

## Labour productivity by main economic activity

Sectors differ from each other with respect to their productivity growth. Such differences may relate, for instance, to the intensity with which sectors use skilled labour and physical and knowledge-based capital in their production, the scope for product and process innovation and the absorption of external knowledge, the degree of product standardisation, the scope for economies of scale, and the exposure to international competition through their participation in global value chains.

### Key facts

Differences in productivity growth rates across countries are more evident when compared at the sectoral level. Although in most countries the highest growth rates are typically in the manufacturing sector and in some business sector services, productivity growth can differ considerably across countries. For instance, after the crisis between 2009 and 2014, productivity growth in manufacturing ranged from 0.3% in Greece to 8% in the Slovak Republic.

Compared with pre-crisis rates, labour productivity in manufacturing slowed in most OECD countries after the crisis, particularly in the Czech Republic, Finland and Korea. In business sector services, labour productivity also slowed after the crisis, notably in Estonia, Greece, Latvia and the United Kingdom.

### Definition

Labour productivity is defined as real value added per hour worked. The non-agricultural business sector, excluding real estate, covers mining and quarrying; manufacturing; utilities; construction; and business sector services. The latter covers wholesale and retail trade, repair of motor vehicles and motor cycles; accommodation and food services; transportation and storage; information and communication services; financial and insurance activities; professional, scientific and support activities. This publication presents sectoral productivity growth for those countries for which sectoral data for real value added (in basic prices) and total hours worked by all persons employed (employees and self-employed) are available by ISIC Rev.4 breakdown in the *OECD National Accounts Statistics* (database).

Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.

### Comparability

The comparability of productivity growth across industries and countries may be affected by problems in measuring real value added. This is particularly relevant for services, as measurement of price changes is complicated by difficulties in identifying quality changes and the provision of bundled services (Annex E). In some industries, estimates of real value added may be based on a sum-of-costs approach, which deflates, using some assumptions, compensation of employees in the specific sector. For example, most countries assume no change in labour productivity for public administration activities, which is why this industry is not included here. Real estate services are also excluded, as their value-added includes the imputation made for the dwelling services provided and consumed by home-owners.

### Sources and further reading

Ahmad, N. et al. (2003), "Comparing Labour Productivity Growth in the OECD Area: The Role of Measurement", *OECD STI Working Paper*, No. 2003/14, <http://dx.doi.org/10.1787/126534183836>.

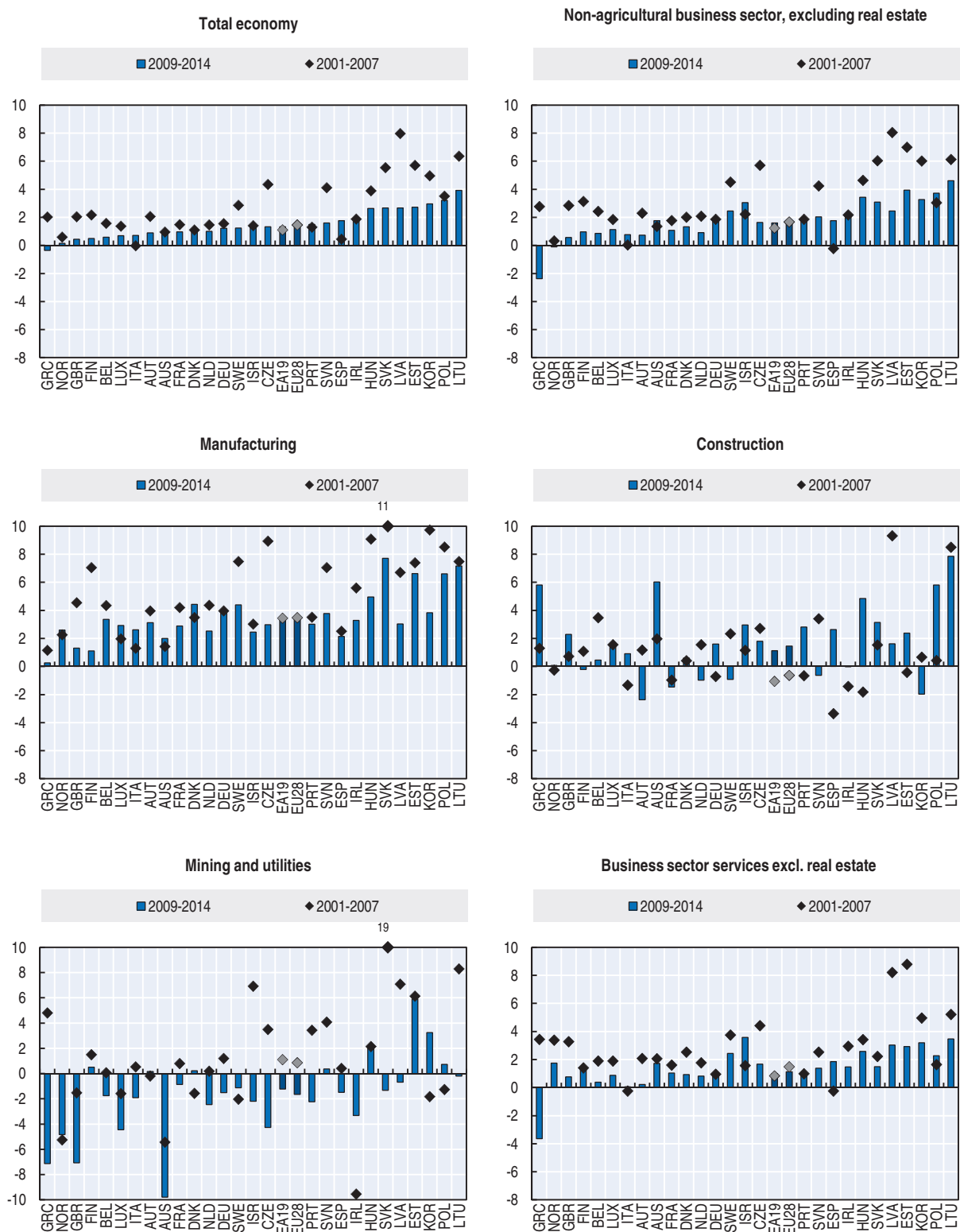
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Figure 3.1. **Labour productivity by main activity**  
Real value added per hour worked, percentage change at annual rate



StatLink  <http://dx.doi.org/10.1787/888933346546>



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