



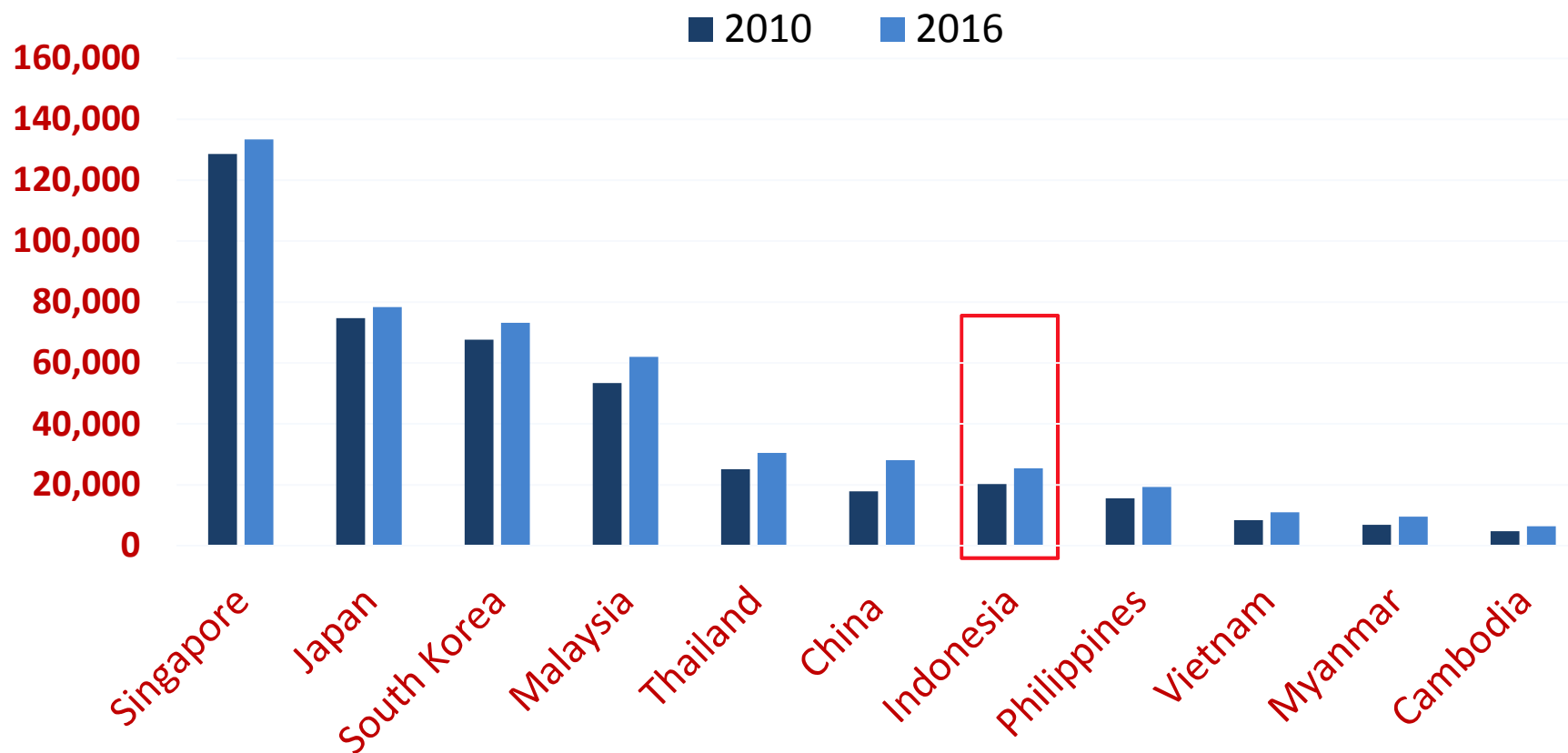
Training course for policy makers
on productivity and working
conditions in SMEs



