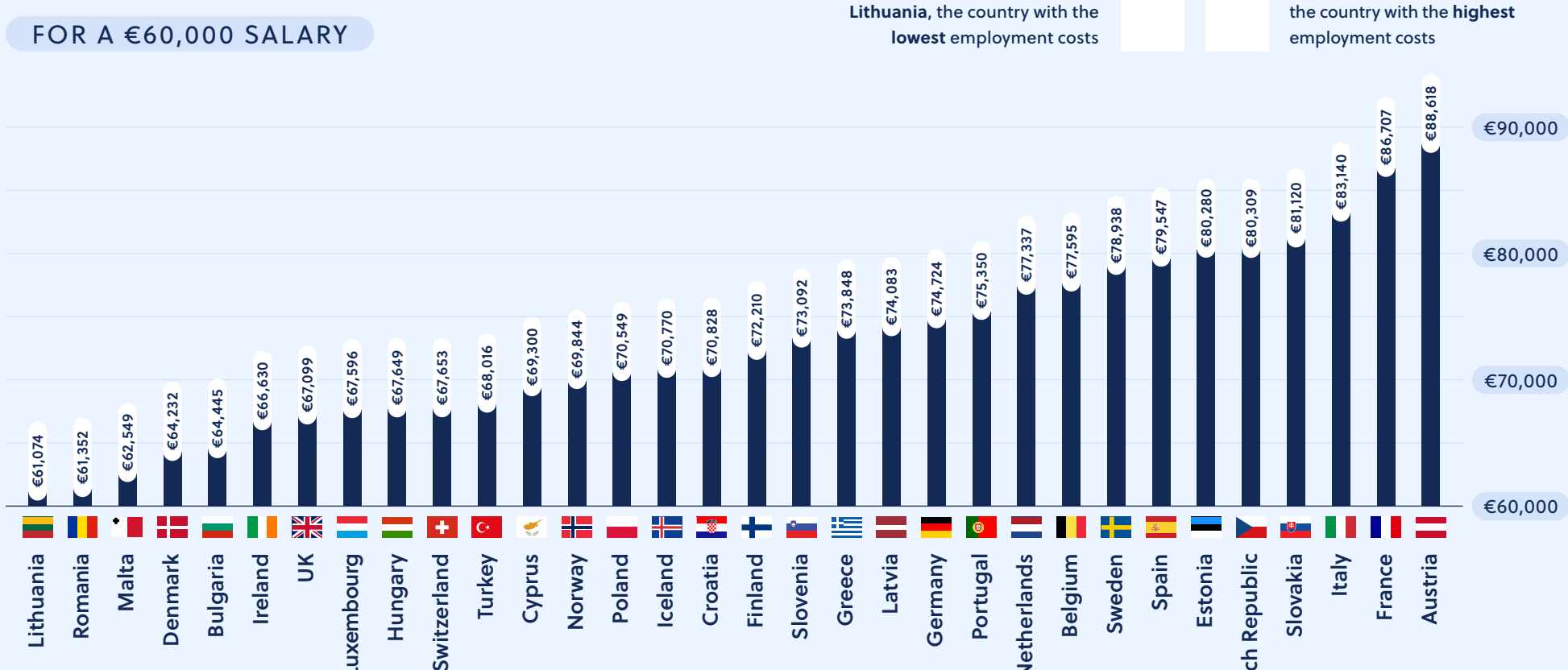


Across Europe, the total cost of employing a worker can vary dramatically. In some countries, the base salary is just the tip of the iceberg, while in other nations, the base salary more closely reflects the true cost of employment.

This infographic breaks down the true cost of hiring across various European countries, focusing on a €60,000 annual salary. We dissect the employer's expenses, calculate how much employees actually take home, and offer a side-by-side comparison of the "cost-to-pay" ratio - how many euros employers have to pay for their employees to receive one euro in net income - across three different salary ranges.

