Development of a Quality Adjusted Labour Productivity Index in the European Union – Example of the Employment Embodied in European Exports

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Paper Abstract: Eurostat in collaboration with the Joint Researcher Centre - IPTS of the European Commission has developed a standardized methodology for a Quality Adjusted Labour Index (QALI) in the European Union and a time series from 2002 to 2014 for each Member State of the European Union and the European aggregates: euro area and European Union.
QALI is a key input to multi-factor productivity and growth accounting analysis. It provides a more complete picture of the labour input to the production process taking into account the heterogeneity of the workforce.

The elaboration of Quality–Adjusted Labour Input indicators combines macro-data from National Accounts to which any data on employment is benchmarked and micro-data from the EU statistics of the Labour Force Survey (LFS) , the Structural Earnings Survey (SES) as well as the EU-Statistics on Income and Living Conditions (EU-SILC). The QALI indicator by taking account of the composition of the workforce regarding its age and skill provides a broader perspective in assessing productivity performance.

Consolidated supply, use and input-output tables for the European Union and euro are published annually by Eurostat since 2011. Embodied employment (in hours worked measure) in European exports account in 2014 for 47.7 billion of hours worked representing 12.9% of the European Union total employment.

Connected to the decomposition of the volume by type of workers (by age and by skill), the results will give interesting insights on what kind of employment is supported by European exports in terms of age, qualifications, and in which industrial activities.

Alongside the QALI estimations, Eurostat and the JRC-IPTS are producing a set of capital indicators for EU Member States for productivity analysis purposes.