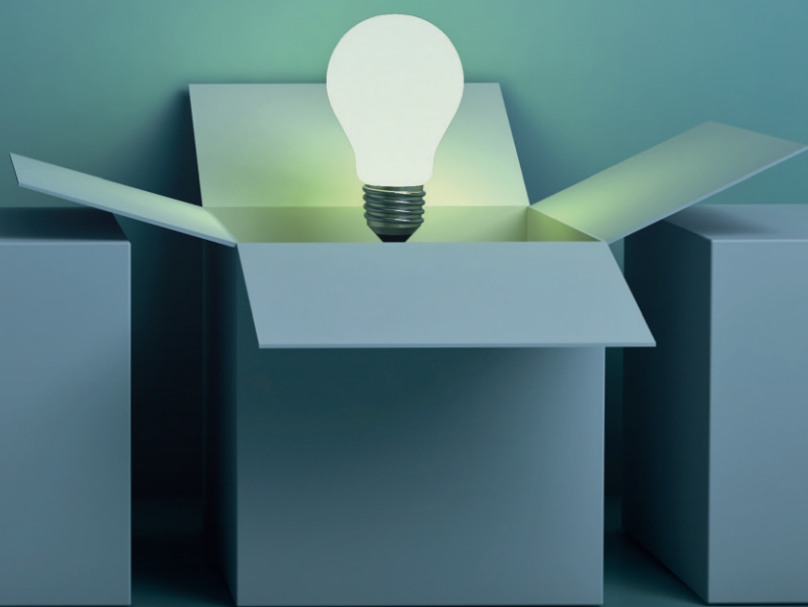




Global Forum on
PRODUCTIVITY

Activities report
2019



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October 2019

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About the GFP

The Global Forum on Productivity (GFP) was created in 2015 from an initiative of several teams in different parts of the OECD (Economics Department and Directorate for Science, Technology and Innovation) and endorsed by their respective OECD committees, namely the Economic Policy Committee (EPC), the Committee on Industry Innovation and Entrepreneurship (CIIE) and the Economic Development Review Committee (EDRC). The GFP revolves around three axes – research, convening and communication – which draw upon, complement and enhance the work already designated within the work programme of these Committees.

As a platform for mutual exchange of information and ideas, the GFP is a forum to discuss the latest analyses and best practices in public policy through which governments combine efforts to uncover the structural and policy factors behind the productivity slowdown.

Through this concerted mission to foster international collaboration, the GFP gives government institutions the opportunity to discuss their views on institutional set-ups, share data and knowledge and undertake joint policy analysis.

The present Activities Report summarises the work carried out by the GFP over 2019 and is structured in five sections: (i) About the GFP; (ii) Research; (iii) Events; (iv) Communication; and (v) Summary.

Members of the GFP in 2019

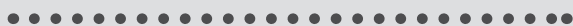


The GFP is guided by its Steering Group, whose members decide the programme of work of the Forum as well as the allocation of available funds among three main activities: research, convening and communication.

In addition to determining the work agenda of the OECD team, members have the possibility to engage in joint research and policy analysis. They can also co-organise and host GFP events, network with high-level academics at the forefront of productivity research as well as with officials from other countries, and raise the visibility of their respective institutions. Finally, members have access to a password-protected interactive platform to facilitate information-sharing among them.

In 2019, the Steering Group welcomed our latest members – Luxembourg and Portugal – who joined the following roster of GFP member countries: Australia, Belgium, Brazil, Canada, Costa Rica, Denmark, France, Germany, Hungary, Ireland, Italy, Japan, New Zealand, Spain, Sweden and the United Kingdom.

HOW TO JOIN THE GFP?



Contact us to find out more about eligibility at productivity@oecd.org

Visit our website: <http://oe.cd/GFP>

Hear it from our members

We had a quick chat with Marie and Alonso about what the GFP means to them.

GFP Team: What were the main reasons why your country decided to join the GFP?

