

See also at oe.cd/hsop



The Human Side of Productivity

The role of skills and diversity for firm productivity

Luiz de Mello

Director, Policy Studies Branch, OECD Economics Department

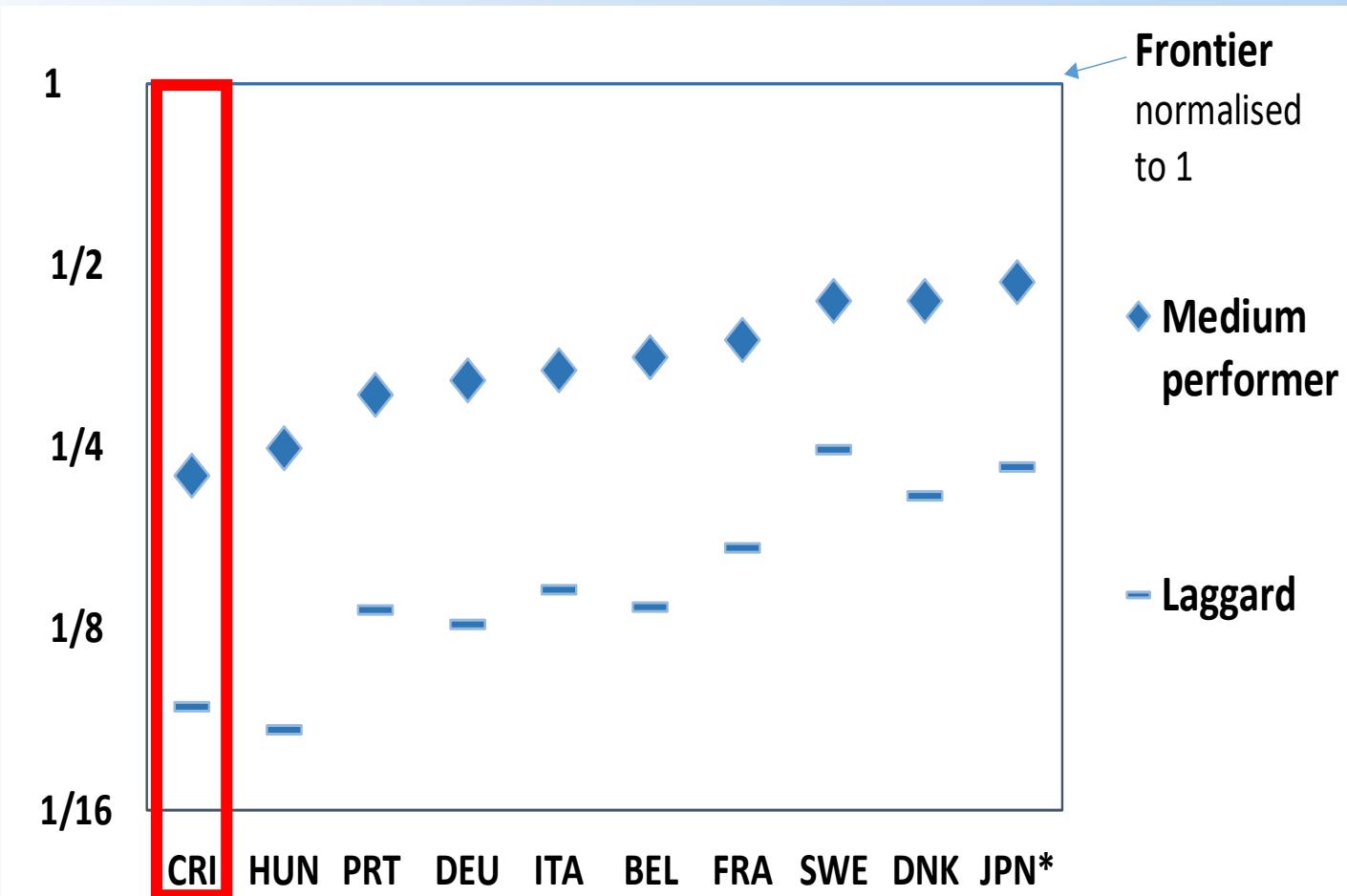
2022 LACRP Ministerial Summit on Productivity | 23 June 2022 | Brasilia, Brazil



Motivation: why productivity differs across firms?