Estimated Total Employment Cost by Country

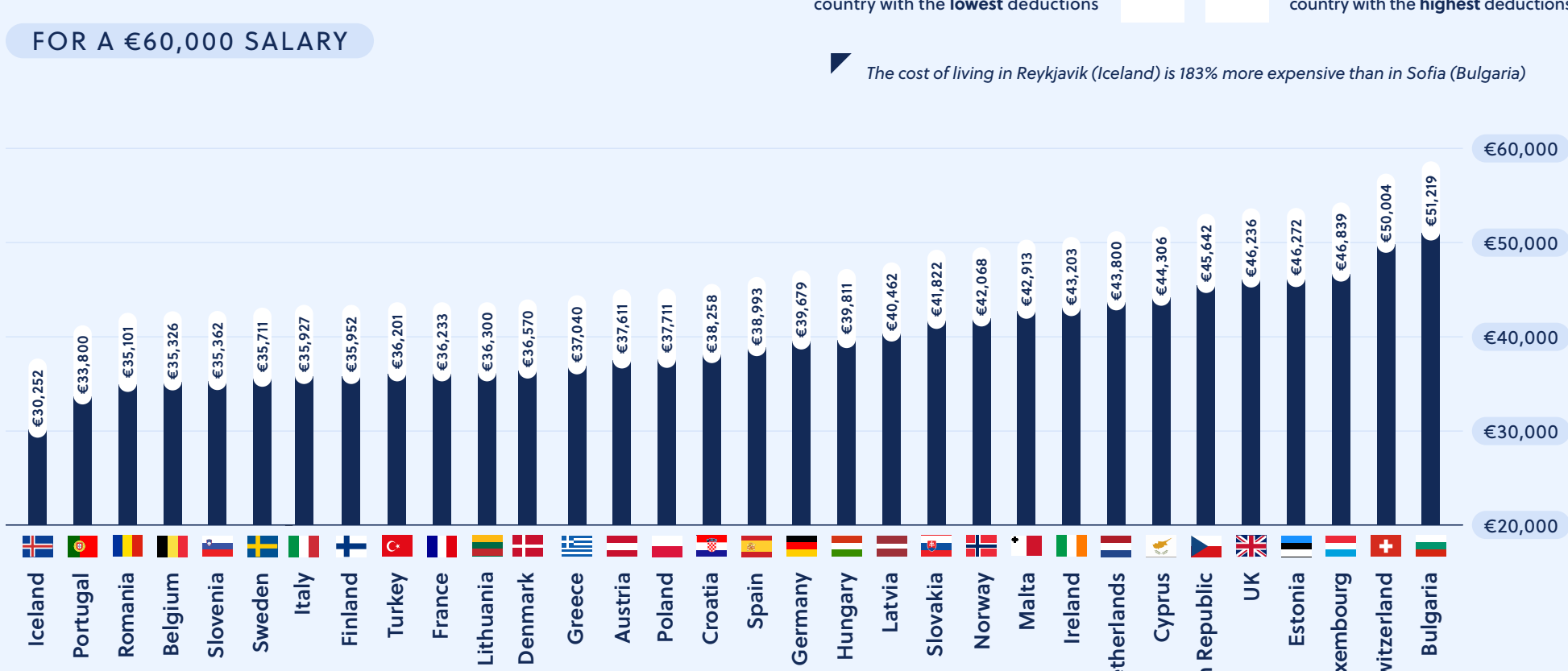
FOR A €60,000 SALARY



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Estimated Employee Net Pay by Country