SESSION 5: PRODUCTIVITY TRENDS & SOCIO-ECONOMIC IMPLICATIONS



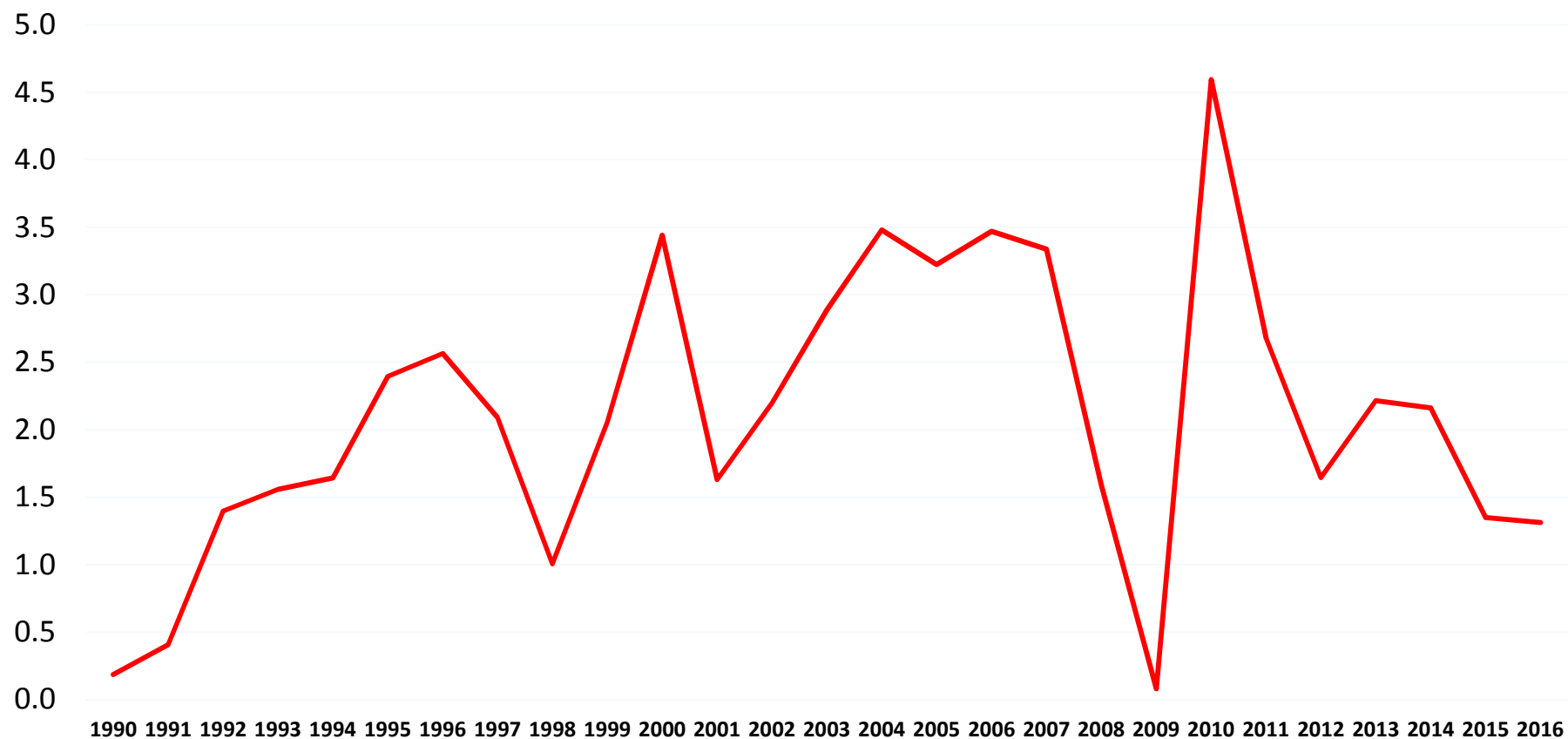
Labour Productivity Level Asia (2000 and 2016)



China (excluding Hong Kong & Taiwan)



Labour Productivity Growth Global (1990-2016)

