PRODUCTIVITY MEASUREMENT AT THE OECD – AN OVERVIEW

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• **Background**

• **Where do we stand with productivity measurement?**

• **Productivity measurement at the OECD**
Background

- Productivity long-standing issue
- Strong renewed policy interest
  - Observed slowdown of aggregate productivity in many countries
  - Fundamental debates about technology and productivity
    - ‘running out of ideas’ – Gordon
    - ‘the best is yet to come’ – Brynjolfsson and McAfee
- New findings at micro-level: frontier firms and averages
- Productivity and green growth
- Productivity, well-being and inequalities
Where do we stand with productivity measurement?
Measurement of MFP (1)

**Outputs**
- Goods
- Services

**Inputs**
- Labour
- Capital
- MFP
Measurement (2)

Outputs

- Goods: Reasonably well measured, although
  - valuation issues for agriculture
  - financial services
  - externalities / joint products
  - quality adjustment

- Market Services: Not very well measured

- Non-market services
Measurement (3)

- Reasonably well measured
  - hours worked
  - agriculture: unpaid family members

- Human capital and skills – not very well captured
✓ Reasonably well measured

- Measurement hard in some cases
- Typically left out of productivity calculations
- As a consequence, picked up by MFP residual
Productivity measurement at the OECD
1. National accounts – based productivity measures

The 2015 OECD Compendium of Productivity Indicators

• Issues addressed
  – Productivity as main driver of economic growth
  – Labour, capital and multifactor productivity as sources of growth
  – The role of individual industries
  – Productivity, trade and international competitiveness
  – Productivity – trend versus cycle

Where to find continuously updated series

- OECD Website ➔ Statistics
- http://data.oecd.org/
- Database access to OECD.Stat
- Productivity

- Annual and quarterly measures
- Labour productivity growth, total economy and industries
- Labour productivity levels, total economy
- MFP growth, total economy
2. Productivity measures for analytical work – recent examples (1)

The Future of Productivity

http://www.oecd.org/eco/the-future-of-productivity.htm
2. Productivity measures for analytical work – recent examples (2)

Productivity and Environment Policy Stringency

Productivity and Natural Resources

Productivity and Bad Outputs
...Measurement guidance (national accounts related)
Somewhat less than half of OECD countries publish official MFP data

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<th>Country</th>
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<th>Level</th>
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<td>Australian Bureau of Statistics</td>
<td>Market sector and 16 industries</td>
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<td>Canada</td>
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<td>Aggregate business sector, major business sub-sectors</td>
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<td>Detailed industry level according to the North American Industry Classification System</td>
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<td>Denmark</td>
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<td>Aggregate market sector and very detailed industry level</td>
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<td>France</td>
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<td>Mexico</td>
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<td>Total economy and very detailed industry level (67 KLEMS activities)</td>
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<td>Total economy and by industry</td>
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Conclusion

• Productivity highly policy relevant
• Several OECD initiatives and regular measurement
• Most relate to aggregate economy, fewer industry-level studies
• Work on agriculture will catalyse some new challenges:
  – economy-environment interaction
  – measurement of natural assets
  – Basic methodological approaches toward productivity measurement
Thank you!