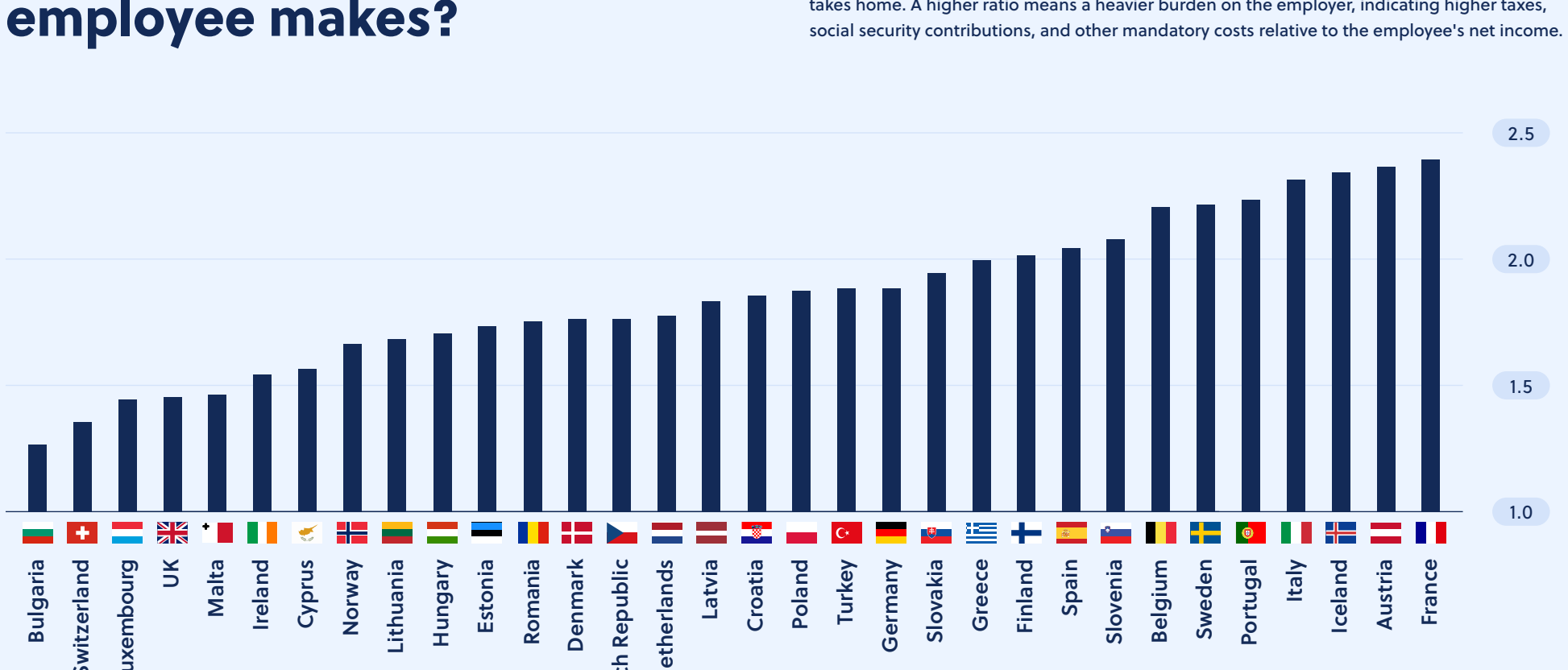
FOR A €60,000 SALARY



The cost of living in Reykjavik (Iceland) is 183% more expensive than in Sofia (Bulgaria)

How much will an employer have to pay for each euro an employee makes?

What is Cost-to-Pay Ratio?
Cost-to-Pay Ratio shows how many euros an employer must pay for every euro their employee takes home. A higher ratio means a heavier burden on the employer, indicating higher taxes, social security contributions, and other mandatory costs relative to the employee's net income.



Breaking Down the Cost-to-Pay Data

Examining the cost-to-pay ratios across different salary levels reveals three distinct categories of countries:

€ > €

Those where the cost to employers reduces as salaries rise

€ = €

Those where it remains relatively constant

€ < €

Those where it increases

Let's break down a few interesting cases from each:

Stays the Same

Romania, Hungary, and Estonia stand out for their consistent cost-to-pay ratio across all salary levels. This means that the relative cost for employers remains stable, whether they are hiring for positions in the €60,000 range, or top executive roles. This predictability can be a significant advantage for businesses seeking a stable and transparent employment cost environment in Europe.

Each country is represented by three bars, each corresponding to a different salary level.

- €60,000
- €100,000
- €250,000

Cost-to-Pay Reduces

In these countries, the cost-to-pay ratio decreases as salaries increase, meaning the relative financial burden on employers is regressive for higher earners:

Country with the Steepest Decrease in Employment Costs

Czech Republic

Czech Republic stands out for its drastic shift in cost-effectiveness as salaries rise. While the cost-to-pay ratio is relatively average for lower salaries, it significantly decreases for the highest earners.