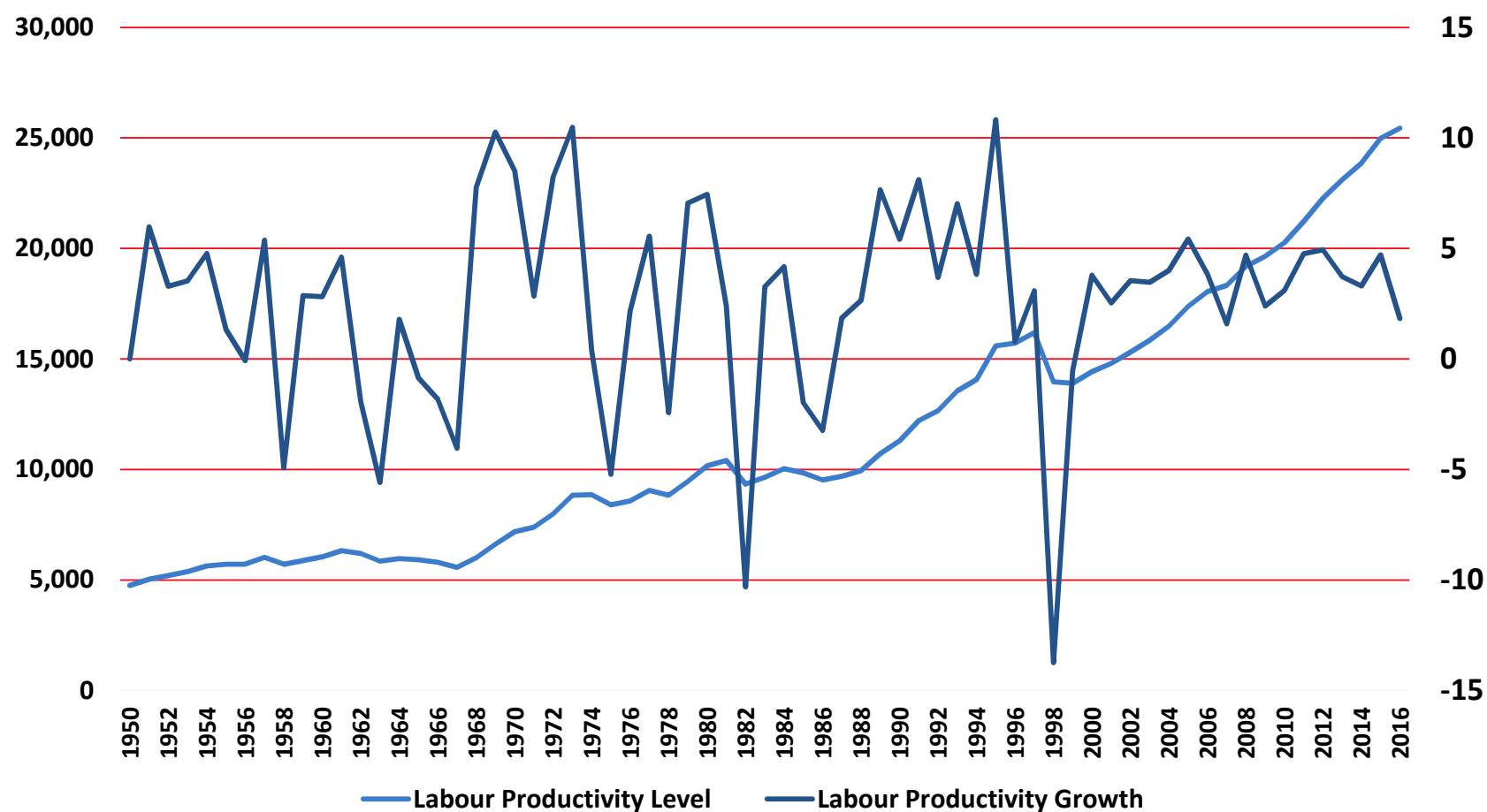


Source: The Conference Board





Labour Productivity Indonesia (1950-2016)



