

Abstract for “The Impact of Intangible Assets on Productivity: A Comparison of the Private and Public Sectors”

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This paper will report new data on intangible investment for one-digit NACE industries, extending previous estimates for the market economy to include the public administration, health and education sectors. The estimates cover the period 1999 to 2009 for 10 EU countries and relate to eight types of intangible assets identified in the literature, namely software, organizational capital, firm-specific human capital, R&D, new architectural and engineering designs, market research and advertising expenditure.

With these sectoral data we assess the contribution of intangibles to sectoral productivity growth based on growth accounting and the econometric estimation of production functions. In the market economy the growth accounting contribution of intangibles to labour productivity growth are generally highest in manufacturing and finance. The new estimates will gauge to what extent intangible assets are more or less important in the provision of public services than in the market sectors. Using pooled data for the market economy the estimated output elasticity of intangibles lies between 0.1 and 0.2, below values found in previous research with aggregate data, yet still indicating some spillover benefits from these types of investments. The paper will also examine the impact of adding the public sectors to these estimates to see if this increases the external benefits from intangible investments.