

3

Chapter

Industry-level analysis

Industry growth

Structure and labour

Growth and labour

Empirical analysis

Market conditions

Policies, institutions and productivity

Competition

Labour

Innovation and R&D

The impact of policy and institutions on R&D activity

The contribution of IT at the industry level

Key conclusions

Key questions

- What are the factors that affect industry-level productivity and how do they relate to multi-factor productivity (MFP)?
- How do institutional settings and labour market policies affect growth?
- Is there any correlation between product market regulations and productivity?



Industry-level analysis

Market dynamics and productivity

Assessing the role of policy and institutions in determining long-term growth cannot be limited to aggregate analysis. It also requires an exploration of the role played by developments within individual industries and the reallocation of resources across industries and firms.

Indeed, the macro-level analysis in the previous chapter may fail to capture the effects of specific policies – such as product market regulations and trade restrictions – on industry performance. Likewise, differences in growth patterns at the industry level may also point to variations in the extent to which countries are benefiting from broader economic changes, or from the potential offered by new technologies.

For example, as discussed in Chapter 1, technological change has enabled rapid productivity growth in the IT-producing industry and, most recently, in IT-using industries, but there are considerable variations in the degree to which countries have benefited from these opportunities.

This chapter is devoted to an exploration of these aspects of growth by using industry-level data.