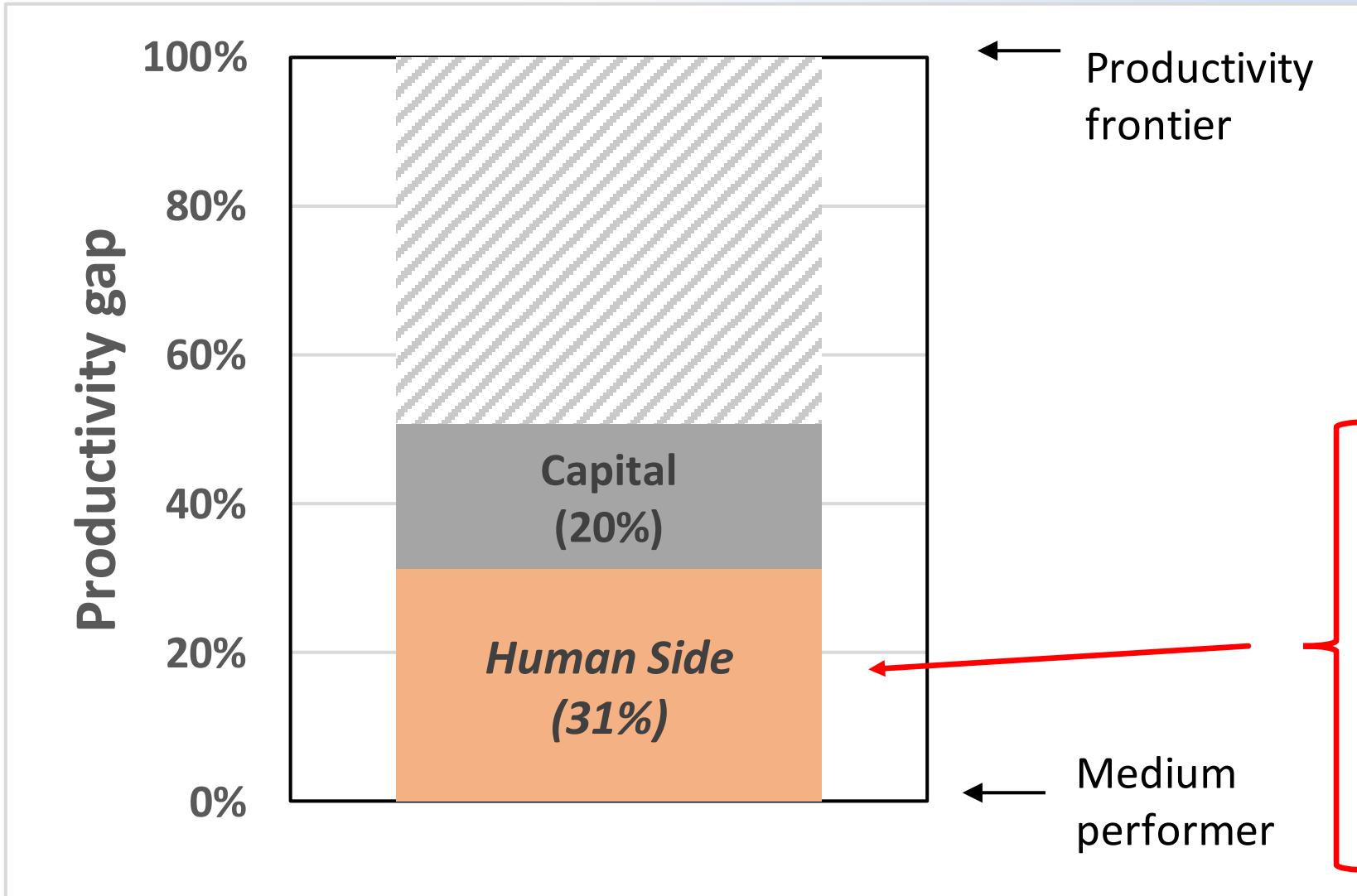
- Differences across firms are widespread and persistent; therefore, there are large potential aggregate productivity gains from the catch-up of lagging firms
- Technology is becoming cheaper, so it must be other factors, including the Human Side (skills, management, diversity, organisation, etc.)