Marie: In Ireland, large productivity disparities still exist behind aggregate performance and it is important to understand their main determinants. The quality of research, the annual conferences, lessons for policy and information sharing were key reasons to join the GFP.

Alonso: Costa Rica is currently in the accession process with the OECD, and participates in many of the OECD's specialised Committees. We decided to join the GFP hoping to exchange experiences with other OECD countries, contribute to the development of new databases and produce collaborative research on the topic.

GFP: What do you believe have been the most valuable contributions brought to your country by participation in the GFP?

M: The main GFP contributions to Ireland include availability of latest research and productivity statistics of policy relevance for Ireland, collaborative projects concerning cutting-edge research being led by the OECD (e.g. MultiProd, Human Side of Productivity) and networking to learn from other countries' lessons and share our own experience.

A: Costa Rica has become a leader in the use of new transactions level data, and employer-employee data. Our participation in the GFP motivates us to pursue more research questions and provides us with a platform to share and discuss our findings.

GFP: What role do you see for GFP-produced research and advice in policy discussions in your country?

M: GFP-produced research and advice continues to play an important role in shaping policy discussions in Ireland particularly regarding sources of productivity growth and its implications for skills, wages and living standards.

A: The accession process has allowed us to begin the analysis of markets which lack competition and that could be hindering productivity growth. The research produced by the GFP can allow the country to make more informed decisions about such matters of public policy.



Marie Bourke
Irish Department of
Business, Enterprise and
Innovation



Alonso Alfaro-Ureñas
Central Bank of
Costa Rica

Co-chairs of the Steering Group in 2019

Steering Group members appoint on a yearly basis co-chairs to coordinate the activities of the Forum. At the 12th Steering Group meeting on 19 June 2019, Ricardo Alves (Portugal) joined Dan Andrews (Australia) and Stefan Profit (Germany) as the GFP's third co-chair.



Dan Andrews is the Chief Advisor in the Macroeconomic Group of the Australian Treasury. He is responsible for deepening the understanding of Australia's productivity challenge and providing advice to the Australian government on productivity-enhancing structural reforms. He also oversees a rapidly expanding team of applied microeconomists to explore the structural drivers of productivity and wage growth. Before joining the Treasury, Dan held the position of Deputy Head of the Structural Policy Analysis Division and was head of the Productivity Workstream in the OECD Economics Department. With an academic background in economics, he also holds a Master's in Public Administration from Harvard University.



Ricardo Pinheiro Alves is currently Director of the Research Office of the Portuguese Ministry of the Economy, coordinator of the National Productivity Board and Assistant Professor at UE-IADE, Lisbon. Previously, he held several positions in the Ministry of the Economy since 2008 while representing Portugal at different committees in the OECD and the Council of the European Union. He is also Assistant Professor at Universidade da Beira Interior and at Universidade Europeia / IADE since 2001. Since 1992 he held several positions in the banking industry. He is a member of the board of the Chamber of Commerce and Industry Portugal-Spain and a member of the board of Finifundos, a real-estate fund.



Stefan Profit is the Deputy Director-General at the German Federal Ministry for Economic Affairs and Energy. His directorate deals with macroeconomic developments, economic analyses and projections. Before taking up this position, he was in charge of a unit focusing on the empirical research in the field of inclusive growth, productivity and investment, as well as assessing growth and distributional effects of structural reforms. Stefan has an academic background in labour economics and holds a Ph.D. in Economics from Humboldt University Berlin.



Funding and governance

Participation in the Steering Group entails commitment to contribute a minimum of 25,000 euros per year to fund the GFP. This budget covers the following costs: (i) the policy research agenda elaborated according to the preferences of the Steering Group, (ii) the management of the network and the organization of events (conferences, workshops and other types of convening), and (iii) the communication and dissemination of the activities of the Forum. Members of the Steering Group are at the centre of the GFP and guide the activities of the Forum during Steering Group meetings. These meetings also give members an additional possibility to share any relevant work being done in their respective institutions.

