Wage Structure Survey (WSS) is a nationally representative survey, conducted by the Research Institute of Labour and Social Protection (RILSP) every two years. WSS provides detailed information about basic wages, additional pay, extra pay, awards, and bonuses. We use enterprise and individual level data from the 2013, 2015 and 2017 WSS surveys to study labor costs and wage structure in Mongolia, revealing the following major findings. Real monthly labor cost varies as the macroeconomic state changes. In 2013-2015, real monthly labor cost fell by 3.7% before increasing by 16.6% in 2015-2017. Interestingly, real hourly wages increased during the same period, from 2013 to 2017. During the economic downturn, enterprises slashed labor costs by cutting jobs, workdays and work hours. However, since the economic recovery in 2017, labor costs have increased. There is a weak relationship between labor cost and labor productivity, one which has weakened further in the last few years. The unit labor cost increased in 2015 and then decreased in 2017. We estimate a real wage model with data from the three waves of WSS. According to the analysis, real wages are closely related to employee characteristics and employer characteristics. For example, a male employee with higher education, who works for an urban publicly owned entity in the industry sector, tends to earn a higher real wage. In 2015, a decrease in both employees’ characteristics and wage premiums played an equal role in the fall of real wages. However, in 2017, an increase in wage premiums mostly increased real wages.

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