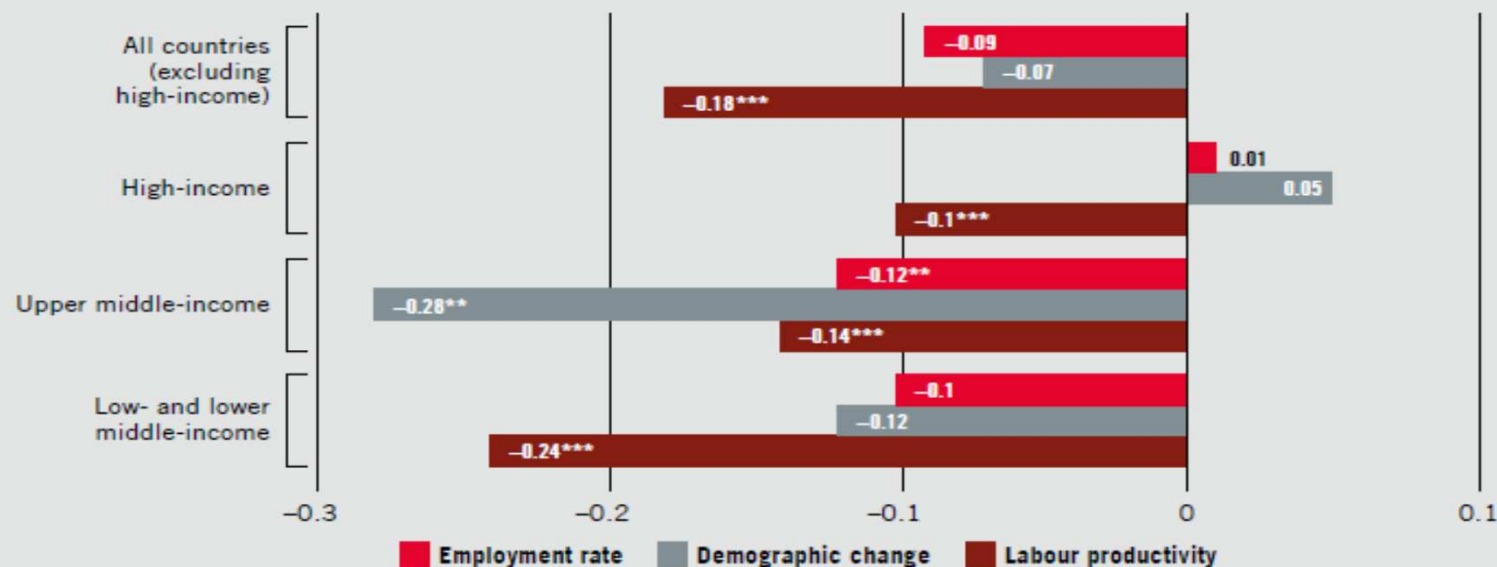
Source: The Conference Board





E.g.: Higher productivity reduces poverty!!

Decomposing the effect of GDP per capita growth on extreme poverty, 1992–2012 (percentage points)



*Note: The figure presents the average annual percentage point change in the extreme poverty rate associated with a 1 percentage point change in the average annual contribution of each component of GDP per capita growth. The poverty rate for high-income countries is defined as the share of the population with income below 60 per cent of the median, whereas for all the other countries it refers to the share of population with income or consumption below \$1.90 PPP per capita per day (i.e. the extreme poverty rate). ** and *** indicate statistical significance at the 5 per cent and 1 per cent level, respectively. See regression table 3A.3 in appendix A for further details on the regression results.*

Source: ILO calculations based on national household surveys, the ILO Trends Econometric Models, November 2015 and World Bank PovcalNet.