During the Fall Steering Group meeting, members have a brief overview of the budget situation of the current year, the GFP presents the results of research work carried out during the year and members decide the programme of work for the next year. By the end of the year, members receive a draft forecast of the budget for the next year and express their willingness to participate in the GFP during the forthcoming year. New membership proposals are also expected to be presented in this occasion.

At the Spring Steering Group meeting, members overview the budget situation of the previous year, receive its full financial report and a budget estimate for the ongoing year, appoint the co-chairs and overview the planned activities for the year. In view of improving the financial stability of the GFP and enhancing the coherence and continuity of its programme of work, members are expected to send their voluntary contributions by the Annual Conference of the GFP which takes place before summer.

Fall - Steering Group meeting

- Overview of the budget situation
- Presentation of analytical work
- Agreement on the work programme of the next year

End of the year

- Draft forecast of the budget for the next year
- Countries express their willingness to contribute to the GFP

Spring - Steering Group meeting

- Financial statement of the previous year and budget estimate for the current year
- Appointment of the co-chairs for the current year
- Oversight of ongoing activities

Summer - Annual Conference

- Countries are expected to send their voluntary contributions



Research

The analytical activities of the GFP revolve around the programme of work established by the GFP Steering Group and help to spur and implement collaborative research within the OECD and in joint projects with member countries. The research topics explored by the GFP correspond to the priorities identified by Steering Group members and have synergies with the work programme of the OECD Committees.

In 2019, the work on rising industry concentration - which received very high-profile press coverage - was continued, by exploring potential explanations behind this trend and pointing to the role of intangible assets. We also completed new work on global value chains (GVCs), this time looking at more aggregate – industry level – trends and over longer time periods, summarised in

a paper titled “Productivity and innovation at the industry level: What role for integration in global value chains?”.

In parallel, we have embarked on a new, longer term research project, “The Human Side of Productivity”, which tries to go even more granular by opening up the ‘black box’ of the firm. It seeks to combine several rich micro-datasets - with the precious help of our member countries - to better understand how the demographic and skill diversity of workers, managers and owners can shape productivity and to assess how a range of public policies could play a role. Our most recent annual conference in Sydney featured a scene-setting background paper that also presented some preliminary results.