Productivity gaps across firms *within the same country and industry*





Upshot: the “Human Side” accounts for nearly 1/3rd of the gap in performance

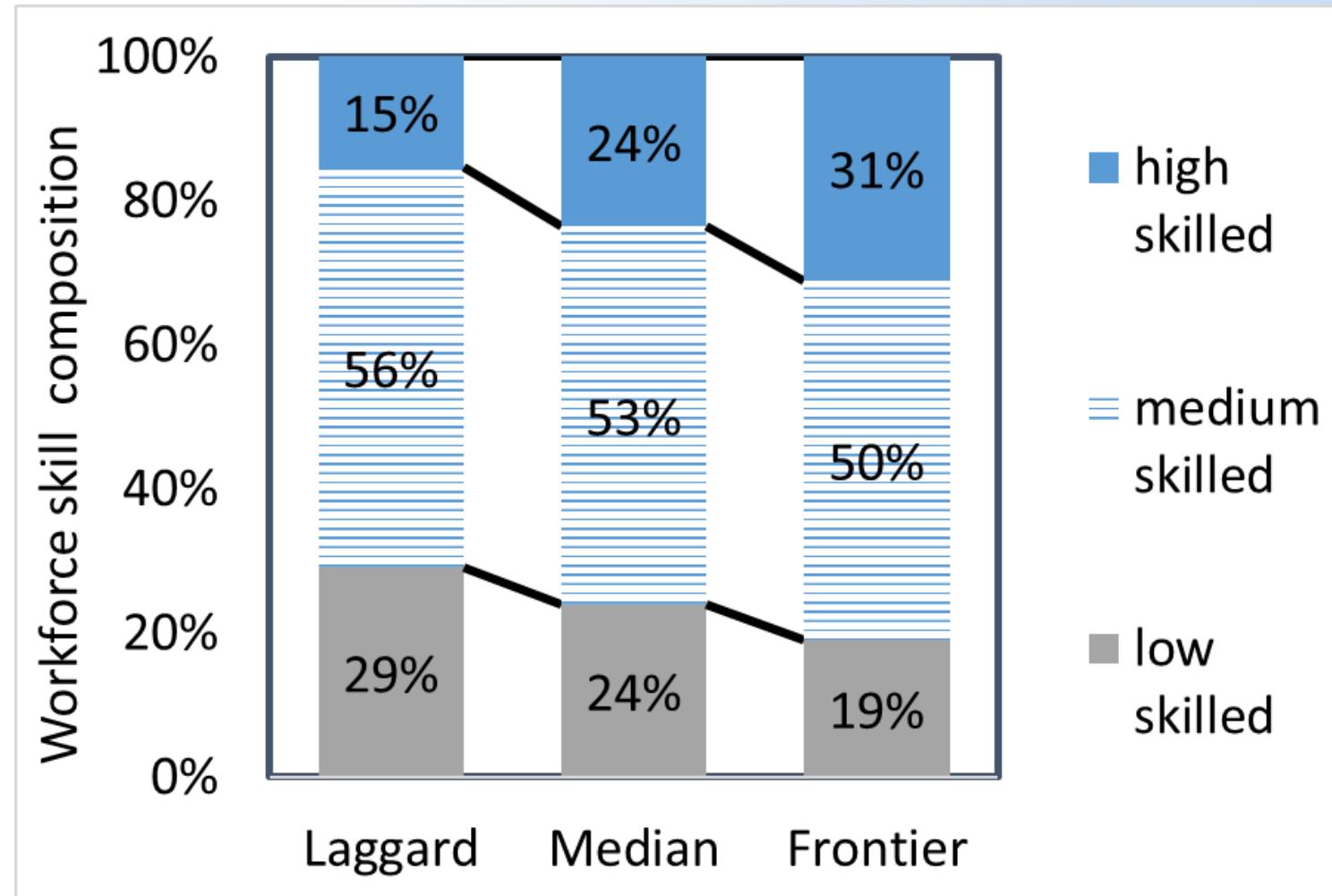


Workforce composition along:

