



ECONOMY AND LABOUR MARKET

Labour Productivity Statistics

2019 Quarter 3

5 February 2020

This publication includes estimates of labour productivity for Scotland's onshore economy up to the third quarter of 2019 (July-September).

Headline results



In 2019 Quarter 3, labour productivity in Scotland, measured by output per hour worked, has increased by 0.8% compared to the same quarter last year.



Compared to the previous quarter, labour productivity is estimated to have grown by 0.2% in 2019 Quarter 3.

What's included in this release?

Labour productivity measures the amount of economic output that is produced, on average, by each unit of labour input, and is an important indicator of economic performance.

This publication contains a brief summary of the key results from the latest productivity statistics, focussing in on the headline measures of change in output per hour worked.

To aid comparability with other economic measures for Scotland and the UK as a whole, this publication reports growth rates for the latest quarter and compared to the same quarter a year ago. The key results are presented in real terms, i.e. where the effect of price changes has been removed to allow for meaningful comparisons over time. Estimates are for Scotland's onshore economy.

Additionally, the release for Quarter 3 includes a topical section on international comparisons. This presents an update on Scotland's level of nominal (current price) productivity relative to the UK and other OECD member states, which is one of the indicators in Scotland's national performance framework. International comparisons of productivity growth rates are also included.

Data

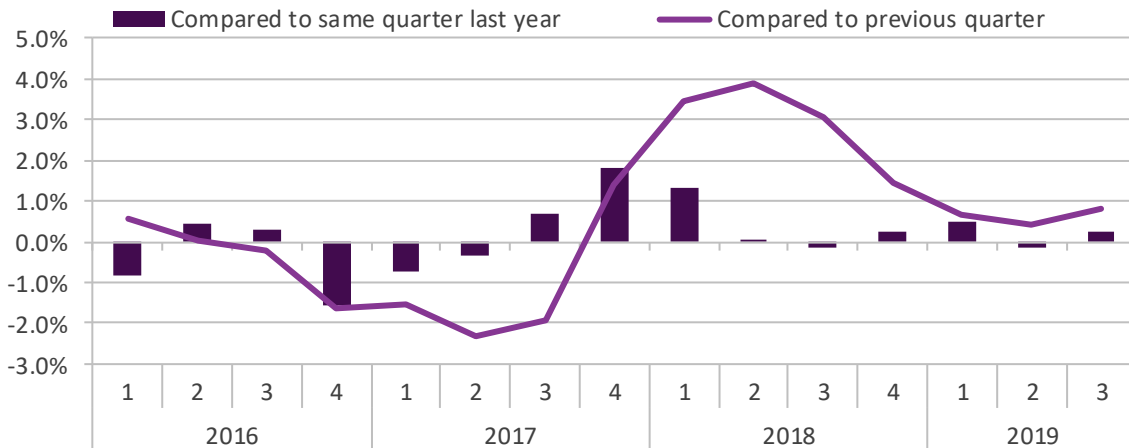
Full results including estimates of output per job, current price productivity measures (not adjusted for price changes) and experimental estimates of labour productivity by industry are available in online tables.

In 2019 Q3, productivity has grown by 0.8% compared to the same quarter in 2018

Compared to the third quarter of 2018, labour productivity has increased by 0.8% in real terms. The growth rate over the year is based on how much output per hour worked has changed in total across the latest four quarters.

Compared to the previous quarter, labour productivity is estimated to have grown by 0.2% in 2019 Quarter 3, following a decrease of 0.2% in the previous quarter.

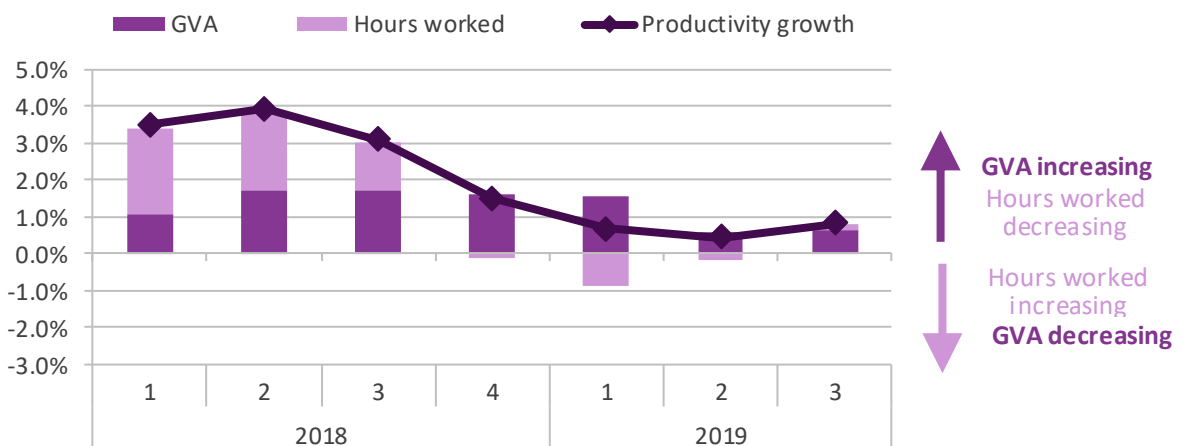
Output per hour worked, percentage change



Changes in productivity can be simply broken down into growth in output (GVA) *minus* growth in total hours worked. Therefore, when output grows faster than hours, productivity increases.

Compared to the same quarter last year, output per hour increased by 0.8% due to a combination of GVA growth (0.6%) and a fall in the total number of hours worked (-0.2%).

