

Labour and  
productivity definition  
important and  
measurement  
economics essay



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In whole economics, labour is one of the general bodies of wage earner. But in classical economics, labour is one of the three factors of production that along with capital and land. Besides that, labour can be used to describe the work performance that include any valuable service showed by a human agent in the production of wealth, which other than accumulation and provide capital. In the modern economic life, labour is performed for the sake of its product or a share of the aggregate product of the community's industry. The wage rate or price per unit of time is commanded by a particular kind of labour in the market. It depends on a number of variables such as the technical efficiency of the worker, the demand for the person's particular skills and also the supply of similarly skilled workers. Other variables that influence labour are included training, experience, intelligence, social status, prospects for advancement and also the relative difficulty of the work. All of these factors will make it impossible for economists to distribute a standard value to labour. Instead, economists always quantify labour hours that according to the quantity and value of the goods and services which produced in the market.

Besides that, the labour also can be defined as the aggregate of all human physical and mental effort that used in creation of goods and services.

Because of the labour is primary factor of production. The size of a nation's labour force is determined by the size of population and extents to community are either working or prepared to offer their labor for wages.

There are several characteristics of labour. First, labour is inseparable from labourer. This is because labourer cannot work without his labour. Whatever the labour performs is based on their result of their mental and physical

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exertion. Therefore, labour and labourer cannot be separated from each other. Another reason is the main driving force of labourer is their labour. It may not happen that when labourer remains at home and ask their labour to go for work. It is covert to present within a human being.

The second characteristics of labour are a person is indispensable for production. The matter of fact production is not possible without labour. This is because labour is necessary to activate the production process. The reason is every aspect of production ranging from purchase of raw material to final distribution in market completely depends upon labour. As a general rule, the efficient labour in the industrial will gives the efficient production.

Third, the other important characteristics of labour are a person is perishable by natural law. It perishes with a passage of time. Since labour is present within a human being, so at the end of the laboures life means an end of labour as well. Besides that, the labour cannot be stored. Once we lost of the labour, it may be difficult for them to make up every single production.

Another reason is the unemployed workers cannot store their labour for their future employment.

The fourth characteristics of labour are the person actively in the factor of production. Under the factor of production, labour to be a human being and has its own feeling and thinking power to achieve a better quality and level of production. Since the land and capital are employed properly in close association with labour, therefore without labour we cannot imagine the smooth in conduct of production. The labour will give production itself. The nothing has to apply to start work without labour itself that gives the

performance and activates the production process. Another feature of this characteristic is other factors of production cannot produce anything without aid of labour.

Fifth, other characteristics of labour are the person is both means and ends of production. The labour is not only meant for producing. They are fully empowered to use whatever they have to produce. The being human being the labour works for satisfaction is based on their wants and their labour act as the means to achieve their ends.

Lastly, the characteristics of labour are a person is mobile in nature. It may be shifted from one area to another whenever and wherever it is needed. But when getting a set at the particular working place, the labour is not easily get move from one place to another place it is because they may be fully satisfied in they own working area.

## **1. 2 Definition of productivity**

Productivity can be defines as the quantitative relationship between output and input. This definition will enjoys general acceptability that because of the two related considerations. First, the definition suggests the productivity is thought of to be in the context of an enterprise, an industry and an economy as a whole. Second, it will regardless of the type of production, economic and political system, which the definition of productivity remain the same with the basic concept that the relationship between the quantity and quality of goods and services produced and also the quantity of resources used to produce them.

Besides that, productivity is also a ratio of some measure of output to some index of input that uses to produce. The productivity is a nothing more than the arithmetic ratio between the amount to produce and the amount of any resources used in production. Therefore, this conception of productivity goes to imply that it can be perceived as the output per unit input and the efficiency with any resources are still utilized.

By the way, the example of the productivity ratio is kilometers driven per gallon of petrol, which the petrol is input and kilometers are covered by output. However, the measurement of input like petrol is not used to determine the efficiency of the car's performance. Others related factors are equally involved in the computation of the input index, such as speed, traffic flow, the engine's efficiency and also the fuel's efficiency. Besides that, the measurement of the output like kilometers driven will becomes a gauge of the magnitude and effectiveness of the results achieved. Based on the example above, the productivity can expressed simply as below:

Productivity = total output/ total input which is identical to total results achieved/ total resources consumed or effectiveness/ efficiency

It is usually expressed productivity in one of three forms, which are the partial factor productivity, multifactor productivity and the total productivity. In the partial factor productivity, it is only considers a single input in the ratio. The managers are generally to utilize the partial productivity measurement based on the data is readily available. Since the total of multifactor measures provides an aggregate perspective, but the partial factor productivity measures are easier to relate with a specific processes.

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Besides that, the other partial factor measure options could appear like output/ labor, output/ machine, output/ capital, and also output/ energy. The term that applied to the partial factor measures is included a capital productivity (using machine hour), energy productivity (using kilowatt hour), and also the materials productivity (using inventory dollars).

Besides that, the multifactor productivity is one of the forms of productivity. In this form of productivity, it measure utilizes more than a single factor, such as both labour and capital used to produce output. Hence, multifactor productivity is the ratio of total output to subset of inputs that might consists of only labor and material or it could include capital. For example, when one industry wants to produce stationary, they need labour and raw material to complete the production of stationary. Based on this example, the output for the industry need more than one input to produce, which mean is multifactor productivity.

The last form of productivity is the total factor productivity. It is measured by combining the effects of all the resources that used in the production of goods and services which the resources include labor, capital, raw material and energy and dividing it into the output. One of the example is a ratio is computed by adding standard hours of labour that actually produced, plus the standard machine hours actually produced in a given period then to divide by the actual hours available for both labour and machines in the period.

### **1. 3 Definition of labour productivity**

Labour productivity can be defined as a measurement of economics growth of a country. It also measures the amount of the goods and services that produced by one hour of labour. To become more specifically, labour productivity is measures the amount of real gross domestic product (GDP) that produced by an hour of labour. The grown of the labour productivity is depends on three main factors, which are investment and saving in physical capital, new technology and also the human capital.

For example, suppose the real GDP of an economy is \$10 trillion and the aggregate hours of labour in the country was 300 billion. Therefore, the labour productivity would be \$10 trillion that divided by 300 billion, then equaling about \$33 per labour hour. The growth in this labour productivity can usually be interpreted as improvements and rising a standard of living in the country.

Besides that, the labour productivity is a particular important in the economic and statistical analysis of a country. It is a revealing indicator of some economic indicators as it offers a dynamic measure of economic growth, competitiveness and standard of living within an economy. The measurement of labour productivity can help to explain the principle economic foundations that are necessary for both economic growth and social development.

In the labour productivity, the ratio used to calculate is to provide a measure of the efficiency with which inputs are used in an economy to produce goods

and services. The labour productivity is equal to the ratio between a volume measure of output and a measure of input use.

Labour productivity = volume measure of output/ measure of input use

Based on the equation above, the volume measure of output is reflects the goods and services that produced by the workforce. This volume measure of output is the numerator of the ratio of labour productivity, which measured either by GDP or gross value added (GVA). At the same time, the measure of input use is reflects the time, effort and skills of the workforce. And it is a denominator of the ratio of labour productivity and also most important factors that influences the measure of labour productivity.