GROWTH RATE OF LABOUR PRODUCTIVITY
(GDP AT CONSTANT PRICES PER PERSON EMPLOYED)

MEASUREMENT CHALLENGES IN CENTRAL ASIA
Economic growth in a country or a sector can be ascribed either to increased employment or to more effective work by those who are employed.

The latter effect can be described through statistics on labour productivity growth.
Use of the indicator

- Labour productivity estimates can serve to develop and monitor the effects of labour market policies. (For example, high labour productivity is often associated with high levels or particular types of human capital, indicating priorities for specific education and training policies.)

- However, the indicator does not say anything about the quantity or structure of employment.
Growth rate of labour productivity
(GDP at constant prices per person employed)

- Indicator for MDG goal 1, Target 1B
- Calculation:
  \[ \text{Labour productivity}_t - \text{Labour productivity}_{t-1} \]
  \[ \text{Labour Productivity}_{t-1} \quad \text{(by sex, industry, occupation)} \]
- Interpretation:
  - Labour productivity represents the amount of output achieved per unit of labour input (\( \Rightarrow \text{GDP} / \text{person employed} \));
  - An increase in the growth rate can mean increased efficiency of labour, of capital and/or of intermediate inputs;
- Gender issue: efficiency of women’s labour should be as high as men’s
Limitations of the indicator

A change may be due to factors other than labour, so other indicators are also needed to interpret it, e.g., employment to population ratio.

Productivity cannot be disaggregated by sex (yet!!) so this indicator cannot be used for gender studies (yet ---).

Sources:

For the numerator and denominator: ES, HS, AR
Measurement challenges - Output data

- Inconsistent national account data
- Input output matrix incomplete and classifications applied are outdated
- Weak price indices (outdated basket of commodities due to high inflation)
- Large informal economy biases GDP estimates
Measurement challenges - Input data

- Data sources are inconsistent and not in line with international statistics standards
- Input output matrix often missing, incomplete and not always integrated with the national accounts
- Weak price indices (outdated basket of commodities)
- Large informal economy causes bias in GDP estimates