

Labour productivity, hourly compensation and unit labour cost, first quarter 2024

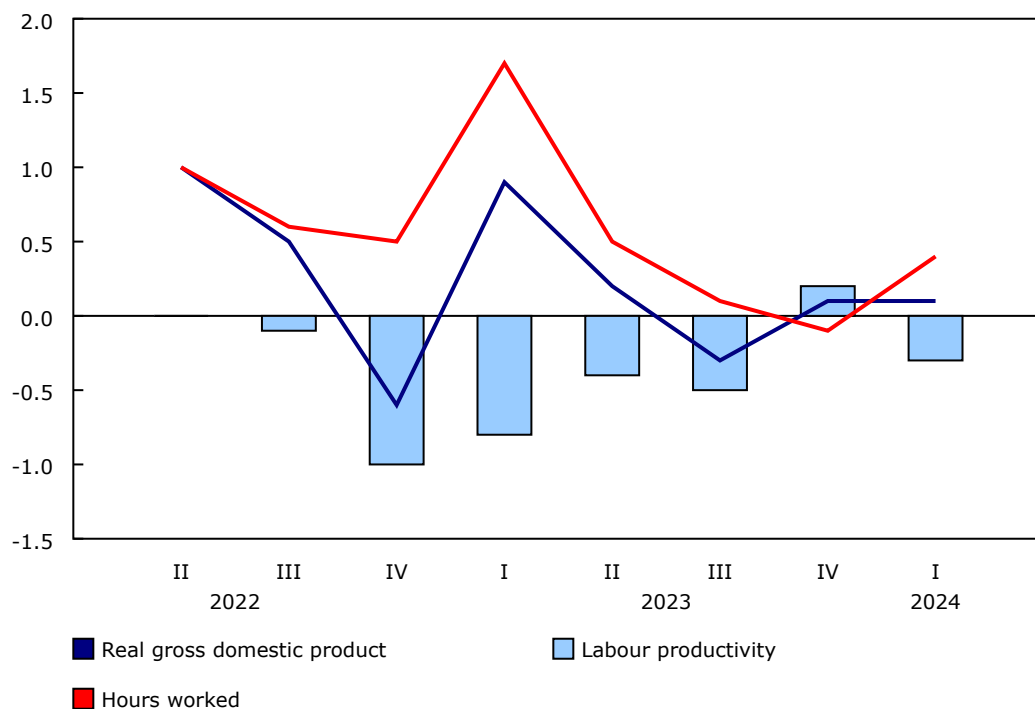
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Labour productivity declines following a quarter of growth

Labour productivity of Canadian businesses declined 0.3% in the first quarter, following an increase of 0.2% in the previous quarter.

Chart 1 Business output increases at a slower pace than hours worked

quarterly % change



Source(s): Table 36-10-0206-01.

In the first quarter, business output grew moderately, as in the previous quarter. At the same time, hours worked rebounded, recording a growth that outpaced that of output.

Real gross domestic product of businesses edged up 0.1% in the first quarter, similar to the increase recorded in the fourth quarter of 2023.

Hours worked return to increase after two quarters of little change

Hours worked in the business sector increased 0.4% in the first quarter of 2024, after posting slight variations in each of the previous two quarters.

The increase in hours worked in the first quarter reflects the 0.4% growth in the number of jobs, while average hours worked were unchanged.



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In the first quarter, hours worked in services-producing businesses recorded an increase of 0.6%, following stability in the previous quarter. In contrast, after edging down in the previous two quarters, hours worked in goods-producing businesses were unchanged for a second time in a year.

Overall, hours worked were up in 9 of the 16 industry sectors in the first quarter and were relatively stable in 4: mining and oil and gas extraction, construction, retail trade, and transportation and warehousing.

Productivity is down in half of the industry sectors

In total, productivity fell in half of the 16 industry sectors in the first quarter, while it was essentially unchanged in construction, real estate services, and other business services.

Manufacturing and, to a lesser extent, professional services as well as administrative services were the main contributors to the overall decline in productivity in the first quarter. Declines observed in these three sectors were mostly offset by strong gains in productivity in the agriculture and forestry sector and, to a lesser extent, accommodation and food services as well as transportation and warehousing services.

Unit labour costs rise at a faster pace in the first quarter

In the first quarter, productivity fell 0.3%, whereas hourly compensation (+1.0%) increased at a much faster pace than in the previous quarter (+0.4%). As a result, unit labour costs of businesses were up 1.3%. This was much higher than the growth observed in the previous quarter (+0.2%).