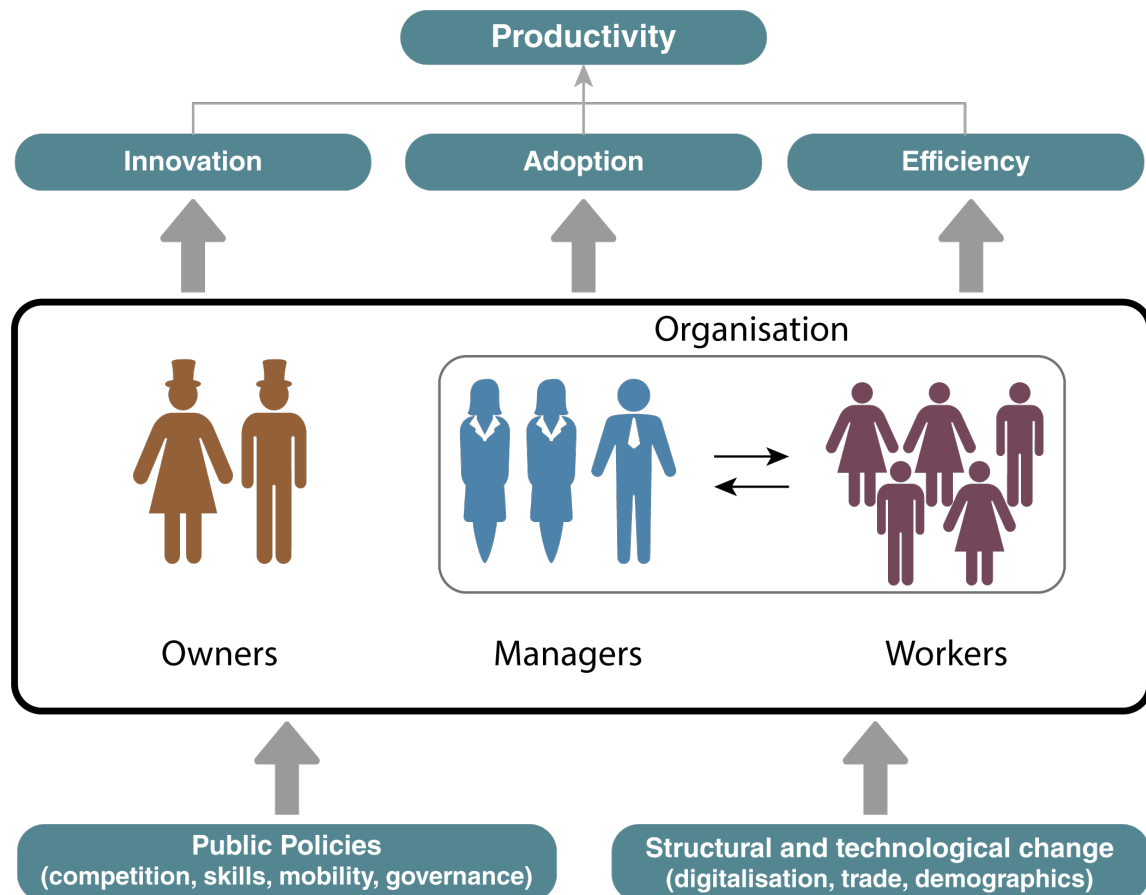
The Human Side of Productivity

This ongoing project investigates the role of diverse actors within the firm – the ‘Human Side’ – for productivity. It uses a distributed micro-data approach that involves centrally-written program routines which collect results from national linked employer-employee datasets. This is made possible thanks to the data access and assistance provided by our member countries, highlighting the collaborative nature of this work. Our aim is to document a new set of stylized facts on how workers and managers differ in terms of age, gender, and various skills between top-performing firms and other businesses, and

how management practices and organization shape the link between a firm’s diverse workforce and its productivity. Preliminary results for Portugal and Denmark – presented at our 4th Annual Conference – confirm a significant link between the demographic and skill characteristics of the workforce and firm productivity, and document how this evolves over time. The next steps of this work will include more GFP countries, focus not only on generic but also on specific skills and will zoom in on the role of managers.

Opening the black box of the firm

A schematic overview of the role of people for firm productivity.

