



Productivity is one of the key components of the level of economic output and of the rate of economic growth.

- **Gross Domestic Product (GDP)** is a measure of a country's overall economic output. It is the market output of products over the year for any given country.
- **Labour Productivity** is defined as GDP per hour worked and measures the amount of goods and services (output) produced from an hour of work.

'Increased competitiveness will be at the heart of a faster growing Scotland. Labour productivity (as measured by GDP per hour worked) provides an effective, internationally recognised and comparable measure of competitiveness. Progress against the target will be measured by ranking Scotland's level of labour productivity against the countries of the OECD.'

Scottish Government, 2007

In its economic strategy, the Scottish Government has pledged to increase productivity. In 2006, Scotland's productivity was ranked 15th against the countries of the OECD (Organisation for Economic Cooperation and Development). Scotland's productivity levels in 2006 were 87.5% of the levels in Germany, the country ranked at the bottom of the first quartile. (Scotland ranks in the second quartile.) Scotland currently sits within a group of countries where, based on the methodology used by the OECD, there are only small differences in levels of productivity. The Scottish Government has established a target to rank in the top quartile for productivity amongst our key trading partners in the OECD by 2017.

Problems with GDP

There are a number of problems with the measurement of GDP and many feminist economists have criticised this approach. For example, GDP does not take into account unpaid labour and sees the household a homogenous space without analysing the power relationships between women and men in the home, community and society per se. The New Zealand economist, Marilyn Waring suggested that to factor in unpaid work to GDP would in part undo the injustices of unpaid and slave labour, and also provide the political transparency and accountability necessary for democracy.

However, despite this the UK government has identified the problem of skills deficits and market failures as important barriers to raising productivity to the level of competitor countries. Both of these problems have a clear gender dimension.

- Access to the acquisition of skills (human capital) is different for women and men. Groups of women, particularly older women, have lower levels of skills and educational qualifications than men.
- Rigidities in the labour market (due to occupational segregation and discrimination) contribute to market failure.

In 2004, the Equal Opportunities Commission (EOC) attempted to broaden the discussion on UK productivity indicators by suggesting some new approaches in thinking may be necessary.

- The measurement of productivity per gendered worker is difficult since it is not possible to measure directly the value of the different contribution of women and men workers to any given output. Whether the unit of input used in measuring productivity is that of 'worker' or 'hour worked' makes a difference to the relative position of the UK in international comparisons of productivity. A key difference is the treatment of part-time workers. The EOC suggested the introduction of productivity indicators that focussed on output per hour and outputs per person of working age.
- A key productivity challenge is to break down occupational segregation and ensure that highly skilled women (and men) do not get trapped into low skill, low paid work as a result of caring responsibilities.
- Measuring improvements in productivity must take into account the need to ensure that women are able to fully contribute to the economy – irrespective of their hours of work. The EOC suggested that the UK government should introduce a 'productivity indicator' which measured the extent to which employers make flexible working available at all levels of the workforce.
- There is a tendency towards downward occupational mobility for women in the UK. Elsewhere in Europe, women are better able to maintain their employment status when they become mothers. This is partly due to a greater willingness by businesses to make part-time working available in more senior posts.
- Regular surveys of employment and Modern Apprenticeship training patterns, pay gaps, qualification levels, and skills shortages by gender, race and disability, should be published and used as a basis for productivity indicators.
- Issues of women's employment and pay are important for future competitiveness and productivity. Productivity indicators need to address not only outputs per worker but also the extent to which better pay and more flexible working conditions, improved childcare provision, better public transport and better support services for adult dependents, would enable women to make a greater contribution to Scotland's productivity.