Unit labour costs represent the costs of wages and benefits a business pays its workers to produce one unit of output.

Sustainable Development Goals

On January 1, 2016, the world officially began implementing the [2030 Agenda for Sustainable Development](#)—the United Nations' transformative plan of action that addresses urgent global challenges over the following 15 years. The plan is based on 17 specific Sustainable Development Goals (SDGs).

The release "Labour productivity, hourly compensation and unit labour cost" is an example of how Statistics Canada supports the reporting on the global SDGs. This release will be used to help measure the following goal:



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Note to readers

Revisions

With this release, data were revised back to the first quarter of 2023 at the aggregate and industry levels. These revisions are consistent with those incorporated in the release on quarterly gross domestic product (GDP) by income and expenditure and the release on monthly GDP by industry, released on May 31, 2024.

This release also incorporates the new 2023 benchmark data on provincial and territorial labour productivity and related measures, published on May 21, 2024.

In addition, changes were introduced in the fourth quarter of 2023 to the methodology for estimating post-1997 data in the non-commercial sector. More specifically, this methodology was aimed at reducing modelling and ensuring better control at the microdata level for the government sector, which is part of the non-business sector. For the first quarter of 2024, additional adjustments have been applied to pre-1997 years to ensure continued comparability of data over time. Without prior adjustment, these changes could have led to breaks in the data trends. These changes only affect the breakdown of the total economy between the non-business and business sectors, but not the total economy itself.

Productivity measures

The term **productivity** in this release refers to labour productivity. For the purposes of this analysis, labour productivity and related variables cover the business sector only.

Labour productivity is a measure of real GDP per hour worked.

Unit labour cost is defined as the cost of workers' wages and benefits per unit of real GDP.

The approach to measuring real output in the business sector differs from the one that is used in the estimates by industry. For the business sector, output is measured using the expenditure-based GDP approach at market prices. This approach is similar to that used for the quarterly measures of productivity in the United States. However, output by industry is based on the value added at basic prices.

All the growth rates reported in this release are rounded to one decimal place. They are calculated with index numbers rounded to three decimal places, which are now available in data tables.

All necessary basic variables for productivity analyses (such as hours worked, employment, output and compensation) are seasonally adjusted. For information on seasonal adjustment, see [Seasonally adjusted data – Frequently asked questions](#).

Next release

Labour productivity, hourly compensation and unit labour cost data for the second quarter will be released on September 5.

Table 1
Business sector: Labour productivity and related variables for Canada and the United States¹ –
Seasonally adjusted

	First quarter 2022	Second quarter 2022	Third quarter 2022	Fourth quarter 2022	First quarter 2023	Second quarter 2023	Third quarter 2023	Fourth quarter 2023	First quarter 2024
	% change from the previous quarter								
Canada									
Labour productivity	0.9	-0.0	-0.1	-1.0	-0.8	-0.4	-0.5	0.2	-0.3
Real gross domestic product (GDP)	1.2	1.0	0.5	-0.6	0.9	0.2	-0.3	0.1	0.1
Hours worked	0.3	1.0	0.6	0.5	1.7	0.5	0.1	-0.1	0.4
Hourly compensation	3.5	2.0	0.8	0.4	0.5	1.2	0.8	0.4	1.0
Unit labour cost	2.6	2.0	0.9	1.5	1.3	1.5	1.2	0.2	1.3
Exchange rate ²	-0.5	-0.9	-2.2	-3.9	0.5	0.7	0.1	-1.6	1.0
Unit labour cost in US dollars	2.1	1.2	-1.4	-2.4	1.8	2.2	1.4	-1.4	2.3
United States³									
Labour productivity	-1.6	-0.9	0.0	0.6	-0.0	0.8	1.1	0.9	0.1
Real GDP	-0.8	-0.3	0.7	0.7	0.5	0.5	1.4	0.9	0.3
Hours worked	0.8	0.6	0.7	0.1	0.6	-0.3	0.3	0.0	0.2
Hourly compensation	0.4	0.3	1.7	0.1	1.6	1.3	1.1	0.9	1.2
Unit labour cost	2.1	1.2	1.7	-0.5	1.7	0.6	0.0	0.0	1.1
	2019	2020	2021	2022	2023	Second quarter 2023	Third quarter 2023	Fourth quarter 2023	First quarter 2024
	% change from the previous year					% change from the same quarter of the previous year			
Canada									
Labour productivity	0.4	9.2	-6.2	-0.5	-2.0	-2.3	-2.6	-1.4	-0.9
Real GDP	1.9	-6.8	5.7	4.3	0.9	0.9	0.1	0.8	0.1
Hours worked	1.5	-14.2	12.1	4.9	3.0	3.3	2.8	2.3	1.0
Hourly compensation	2.8	13.1	-1.7	7.1	3.1	2.9	2.9	2.9	3.4
Unit labour cost	2.4	3.5	4.9	7.7	5.2	5.3	5.7	4.3	4.3
Exchange rate ²	-2.3	-1.1	7.0	-3.6	-3.6	-4.9	-2.6	-0.3	0.1
Unit labour cost in US dollars	0.0	2.5	12.2	3.7	1.5	0.1	2.9	4.0	4.5
United States³									
Labour productivity	2.0	5.1	1.8	-1.9	1.5	1.3	2.4	2.7	2.8
Real GDP	2.8	-2.8	7.2	1.9	2.6	2.4	3.1	3.3	3.1
Hours worked	0.8	-7.4	5.3	3.9	1.1	1.1	0.7	0.6	0.3
Hourly compensation	3.8	8.0	4.9	3.9	4.5	4.9	4.3	5.1	4.7
Unit labour cost	1.8	2.8	3.1	5.8	2.9	3.5	1.8	2.3	1.8