1. Skills
2. Managerial structure
3. Gender & Cultural Diversity



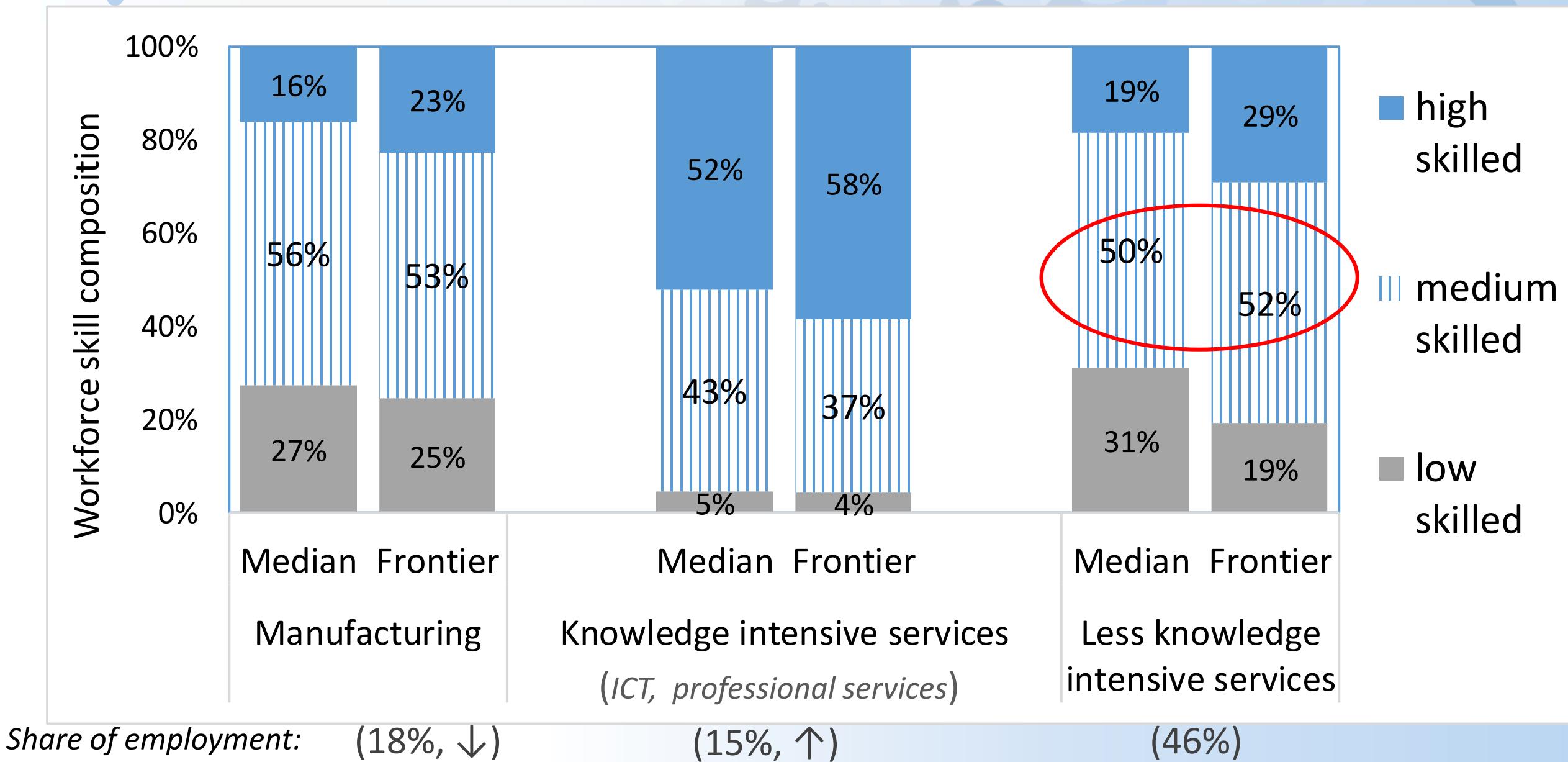
Skills: Firms at the productivity frontier are more skill-intensive,...



