



International
Labour
Organization

Productivity improvement and the role of trade unions



A Workers' education manual

Mohammed Mwamadzingo and Paliani Chinguwo
(editors)

in collaboration with



ACTRAV
Bureau
for Workers'
Activities

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Mohammed Mwamadzingo
Paliani Chinguwo
(editors)

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Productivity Improvement and the Role of Trade Unions: A workers' Education Manual

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About ACTRAV

The Bureau for Workers' Activities (ACTRAV) is the main link between the International Labour Office and workers. ACTRAV coordinates all the activities of the Office related to workers and their organizations, both at headquarters and in the field. The International Labour Organization (ILO), whose executive secretariat is the International Labour Office, is the only tripartite agency of the United Nations. In it, governments, as well as employers and workers are represented on an equal footing. They benefit equally from the services of the Organization.

ACTRAV's mission is to maintain close relations with the trade union movement throughout the world, to provide trade unions with the support of the International Labour Office in endeavours to strengthen their influence by promoting activities which defend and advance the rights of workers.

About RENGO

The Japanese Trade Union Confederation, known as RENGO, was established in November 1989. Japanese trade union organizations have a three-tier hierarchical structure: enterprise-based unions, industrial federations, and the national centre (RENGO). There is also a wide-ranging network, with local organizations, called "Local RENGOs," set up in all of Japan's prefectures.

RENGO is made up of industrial federations with the overall aim of defending the employment and livelihoods of all working people. RENGO works with the national government and employers' organizations on issues such as labour standards, tax systems and social security, which cannot be settled at the industry or local level.

The 47 Local RENGOs throughout the country serve as a foothold for working people in their local communities. They address a broad range of tasks, including consultation activities on issues of labour and employment. They also provide support for organizing efforts.

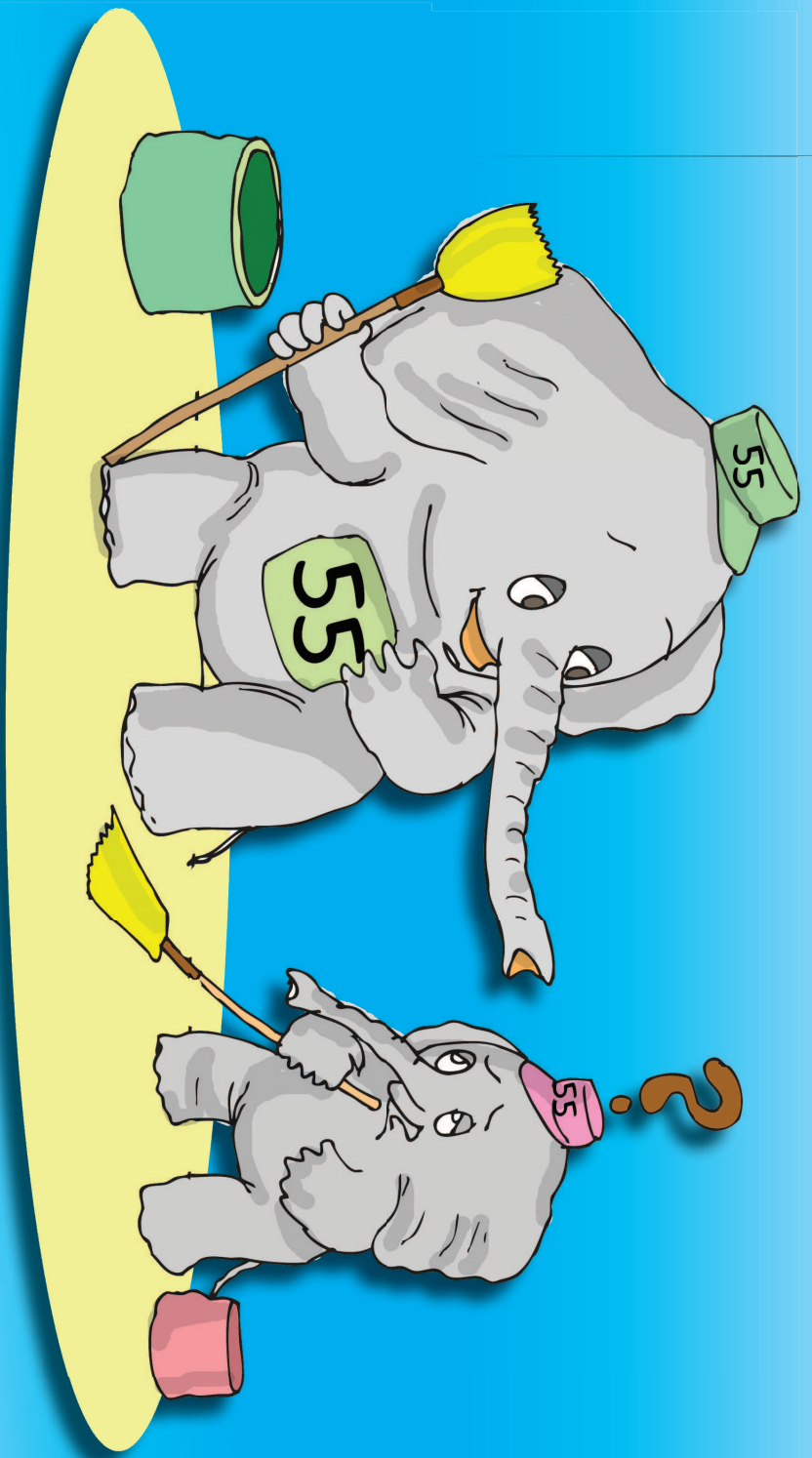


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Foreword

The issue of productivity improvement has assumed increasing importance with globalization and the ensuing global economic and social crises. Whilst globalization has increased competitiveness of enterprises in both the domestic and international markets, the global economic situation has largely dimmed the prospects for economic growth and employment creation. At the same time, while globalization has the potential to offer new opportunities for growth and expansion, it has also created conditions that have resulted in greater instability, insecurity and inequality, particularly in developing countries.

It is, therefore, imperative for emerging and developing economies to develop the capacity to pursue strategies to improve competitiveness of local-based enterprises in domestic and global markets. This requires the active participation of the main social partners and stakeholders, particularly employers' and workers' organizations, to support a favourable climate of industrial relations. This process is essentially important to workers' organizations, as their members have been, on the whole, very much on the receiving end of the process of globalization and the challenges brought about by global economic situation.

A stronger and more effective participation and representation of worker' organizations in social dialogue institutions and in programmes for improving the national capacity to benefit economically and socially from the globalization process is very essential. Their effective participation in social dialogue on the national development issues will benefit not only those in the organized sectors but the unorganized as well.

There was a concern amongst protagonists that in the past trade unions were not so eager to support any programmes aimed at boosting productivity. This fear or disinterestedness amongst trade union activists could be justified because increased productivity at the enterprise level more often than led to downsizing of the workforce. Today, however, both management and trade unions have come to the realization that it is mutually beneficial to share the gains from productivity improvements. If workers want to have an increase in wages, they will have to support programmes for productivity enhancement, and in like manner if management wants a motivated workforce they should be prepared to distribute the gains from productivity in an equitable manner.

The ILO has been playing a critical role in sensitizing workers on the benefits of productivity improvements. Since 1997, the ILO's Bureau for Workers' Activities has collaborated very closely with the Japan Trade Union Congress (JTUC/RENGO) to conduct regional training workshops in Africa. The workshops attract trade union leaders from many African countries to deliberate on the concept, and to examine the potential benefits that could accrue to workers from a programme of productivity improvements. These workshops also benefited from the experiences of Japan, which had adopted such an approach. The workshops always make some resounding strong recommendations requiring trade unions to carry out similar activities at the national level.

Since 2012, these workshops have focused more on the development of a workers' education manual derived from the experience of the interactions between African trade unions and JTUC/RENGO. It is our expectation that this manual will facilitate the exchange of ideas amongst trade unionists on the role of workers' organization on productivity improvement and its implications on international labour standards, employment creation, improving wages and enhancing collective bargaining.

I wish to express our appreciation to the technical and financial support we have received from JTUC/RENGO over the years. Special thanks to Ms Michiko Hayashibala and Mr Abdoulaye Diallo who have participated as resource persons in all the previous 18 training sessions.

Maria Helena André
Director,
Bureau for Workers' Activities

Introductory Session

Introductory Session

Session 1: Introductions


Activity 1: Introductions

This session will introduce the participants to each other and to the activity-based style of learning.

1.1 Facilitator introduce yourself then read:



Trade unions are interested in productivity improvement because they believe that it is one effective way by which they can achieve their ultimate goal of enhancing the living standards of not only their members but the living standards of all workers and their families. The purpose of this manual is to enhance the capacity of trade unions to participate in concerted national efforts for improving productivity and competitiveness, creating more employment opportunities and enhanced mechanisms for social dialogue and collective bargaining. It will also help trade union activists to develop plans that will enable their increased participation in mutual gains negotiations

1.2	<p>Give a general overview of the programme and discuss additional training that this course can be combined with.</p>  <p>Facilitator read: In this training we will use our existing knowledge to strengthen our trade union's activities in the workplace by encouraging members to be active and increasing the number of members.</p> <p>We will examine the current situation in our trade unions – examining who our members are, thinking about their needs and wants and how to improve the services they have, through better understanding of their rights and collective bargaining techniques. We will then examine our own organizational structure to strengthen our participation in the new dispensation of globalization and competitiveness environment.</p> <p>Later, we will develop skills to select the best service or campaign for our local branch and members. Using a practical idea our group will select, we will look at how to make sure our idea can work in practice. We will then strengthen our skills to plan and budget for services, activities and campaigns. In the final session, we will do action planning – deciding what actions we will take on the basis of the skills and knowledge drawn from this training.</p> <p>We will do some work individually, some in pairs and some in groups. The activities are designed to maximize participation within groups. In the training, our group will develop an activity, service or campaign using skills that we might use in our organizations.</p>
1.3	<p>Introduction to first assignment:</p> <p>Facilitator read: This first activity is a chance for participants to get to know each other so that we are comfortable working together during the training. Please turn to Activity 1A.</p> <p>Instruction: Distribute crayons and paper to the participants.</p>

Session 1: Introductions

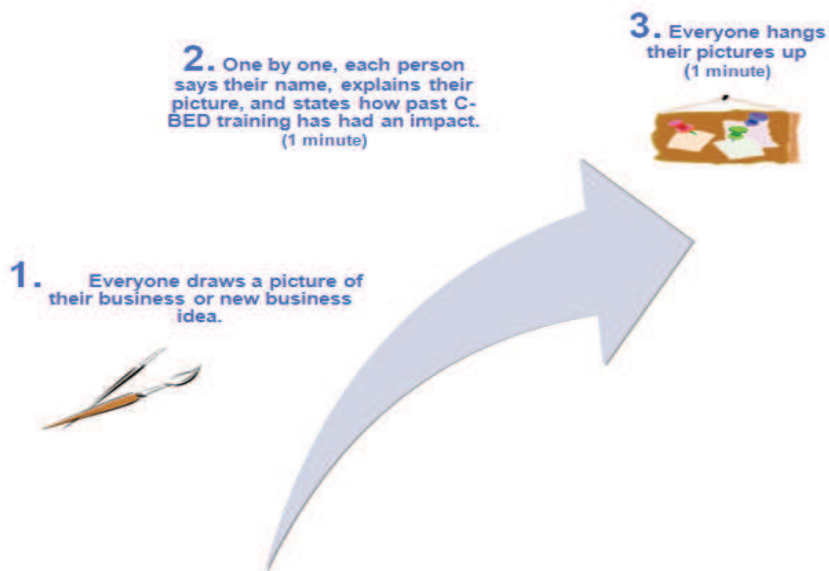
Activity 1A: Introductions

1.4



Goal: For all of the participants to get to know one another and their current professions.