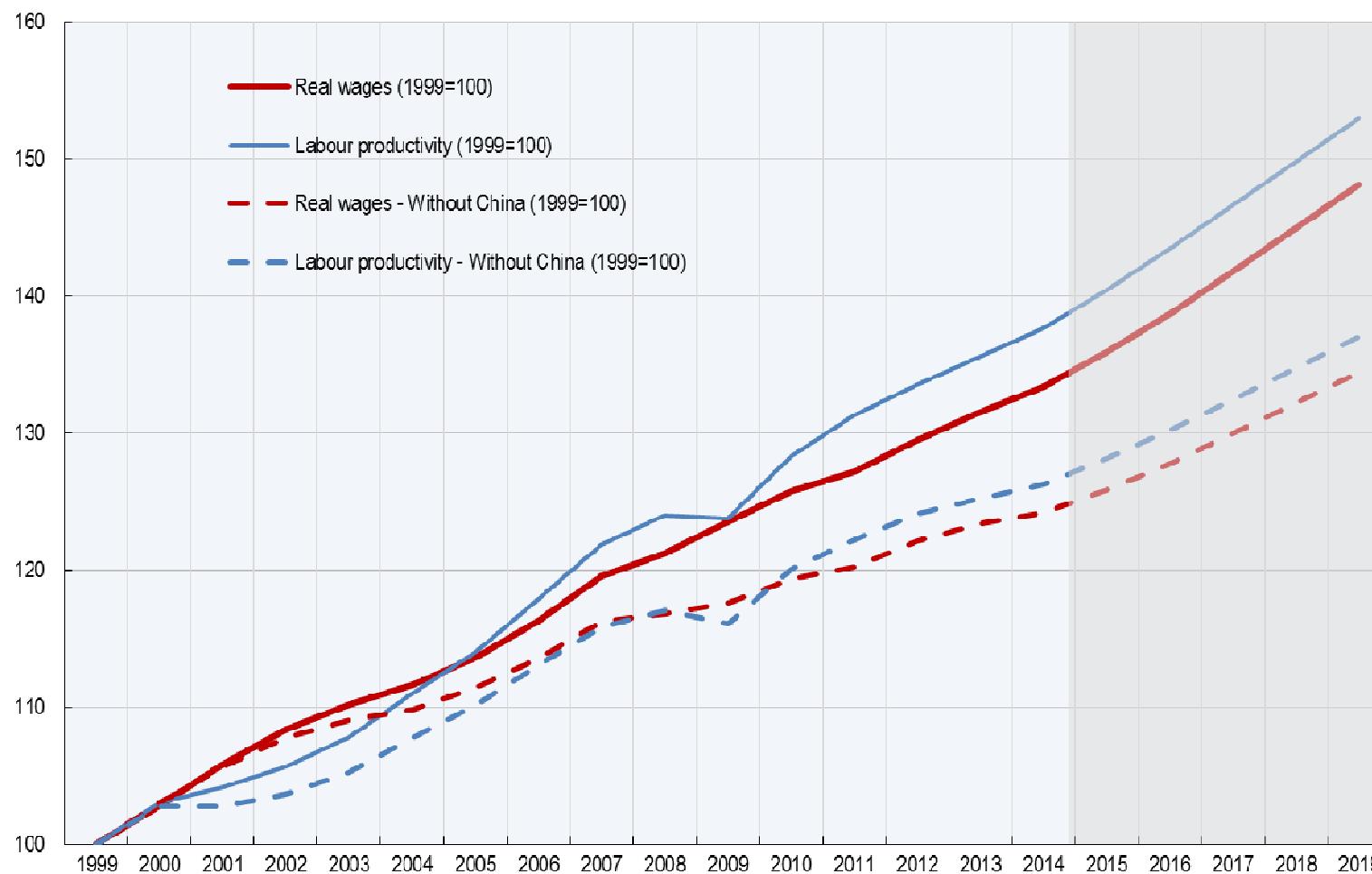
Productivity and wages

- Economic theory suggests that wages should follow labour productivity
- That was the case for most part in the past
- Lately though....
 - Wages are falling behind productivity growth
 - At any given time, there is discrimination against women and young workers



