

Labour Productivity in Vertically Integrated Sectors: An Empirical Study for the Case of Brazil

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This article proposes an analysis of the evolution of labour productivity in the perspective of vertically integrated sectors (VIS), based on the framework originally proposed by Pasinetti (1973). The paper argues that the analysis of labour productivity in terms of VIS avoids capturing, as increased productivity, effects arising from mere outsourcing of activities, as is the case of the direct labour productivity measure (physical output per worker), or change in relative price, as it happens with the apparent labour productivity measure (value added per worker). Thus, in order to access the evolution of the competitiveness of the Brazilian economy since the turn of the century, the work then makes an application of the proposed methodology for the Brazil analysing the performance of the VIS and contrasting the results obtained with the traditional measures. The study makes use of input-output matrix recently released by Brazil's national statistics office for the year 2010 and coherent supply and use tables until 2014. This research aims to contribute to existing literature regarding productivity analysis in VIS framework, providing evidence for a developing country such as Brazil. Overall, the results shows a better performance of labour productivity of the VIS associated with final goods in the manufacturing industry vis- -vis the measure of direct labour productivity of the activities of the manufacturing industry. These results indicate that significant productivity gains occurred in suppliers activities of intermediate inputs used in the production of manufacturing final goods.