1. Please draw pictures of your current role in your trade union. (5 minutes)
2. One by one the participants introduce themselves to the group, display their picture and explain their current roles and briefly introduce the trade union they work for or are a member of (1 minute each).
3. Everyone hangs their picture on the wall.

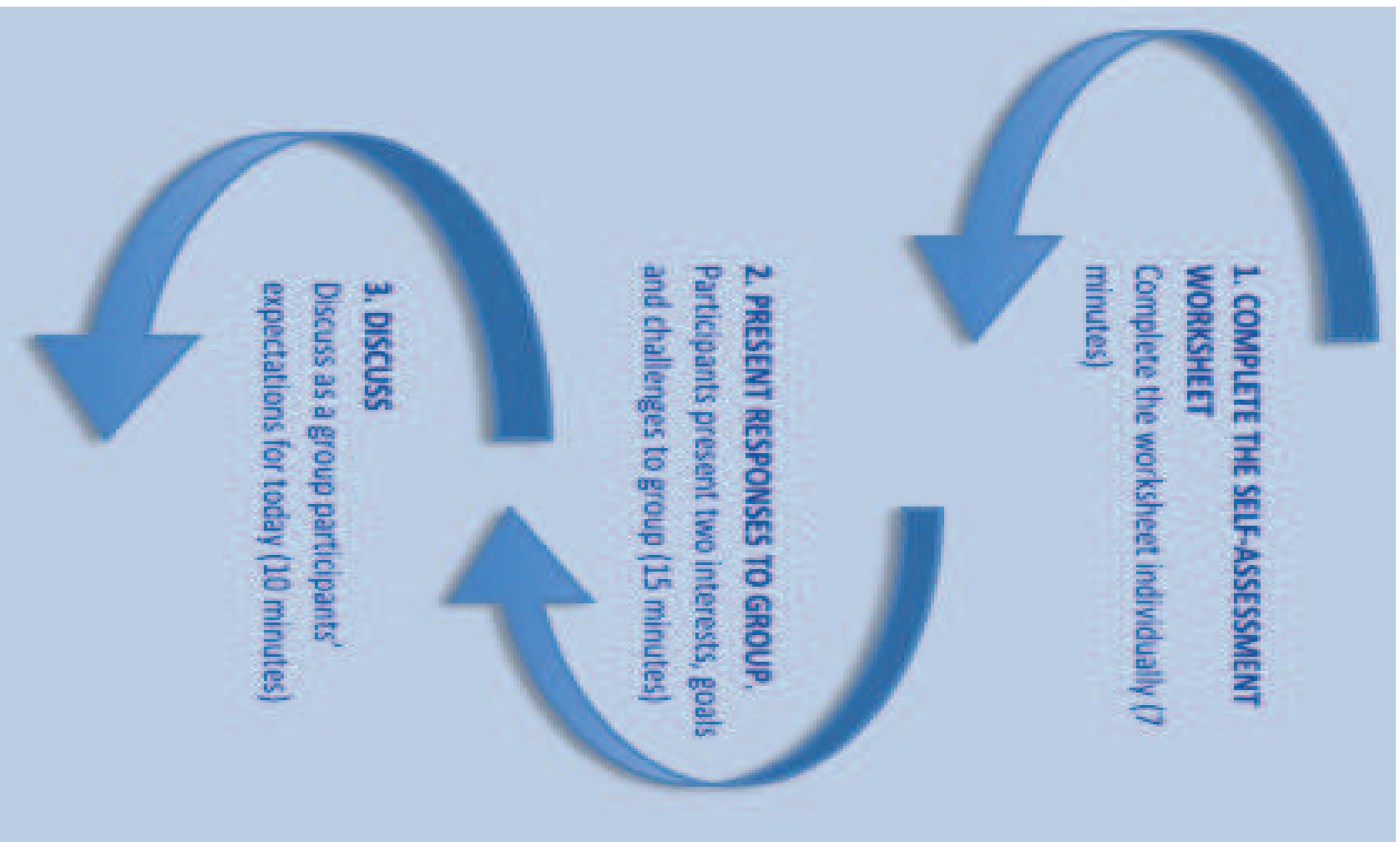


1.5

Organize participants into small groups:

If people are not currently in groups, the facilitator should organize people into small groups of 3 – 4 people. Groups can be organized based on a variety of ways, such as by putting people from similar work sectors together into a group. Alternatively, groups can be organized by location of work, positions within the trade union, or an alternative category that the facilitator feels is appropriate.

Session 1: Introductions	
1.6	 <p>Please turn to Activity 1B:</p>
	Activity 1B instructions: Interests and expectations self assessment
1.7	 <p>Facilitator read: In activity 1B we will think about why trade unions are interested in productivity improvement.</p> <p>(1) Looking back, why did we join a trade union? What were we hoping to achieve?</p> <p>5. Looking to the future, what are some goals we would like our trade unions to achieve over the next year in our areas of activity?</p> <p>The rest of this chapter will help participants develop strategies and skills to reach these, or any, goals and address challenges to achieving these goals.</p>
1.8	 <p>Facilitator read: Goal-To identify my reasons for joining a trade union, some goals I have for my trade union and expectations for workshop.</p> <ol style="list-style-type: none"> 1. Complete the self-assessment worksheet individually. (7 minutes) 2. Each participant presents their top two interests, goals and challenges to the group. (15 minutes) 3. Discuss as a group participants' expectations for today. (10 minutes)



Session 1: Introductions

Activity 1B: Interests and expectations self assessment

My interests. I joined my trade union because:

1. _____
2. _____
3. _____
4. _____

My goals. In the future, I have the following goals for my trade union:

1. _____
2. _____
3. _____
4. _____

Improved productivity must result in higher earnings for workers, better working conditions, improved benefits and reduced working hours; these in turn must contribute to improved workers' job satisfaction and motivation.

Activity 1B: Interests and expectations self-assessment

My experiences. My trade union has faced the following challenges in reaching these goals:

1. _____
2. _____
3. _____
4. _____

My expectations: What I would like to get out of this workshop:

1. _____
2. _____
3. _____
4. _____

Session 2: Groundwork and situation analysis

2.1 Introduce Session 2:



The concept of productivity improvement has lately assumed prominence than ever before in the context of globalization. The lessons from the economic and financial crisis have showed the importance for emerging and developing economies to develop the capacity to pursue strategies to improve competitiveness of local enterprises in domestic and global markets.

This requires the participation of the main social partners and stakeholders, particularly employers and workers organizations, to support a favourable climate of industrial relations. This process is essentially important to workers' organizations, as their members have been, on the whole, very much on the receiving end of the process of globalization and the challenges brought about by the global economic situation.

National trade unions set goals for the whole trade union down to the workplace. Does your national trade union centre have a policy on productivity? If so, how do you put the policy into practice in your local workplace branch? What services or activities you think the workers you represent need most when it comes to productivity improvement? Is there any way we can use productivity as an organizing tool?

To start this process you will look at your membership – “mapping your members”; assessing what they need and want and thinking of ways to improve service delivery. You will then analyze your own organizational structure, to help strengthen your activities and services, especially with regard to collective bargaining derived from improved productivity.

Activity 2A instructions: Who are our members?

2.2 Introduce Activity 2A:



In this activity you will look at who the members of your union are and how they fit into your community.

You will use a word cloud to situate your trade union in the community, looking at groups in your community outside your union who are interested in your activities, as well as potential members. You will then think how your members themselves break down into different groups.

Session 2: Groundwork and situation analysis

Activity 2A instructions: Who are our members?

Glossary





Definition: Your community includes all the people who are affected by your trade union and who are interested in what you do. Some of these people may be able to influence what your trade union does with positive or negative results.

Why is it important to do this analysis?

- 1) **Your members' place in the community directly affects their needs and ability to participate:** For example, members living in rural and urban areas have different transport needs. Women may have different needs than men if they have different family responsibilities.
- 2) **The community can affect your trade union's success.** Thinking about people who are potential members can help you increase your membership. Thinking about interested groups who can influence the success or failure of your activities so you can deal with them.

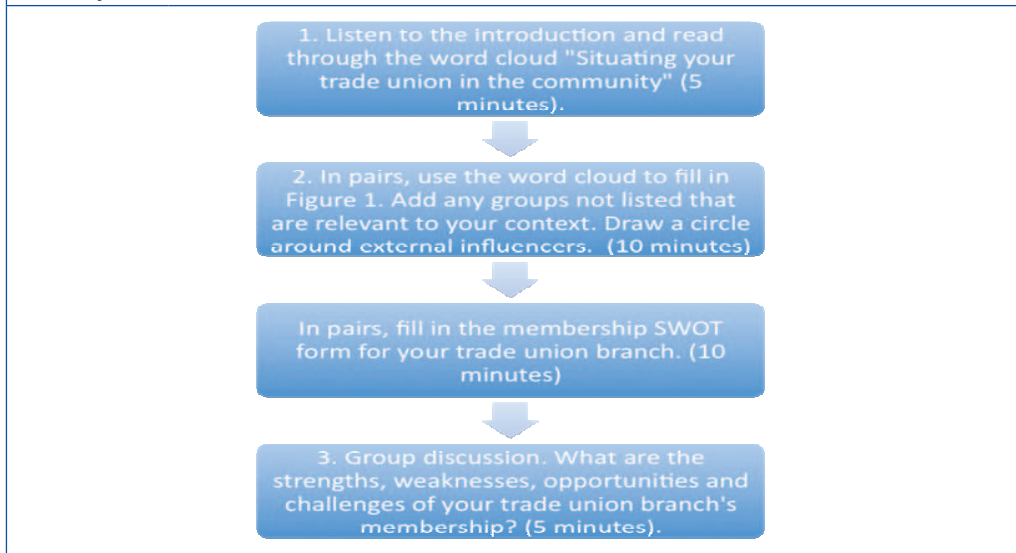
Understanding these different groups and links to the community will help identify the strengths and weaknesses of your union.

