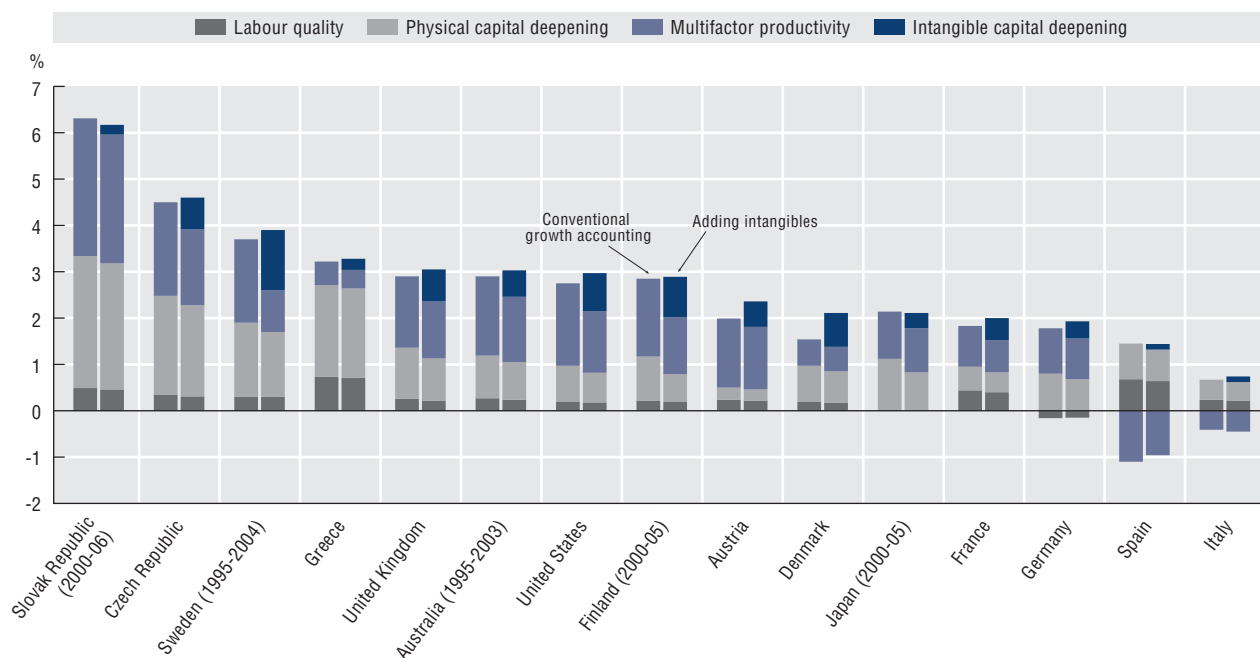


## NEW SOURCES OF GROWTH: THE CONTRIBUTION OF INTANGIBLE ASSETS

A new stream of research argues that firms' spending on new knowledge, i.e. investment in intangible assets, contributes to their output growth not only at the time of investment but also in later years. Estimates of the contribution of intangible assets to labour productivity growth show that, in some countries, they explain a good portion of multifactor productivity growth (a measure of technological change and the inability to fully measure the sources of economic performance).

Labour productivity growth: adding the contribution of intangible assets, 1995-2006



Note: These estimates are based on national studies. They do not yet reflect standardised methods and definitions.

### How to read this figure

What happens when investment in intangible assets is added to the breakdown of labour productivity growth? The contribution of physical capital (machines and information and communication technologies – ICT) declines because investment in software becomes part of investment in intangible assets. Multifactor productivity (MFP) is related to more efficient use of labour and capital inputs, for example through improvements in the management of production processes, organisational change or more generally, R&D and innovation. MFP declines as investment in R&D and in other intangible assets related to innovation is accounted for as a distinct source of growth, “intangible capital deepening”. Although the comparability of these estimates is still poor, owing to differences in data sources, methodologies and assumptions on deflators and depreciation rates, they are a first step in recognising the importance of investment in intangible assets for growth.

Source: OECD, based on research papers, 2009. See chapter notes.

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