

Sources of Growth in Real Output in the Private Nonfarm Business Sector, 1987-2018

This table shows how changes in multifactor productivity and the inputs used in production contribute to the change in real output in the private nonfarm business sector. The contribution of labor input reflects both the contribution of changes in hours worked by all persons and changes in the labor composition (age, education, and gender) of workers to the growth rate of output. The contribution of capital services reflects the contribution of changes in capital services to the growth rate of output. Multifactor productivity reflects the contributions of unmeasured sources of growth after taking into account the growth in labor and capital inputs.

Private Nonfarm Business Sector

	Percent change at annual rate					
	1987-2018	1987-1990	1990-1995	1995-2000	2000-2007	2007-2018
Output	2.9	3.2	2.9	5.1	2.9	1.9
Combined Inputs ¹	2.1	2.8	2.4	3.7	1.4	1.5
Contributions of:						
Labor Input ²	0.9	1.5	1.2	1.7	0.3	0.6
Hours ³	0.6	1.2	0.8	1.4	0.0	0.3
Composition ⁴	0.3	0.4	0.4	0.2	0.3	0.2
Capital Services ⁵	1.2	1.2	1.1	1.9	1.2	0.9
Stock ⁶	1.8	2.0	1.9	1.7	2.3	1.3
Composition ⁷	-0.5	-0.7	-0.8	0.3	-1.1	-0.4
Multifactor Productivity ⁸	0.8	0.4	0.6	1.4	1.4	0.4

Data are based on results discussed in Preliminary Multifactor Productivity Trends - 2018, March 20, 2019.

Note: Multifactor productivity growth plus the growth of total factor input may not sum to output due to independent rounding. The contributions of hours and labor contribution may not sum to contribution of labor input due to independent rounding. The contributions of capital stock and capital composition may not sum to contribution of capital services due to independent rounding.

¹ The growth rate of each input is weighted by its share of current dollar costs.

² Index of hours at work; hours at work by age, education, and gender group are weighted by each group's share of labor compensation.

³ Growth rate of hours worked of all persons multiplied by labor's share of current dollar costs.

⁴ Growth rate of labor composition (the growth rate of labor input less the growth rate of hours worked) multiplied by labor's share of current dollar costs.

⁵ Growth rate of capital services multiplied by capital's share of current dollar costs.

⁶ Growth rate of productive capital stock multiplied by capital's share of current dollar costs.

⁷ Growth rate of capital composition (the growth rate of capital services less the growth rate of capital stock) multiplied by capital's share of current dollar costs.

⁸ Output per unit of combined labor and capital inputs.