Trade unions are part of a big community and looking at the broad needs of that community means you can grow your members and strengthen your activities and services as people see you act to help everyone.

2.3	 <p>Goal: To understand who your members are and how they fit into your community.</p> <ol style="list-style-type: none"> 1. In groups, listen to the introduction and read through the word cloud "Situating your trade union in the community". (5 minutes) 2. In pairs use the word cloud to fill in "Figure 1: Situating your trade union in the community". Add any non-members who are interested in what you do, potential members or member groups not listed that apply to your context. Draw a circle around external groups that can influence what your trade union branch is trying to do. (10 minutes) 3. In pairs, fill in the membership strengths, weaknesses, opportunities and threats (SWOT) form for your union branch, thinking about the number of members you have and which different groups are represented. (10 minutes) 4. In your groups, discuss your SWOT analyses. (5 minutes)
2.4	 <p>Instruct the participants to turn to Activity 2A.</p>

Session 2: Groundwork and situation analysis

Activity 2A: Who are our members?



Introduction:

Your trade union is situated in your community and interacts with different groups of interested parties. **The interested parties are internal** (union leaders, union staff, union members) and external (employers, potential members, other workers and their families). Some external groups can **influence** your trade union branch's activities for example a village elder could encourage an employer to improve safety and health in a factory, or a local government official could limit the time allowed for a public demonstration.

Thinking about how your trade union branches situated in your community can help you identify links to work with interested parties, such as local government. It can also help you see who potential members are to reach out and grow your membership.

Looking at the **different groups among your members** helps you think about how well your union is doing at representing the different groups in your community. It can also help identify areas for membership growth and people or groups who can reach out to the potential members.

As democratic organizations, trade unions represent the interests of their members. To help do this it is important that membership reflects the different groups in the workforce in which they are active. This means having, for example, a similar age, gender and cultural breakdown in your union as in the workforce you represent.

Representing all the different groups in your workforce helps strengthen trade unions' voice and effectiveness in two ways:

1. It encourages growth and cooperation: Non-members see an inclusive organization that encourages membership and participation of all workers and are more likely to join. At the same time, members are more confident that their interests are represented;
2. It increases the voice of the trade union: employers recognize that the trade union represents the opinions and needs of the whole workforce, not just one small group.

Session 2: Groundwork and situation analysis

Activity 2A: Who are our members?

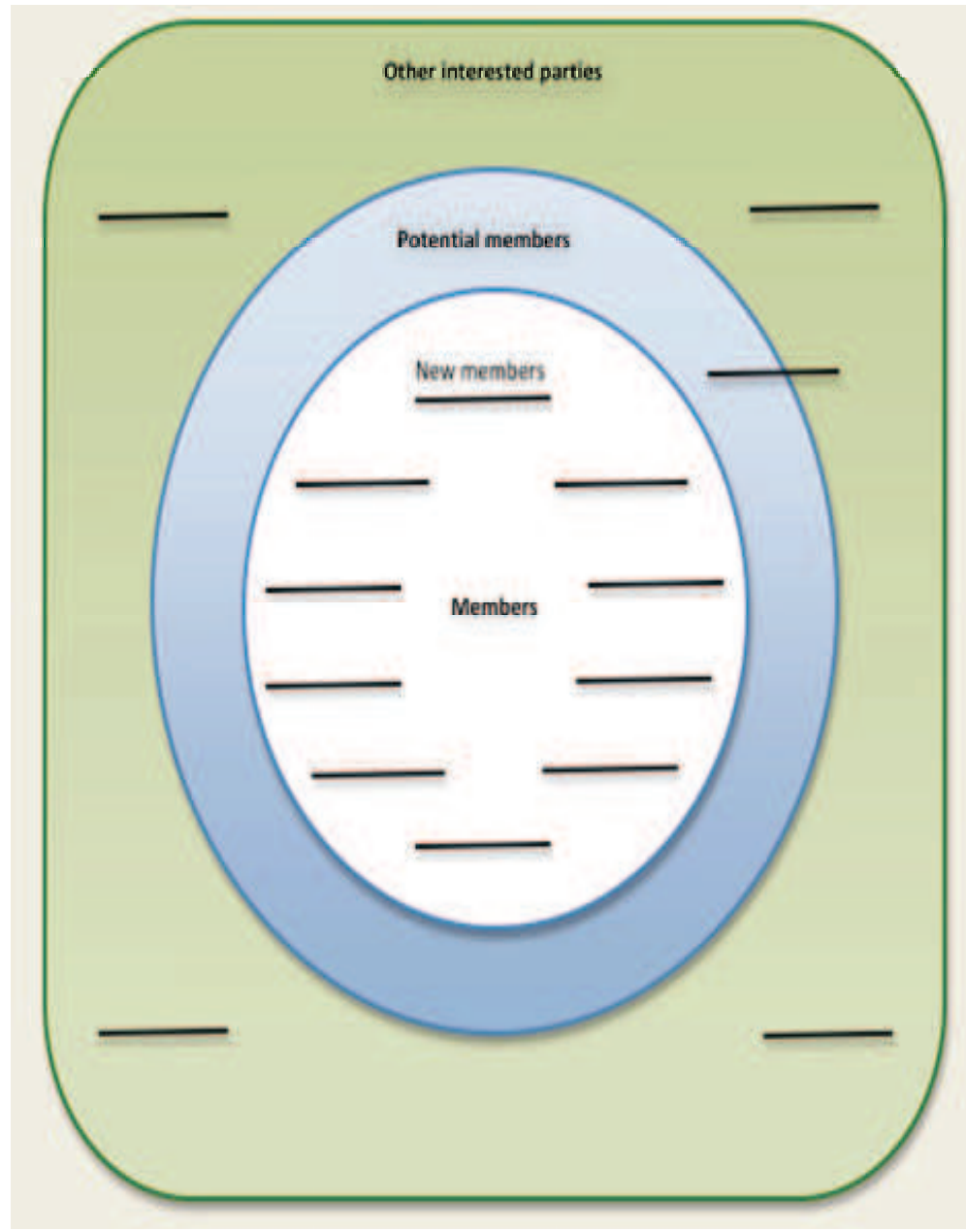
Word cloud: Situating your trade union in the community



Session 2: Groundwork and situation analysis

Activity 2A: Who are our members?

Situating your trade union in the community



Session 2: Groundwork and situation analysis

Activity 2A: Who are our members?

Membership numbers and diversity strengths and weaknesses.

Think about:

- how many members you have
- the proportion of the workforce you represent that are members
- Gender, age, type of work, type of employment, etc.
- Does the diversity among your union members and leadership reflect the diversity in the workforce you represent? Which groups are least represented in your trade union?



Membership numbers strengths

• ...

Membership numbers weaknesses

• ...

Membership numbers and diversity opportunities and threats

Think about:

- Potential members or groups that could be encouraged to join your union
- Challenges to increasing your membership numbers and the groups you represent

Membership numbers opportunities



• ...

Membership numbers challenges

• ...

Session 2: Groundwork and situation analysis

Activity 2B instructions: What do our members want?

2.5	<p>Introduce Activity 2B:</p>  <p>In this activity you will conduct a stock take of the services that your trade union provides for members. Trade unions can offer many services including representing members' interests when negotiating with employers, training and advice. You will then conduct a strengths and weaknesses analysis of members' contributions and benefits. This will help you to look at how well your services meet your members' expectations and needs.</p>
2.5	<p>Goal: To identify the balance for members of their contributions and benefits.</p>  <ol style="list-style-type: none"> 1. In your groups, read through the introduction to trade union services trade unions provide. (5 minutes) 2. In pairs, make a note of the different services that your trade union provides for members. (5 minutes) 3. In pairs, fill in the strengths and weaknesses analysis form to examine the balance between contributions and benefits. (10 minutes) 4. In your group, discuss the main strengths and weaknesses you identified in terms of the contribution and benefits balance. (10 minutes)



Session 2: Groundwork and situation analysis

Activity 2B: What do our members want?

Introduction



There are different ways your members contribute to the strength of your union. By paying membership fees, your members contribute by providing the financial resources needed to organize union activities. Members also contribute with their time and effort when they take part in trade union activities such as joining meetings and events, distributing leaflets and encouraging potential members to join.

In return, workers benefit from their trade union membership through the services you provide to them, the impact unions have on working lives and compensation, and the solidarity and support of other workers belonging to the union.

While a high rate of union membership is a key sign of a union's strength, it is important that union leadership is able to balance the contributions members make with the benefits accrued from being a union member. The more members feel they benefit from their trade union, the more willing they become to contribute towards the growth and development of their own trade union, and the more likely that a particular trade union will attract more members.

Trade unions provide a number of services to their members including:

- Advice on work issues;
- Supporting members when in discipline or complaints cases;
- Providing education and training services to members;
- Representing workers' interests by talking with employers when big changes are taking place in the workforce;
- Negotiating collective agreements with employers, for example on pay and working conditions;
- Representing workers' interests in dialogue with government and employers organizations over labour, social and economic policy;
- Providing financial and legal advice and services.

Session 2: Groundwork and situation analysis

Activity 2B: What do our members want?

What services does your trade union currently provide to your members?

- ...

Session 2: Groundwork and situation analysis

Activity 2B: What do our members want?

Strengths and weaknesses analysis form: Contribution and benefits of membership

What contributions do your members make?

Financial contributions

- ...

Non-material contributions

- ...

What benefits do members receive from membership in your trade union?