1. Calculations of growth rates are based on index numbers rounded to three decimal places.

2. The exchange rate corresponds to the Canadian dollar value expressed in US dollars.

3. US data are from Bureau of Labor Statistics (BLS), Productivity and Costs: First Quarter 2024, Preliminary — published in news release, May 2. Due to rounding, the annual growth rates presented in this table can sometimes differ slightly from the annual rates published by the BLS.

Source(s): Table 36-10-0206-01.

Table 2
Labour productivity and related measures, by business sector industry, seasonally adjusted, first quarter 2024

	Real gross domestic product	Hours worked	Labour productivity	Total compensation per hour worked
	% change from the previous quarter			
Business sector, goods	-0.1	-0.0	-0.1	0.8
Agriculture, forestry, fishing and hunting	2.2	-6.3	9.1	5.6
Mining and oil and gas extraction	-0.2	0.1	-0.4	-0.6
Utilities	-0.3	1.7	-2.0	1.1
Construction	0.1	0.1	-0.0	0.5
Manufacturing	-0.6	0.9	-1.5	0.3
Business sector, services	0.7	0.6	0.1	1.2
Wholesale trade	-0.0	0.5	-0.5	3.1
Retail trade	0.4	-0.1	0.5	3.1
Transportation and warehousing	1.2	-0.1	1.3	2.2
Information and cultural industries	1.2	3.3	-2.0	-1.9
Finance and insurance, and holding companies	0.6	1.3	-0.8	-0.3
Real estate and rental and leasing	1.2	1.2	-0.1	1.5
Professional, scientific and technical services	0.5	1.2	-0.7	-0.3
Administrative and support, waste management and remediation services	0.4	1.3	-0.9	0.5
Arts, entertainment and recreation	-0.1	-0.6	0.5	1.1
Accommodation and food services	1.2	-1.0	2.3	1.1
Other business services	1.0	1.0	0.0	0.9

Source(s): Table [36-10-0207-01](#).

Definitions, data sources and methods: survey number [5042](#).

Available tables: [36-10-0206-01](#) and [36-10-0207-01](#).

The document "[Labour productivity measurement at Statistics Canada](#)," which is part of *Latest Developments in the Canadian Economic Accounts* ([13-605-X](#)), is now available.

The study, "[Canadian regional labour statistics and inter-regional movements of paid workers, 2001 to 2021](#)," which is part of *Latest Developments in the Canadian Economic Accounts* ([13-605-X](#)), is available.

The [Economic accounts statistics](#) portal, accessible from the *Subjects* module of the Statistics Canada website, features an up-to-date portrait of national and provincial economies and their structures.

The *Latest Developments in the Canadian Economic Accounts* ([13-605-X](#)) is available.

The *User Guide: Canadian System of Macroeconomic Accounts* ([13-606-G](#)) is available.

The *Methodological Guide: Canadian System of Macroeconomic Accounts* ([13-607-X](#)) is available.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; infostats@statcan.gc.ca) or Media Relations (statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca).