

Wrapping up 3 years of NPBs in the eurozone: key findings

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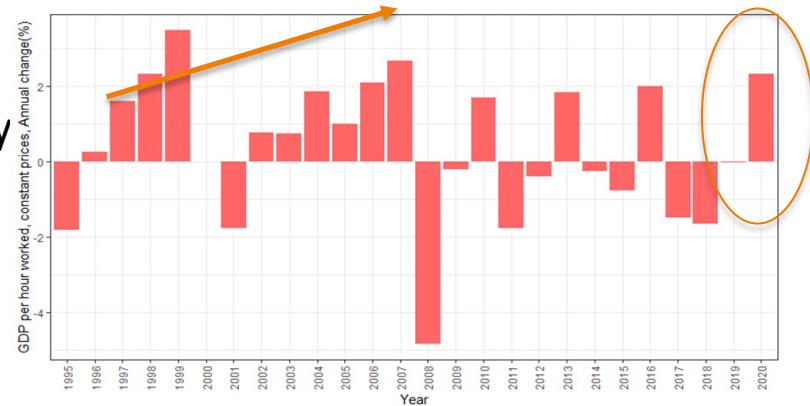
Paris, 30 June 2022

The NPB in Luxembourg: evidence on productivity.

- Luxembourg NPB established in 2019 to analyse the evolution of [productivity](#).
- Uses [transparent and comparable indicators](#) from international and national institutions.
- Builds on data and [analysis conducted at STATEC](#) - the statistical office of Luxembourg.
- Results from this analysis are communicated to wider public through an [annual report](#).
- Next some evidence and selected results from quantitative and qualitative studies.

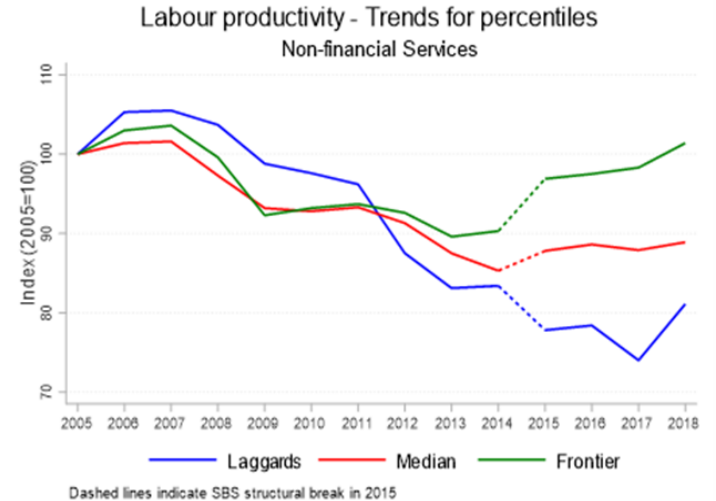
Luxembourg productivity stance: high levels sluggish growth.

- Country has comparatively **high levels of labour productivity**.
- Since 2000s productivity growth characterised by **slowdown and volatility**.
- Due to **slow TFP** growth.
- Post COVID: rapid growth of labour productivity (output to hours worked).
- Recent evolution **difficult to assess** due to revision and data lags.



Labour productivity features from firm-level data.

- **Productivity dispersion**: differences in productivity among similar businesses.
- **Allocative efficiency**: allocation of resources (labour) among firms.
- Analysis conducted separately for services and manufacturing reveals **differences** across sectors.
- **Increase in dispersion** for services.
- **Improvements** in allocative efficiency in post-recession period.



What does productivity mean for businesses?

- Qualitative survey conducted on management of large firms in Luxembourg.
- **Definitions of productivity adopted by firms vary:** efficiency; efficacy; cost efficiency; profitability.
- To monitor performance and aid planning.
- **Determinants of productivity:** adoption of new technologies; human capital including well-being at work, organisational and intangible capital (working practice, management, etc.); legal and institutional framework.
- Broadly in line with economic analysis, but also differences.

Challenges from Luxembourg's perspective: small open economy.

- How to measure and interpret productivity indicators in a **service economy**.
 - Large financial sector.
- Relevance of **positioning** in global value chains.
- Assess **impact of COVID and transformations**:
 - ✓ Work practices transformations: which ones? And which impact on productivity?
 - ✓ Preliminary mixed response from our qualitative survey on telework;
 - ✓ Impact on productivity indicators as more **data** become available;
 - ✓ Data collection can be challenging.