- Add any points you did not cover in your notes on services

Chapter One

The Concept of Productivity

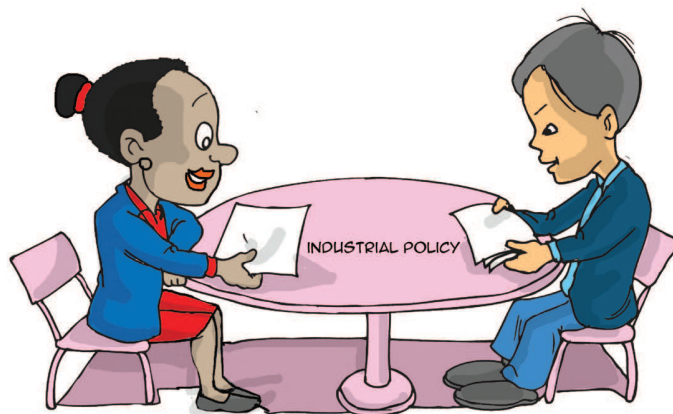
Mohammed Mwamadzingo and David Dorkenoo

The Concept of Productivity

Mohammed Mwamadzingo and David Dorkenoo

1.0. Introduction

This chapter is aimed at deepening our understanding of the concept of productivity, including how productivity is measured. In addition, readers will be able to appreciate the myths and misconceptions about the concept of productivity and the role of trade unions in productivity itself.



1.1. Definition of productivity

There are many definitions of productivity, but according to the ILO:

“Productivity is a relationship between outputs and inputs. It rises when an increase in output occurs with a less than proportionate increase in inputs, or when the same output is produced with fewer inputs” (ILO, 2005: 5).

In simple terms, we can refer to productivity as a measure of production efficiency. Productivity is a measure of how efficient and effective the resources (inputs) are used to produce the outputs (goods and services). Productivity can also be considered in monetary terms. If the price received for an output rises with no increase in the cost of inputs, this is also seen as an increase in productivity

We can define productivity as follows:

relationship between output generated by a production process or service system and the input provided to create this output.

Technically, it is expressed as the ratio of output to input. Mathematically, it can be expressed as follows:

$$\text{Productivity} = \frac{\text{Output}}{\text{Input}}$$

Input refers to such factors as labour, capital, raw materials, and information used in the output creation process.

Output refers to the end product of the production process which comes in the form of either goods or services for consumption.

The above output-input ratio indicates that higher productivity simply means achieving more in terms of output with the same amount of resources (inputs) or achieving the same level of output in terms of quantity and quality with a reduced amount of input.

The basic concept is always the relationship between quantity and quality of outputs produced and the amount of resources used in the production process. If we can produce more with the same inputs and thus raise the output-input ratio it means productivity has improved.

1.2. Productivity measurement

Productivity measurement enables management to objectively and concretely assess their company's performance. Objectivity is achieved as assessment is based on real figures – actual sales made and true measures of resources used by the company in a particular time.

For both individual company and inter-firm comparison projects, the data required for the overall analysis of productivity performance are obtained mostly from the financial statements of the company. The following information is required:

- A. Balance Sheet
- B. Detailed Profit and Loss Accounts
- C. Detailed Manufacturing or Trading Accounts
- D. Number of Employees

This information is used in compiling value added and related productivity ratios which forms the basis for analysis.

(i) Value added

It is a measure of wealth created by a company through its activities. For example, a manufacturing company buys raw materials from its suppliers. Through the production process, the company transforms the raw materials to finished products which are finally sold at higher value. In this way, wealth has been created or alternatively, value has been added. Hence value added can be expressed as follows:

$$\text{Value} = \text{Sales} - \text{Purchase}$$

Those who contributed to this value addition are the employees, shareholders and other providers of capital. The wealth or value added created by these parties are in turn distributed among them in the form of wages and salaries for employees, interest for providers of capital, taxes for government, depreciation, and profit

ploughed back to the company for future expansion. Hence, distribution of value added can be expressed as follows:

$$\text{Value Added} = \text{Profits} + \text{Labour Cost} + \text{Depreciation} + \text{Interest} + \text{Taxes}$$

Creation of Wealth leads to the Distribution of Wealth

(ii) Value added productivity ratios

This can be calculated and linked together to assess the productivity performance of companies. The analysis focuses on factors affecting various productivity ratios. Examples are as follows:

$$\text{Labour Productivity} = \frac{\text{Value Added}}{\text{Number of Employees}}$$

(iii) Analysis of results:

High ratio signifies the following:

- Efficient labour and management
- Positive work attitudes
- Good labour management relations

Low ratio means:

- Poor and inefficient labour and management
- Inefficient work procedures

1.3. Some misconceptions about productivity

The concept of productivity has suffered and continues to suffer several misconceptions. It has too often been confused with several related but distinct concepts and to get a clearer view of the concept, these misconceptions have to be cleared.

1. *Productivity and efficiency*

From the mathematical sense productivity is viewed just as an efficiency concept. However, this is a very simplistic view of productivity as it hides the rather complex interrelationships of the factors involved in the process of increasing productivity levels. The mathematical approach neglects the wider implications of productivity improvement.

For example, productivity improvement is very often mistakenly equated to just improving labour productivity. However, in these days of automation, labour productivity is diminishing in importance. Indeed, the productivity of capital and other expensive, scarce resources such as energy is of far more concern than labour productivity (Prokopenko, 1987). Therefore, it is appropriate to concern ourselves with total factor productivity and not just labour productivity since labour is just one of the factors of production.

Total Factor Productivity: is defined as the output generated per unit of all inputs or resources used to generate that output. Mathematically it is defined as:

$$\text{Total Factor Productivity} = \frac{\text{Gross Output}}{\text{Labour} + \text{Capital} + \text{Materials} + \text{Energy} + \text{Others}}$$

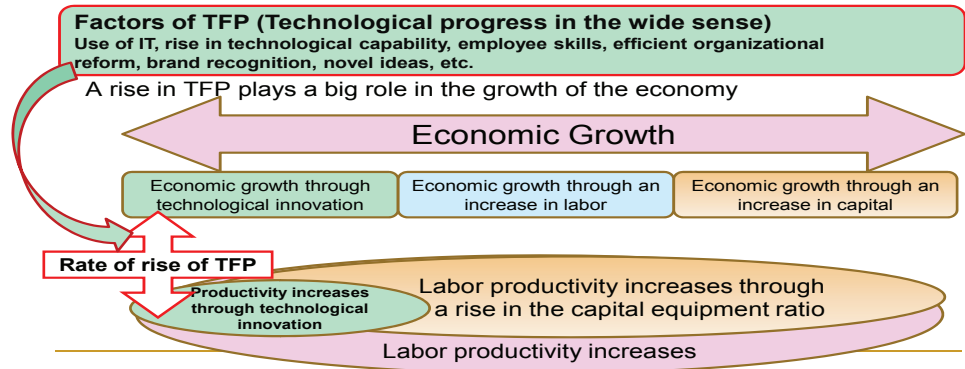
Total Factor Productivity gives a more complete picture of your overall efficiency and effectiveness, showing how competitive you are.

Figure 1.1: Labour Productivity, Economic Growth and Total Factor Productivity

The Relation between Labor Productivity, Economic Growth and TFP

◆ **Total Factor Productivity (TFP)**

○ Production is carried out through inputs of the factors of production, capital (machinery, etc.) and labor, but production may be greatly affected by the technological capability to raise the efficiency of and the method of use of the factors of production. TFP is an index that measures the efficiency of the production process and is important from the viewpoint of expanding production.



2. Productivity and factor intensity

Productivity and factor intensity are two separate concepts with different outcomes. For instance, whilst labour productivity resonates with the beneficial impacts of labour, labour intensity imply excess effort. Productivity improvement is not accomplished by working harder but by working more intelligently.

3. Productivity and output

Arising output might not necessarily mean improvement in productivity. If the rising output is at the expense of excessive inputs (i.e., if input costs have risen disproportionately) the ratio will either remain unchanged or it might even decline.

4. Productivity and profitability

High productivity does not always imply high profit. If what is produced efficiently is not in demand profit may not be realised. The reverse is true that rising profit might be made through price increases even when productivity is on the decline.

5. Productivity and efficiency

Effectiveness and efficiency are sometimes used interchangeably but technically they are different concepts. Whereas efficiency stresses the importance of time

effectiveness stresses the need for the good or service to achieve the results for which they are produced or provided.

6. Productivity is not only about production

Productivity as a concept is also measurable in all kinds of organisations or systems, including services. For this reason, some have also defined productivity as a state of mind and attitude that seek the continuous improvement of what exists. It is a conviction that for any particular task like playing a game, one can perform better today than yesterday and that tomorrow one can play the same game far better than today.

Hence productivity as far as an individual worker is concerned can be understood as the relationship between the volume of specific work accomplished and the potential capacity of the worker. For the enterprise it is the relation between value-added and the costs of inputs consumed. At the national level productivity is the ratio of national income to national total expenditure.

Clearly, productivity is a much more complex concept. It is a technical as well as a managerial problem. It concerns governments, trade unions and other social institutions.

Productivity has become such an important concept in national and enterprise policy-making. This importance stems from the fact that national income and hence welfare is directly related to improvement in productivity.

As resources dwindle rapidly, standards of living can only be increased through increased productivity. Productivity is the world's major source of real economic growth, social progress and improved standard of living. Differences in productivity explain why some countries with few natural resources enjoy higher economic growth rates and improved living conditions than some countries endowed with abundant resources.

1.4. Why trade unions are interested in productivity

The main objective of trades unions is to improve the standard of living of workers. This can only be achieved only if jobs of high quality (decent jobs) are created and wealth is generated. It has been established beyond doubt that high productivity leads to higher living standards via wealth creation. Therefore, if productivity increases, living standards of workers can increase.

But it is not automatic that productivity improvement will lead to improved living standards for all workers. This is because the distribution of wealth in the country and at the workplace matters. If a few senior and managerial staff are entitled to a disproportionately large share of a firm's revenue and the majority of workers are entitled to small percentage of the firm's revenue, improved productivity will mean improved living standard for a few. This analysis can be generalized to cover the entire economy. That is why unions should not be interested only in productivity improvement but also how to share the fruits of higher productivity such that every worker benefits.

1. Productivity and incomes

There is a strong macro-economic and statistical evidence that the more effective or productive the national economy, the higher the personal income of workers. At the enterprise level when productivity is high the employer will have the ability to pay higher income. The union will achieve improved wages and salaries for their members and of course the dues that members will pay will also increase.