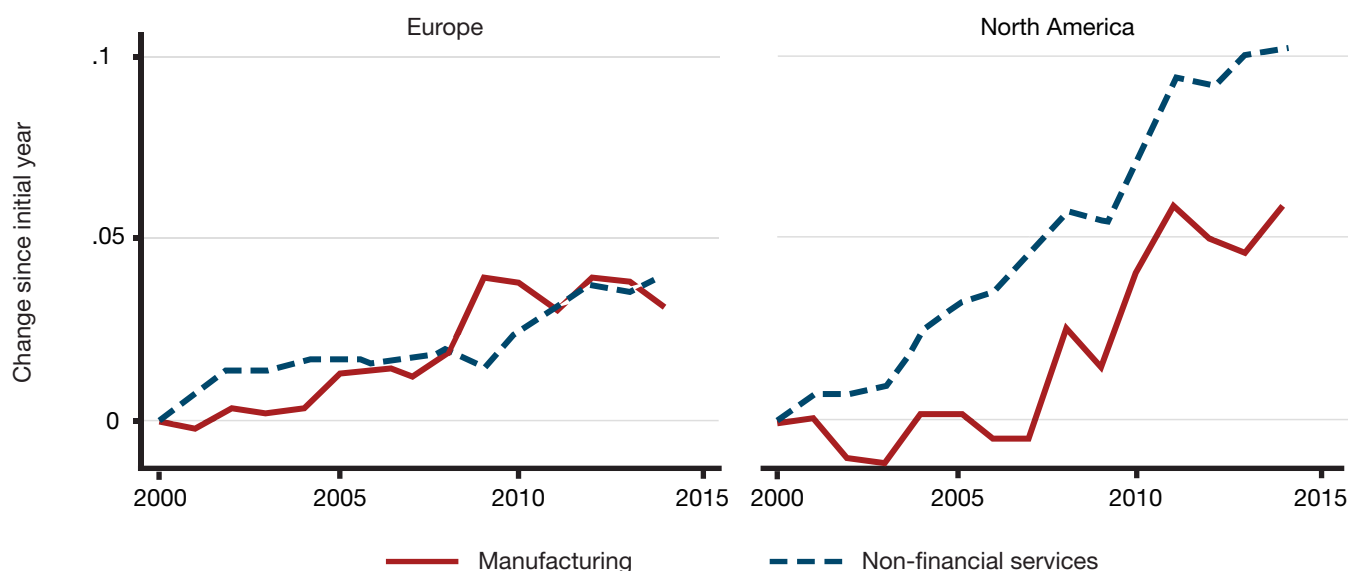


Industry Concentration in Europe and North America

This line of research documents a clear and significant increase in industry concentration in Europe and North America. It combines several firm-level data sources and applies a careful apportioning of activities in large business groups, while also mobilising micro-aggregated data from the OECD MultiProd dataset. Concentration is found to be widespread across regions and broad industries, pointing to global factors – technological change and integration across borders – as potential determinants driving this phenomenon. These results contribute

to the debate about declining business dynamism and the changing nature of competition, and were covered extensively by The Economist (see Communication section). Continued work at the OECD along these lines recently finds that the rising market-share of business-groups is larger for industries where intangible assets are used more heavily, in line with the idea that in such environments scaling-up production is easier if a firm is already successful.

Industry concentration has risen across regions



Note: Change in industry concentration, defined as share of sales of top firms by 2-digit industry, averaged across OECD countries by industry.

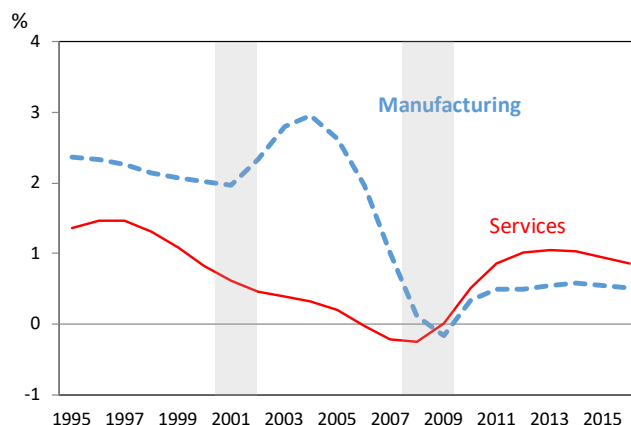
Productivity and Innovation at the Industry Level: What Role for Integration in Global Value Chains?

This work revisits the link between global value chain (GVC) integration and productivity and the role of innovation, building on a combination of detailed cross-country industry level datasets. It aims to quantify the extent to which the weak productivity performance in recent years is related to a slowdown in GVC expansion.

Exploring the role of innovation, it finds that forward participation, i.e. supplying intermediates, is related to more spending on innovation and is key for productivity benefits, but only when the destination trading partner countries have high levels of productivity.

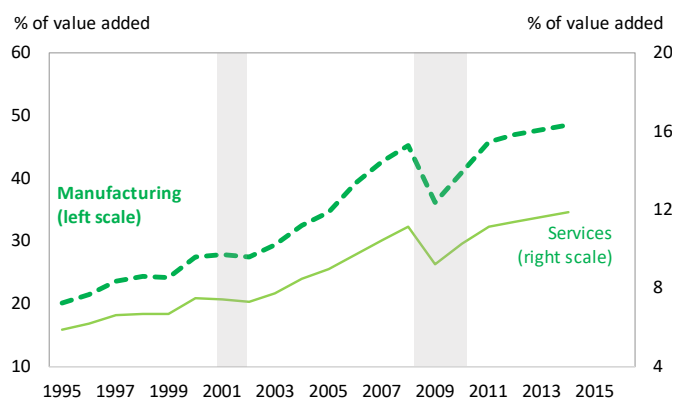
Differences across sectors are also important: manufacturing productivity benefits from importing intermediates (backward participation), especially from advanced countries, while forward participation matters more for productivity in services, consistent with their crucial role as supplying inputs to other sectors.

