

LABOUR PRODUCTIVITY LEVELS

Productivity is a measure of the efficiency with which available resources are used in production. Labour productivity, together with use of labour resources, is one of the main determinants of living standards.

Definition

Labour productivity is measured as GDP per hour worked. GDP data at current prices are from the *OECD Annual National Accounts*. For international comparisons and to obtain a volume or “real” measure of GDP, data are converted to a common currency using the OECD Purchasing Power Parities (PPPs) for the year 2014. Hours worked data are derived from two sources, the *OECD Annual National Accounts* and the *OECD Employment Outlook*.

Labour productivity and income levels in each country are calculated with respect to the labour productivity and income levels of the United States. Differences in GDP per

Overview

In 2014, the top three countries with the highest levels of GDP per hour worked, were Luxembourg, Norway and the United States. In Luxembourg, the level of labour productivity was roughly five times that observed in Mexico. Despite low labour productivity levels, Mexico and Chile recorded the highest average working time (well above 2 000 hours annually for the former) among other OECD countries.

In the same year, differences in per capita GDP with respect to the United States varied widely across countries. Much of the differences observed in GDP per capita reflect differences in labour productivity, with gaps relative to the United States ranging from minus 68 percentage points in Mexico, to plus 19 and 80 percentage points in Norway and Luxembourg, respectively. In 2014, Norway and Luxembourg were, once again, the only OECD countries to maintain substantial positive gaps in GDP per capita and in GDP per hour worked vis-à-vis the United States.

Cross-country differences in labour utilisation reflect high unemployment and low participation rates of the working age population, on the one hand, and lower working hours among employed people, on the other hand. Relative to the United States, gaps in labour utilisation were significantly smaller than gaps in GDP per capita and per hour worked. In 2014, the gap in labour utilisation vis-à-vis the United States worsened in several countries and remained substantially negative in Belgium, France, South Africa, Spain and Turkey. In the same year, Iceland, Korea, Luxembourg, Switzerland and Russia showed a relatively positive gap in labour utilisation, therefore contributing to narrow their gap with the United States in GDP per capita.

capita levels with respect to the United States can be decomposed into differences in labour productivity levels and differences in the extent of labour utilisation, measured as the number of hours worked per capita.

Comparability

Cross-country comparisons of productivity and income levels require comparable data on output. Currently, OECD countries use the 2008 *System of National Accounts*, except Chile, Japan and Turkey for which data are based on the 1993 SNA. Comparable labour input estimates are also required. In many cases, employment data are derived from labour force surveys and may not be fully consistent with national account concepts. This reduces the comparability of labour utilisation across countries. Hours worked data are derived either from national labour force surveys or from business surveys. Several OECD countries estimate hours worked by combining these sources, or integrate these sources in a system of labour accounts which is comparable to the national accounts. Cross-country comparability of hours worked remains limited, generating a margin of uncertainty in productivity levels estimates.

Sources

- OECD (2015), *OECD National Accounts Statistics* (Database).
- OECD (2015), *OECD Productivity Statistics* (Database).

Further information

Analytical publications

- OECD (2011), *OECD Reviews of Labour Market and Social Policies*, OECD Publishing.

Statistical publications

- OECD (2015), *OECD Compendium of Productivity Indicators*, OECD Publishing.

Methodological publications.

- OECD (2001), *Measuring Productivity – OECD Manual: Measurement of Aggregate and Industry-level Productivity Growth*, OECD Publishing.

Websites

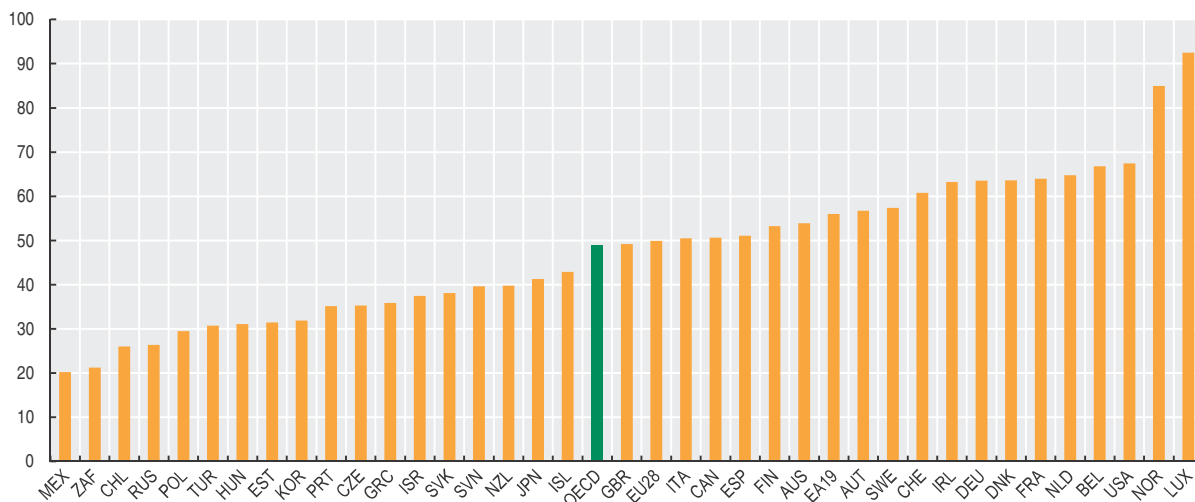
- Productivity statistics, www.oecd.org/statistics/productivity.



