



ECONOMY AND LABOUR MARKET

Labour Productivity Statistics

2018 Quarter 3

6 February 2019

This publication includes estimates of labour productivity for Scotland's onshore economy up to the third quarter of 2018 (July-September).

Headline results



On a rolling annual basis to 2018 Quarter 3, comparing the most recent four quarters to the previous four quarters, labour productivity in Scotland, as measured by output per hour worked, increased by 4.0% in real terms.



On a quarterly basis, trend growth in output per hour, which strips out underlying volatility, was flat (0.0%) between the second and third quarter of 2018, following an increase of 0.2% in the previous quarter.

What's included in this release?

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

The key results are presented in real terms, where the effect of price changes has been removed to allow for meaningful comparisons over time.

Additionally, a topical piece on international comparisons is presented this quarter which focuses on Scotland's level of nominal (current price) productivity relative to the UK and other OECD member states.

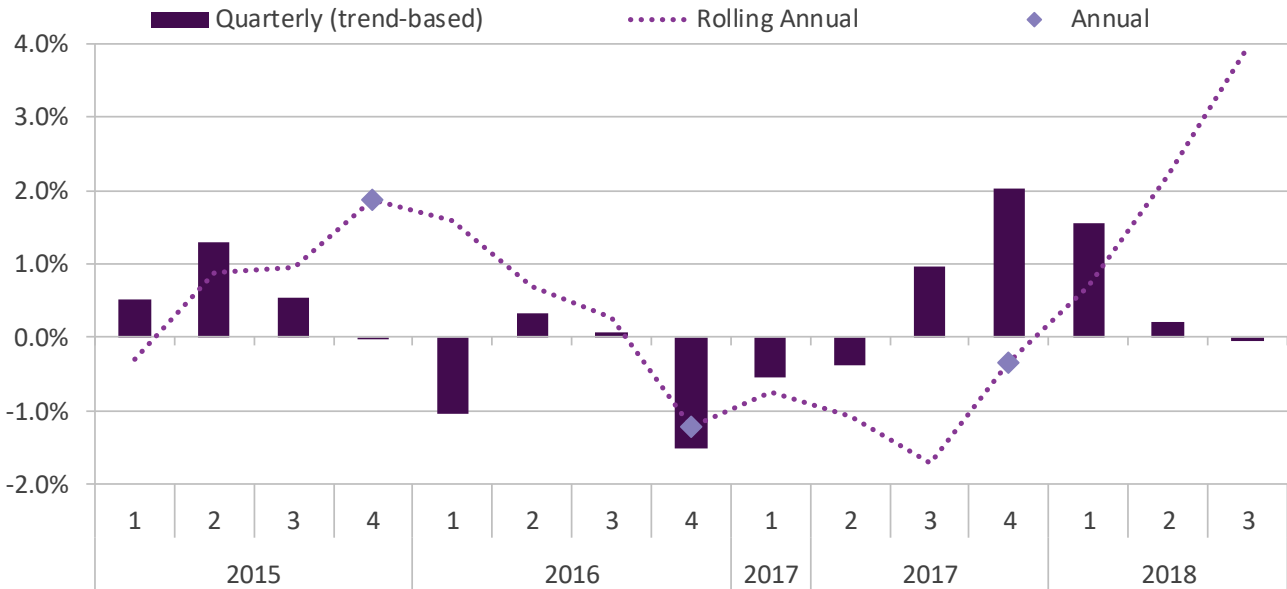
Data

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

Growth in output per hour worked

Over the latest 12 months to 2018 Quarter 3, output per hour worked increased by 4.0% in real terms compared to the previous 12 months. This rate of change in productivity is a result of GVA increasing by 1.5% whilst the total number of hours worked fell by 2.4%.

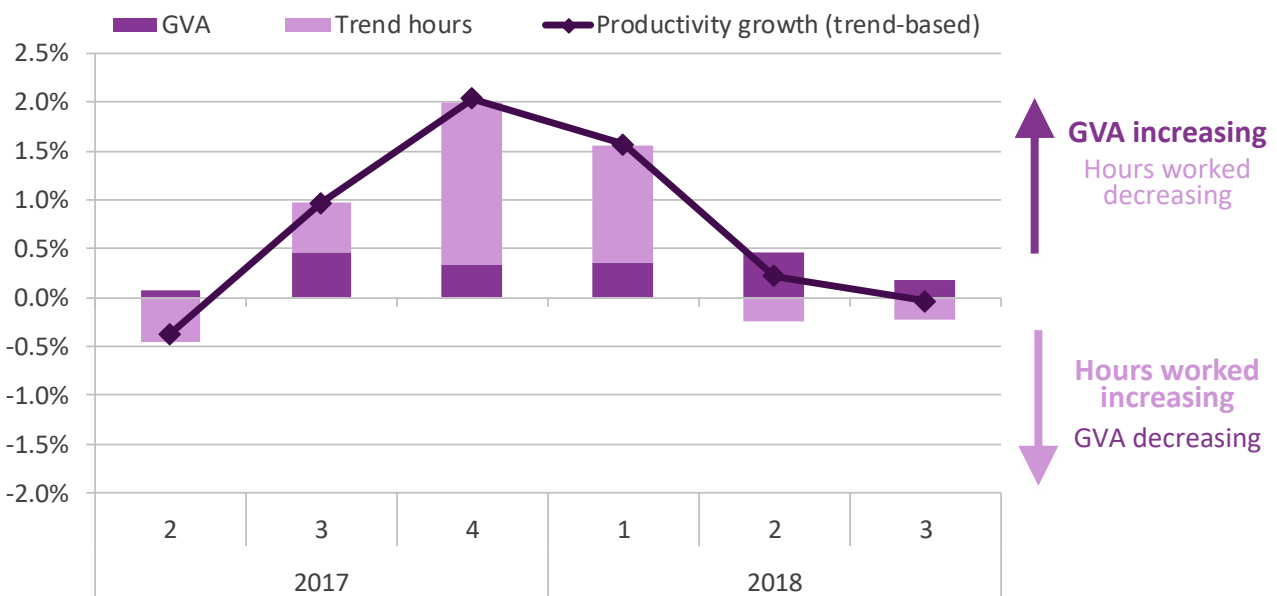
Labour productivity, growth in output per hour



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.