2. Productivity and poverty reduction

When a country is productive, it means more national income for social distribution for the young, old, and handicapped. Higher productivity also leads to higher profits for investment and ultimately to economic growth. Therefore, high productivity packaged with good distributional and development policy such as education, health and social protection is the best available means for poverty reduction.

3. Productivity and promotion of employment

The more productive an economy, the more competitive that economy is in the global markets and the lower the unemployment rate in that country. At the micro level, the more productive a company, the more competitive it is in the economy and the more profits it can generate. If the favourable conditions are created for investments and the company ploughs back part of its profits in new investments, new jobs will be created and unemployment will reduce. The social benefits of full employment are obvious.

4. Productivity and labour standards

The observance of the principles underlying international labour standards contributes to long-term productivity and competitiveness. A sure way of promoting labour standards practically is to promote them in a package with measures for productivity improvement. Productivity growth can also provide a stronger financial base for introducing more labour standards without undermining competitiveness. Therefore, if productivity movement is properly introduced into company and national strategies, it has the potential of promoting decent working conditions and improvement in the quality of life in the country.

1.5. Conclusion

In this chapter, readers were first introduced to the definition of productivity and how productivity is measured. The concepts of efficiency and effectiveness and how they relate to productivity were also explained. Misconceptions about productivity were discussed to draw participants' attention to the misuse of the concept of productivity. Finally, the reasons why productivity is important to unions were explained. It was stressed that unions can achieve higher living standards for their members or workers through productivity improvement. However, trade unions and all stakeholders should not be interested only in productivity improvement but they should also be interested in the equitable sharing of the fruits of improved productivity.



Tasks for Chapter One

1. Explain productivity using your own words.
2. If your native language is not English, can you think of one word in your native language that means productivity? In what context is this word commonly used?
3. What in your opinion are the constraints to measuring productivity at your work place, in your trade union and country?
4. Suggest ways of improving the measurement of productivity at your work-place, in your trade union and your country.

Chapter Two

The Role of the International Labour Organization on Productivity Improvement

Mohammed Mvamadzingo

Chapter Two

The Role of the International Labour Organization on Productivity Improvement

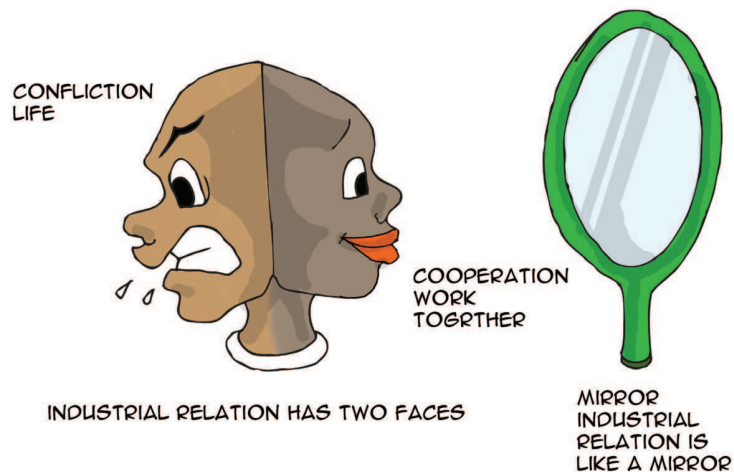
Mohammed Mwamadzingo

No decent work strategy can be successful without encouraging entrepreneurship, innovation and productivity.

-Juan Somavia, Former Director-General of International Labour Organization (ILO)

2.0. Introduction

This chapter provides a snapshot of the critical importance of productivity improvement to the work of the International Labour Organisation (ILO) since its inception in 1919 to this time.



2.1. The ILO Constitution

The importance of the concept of productivity can be derived from the ILO Constitution. The rationale of the ILO Constitution adopted in 1919, for the first time in history made people believe that economic growth could in fact be achieved not only without condemning the working class to inhuman conditions, but actually through actively promoting the respect for human dignity of the working people.

The watershed laid down by ILO Declaration of Philadelphia adopted in 1944 in the much cited phrase – “Labour is not a commodity”. The direct implication is that labour is the main productive force of society ensuring its economic growth and thus to have more growth requires increasing labour’s productive power. In effect, the 1944 Declaration of Philadelphia which defines the mandates of the ILO includes as one of the concerns of the ILO the promotion of cooperation of management and labour towards productive employment.

2.2. The place of productivity in major areas of ILO work

One of the early occasions in describing the place of productivity in the ILO is the World Employment Conference of 1976 which recommended that an essential element of any employment centred development strategy is an increase in the volume and productivity of work.

Similarly, the 1986 Resolution on the Contribution of the ILO to Production and Productivity also emphasizes that productivity improvement must serve the well-being of the people and noted that higher productivity is necessary in order to assure economic growth and that it is underlining the quantity and quality of employment.

The Resolution further states that productivity enhancement may be fully supported by institutions set-up for this purpose by the public authorities, employers, workers, and other organizations. The resolution mandated the ILO to undertake advisory services and technical cooperation programmes to strengthen the tripartite machinery as well as to assist trade unions and employers’ organizations to raise the level of productivity and production and ensure full employment thus raising the standard of living and the well-being of the workers and their families.

Other relevant discussions can also be identified in the conclusions concerning human resources training and development agreed upon at the 88th Session of the International Labour Conference (ILC) in 2000 and in the Human Resources Development Recommendation, 2004 (No. 195), adopted at the 92nd Session of the Conference in 2004.

Similarly, the Global Employment Agenda (GEA), which was adopted by the 286th Session of ILO Governing Body in March 2003 provides an analytical framework for promoting the employment components of the Decent Work Agenda. Productivity and employment issues feature prominently in Core Element 6 of the GEA on employability through improved knowledge and skills and Core Element 2 on promoting technological change for higher productivity and job creation and improved standards of living.

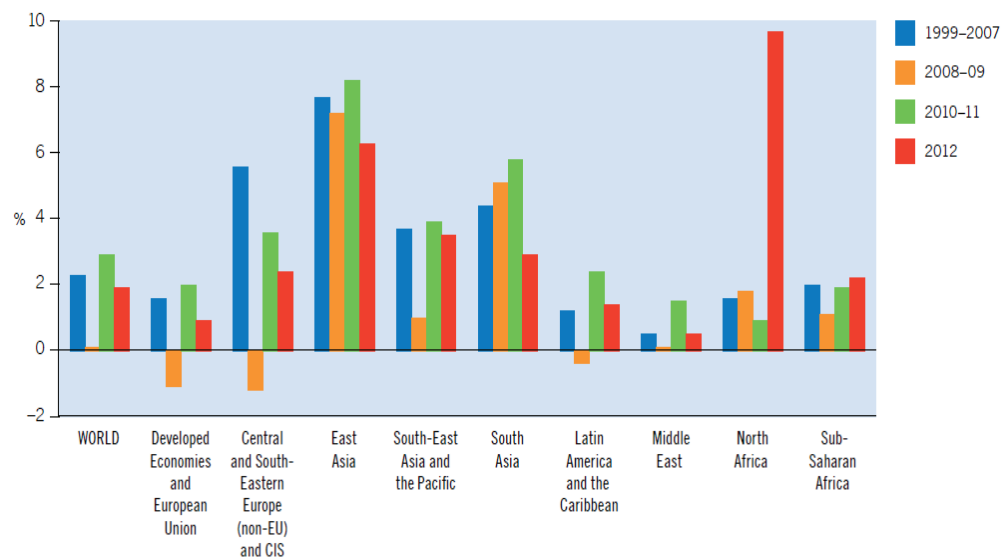
The ILO World Employment Report 2004–05: Employment, Productivity and Poverty Reduction concluded that, for the vast majority of the working poor, simply more work, unless it is more productive work, would not lead them out of poverty. It examined the conditions under which employment and productivity could grow in tandem and create a virtuous circle of decent and productive employment opportunities.

In more recent times, the 295th Session of the ILO Governing Body in March 2006 placed the topic of skills for improved productivity, employment growth and development on the agenda of the 97th Session (2008) of the International Labour Conference (ILC).

Current ILO work on productivity improvement is further highlighted in the findings of the *Global Employment Trends 2013*. It is shown that labour productivity growth is indicated to have slowed sharply, preventing further gains in living standards. After an initial rebound following the 2009 recession, weak investment and a highly uncertain global outlook have put a brake on further increases in productivity.

Particularly worrying in this respect is the trend of a slowdown in labour productivity growth observed in certain regions such as Latin America and the Caribbean, suggesting that the gains in the quality of employment observed in these regions over recent years might be difficult to sustain.

Figure 2.1: Output per worker growth, world and regions, selected periods



Source: *Global Employment Trends 2013*

The report also shows that structural change has slowed down in emerging and developing economies, damaging engines of growth.

Structural change necessary for emerging and developing economies to improve their standards of living has also slowed during the crisis. In particular, the tepid recovery in global investment prevents faster reallocation of resources towards more productive uses in developing economies. Prior to the crisis, many developing countries experienced rapid reallocation of workers from low- to higher productivity activities across broad economic sectors. Such structural change is an important driver of labour market improvements.

2.3. ILO Programme and Budget for 2014-2015

Probably, the very latest ILO's work on productivity is entrenched by the Programme and Budget for 2014-2015 which incorporates the eight Areas of Critical Importance (ACIs) aimed at achieving greater focus and increased collaborative action on key issues in the world of work. The following are the ACIs:

- Promoting more and better jobs for inclusive jobs;
- Jobs and skills for the youth;
- Creating and extending social protection floors;
- Productivity and working conditions in Small and Medium Enterprises (SMEs);
- Decent work in the rural economy;
- Formalisation of the informal economy;
- Strengthening workplace compliance by labour inspections;
- Protection of workers from unacceptable forms of work

2.4. Conclusion

This chapter specifically gave an overview of the role of the ILO in the area of productivity improvement. Selected ILO literature were cited on their relevance to the concept of productivity. These include the ILO constitution, reports, conclusions, and recommendations among others. And above all, it was also highlighted that productivity improvement is featuring within the ILO's Programme and Budget for 2014-15.



Tasks for Chapter Two

1. Does your union have any literature: constitution, policy, resolution, programme, budget and report on productivity?
2. Does your work place have any literature: constitution, policy, resolution, programme, budget and report on productivity?