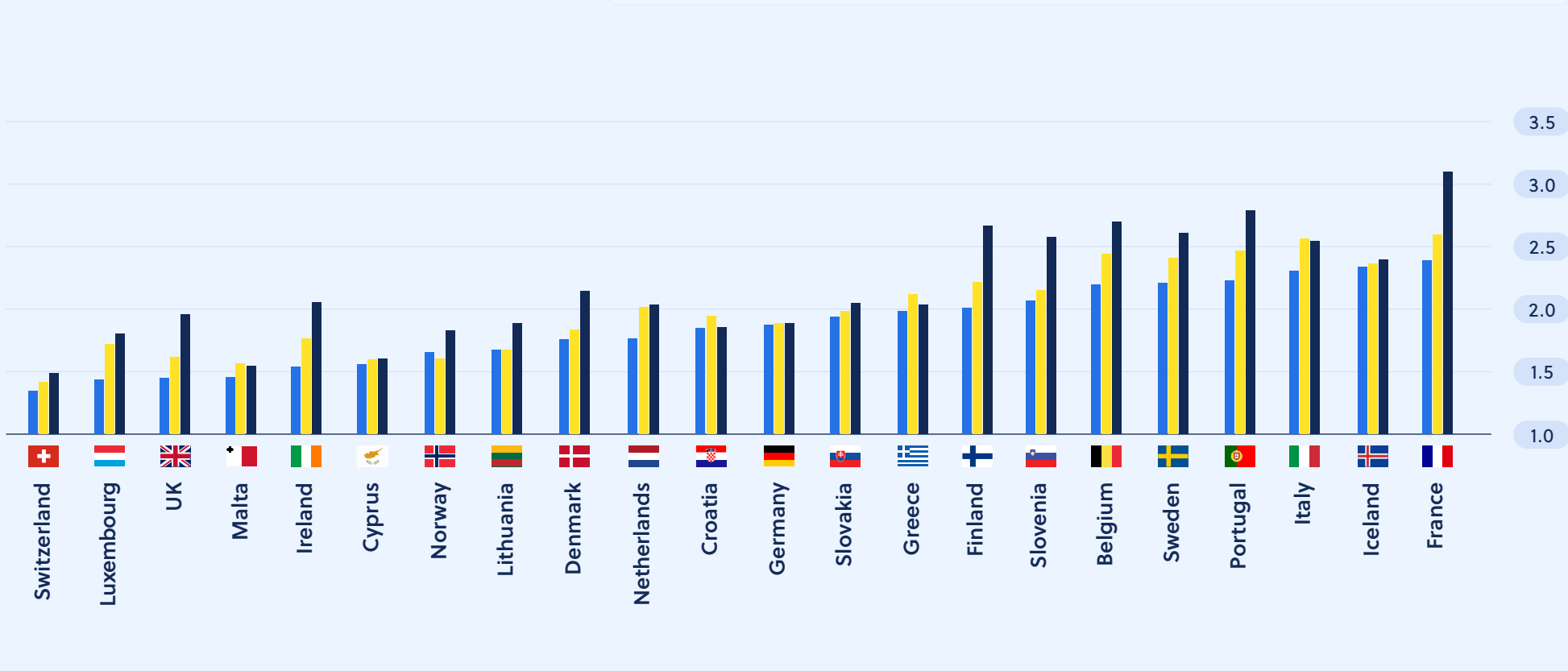
Cost-to-Pay Increases

In these countries, the cost-to-pay ratio increases as salaries rise, meaning the relative burden on employers intensifies for higher earners:

Country with the Sharpest Increase in Employment Costs

France

Cost-to-pay ratio in France skyrockets for higher earners, making it the least cost-effective option for high-salary roles.



Calculate Your Costs

To get a clearer understanding of what a given salary may cost you (as an employer), you can run your own simulations using one of our country-specific calculators.

By understanding the true cost of hiring across Europe organisations can make informed choices, ensuring that compensation strategies attract and retain top talent while upholding principles of equity in an increasingly globalised workforce.

This infographic is a starting point for businesses and decision-makers grappling with these complexities. To give deeper into these insights, download the complete guide, [Decoding Employment Costs in Europe](#).