In the latest quarter, output per hour growth was flat (0.0%) due to GVA and the trend in number of hours worked growing at similar rates.

Components of trend productivity growth



Topical Section: UK and International Comparisons of Productivity

Recent trends in productivity growth

Over the last decade since the start of the financial crisis, Scotland’s labour productivity has increased by an average of 0.7% per year. This compares to average annual growth of 0.2% per year for the UK as a whole, and an average of 0.8% per year for OECD members. Most countries have seen a slow down in productivity growth during the last decade.

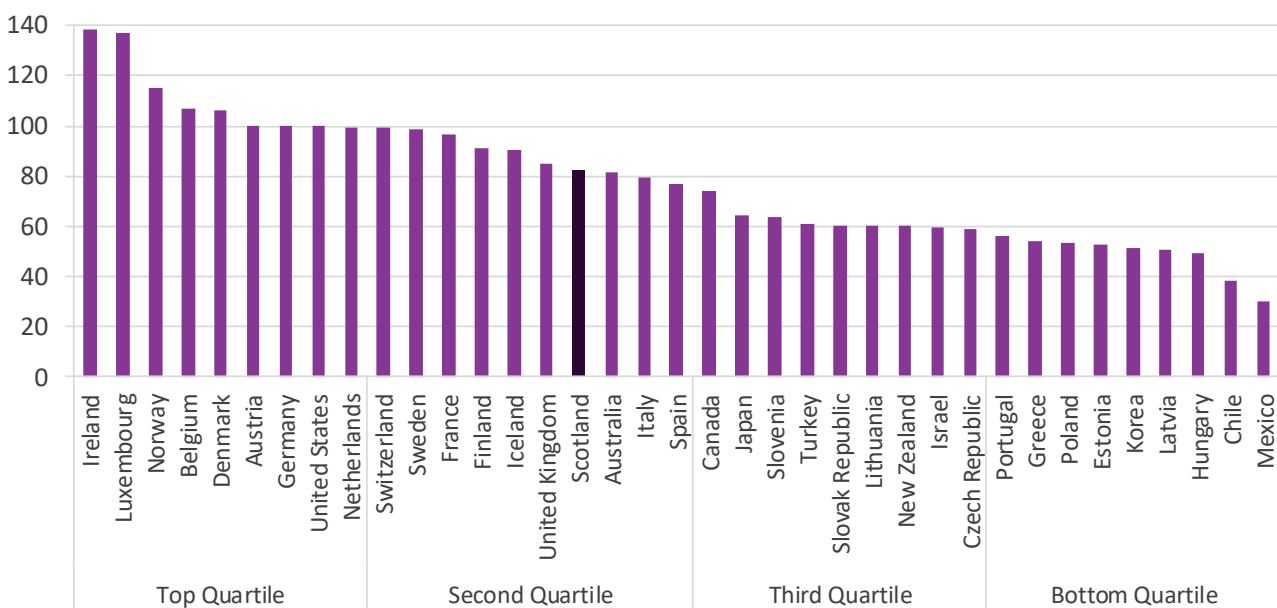
Average annual growth in GDP per hour worked (%)

		2000-2007	2007-2017
Real terms	Scotland	1.1	0.7
	UK	1.9	0.2
	EU28	1.5	0.8
	OECD	1.8	0.8

Productivity levels in 2017

Using recent data from the OECD, Scotland’s nominal productivity level was 82.0% of the USA in 2017, and ranked in 16th place (out of 37 countries) amongst the OECD member countries. Since 2007, despite the lower productivity growth achieved by the UK as a whole, Scotland’s growth has been similar to the OECD average and the latest data – which includes revisions to previous years – show that Scotland has been ranked 16th (in the second quartile) in all years since 2007. 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 2017, 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, a quarterly trend-based estimate of productivity growth is presented which indicates the underlying rate of change during the latest quarter by 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 release reflects downward revisions to GVA data from GDP Quarterly National Accounts, affecting time periods since 2017. Revisions to jobs and hours data published by the Office for National Statistics (ONS) affect all time periods. The latest two quarters of the trend-based measure of productivity are subject to potential revision as new data become available. The cumulative effect of these revisions is presented in the online revision tables.

Next publication

Labour Productivity Statistics, 2018 Quarter 4

8 May 2019



A National Statistics publication for Scotland

The United Kingdom Statistics Authority has designated these statistics as National Statistics, in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the Code of Practice for Official Statistics.

Designation can be interpreted to mean that the statistics: meet identified user needs; are produced, managed and disseminated to high standards; and are explained well.

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The data collected for this statistical bulletin may be made available on request, subject to consideration of legal and ethical factors. Please contact the national accounts team for further information.

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