Chapter Three

Productivity and International Labour Standards

Mohammed Mvamadzingo

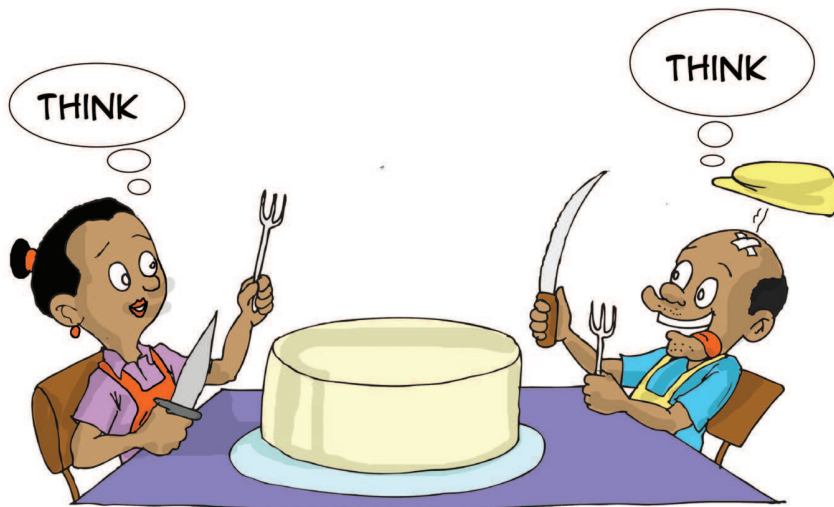
Productivity and International Labour Standards

Mohammed Mwamadzingo

3.0. Introduction

The challenges of globalization have made international labour standards have become more relevant than ever. International labour standards (ILS) are first and foremost about the development of people as human beings.

Work is part of everyone's daily life and is crucial to a person's dignity, well-being and development as a human being. Economic development should include the creation of jobs and working conditions in which people can work in freedom, safety and dignity. In short, economic development is not undertaken for its own sake but to improve the lives of human beings.



3.1. International labour standards

International labour standards (ILS) lay down minimum standards as well as formulate meaningful and practicable targets for progressive national development in these fields. According to the ILO Constitution, standard setting activities constitute the principal reason of its creation in 1919 and the main form of its action. ILS are adopted by the International Labour Conference (ILC) and take the form of Conventions or Recommendations. Together, they constitute two huge volumes and are commonly referred to as the International Labour Code.

Conventions are legal instruments similar to international treaties, specific to the field of labour law, which are subject to ratification by the member States. Upon ratification, they create binding legal obligations. The application of these obligations in the national legislation and practice is closely monitored and supervised through a variety of procedures created by the ILO for this purpose.

Recommendations, on the other hand, are not subject to ratification, but are meant to amplify the provisions of the conventions or to deal with questions which do not call for legal obligations. Their aims are to serve as guide-lines in the development of policy, legislation and practice in given fields. They enjoy the authority of internationally accepted principles of social policy.

The first ILS dates back to 1919. Since then, ILC has adopted 189 Conventions and 204 Recommendations covering such fields as basic human rights, freedom of association, equality of treatment, employment policy, labour administration, industrial relations, wages, working time, occupational safety and other conditions of work, social security, employment of women, children and other specific categories of workers, etc.

The peculiar feature of ILS is that they are elaborated, adopted and implemented on a tripartite basis ensuring at all stages the full cooperation of Governments, Employers and Workers. Nowadays, tripartite delegations from 185 ILO member-States participate in the elaboration of new standards adopted at each session of the ILC.

ILS are intended to be universal in nature, i.e. applicable to and capable of attainment by countries with very different social structures and at different stages of economic development. To adapt universal standards to a variety of conditions existing in different countries, they are formulated in flexible terms progressively enabling the greatest number of States to ensure the intended level of protection.

3.2. Linkage between productivity and international labour standards¹

International labour standards (ILS) and productivity are two phenomena that seem so distinct from each other that one may question the very usefulness of considering them together. In their origins and early days, productivity and ILS may indeed have appeared as the antithesis of each other, being the product of very different economic and social conditions.

The ILS setting organization, the International Labour Organization (ILO) was set up by a number of governments in Europe after the First World War.

Systematic efforts to improve industrial productivity by the so-called 'scientific management' were made by Frederick Taylor and other pioneers in the United States of America, before the outbreak of the First World War. Around this time, ILS were adopted in light of vast social unrests against the self-destruction of people on the battlefields in order to re-establish humanism and just social order.

Productivity was developed by the practical engineering thought to rationalize and make efficient individual workplace to spur enterprise growth and development.

¹ This section is adopted from Alexandre Egorov draft paper dated 1997.

ILS therefore paved the way for social progress and protection of workers against the machine.

Productivity emphasized harnessing technology and was seen to make the worker subordinate to the machine. ILS were adopted by states to institute common international code of conduct. Productivity improvements were then seen as measures taken by enterprises primarily to outperform the competitors and maximize profits.

In contrast, ILS were elaborated and implemented jointly by governments, employers and workers and incarnated the tripartite way of governance based on social consensus. Productivity measures were perceived to be unilaterally decided upon by managers and imposed on their workers.

Both ILS and productivity were the product of the economic, social and political conditions prevailing at the time and how they were perceived were coloured by the sentiments of the time. A deeper analysis of their core foundation and mainstream development shows however, that the two share long-term ideals and objectives aimed at perfecting the productive forces of society towards human development. In fact, that was the very basic idea that brought together workers and employers to set up the ILO.

Sustained observance of labour standards is impossible without continuing improvement in productivity, and high productivity cannot be achieved and maintained in the long term under poor labour standards. Their close interaction becomes more clear as development itself is increasingly understood in terms of human values, social progress and sustainability of the environment. Hence there is a growing realisation that ILS and productivity are complementary if not symbiotic.

Seen from this perspective, productivity and ILS are brought together in one logical assumption that a just society is a more effective and efficient one. Some would label this as an idealistic truism, while others would insist that there is a long way from preaching to doing, from proclaiming justice to making it effective for all, and from being efficient to becoming just.

3.3. Productivity, labour and industrial society

Productivity and ILS have one common concern for their development: to strengthen and to make more effective the productive capacity of labour as the basic productive force of the human society. ILS do it by protecting and empowering labour with better social, working and living environment, and productivity - by using the might of labour more efficiently and applying it more effectively.

In any system of production, starting with the simple hunting, gathering and fabrication for human needs to sophisticated production systems of today, it is labour that transforms input into output, and labour productivity stands out as the primary and most fundamental form of productivity.

Derived forms of productivity appear when technology and capital are injected into production process. Capital productivity, for example, gains in importance to the extent that production changes from labour-intensive to capital-intensive. The productivity of labour, capital, equipment, materials, etc. all come together in an

enterprise, so that many productivity studies begin by postulating that productivity growth is created in the enterprise. However, it is the same as saying that children are born in the maternity home: it is certainly true, but there is more to it. Productivity is like a child: it is born in the maternity enterprise, but there is no way it could have been delivered without labour. In fact, all the embodied elements of production process - materials, tools, equipment - remain dead until coupled with live labour.

Labour therefore, has the unique quality of making these elements productive, while enterprise provides an organizational cradle in which labour productivity is delivered. The analysis of productivity should therefore start with labour productivity: with individual worker's productivity on the micro level; with productive employment at the enterprise level; and with differentiating productive from unproductive labour at the macro level.

The key to understanding the link between ILS and productivity lies therefore in those provisions in ILS which, particularly in the field of human rights and industrial relations, open the way for the productive use of free, motivated and creative labour by, inter alia, setting up a good working climate inside the undertakings, enriching the content of work, upgrading the skills and responsibilities of workers, on the one side, and eliminating such features of the production process which dehumanize and alienate the worker, reducing his role to that of a human tool, on the other side.

For labour to be more productive, it should be free and motivated, then its productivity could be increased by enlarging its scope of freedom and mobility. Freedom and productivity become the twin objectives of human development marked by progressive liberation of people from the grip of subsistence, slave and compulsory labour, leading to a situation whereby workers can go into freely chosen employment. The productivity of a society then becomes dependent on its ability to achieve full productive employment.

3.4. Evolution of productivity in international labour standards

Until the middle of 1980's the issue of productivity however, has never been the subject of any ILS all by itself, though it was mentioned in some of the Resolutions adopted by the International Labour Conference (ILC) on related topics - management development (1958), small-scale industry in developing countries (1962), and contribution of small and medium undertakings to economic and social progress and to the creation of employment, in particular in developing countries (1975).

The new productivity boom started to take shape in the early 1980's with the key words being quality and competitiveness in the rapidly internationalizing markets. Not surprisingly, productivity issues were increasingly reflected in the activities of the ILO. The technical departments, particularly the then Training Department, expanded its technical and advisory services to member countries who were establishing and strengthening national productivity centres and management development institutions. Various guides and reference materials on improving national and enterprise levels were also published.

In the area ILS setting, out of a total of 36 Resolutions adopted by the International Labour Conference during the decade (1980-1991) on technical agenda items, 20 Resolutions (55 percent) in one way or another have dealt with issues related to productivity. At the beginning of the 1990's, there was hardly any resolution adopted that wouldn't invoke enterprises' and productivity concerns whatever the subjects covered.

In the 1980's, the new triad of management development, enterprise promotion and productivity gradually replaced the trilogy of growth, employment and needs satisfaction which marked the ILO work in the Golden Age. This process was reflected in the successive adoption of the following resolutions of the ILC:

1981 - Resolution concerning the training and retraining of managers in both private and public undertakings as well as the encouragement of the spirit of entrepreneurship especially in developing countries;

1984 - Resolution concerning the contribution of the ILO to production and productivity improvement, with special reference to developing countries, oriented towards greater social and economic development;

1986 - Resolution concerning the promotion of small and medium-sized enterprises (with Conclusions);

1990 - Resolution concerning self-employment promotion (with Conclusions);

1992 - Resolution concerning the role of enterprises in employment growth and the creation of full, productive and freely chosen employment.