Labour productivity (VA/L) segments within detailed industries

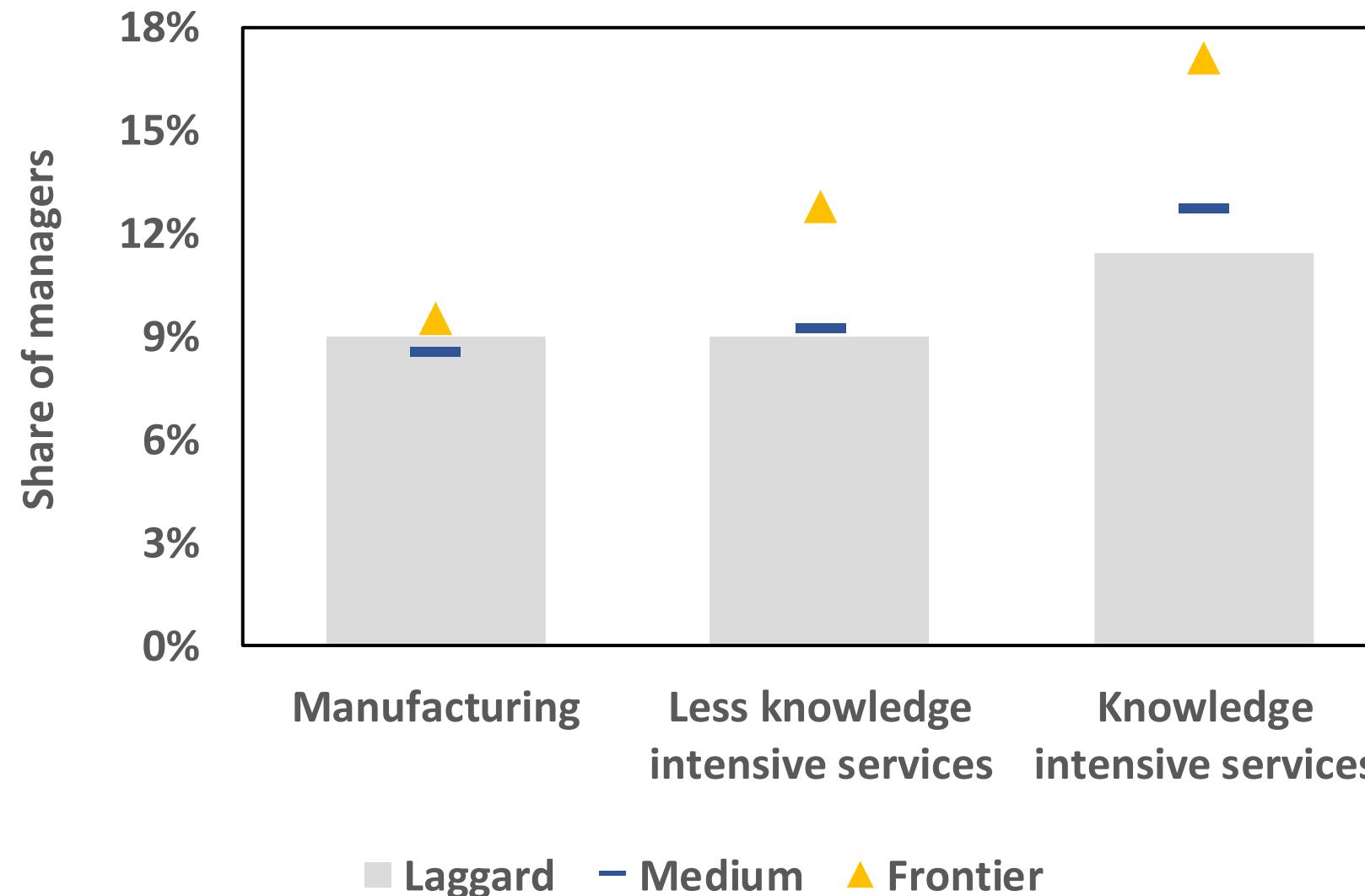


... with key sectoral differences





Management: More productive firms devote more human resources to **formal managerial roles** in services