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GDP per hour worked

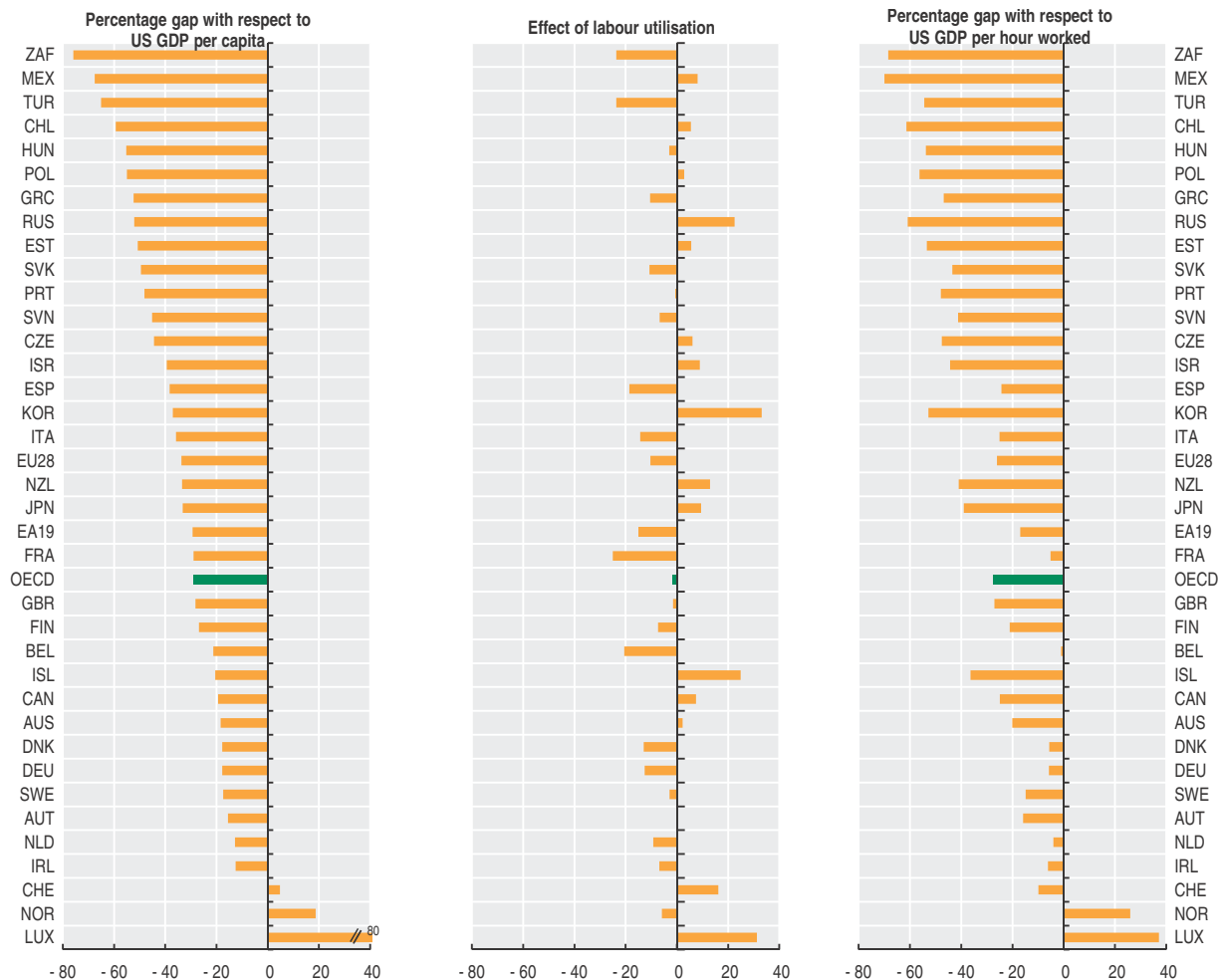
US dollars, current prices and PPPs, 2014



1 2 <http://dx.doi.org/10.1787/888933335394>

Levels of GDP per capita and labour productivity

Percentage point differences with respect to the United States, 2014



1 2 <http://dx.doi.org/10.1787/888933335835>



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