

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

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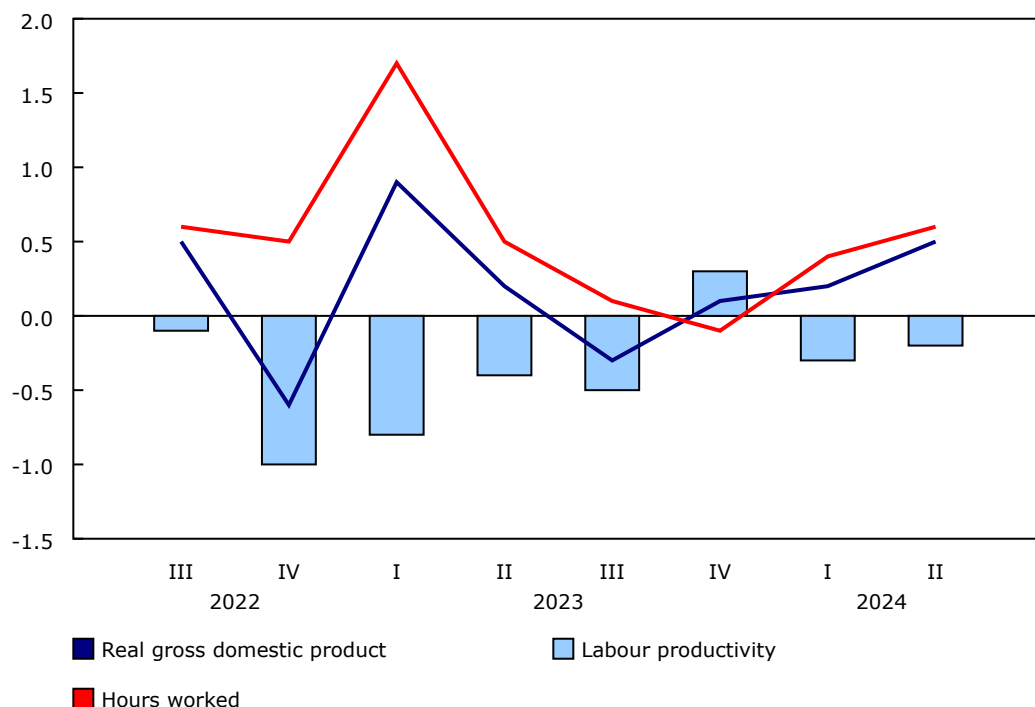
Productivity declines moderately in the second quarter, as in the previous quarter

Labour productivity of Canadian businesses edged down 0.2% in the second quarter, after posting a similar decline in the previous quarter (-0.3%) and a 0.3% increase in the fourth quarter of 2023.

Chart 1

In the second quarter, business output grows at a rate similar to that of hours worked

quarterly % change



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

In the second quarter of 2024, business output and hours worked both increased at a slightly faster pace than in the previous quarter. However, growth of output was slightly lower than that of hours worked, resulting in a moderate decline in productivity in the second quarter.

Real gross domestic product of businesses rose 0.5% in the second quarter, following a 0.2% increase in the previous quarter. This was the highest quarterly growth rate since the first quarter of 2023 (+0.9%).

Growth in hours worked accelerates slightly in the second quarter

In the second quarter, growth in hours worked in the business sector, which had reached 0.4% in the previous quarter, accelerated slightly to 0.6%.



This slightly faster pace of growth in hours worked reflects the 0.7% increase in the number of jobs in the second quarter, while average hours worked (-0.1%) were virtually stable.

In the second quarter, hours worked increased in both service-producing businesses (+0.8%) and goods-producing businesses (+0.3%), as the increase was widespread in all main industry sectors. Only the accommodation and food services (-0.6%), retail trade (-0.2%) and manufacturing (-0.1%) sectors posted declines, albeit moderate, while hours worked in administrative services were essentially unchanged.

Service-producing businesses contribute the most to the overall decline in productivity

In the second quarter, the productivity decline in the business sector was mainly attributable to service-producing businesses, which recorded a 0.3% decrease. This was largely due to declines in most service sectors, notably information and cultural industries (-2.1%), real estate services (-1.5%) and professional services (-0.9%).

For goods-producing businesses, productivity edged up by 0.1% in the second quarter, due to an increase in the mining and oil and gas extraction sector (+1.8%), which more than offset the decreases observed in the other goods sectors.

Overall, productivity was down in 11 of the 16 main industry sectors.

Growth in unit labour costs slows in the second quarter

With the 0.2% decrease in productivity, a 0.6% growth in hourly compensation resulted in a 0.8% rise in unit labour costs of businesses in the second quarter. This represents a slowdown compared with the 1.3% increase recorded in the first quarter. The slower pace of growth in hourly compensation (+0.6%) compared with the previous quarter (+1.0%) was the main factor contributing to the slowdown.

