

Macroeconomic Labor Productivity as A Tool for Measuring Economic and Social Cohesion*

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Abstract

The aim of the article is to analyze the relationship between the level of economic development of the country and the degree of regional economic differentiation. Designing an appropriate economic policy requires not only defining economic goals, but also the preparation of an appropriate system for measuring the achieved goals. The concept of sustainable economy divides economic goals into those related to social, economic and territorial cohesion. The starting point for designing a measurement tool is the identification of the way in which the broadly defined value is created in the economy. The economy is based on work, and productive work is allowed by a properly institutionally developed economic system. Therefore, the labor productivity index was introduced as a proposed measure of socio-economic development, which refers to the postulates of social, economic and territorial cohesion. The empirical part consists of the results of the analysis of labor productivity and regional differentiation in labor productivity in nine European countries. The obtained results indicate that labor productivity may constitute a reliable measure of the country's cohesion. A strong inverse correlation has been demonstrated between the value of the indicator and its regional differentiation. Thus, this indicator may be used to measure the scope of the implementation of the sustainable growth paradigm.

Keywords: labor productivity, economic growth, economic and social cohesion, analytical production function, economic inequalities.