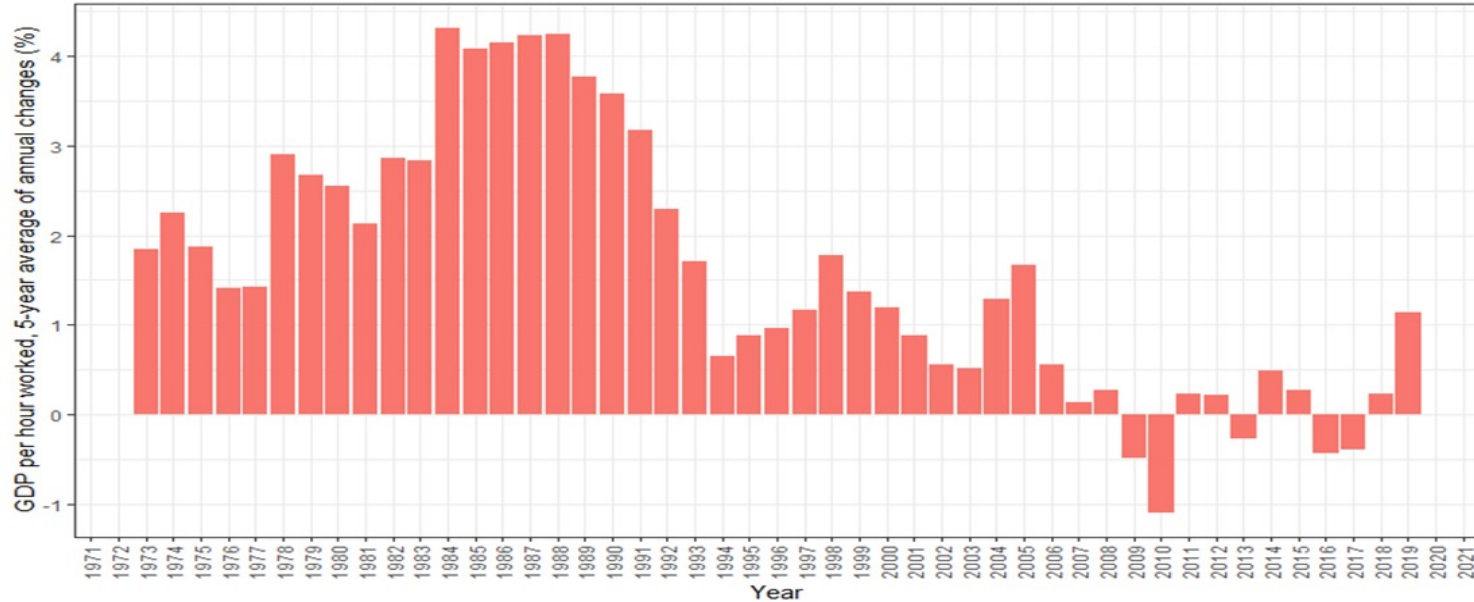
Ahead: the role of productivity in sustainable inclusive growth.

- Productivity in the context of relevant societal and economic issues.
- **Green transition:**
 - ✓ Need assessing the environmental impact of economic activities.
 - ✓ Develop productivity indicators which take **environmental performance** into account.
- **Social cohesion:**
 - ✓ Study of relation between productivity and wages.
 - ✓ Study of relation between productivity and **well-being**.
 - ✓ Focus on TFP.

