

# [Why has the uk's productivity lagged behind that of its major competitors and wha...](https://assignbuster.com/why-has-the-uks-productivity-lagged-behind-that-of-its-major-competitors-and-what-can-be-done-to-improve-the-productivity-and-competitiveness-of-the-uk-economy/)

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Lagging of UK’s Productivity Introduction Productivity in UK is lagging behind productivity of countries such as Germany And United Stated which are the major competitors of UK. The indicator to the productivity decline in the country is that the country is not performing at its true potential and this result to lower incomes and high price levels in the state. Car prices are very high meaning that car industry is not producing at its optimal level. Comparing UK and USA, domestic product per head is 40 percent lower that of the latter and 20 percent lower that of Germany.
The major causes of the poor track record of UK in terms of productivity, is low investment, lack of skills and regulatory constraints. A person such as the Exchequer Gordon Brown’s UK Chancellor, in his speeches, productivity is his main theme. However, despite the fact that UK is lagging, it is far much at the forefront in terms of labor and capital markets structural amendments. To come up to the analysis that UK’s productivity is low, examination of the economy’s six sectors took place and the results indicated that it’s true that output was low. Those sectors examined are; car production, retailing software, telecoms, food processing and hotels. McKinsey Global Institute a global most highly regarded management consulting firm is the one that conducted the research regarding the matter.
UK should address several issues to increase its output. One of the major concerns is increasing expenditure to boost high levels of research and development and reducing diversion of resources towards the public sector which is less productive. It is vital for the state to increase its level of investment despite the fact that the Crash of Lehman Brothers led damaged the country’s economy in the year 2008 because many other firms held off from investing in the modern, most efficient technology and processes. Businesses should enhance their levels of innovation, come up with good labor relations, improve their technology usage and adopt modern technology to ensure that businesses stay for long in their field. The government should come up with extra reforms in its business regulations in order to boost investment thus increasing productivity of the country.
Bibliography
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