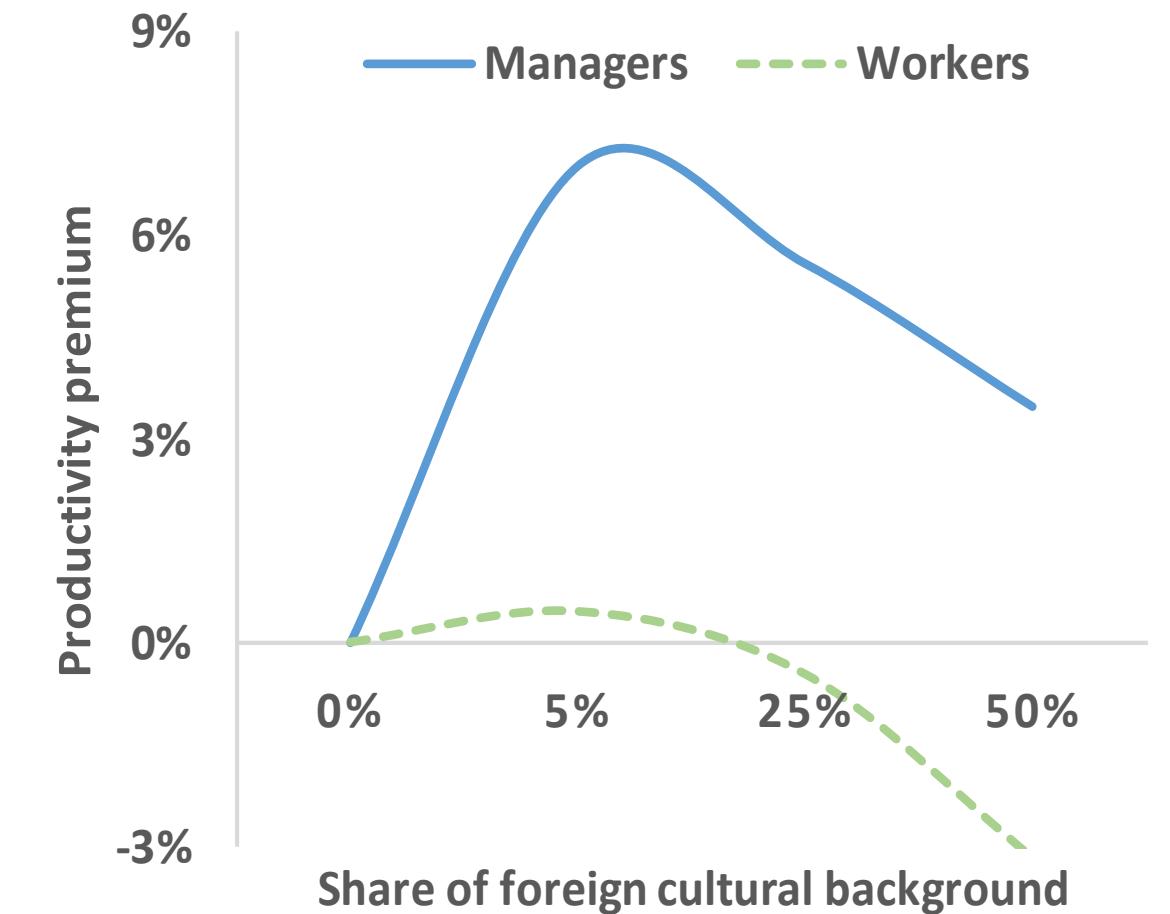


Diversity: Gender- and culturally diverse firms are more productive

Gender diversity

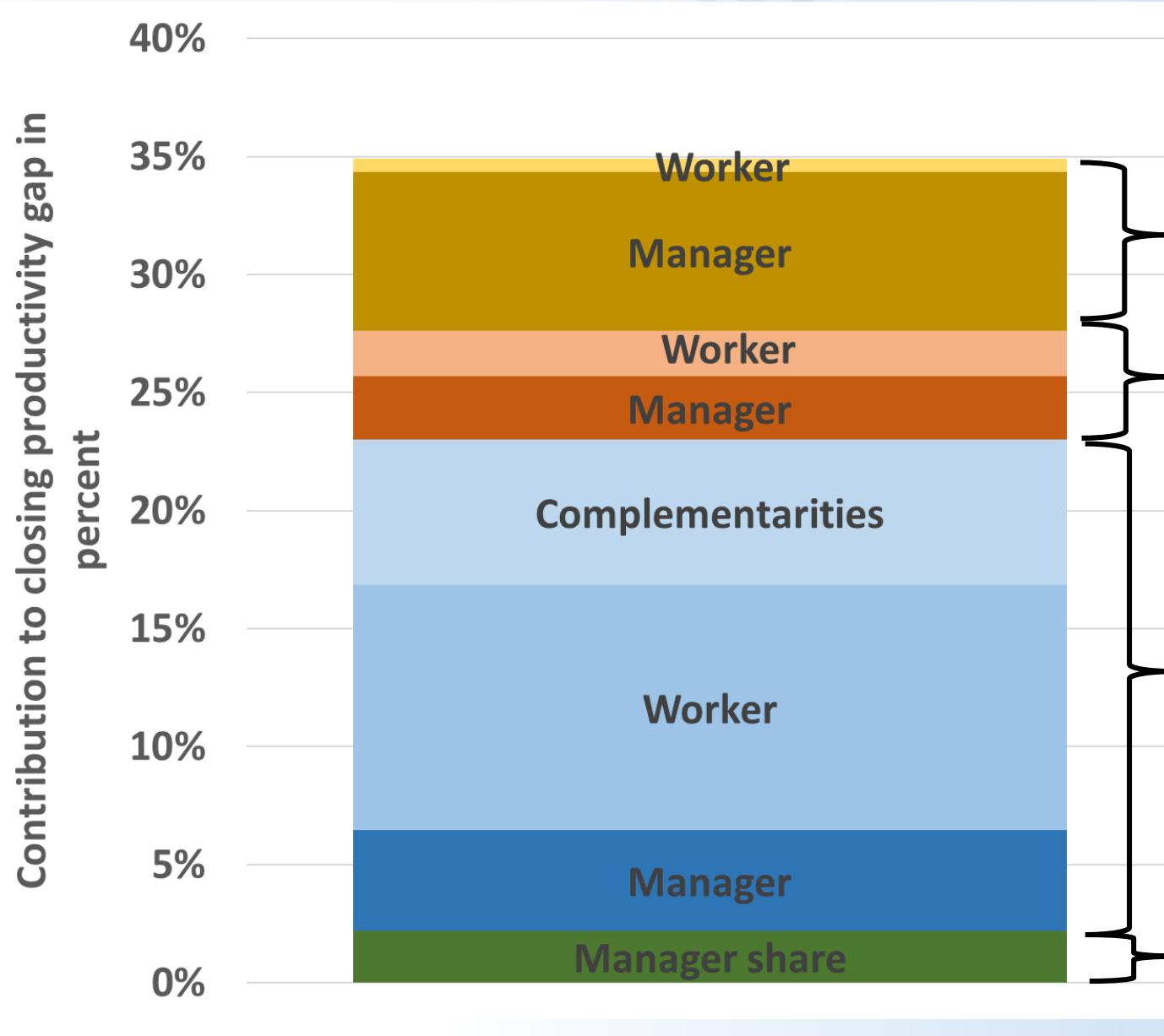


Cultural diversity





Adding it all up to close the productivity gap



Cultural diversity (7%)

Gender diversity (5%)

Skill structure (21%)

Management structure (2%)



A range of **public policy areas** to support investments in the *Human Side*

	Skills	Managerial structure	Gender diversity	Cultural diversity
Supply	Education & training	Management training	Social benefit and tax system	Immigration policies



A range of **public policy areas** to support investments in the *Human Side*

	Skills	Managerial structure	Gender diversity	Cultural diversity
Supply	Education & training	Management training	Social benefit and tax system	Immigration policies
Upgrade	Training by firms	Information campaigns	Gender quotas	



A range of **public policy areas** to support investments in the *Human Side*

	Skills	Managerial structure	Gender diversity	Cultural diversity
Supply	Education & training	Management training	Social benefit and tax system	Immigration policies
Upgrade	Training by firms	Information campaigns	Gender quotas	
Mobilise & Match	Better match workers to jobs through mobility and flexible working arrangements , e.g. telework, transport, housing			

→ The SUM of various measures are needed

See also at oe.cd/hsop



Thank you

Productivity@OECD.org

oe.cd/gfp