Extra slides with Luxembourg figures

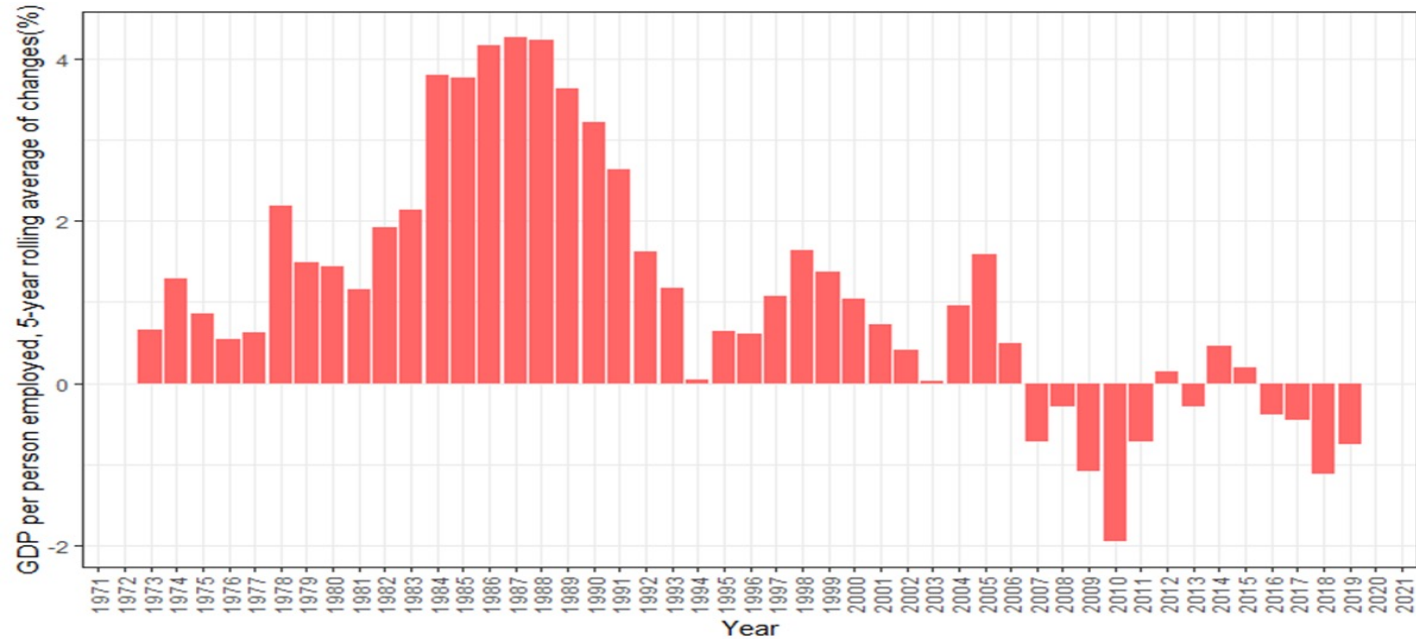


Trend labour productivity growth (hours)

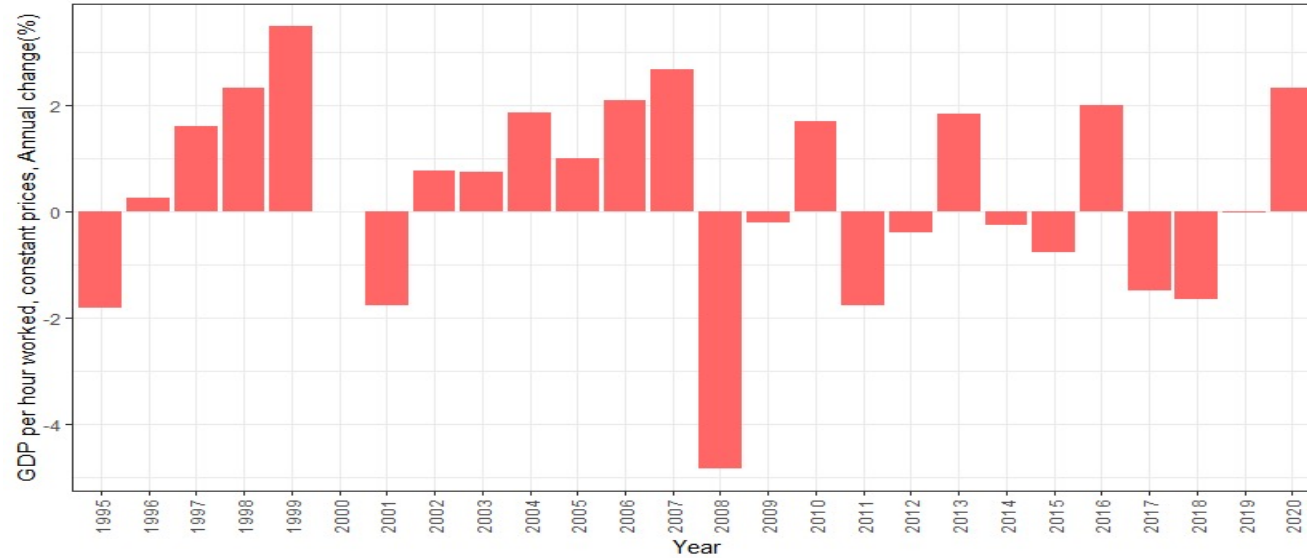


- Source: OECD compendium of productivity indicators (March 2022).