Productivity growth has been slow



Note: Annual multi-factor productivity growth (HP-filtered) averaged across OECD countries.

GVCs have been plateauing



Note: Participation in global value chains, defined as the sum of intermediate exports and imports as a share of value added, averaged across OECD countries.



Events

The convening activities of the GFP consist in organising conferences, thematic workshops and events during which policy-makers, academics and senior officials can exchange findings, ideas and best practices in the area of productivity.

In 2019, the GFP co-organized four high-level events. In addition to the regular GFP Annual Conference, a Ministerial Summit in Latin America and two Workshops were held to discuss and give exposure to the state of policy-related academic research on productivity-related topics.

GFP convening activities can involve different OECD directorates and international organisations and are hosted by the OECD or one of the Steering Group members

The strong participation, the high level of representation and the wide number of countries attending these events continue to attest the high interest on the GFP and the commitment of countries to join efforts to promote sustained productivity growth.

Workshop on “Spatial Dimensions of Productivity”

Bolzano, Italy, 28-29 March

OECD countries have been confronted with decreasing and persistently low aggregate productivity growth, declining business dynamism and job reallocation rates, and increasing regional productivity disparities. During this event, 98 participants from 19 countries sought to address the potential relations between these trends and discuss what policies can be used to effectively revert them.

The event featured a number of high-level speakers from academia and public bodies, such as **Arno Kompatscher** (President of the Autonomous Province of Bolzano), **Flavia Terribile** (Italy’s Council of Ministers), **Claire**

Lelarge (RITM Université Paris-Sud), **Philip McCann** (University of Sheffield), **Peter Berkowitz** (European Commission) and many others.

Presentations demonstrated the need for a better understanding of how local conditions interact with place-based policies. New granular data is becoming available that may help finding answers to these questions. Future work may explore the spatial dimensions of productivity in more depth to understand the mechanisms of spillovers, or how local conditions affect the efficiency of reallocation and of matching workers with firms.





4th Annual Conference of the GFP

“Keeping pace with technological change: The role of capabilities and dynamism”, Sydney, Australia, 20-21 June

The 4th Annual Conference of the GFP gathered around 200 participants from 31 countries to discuss issues such as the decline in business dynamism, staggering productivity and the expanding gap between frontier and laggard firms. Among other highlights of the conference, the role of intangible assets, technological change and dynamism-enhancing policies were covered in a series of lectures by leading experts and practitioners.

Top academics participating in the conference included **Chad Syverson** (University of Chicago), **Erik Brynjolfsson** (MIT), **Steve Davis** (University of Chicago), **Eric Bartelsman** (Tinbergen Institute) and **Diego Comin** (Dartmouth College), among many others.



“The productivity paradox is not a contradiction: full benefits of new technologies require complementary investments to be invented and installed. A period with simultaneous recognition of technology’s potential and poor productivity performance is natural.”

Chad Syverson, University of Chicago (presenter)



“The conference significantly improved Australian policymakers’ understanding of the global productivity slowdown. It also helped raise public awareness of the productivity imperative: the question of how to raise productivity growth now looms large on the political agenda”

Dan Andrews, Australian Treasury (host)

Joint Workshop on Firms, Industries and Productivity

“R&D and Innovation Policies for the Marketplace”, Lisbon, 16 September

Co-organizers: The GFP, the Portuguese Ministry of the Economy, Portugal Statistics and the Portuguese National Productivity Board.

