General Productivity

\[
\text{PRODUCTIVITY} = \frac{\text{WORK OUTPUT}}{\text{WORK INPUT}}
\]

Technology Optimism, but Employment and GDP Growth Uncertainty

GDP per employee has maintained its long term rate of growth over the last decade

SOURCE: Windy's database

Martin Neil Baily and James L. Manyika
Technology Optimism, but Employment and GDP Growth Uncertainty

Though productivity has continued to grow steadily, both GDP and employment have grown slower than before.

SOURCE: World’s database
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Technology Optimism, but Employment and GDP Growth Uncertainty

Since 2000, the largest contributors to productivity gain have shown declining employment.

Average annual growth rates, 2000-11, %

Employment growth

The percent productivity contribution:
Positive
Negative

Total productivity growth 2000-11 was 1.8 percent. A large share of productivity gains came from stable gains in output per hour and rising job mobility.

SOURCE: US Bureau of Economic Analysis; World’s Economy.com; McKinsey Global Institute Beta Productivity Model

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Some Productivity Takeaways

- There is little doubt that the world is more productive because of IT but it remains hard to pinpoint.
- Improvement in the general productivity of individuals is seldom captured by the organization.
- Tangible savings are most often realized by eliminating people and that is difficult to do as the result of general productivity gains.
- The business needs to see sufficient productivity gains each year to off-set inflation.