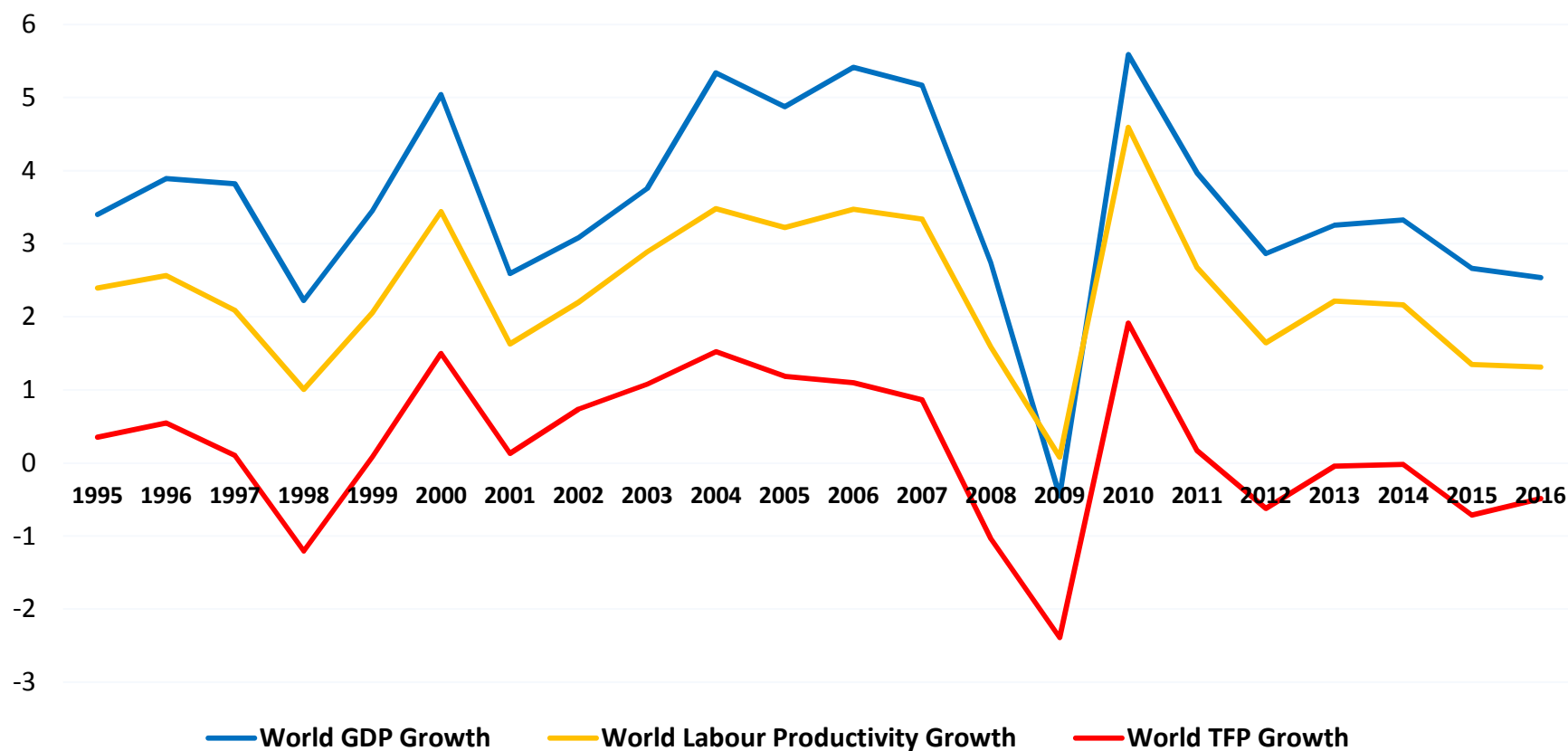


Productivity and wages: G20 countries





GDP Growth, Labour Productivity Growth & TFP Growth (Global)