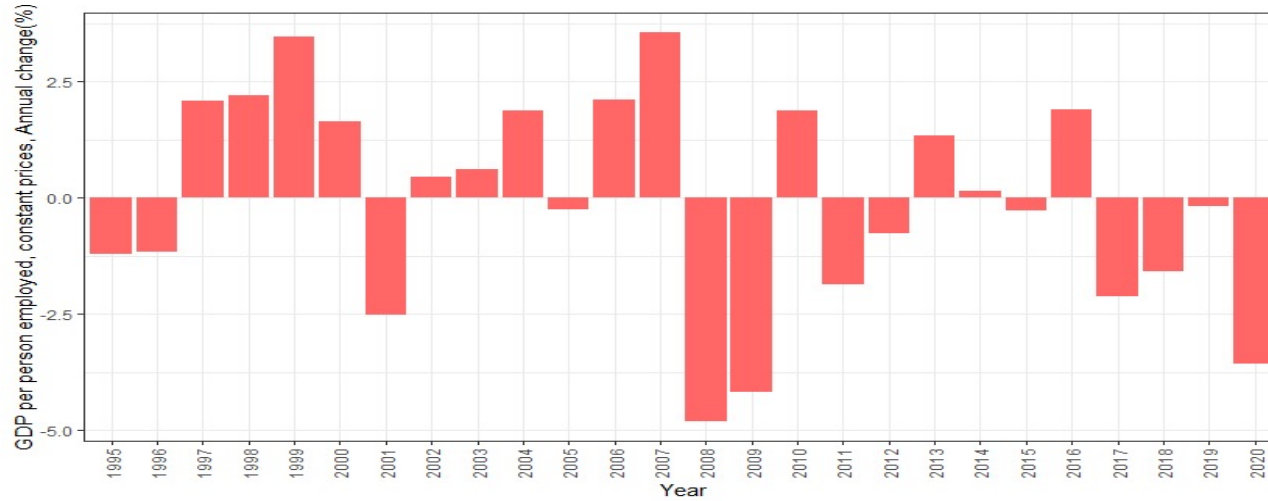
Trend labour productivity growth (employment)



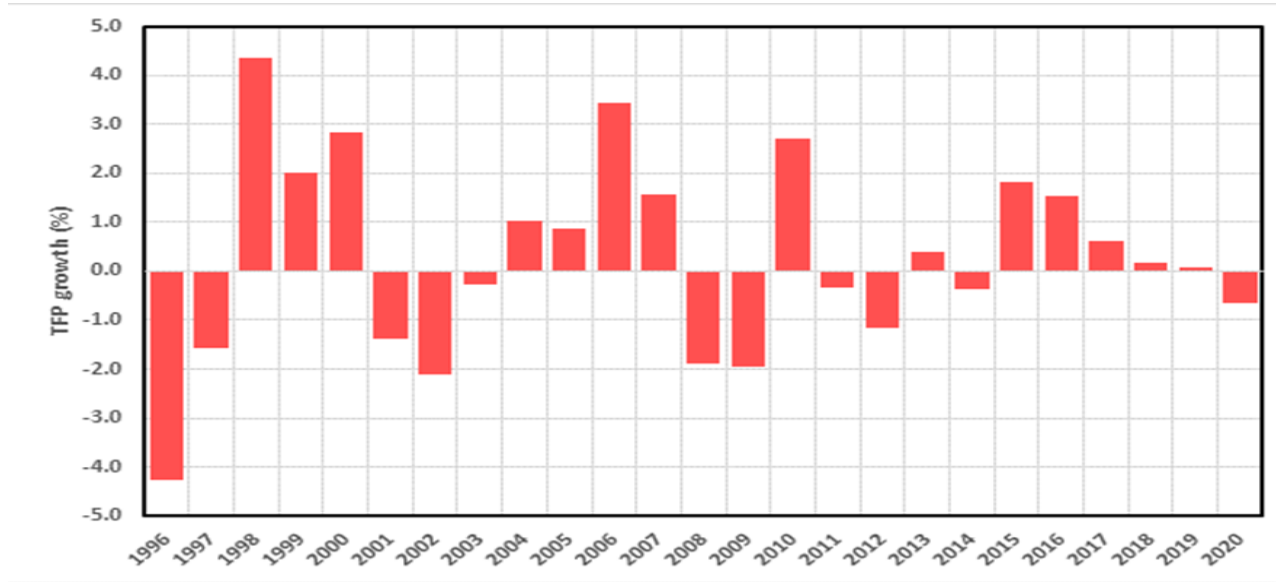
Labour productivity growth (hours)



Labour productivity growth (employment)



Total Factor Productivity growth



- Source: STATEC.