Unit labour costs represent the costs of wages and benefits per 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:



Learn more about labour productivity

To learn more about productivity, the factors that influence it and why it matters for Canadians, listen to the Eh Sayers podcast episode, "[Why economists are sounding the alarm on productivity.](#)"

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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 August 30, 2024.

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 third quarter will be released on December 4.

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

	Second quarter 2022	Third quarter 2022	Fourth quarter 2022	First quarter 2023	Second quarter 2023	Third quarter 2023	Fourth quarter 2023	First quarter 2024	Second quarter 2024
	% change from the previous quarter								
Canada									
Labour productivity	-0.0	-0.1	-1.0	-0.8	-0.4	-0.5	0.3	-0.3	-0.2
Real gross domestic product (GDP)	1.0	0.5	-0.6	0.9	0.2	-0.3	0.1	0.2	0.5
Hours worked	1.0	0.6	0.5	1.7	0.5	0.1	-0.1	0.4	0.6
Hourly compensation	2.0	0.8	0.4	0.5	1.1	0.8	0.4	1.0	0.6
Unit labour cost	2.0	0.9	1.5	1.3	1.5	1.3	0.2	1.3	0.8
Exchange rate ²	-0.9	-2.2	-3.9	0.5	0.7	0.1	-1.6	1.0	-1.3
Unit labour cost in US dollars	1.2	-1.4	-2.4	1.8	2.2	1.4	-1.3	2.3	-0.7
United States³									
Labour productivity	-0.9	0.0	0.6	-0.0	0.8	1.1	0.9	0.1	0.5
Real GDP	-0.3	0.7	0.7	0.5	0.5	1.4	0.9	0.3	0.8
Hours worked	0.6	0.7	0.1	0.6	-0.3	0.3	0.0	0.1	0.3
Hourly compensation	0.3	1.7	0.1	1.6	1.3	1.1	0.2	1.1	0.8
Unit labour cost	1.2	1.7	-0.5	1.7	0.6	0.0	-0.7	0.9	0.3
	2019	2020	2021	2022	2023	Third quarter 2023	Fourth quarter 2023	First quarter 2024	Second 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	-2.6	-1.3	-0.9	-0.7
Real GDP	1.9	-6.8	5.7	4.3	0.9	0.1	0.8	0.1	0.4
Hours worked	1.5	-14.2	12.1	4.9	3.0	2.8	2.2	1.0	1.1
Hourly compensation	2.8	13.1	-1.7	7.1	3.1	2.9	2.9	3.4	2.9
Unit labour cost	2.4	3.5	4.9	7.7	5.2	5.7	4.3	4.3	3.5
Exchange rate ²	-2.3	-1.1	7.0	-3.6	-3.6	-2.6	-0.3	0.1	-1.9
Unit labour cost in US dollars	0.0	2.5	12.2	3.7	1.5	2.9	4.0	4.5	1.6
United States³									
Labour productivity	2.0	5.1	1.8	-1.9	1.5	2.4	2.7	2.9	2.6
Real GDP	2.8	-2.8	7.2	1.9	2.6	3.1	3.3	3.1	3.4
Hours worked	0.8	-7.4	5.3	3.9	1.1	0.7	0.6	0.2	0.7
Hourly compensation	3.8	8.0	4.9	3.9	4.3	4.3	4.4	3.8	3.2
Unit labour cost	1.8	2.8	3.1	5.8	2.7	1.8	1.6	0.9	0.5

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: Second Quarter 2024, Preliminary — published in news release, August 1. 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,
second quarter 2024

	Real gross domestic product	Hours worked	Labour productivity	Total compensation per hour worked
	% change from the previous quarter			
Business sector, goods	0.4	0.3	0.1	1.2
Agriculture, forestry, fishing and hunting	2.1	2.7	-0.5	-0.0
Mining and oil and gas extraction	2.5	0.7	1.8	5.1
Utilities	0.4	1.4	-1.0	0.4
Construction	-0.4	0.2	-0.6	-0.3
Manufacturing	-0.2	-0.1	-0.1	1.9
Business sector, services	0.5	0.8	-0.3	0.3
Wholesale trade	0.3	1.1	-0.7	0.1
Retail trade	-0.0	-0.2	0.2	1.0
Transportation and warehousing	1.0	0.8	0.2	0.5
Information and cultural industries	0.5	2.6	-2.1	-1.4
Finance and insurance, and holding companies	0.7	1.1	-0.4	0.3
Real estate and rental and leasing	0.0	1.6	-1.5	1.3
Professional, scientific and technical services	0.6	1.5	-0.9	-0.1
Administrative and support, waste management and remediation services	-0.5	0.0	-0.6	-2.1
Arts, entertainment and recreation	1.6	0.6	1.0	0.1
Accommodation and food services	0.8	-0.6	1.4	-2.1
Other business services	0.9	1.4	-0.5	2.1

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).