The event explored how to improve firms’ productivity by combining data analytics, the adoption of digital technologies and

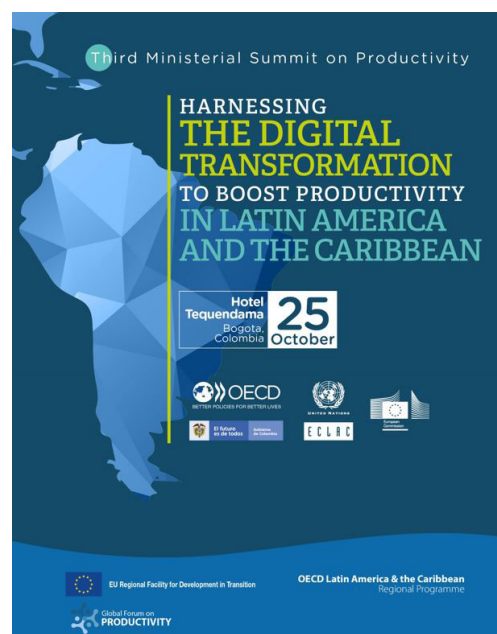
appropriate management and organization skills. In addition to this, it discussed the role of efficient R&D and innovation policies as a way to help firms develop and place goods and services in the market, to the consumer or within value chains.

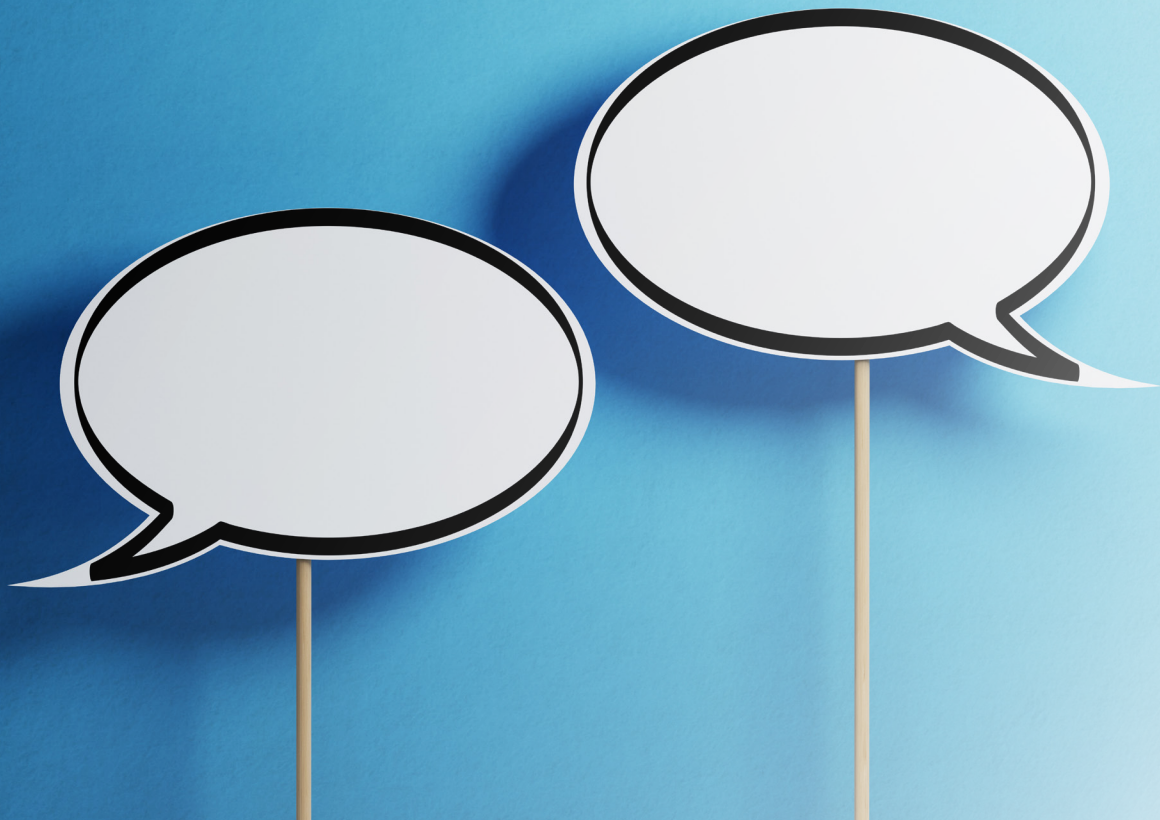
3rd Ministerial Productivity Summit

“Harnessing the Digital Transformation to Boost Productivity in Latin America and the Caribbean”, Bogota, 25 October