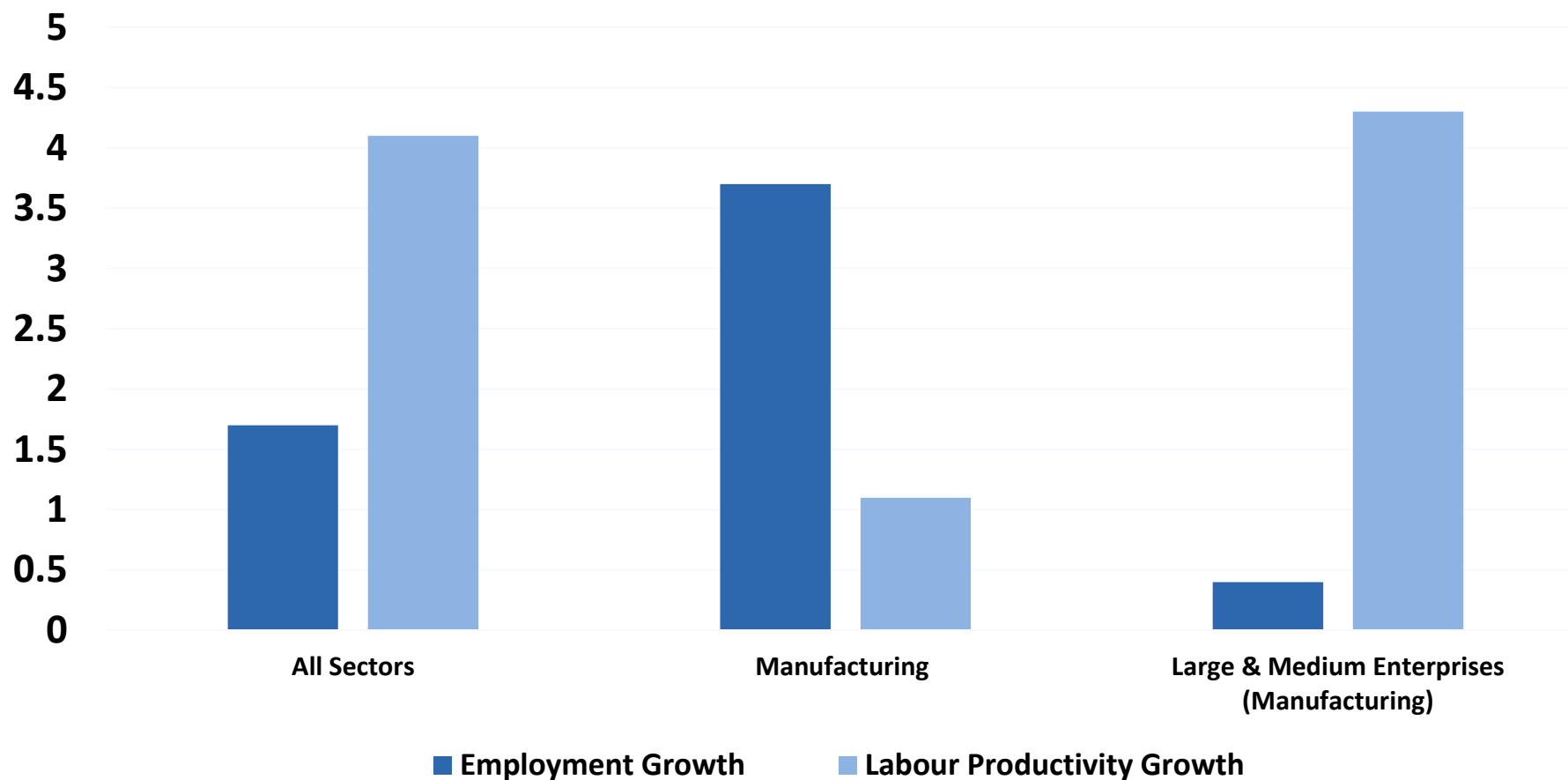


Source: The Conference Board





Labour Productivity & Employment Growth, Large/Medium & Small Enterprises



Source: ILO, Labour & Social Trends Report, Indonesia 2014-15





Key Points

- Important to understand what data represents (e.g level vs growth)
- Productivity cannot be “isolated” as a function of just one input
- Economy-wide measurement of productivity quite complex
- Firm-level productivity relatively easier to measure





Key Points

- **Productivity changes intractably linked with business cycles**
- **Differences noted in small and large enterprises as well as economic sectors**
- **Productivity and employment challenge in the era of digitalization**





Behind the data: productivity differences between genders

TABLE 5.1 *Female farmers have lower average productivity than male farmers*

Country	Year/season	Type of gender comparison	Crop(s)	Productivity measure	Average gender difference in productivity (%)
Nigeria (Osun State)	2002/03	Gender of the farmer	Rice	Yields	40
Benin (Central)	2003–04	Gender of the farmer	Rice	Yields	21
Ghana	2002 and 2004	Gender of the farmer	Cocoa	Yields	17
Malawi (National)	1998–99	Gender of the farmer	Maize	Yields	11–16
Kenya (Western)	1971	Gender of the farmer	Maize	Yields	4
Kenya (Western)	2004/05	Gender of head of household	Maize	Yields	19
Kenya (Subnational)	1989/90	Gender of the farmer	Maize, beans, and cowpeas	Gross value of output per hectare	7.7
Ethiopia (Central Highlands)	1997	Gender of head of household	All farm output	Yields	26

Sources: Alene and others 2008; Gilbert, Sakala, and Benson 2002; Kinkingninhoun-Médagbé and others 2010; Mook 1976; Oladeebo and Fajuyigbe 2007; Saito, Mekonnen, and Spurling 1994; Tiruneh and others 2001; Vargas Hill and Vigneri 2009.

World Development Report 2012





Behind the data: group discussion

1) According to the data above, productivity of female farmer is lower than male farmers. Why do you think this is the case? Think of different possible factors

(10 mins for group discussion)

2) Why do you think labour productivity of female workers may be lower than that of male workers?

(10 mins for group discussion)