The Sequence of recent tripartite discussions and research on skills development in relation to productivity and employment for decent work is as follows:

1999 - World Employment Report 1998-99: Employability in the global economy: How training matters

2000 - ILC general discussion: Human resources training and development: Vocational guidance and vocational training

2001 - World Employment Report 2001: Life at work in the information economy

2002 - ILC general discussion on decent work and the informal economy

2003 - Governing Body Committee on Employment and Social Policy (ESP), Global Employment Agenda

2004 - Human Resources Development Recommendation, 2004 (No. 195)

2005 - ILC general discussion: Youth: Pathways to decent work

2005 - World Employment Report 2004-2005: Employment, productivity and poverty reduction

2006 - Governing Body ESP Committee: Implementing the Global Employment Agenda: Employment strategies in support of decent work: "Vision" document

2006 - Governing Body ESP Committee: Employability by improving knowledge and skills

2007 - Governing Body ESP Committee: Portability of skills

2007 - ILC general discussion on sustainable enterprises

3.5. Fundamental rights at work

Eight Conventions in four areas have been identified as the cornerstone of the ILO's Declaration on Fundamental Principles and Rights at Work, adopted by its member states in 1998. The Declaration enshrines the commitment of governments, employers and workers to respect and promote these principles and rights in the areas of freedom of association, forced labour, minimum age for work and employment discrimination. Unlike Conventions, the Declaration does not need to be ratified by individual countries, but instead applies automatically to all the member countries of the ILO.

The Freedom of Association Convention and Protection of the Right to Organise, 1948 (No. 87) implies a respect for the right of all employers and all workers to freely and voluntarily establish and join groups for the promotion and defense of their occupational interests. Workers and employers have the right to set up, join and run their own organizations without interference from the State or any another entity. Employers should not interfere in workers' decision to associate, try to influence their decision in anyway, or discriminate against either those workers who choose to associate or those who act as their representatives. Collective bargaining, which means the right of workers to bargain freely with employers, is an essential element in freedom of association.

The Elimination of all forms of Forced or Compulsory Labour Convention, 1930 (No. 29) means the prohibition of any form of forced or compulsory labour as a means of political coercion or education, punishment for the expression of political views, labour discipline, punishment for participation in strikes and discrimination.

The Minimum Age Standard Convention, 1973 (No. 138) sets the general minimum age for admission to employment or work at 15 years (13 for light work), and the minimum age for hazardous work at 18 (16 under certain strict conditions).

The Elimination of Discrimination (Employment and Occupation), 1958 (No. 111) prohibits discrimination in access to employment, training and other conditions of employment on the grounds of race, colour, sex, religion, political opinion, national extraction or social origin. The objective is to promote equality of opportunity and treatment, and equal pay and benefits for work of equal value.

3.6. Governance conventions

The ILO's Governing Body has also designated another four conventions as "priority" instruments, thereby encouraging member states to ratify them because of their importance for the functioning of the international labour standards system.

Since 2008, these conventions are now referred to as governance conventions as they were identified by the ILO Declaration on Social Justice for a Fair Globalization as the standards that are the most significant from the viewpoint of governance. These governance are presented as follows:

- Labour Inspection Convention, 1947 (No. 81);
- Employment Policy Convention, 1964 (No. 122);
- Labour Inspection (Agriculture) Convention, 1969 (No. 129);
- Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144).

3.7. Other relevant labour standards

Human Resources Development Recommendation, 2004 (No. 195)

The ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (1977, as amended in 2000 and 2006) (MNE Declaration).

The Minimum Wage Fixing Convention, 1970 (No. 131)

The Paid Educational Leave Convention, 1974 (No. 140).

The Migrant Workers (Supplementary Provisions) Convention, 1975 (No. 143).

The Collective Bargaining Convention, 1981 (No. 154)

The Occupational Safety and Health Convention, 1981 (No. 155).

The Workers with Family Responsibilities Convention, 1981 (No. 156).

Termination of Employment Convention, 1982 (No.C158)

The Vocational Rehabilitation and Employment (Disabled Persons) Convention, 1983 (No. 159)

Private Employment Agencies Convention, 1997 (No. 181)

The Maternity Protection Convention, 2000 (No. 183).

3.8. Conclusion

According to the ILO Constitution, standard setting activities constitute the principal reason of its creation in 1919 and the main form of its action. International labour standards (ILS) are adopted by the International Labour Conference (ILC) and take the form of Conventions or Recommendations. Together, they constitute two huge volumes and are commonly referred to as the International Labour Code.

Sustained observance of labour standards is impossible without continuing improvement in productivity, and high productivity cannot be achieved and maintained in the long term under poor labour standards. Hence productivity and ILS are complimentary to each other.



Tasks for Chapter Three

1. Does your country have any national legal instrument that relates to productivity improvement?
2. Does your country have any national policy instrument that relates to productivity improvement?

Chapter Four

Productivity Trends and Socio-Economic Development in Africa

Paliani Chingwo and Mohammed Mvumadzingo

Productivity Trends and Socio-Economic Development in Africa

Paliani Chingwo and Mohammed Mmamadzango

4.0. Introduction

Socio-economic development in Africa has lagged behind all the regions of the world. This is in spite of the fact that the continent is home to over a quarter of the world's natural resources. Millions on the continent suffer near starvation. Over the last decade food availability per capita in Sub-Saharan Africa has dipped by 3 percent though the continent possesses some of the world's most fertile lands. Almost 200 million Africans were undernourished at the dawn of the millennium compared to 133 million in 1980.

Ironically, the continent has intensified the use of its abundant natural resources. It has extracted more of her natural wealth in the last two decades than ever before. It has put more of her best lands under cultivation. These have been complemented by such policies as openness, export orientation and flexible exchange rate regime. Yet African industries are uncompetitive in both local and international markets. Food insecurity continues to exacerbate bringing in its wake malnutrition, diseases and deaths.



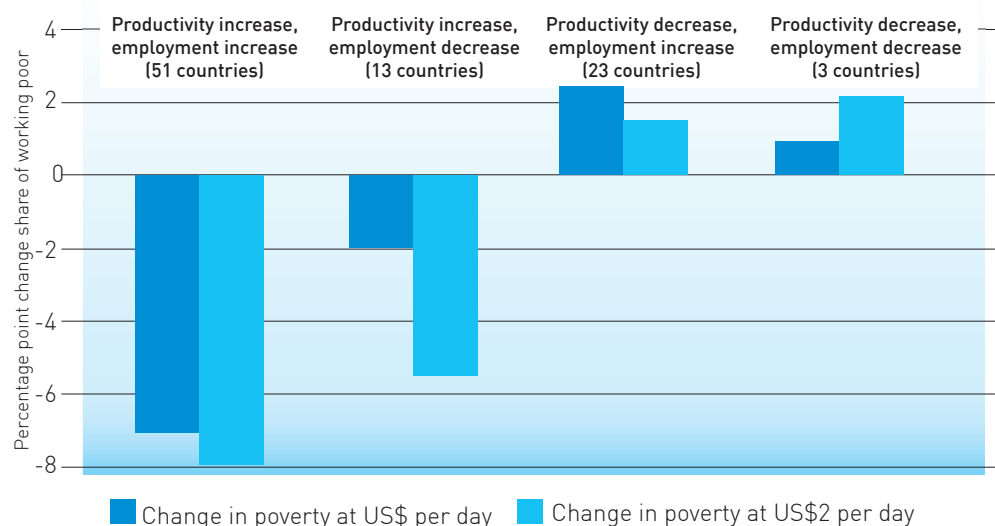
Small pie fight for distribution

4.1. Indicators of productivity for development

According to statistical data there is evidence that productivity improvement is directly linked to economic and social progress. For example, figure below for the period 1991 to 2005 shows that for the group of countries that increased both productivity and employment, also experienced the greatest average reduction in poverty, whether defined at the extreme level of US\$1 a day or the slightly less extreme figure of US\$2 a day.

The average reduction in the proportion of workers living on less than US\$2 a day in countries where both productivity and employment increased was 8 per cent over the 14-year period. Among the countries which experienced an increase in productivity but not in employment, the decline in the incidence of poverty was slightly lower, at just over 5.5 per cent. In stark contrast, poverty did not decline on average in countries which did not experience a rise in productivity, regardless of employment growth.

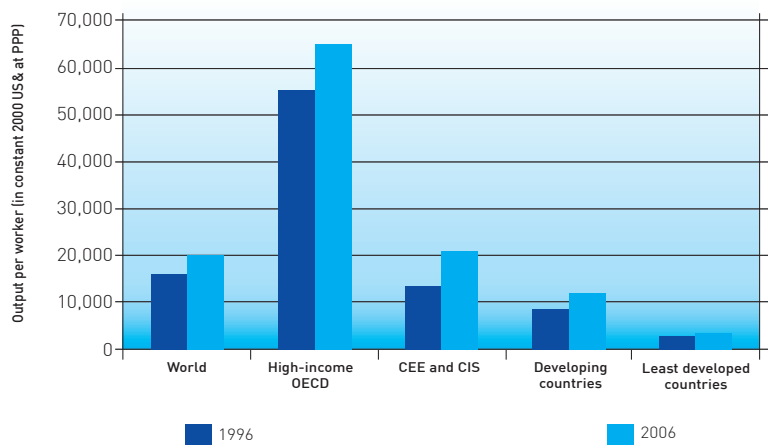
Figure 4.1: Indicators of productivity for development



Source: Key Indicators of Labour Market, fifth edition, 2007 (Geneva, ILO); Global Employment Trends Model, 2007; Working Poor Model, 2007 High-income OECD countries excluded

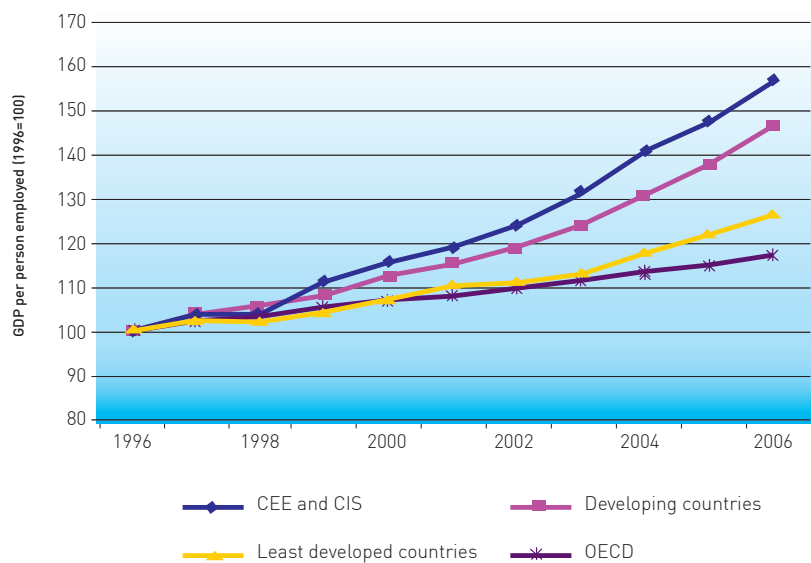
The figures 4.2 and 4.3 contrast productivity levels and growth trends by country groups. Measured in constant dollars and at purchasing power parity, figure 4.2a shows that in 2006 productivity in high-income OECD countries was four times higher than productivity in developing countries and nearly 18 times higher than in LDCs. In terms of trends, however, productivity grew fastest in the CEE/CIS country group and the group of developing countries.