Co-organizers: The GFP, the OECD Regional Programme for Latin America and the Caribbean, the UN Economic Commission for Latin America and the Caribbean and the EU Regional Facility for Development in Transition.

The event focuses on existing digital divides and technology gaps, regional initiatives, informality and low productivity. The discussions aim at providing inputs to policymakers in the region in designing national strategies towards digital transformation and the advancement of a regional digital agenda.





Communication

The communication activities of the GFP consist in disseminating information and findings related to productivity via the GFP website, the OECD Productivity Working Paper series and the periodic GFP Updates, as well as facilitating exchanges among GFP members via a password protected interactive platform (i.e. GFP Steering Group clearspace).

This summer the GFP launched its new visual identity, including an updated logo which will be featured in all upcoming communications

and research material produced by the Forum.

The GFP team has also released a new communications tool to strengthen our community of member country policymakers and scholars in the form of a regular newsreel called GFP Updates. It includes relevant productivity research from both the GFP and member countries, as well as notifications on upcoming GFP and member country events.

Latest Productivity Working Papers

Productivity and Innovation at the Industry Level: What Role for Integration in Global Value Chains?

By Peter Gal and Will Witheridge

Industry Concentration in Europe and North America

By Matej Bajgar, Giuseppe Berlingieri, Sara Calligaris, Chiara Criscuolo and Jonathan Timmis

Unconventional monetary policy and productivity

By Silvia Albrizio, Marina Conesa, Dennis Dlugosch and Christina Timiliotis

Our new logo and look

We are happy to announce the launch of the new GFP visual identity. We chose a new logo that reflects a more modern look and captures our ongoing evolution.



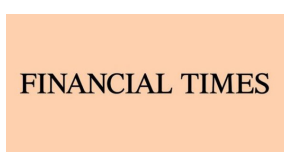
The GFP in the media



- “Competition is withering on both sides of the Atlantic”, Nov 2018
- “Superstar cities have a big advantage in attracting high-pay jobs”, Nov 2018
- “Politicians in Europe are wrong to embrace mega-mergers”, Dec 2018



- “Why Australia is falling behind on productivity”, Jun 2019
- “Dismal decade' of reform needs tax, IR fix”, Jun 2019



- “Martin Wolf: why rigged capitalism is damaging liberal democracy”, Sep 2019

Summary

2018



2019



- Unconventional monetary policy and productivity: the risk-seeking channel
- Mergers and Acquisitions, Concentration and Productivity

- Industry Concentration in Europe and North America
- The Human Side of Productivity (ongoing)
- GVCs, Productivity and Innovation



- Joint BIS-IMF-OECD conference (OECD Headquarters)
- 2nd Ministerial Productivity Summit (San Jose, Costa Rica)
- 3rd Annual GFP Conference (Ottawa, Canada)

- Workshop on “Spatial Dimensions of Productivity” (Bolzano, Italy)
- 4th Annual Conference of the GFP (Sydney, Australia)
- Workshop on “R&D and Innovation Policies for the Marketplace” (Lisbon, Portugal)
- 3rd Ministerial Productivity Summit (Bogota, Colombia)



- Further development of the GFP website
- 5 Productivity Working Papers
- Visual materials for promoting the GFP
- 2018 Activities Report

- GFP Updates
- Updated Visual Identity
- Update to country pages on website
- 2019 Activities Report
- 3 Productivity Working Papers

The GFP Team



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