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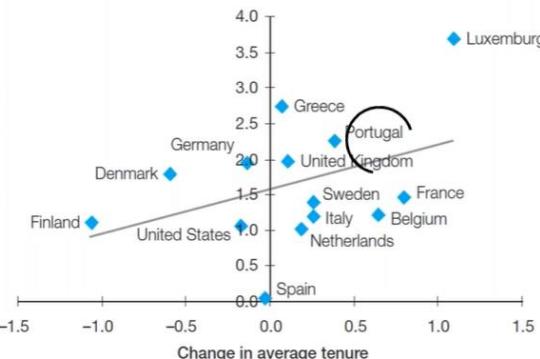
Breaking the Labor Market Black Box

EIS-UPM Centre for Future Labor Market Studies



Change in average tenure and labor productivity growth, 1992-2002

Tenure and labour productivity growth



Country	Change in average tenure	Labour productivity growth
Luxemburg	1.2	3.6
Greece	0.2	2.6
Portugal	0.4	2.2
United Kingdom	0.3	2.0
Denmark	-0.7	2.0
Finland	-1.1	1.4
United States	-0.1	1.0
Spain	0.0	0.0
Sweden	0.2	1.2
France	0.6	1.2
Italy	0.1	0.8
Netherlands	0.2	0.8
Belgium	0.5	1.0

Note: Productivity is calculated as output per hour.

Data: ILO, UN, OECD, and UNCTAD (2005). Note: Luxembourg is an outlier. Source: EIS-UPM, 2005. Page 111, 210-212

How much stability does an economy or firm need in order to optimize productivity?

- **Tenure is necessary both for workers' security and firms' productivity**
- **High employment insecurity is a concern since it reduces consumption, adversely affecting economic growth and productivity**

A positive relationship between increases in the average tenure level in an economy and the rate of labor productivity growth



(Rosmiza)

Sesi telah dijalankan