Growth in productivity, output and hours worked, compared to same quarter last year



Topical Section: UK and International Comparisons of Productivity

Recent trends in productivity growth

Over the last decade, from 2008-2018, Scotland’s labour productivity has increased by an average of 0.9% per year. This compares to average annual productivity growth of 0.4% per year for the UK as a whole, and an average of 0.9% per year for OECD members. Most countries have seen a slowdown in productivity growth during the last decade, particularly since the global financial crisis.

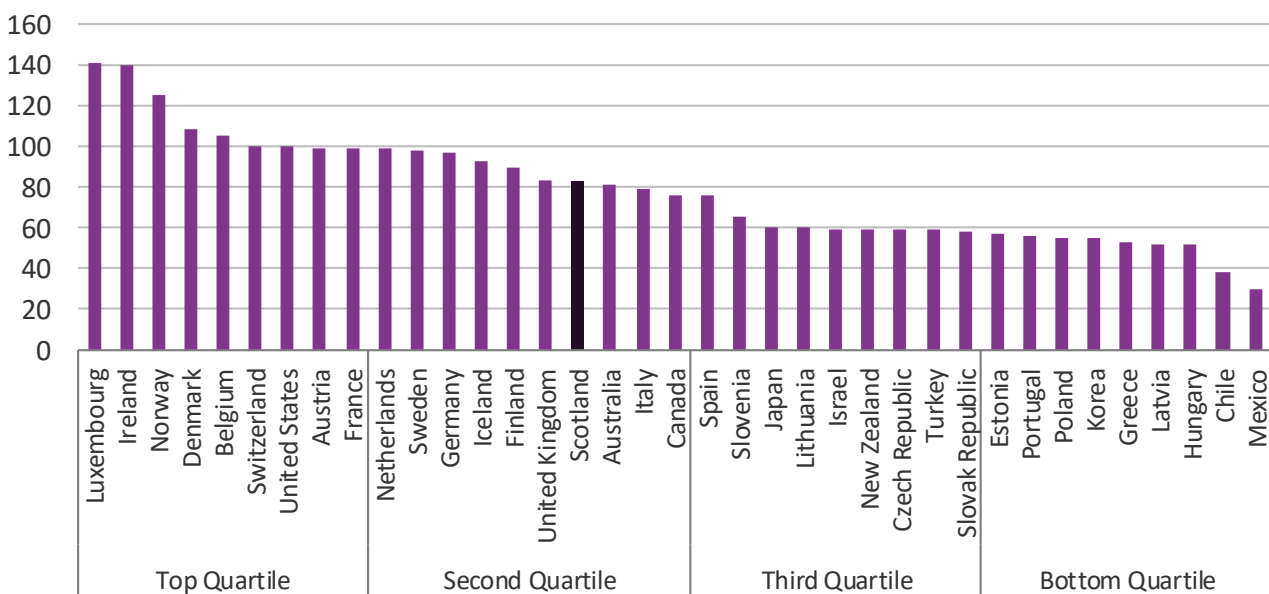
Average annual growth in GDP per hour worked (%)

		2000-2008	2008-2018
Real terms	Scotland	1.1	0.9
	UK	1.7	0.4
	EU28	1.3	1.0
	OECD	1.6	0.9

Productivity levels in 2018

Using recent data from the OECD, Scotland’s nominal productivity level was 83.0% of the USA in 2018, and ranked in 16th place (out of 37 countries, including the UK as a whole) amongst the OECD member states. Since 2008, Scotland’s productivity growth has been similar to the OECD average and the latest results show that Scotland has been ranked 16th (in the second quartile) in nine of the last ten years, maintaining its position. These comparisons are adjusted for Purchasing Power Parity (PPP) so that differing price levels and exchange rates between countries do not have an effect on the results.

Nominal GDP per hour worked in 2018, OECD countries (USA=100)



About Labour Productivity Statistics

Labour productivity measures the amount of economic output that is produced, on average, by each unit of labour input, and is an important indicator of economic performance.

Labour input is measured in terms of the number of jobs in the economy (giving a measure of output per job), and also the total number of hours worked (giving a measure of output per hour worked). Output per hour worked is usually viewed as the most comprehensive indicator of labour productivity and is thus taken as the headline measure.

Labour productivity statistics presented in **real terms** (where the effects of price changes have been removed) are used to analyse changes in the level of activity over time within a particular country or industry, or to compare growth rates between countries or industries on a consistent basis. Results are indexed to a reference year – set at 2007=100 in this release in order to focus on movements since the onset of the recession in 2008.

Results presented in **current prices** (unadjusted for the effects of price changes) are used to make comparisons of the relative level (not growth rate) between countries or industries at a particular point in time.

Quarterly movements of labour productivity can be volatile, making short term trends difficult to discern. To aid interpretation, quarterly estimates of productivity growth are calculated using a trend-based labour input series. The quarterly estimates presented indicate the underlying rate of change after removing both seasonal and irregular (volatile) movements from the data.

Further information on the production and interpretation of these statistics is available [here](#).

What's changed in this release?

Labour productivity estimates are derived using simple calculations on other source statistics and any revisions to these sources of data have a consequent impact on the productivity estimates.

This publication includes revisions to jobs and hours data published by the Office for National Statistics (ONS), with upward revisions to jobs and hours since the start of 2016 reflected in downward revisions to productivity. The impact of these revisions can be seen in Tables R1 and R2.

The latest two quarters of the trend-based measure of productivity are provisional and are subsequently revised as new data become available. The cumulative effect of these revisions is presented in the online revision tables.

Next publication

Labour Productivity Statistics, 2019 Quarter 4

6 May 2020



An Official Statistics publication for Scotland

These statistics have not been assessed by the Office for Statistics Regulation and have therefore not yet been designated as National Statistics.

Official and National Statistics are produced to high professional standards set out in the Code of Practice for Statistics. Both undergo regular quality assurance reviews to ensure that they meet customer needs and are produced free from any political interference

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