Definition of 'Productivity'

An economic measure of output per unit of input. Inputs include labor and capital, while output is typically measured in revenues and other GDP components such as business inventories. Productivity measures may be examined collectively (across the whole economy) or viewed industry by industry to examine trends in labor growth, wage levels and technological improvement.

Investopedia explains 'Productivity'

Productivity gains are vital to the economy because they allow us to accomplish more with less. Capital and labor are both scarce resources, so maximizing their impact is always a core concern of modern business. Productivity enhancements come from technology advances, such as computers and the internet, supply chain and logistics improvements, and increased skill levels within the workforce.

Productivity is measured and tracked by many economists as a clue for predicting future levels of GDP growth. The productivity measure commonly reported through the media is based on the ratio of GDP to total hours worked in the economy during a measuring period; this productivity measure is produced by the Bureau of Labor Statistics four times per year.