Figure 4.2: Productivity levels by country groups, 1996 and 2006



Source: ILO, 2007a

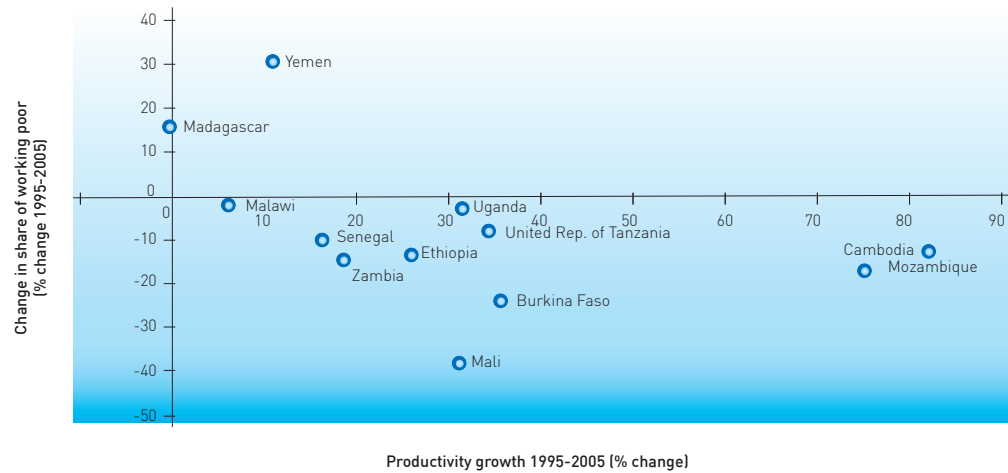
Figure 4.3: Productivity trends by country groups, 1996 and 2006



Source: ILO, 2007a

Amongst the least developed countries, with two-thirds being in Africa, recent developments underline the fact that low skills, low productivity and working poor reinforce one another in a vicious circle. On a positive note, the figure below shows that average growth in productivity was high among the countries in this sample – 31 per cent from 1995 to 2005 – and productivity growth appears to be correlated with a decreasing share of working poor.

Figure 4.4: Least developed countries: Changes in productivity and numbers of working poor (at US\$1 per day), selected countries



Source: ILO, 2007a; 2007o

4.2. Productivity and socio-economic situation in Africa

Analysis of the African growth and/or decline reveals that the problem has little to do with scarcity of resources but more to do with the ineffectiveness and inefficiency in resource use.

In the competitive global economy success at all levels is a function of the productive use of available resources: labour, capital, land, equipment and raw materials. Therefore, the abundance or scarcity of resources is fast becoming immaterial. It is how we use the available resources to produce quality output that matters. Hence productivity issues are taking centre stage in the quest to resolve the socio-economic debacle of Africa

1. The dwindling resources and the need for higher productivity in Africa

Africa's resources are dwindling at a rate too fast to be able to support the rising population. Lands are being overworked, forest cover is being removed to make way for settlements and for farming, water bodies are under serious threat, and plant and animal species of all kinds are threatened with extinction from both domestic and commercial poachers. The trend seems irreversible. But it is important that the present occupiers of Africa think not only about themselves but they must also ensure that the generations that will follow are not deprived of life-sustaining resources.

In other words, Africa must adopt sustainable development policies. This is another way of saying that the limited resources must be used productively. The only way Africa can meet the ever increasing demand for better living standards without compromising its natural resources is to increase productivity. Effective productivity improvement measures will ensure that we exact maximum output from as few resources as possible. This will guarantee for us and for generations yet unborn a continued existence on the continent. Indeed, productivity improvement initiatives have become necessary for growth and development.

Judging from the fact that Africa has a disproportionate share of global natural resources and the fact that it has a bulk of the world's poor, one is left with no doubt that there might be a vital missing link. That missing link, many agree, is productivity or more appropriately lack of it. As argued by Grattan and Prescott (2012), differences in physical and intangible capital cannot explain the observed huge growth differential amongst countries. For Prokopenko (1987) "productivity is the only important world-wide source for economic growth, social progress and improved standard of living".

Unfortunately, for a continent plagued by a multitude of social and economic ills such as hunger, diseases, malnutrition and preventable deaths, all symptomatic of entrenched poverty, the world's most important source of growth (productivity) is low. In Africa, labour productivity, measured by output per worker or the ratio of GDP to labour force, declined precipitously between 1980 and 1990. Labour productivity recorded a fall of 22 percent between 1980 and 1990 with an annual average decline of 0.8 percent. It plummeted by 3.7 percent annually between 1990 and 1994 (See ILO 1997). Interestingly, the period coincided with the era of Structural Adjustment Programme. In much of Africa, productivity has dramatically decreased.

In Ghana, for example, the output-labour ratio in the industrial sector fell by over 58 percent between 1970 and 1984. Thereafter it picked up and peaked in 1999. It began its falling trend again in 2000.

In a study of both labour and total factor productivity (TFP) in Senegal, Mbaye (2012) found a deep fall in productivity over the period studied relative to other countries. In Zimbabwe there was no growth in total factor productivity throughout the period of economic adjustment (Bjurek, 1996). In Cameroon, growth of factor input is argued to contribute more to output than total factor productivity (Amin, 2009).

This plunge in average total factor productivity growth and its share of output run in sharp contrast to the period immediately after independence. The decade following the achievement of independence of many African countries (1960-69) saw a sharp rise in total factor productivity growth, accounting for about a quarter of output growth. The next decade (1970-79), arguably the "lost decade", witnessed a reversal in the role of total factor productivity in overall economic growth. The period coincided with dramatic decline in total factor productivity on the continent, with much of growth accounted for largely by labour growth and intensification of land use.

Productivity appears to have picked up slightly in the decade 1980-89. The reform programmes embarked upon by several countries on the continent appear to have accounted for the resumption in total factor productivity growth. The substantial inflow of financial aid from bilateral and multilateral sources might have contributed to the positive growth in total factor productivity rather than technical and technological progress (Busari et al, 2005). Behind this across-the-board increase in total factor productivity growth was a striking deceleration of labour productivity, in the 1980s through to the 1990s as alluded to earlier.

The decline in average labour productivity has been the result of a combination of poor growth performance, high population and labour force growth rates, and falling investment. The structural adjustment policies of retrenchment and a freeze on employment in the public sector only came to worsen the situation. Labour force rose more rapidly relative to output in the second half of the 1980s and the early 1990s. This led to a fall in the average productivity of labour.

The redeployed workers from the formal public sector found their way into the largely informal private sector, where salaries/wages are low, working conditions are deplorable, health and safety standards are poor and productivity is low. Low levels of research and development (R&D) spending and the decline in the capital-output ratio have also been cited as contributory factors to the low productivity in Africa. These factors have combined to create a vicious cycle of low productivity-low wage-low productivity.

In contrast, productivity in the developed countries is rising. For instance, in the third quarter of 2005 the US economy saw a labour productivity growth of 4.5 percent in manufacturing, 4.8 percent in the business sector and 4.1 percent in the non-farm business sector. This trend is also found in much of the developed world. With the liberalized trade regime currently in vogue Africa has found itself in a tough competition with the rest of the world. The abundant resources in Africa alone are not enough for the continent to be able to compete at the global level. A lot will depend on the continent's ability to use the resources efficiently to generate wealth for her people.

Without growth in productivity real wages will continue to decline in many countries on the continent. Additional incomes have generated only through intensification of resource use particularly labour and land and inflow of aid. But Africa must break the vicious cycle of low-productivity-low wage-low productivity.

2. *Measures to increase productivity in Africa*

For a start, African economies must pay a living wage. Present wage levels on the continent are so low that labour does not feel motivated to go along with any productivity improvement initiative. Productivity is low because wages are low but the dominant notion among capitalists operating on the continent is that wages are low because productivity is low. The only way to break the vicious cycle is to adopt what is known in the labour economics literature as 'efficiency wage'. The supporters of the "efficiency wage" model advocate for increased investment in workers in a form of higher wages. This calls for a reduction in the profit levels in the short term for higher returns in a form of higher productivity in the medium to long term.

In the 'efficiency wage' framework, higher wages precede higher productivity. The central proposition of 'efficiency wage' theory is that managers can buy labour productivity (in a form of unobservable efficiency units) using higher wages and non-wage benefits such as free or subsidised housing, transport, meals, pensions and end-of-service benefits. In other words, to elicit the required effort level from a worker he or she has to be paid well. The reasons why highly paid workers are productive include the following:

- (i) The tendency for worker to shirk responsibilities reduces when they are well-paid because by paying them higher wage than the average wage on the labour market you increase the opportunity cost of unemployment for the worker. In other words a highly paid worker loses more than a low-paid worker when they both lose their jobs. The worker who receives higher pay is therefore likely to be more productive, all things being equal;
- (ii) By paying higher than average, the firm reduces labour turnover and keep its experienced workers together;
- (iii) A high-paying firm is also able to attract and retain more qualified personnel or 'superior job applicants';

- (iv) Workers in high-paying firms feel fairly treated and they reciprocate with higher effort level even when they are not being supervised or monitored. This reduces the cost of monitoring and supervision and increases profitability. The high profits can be used to sustain the higher productivity in the firm and the long term survival of the firm will therefore be assured.

4.3. Continental policy interventions on productivity

The Organization of African Union (OAU) now African Union (AU) has been responding to the question of productivity promotion in the Africa through its various decisions and recommendations.

In 1988, the General Secretariat of the Organization of African Unity (OAU) organized the first Pan-African Tripartite Seminar on the Productivity of African Workers which among others recommended the establishment of regional productivity centres as clusters for the creation of a Pan-African Productivity Organization. This then culminated to the formation of Pan African Productivity Association (PAPA) in November 1990. PAPA now has status of an observer at the African Union Commission activities.

In September 2004, during the Extraordinary Session of the AU Assembly, the Heads of State and Government adopted in Ouagadougou a Declaration together with a Plan of Action for the Promotion of Employment and Poverty Alleviation. In this Declaration and Plan of Action, the Heads of State and Government called for the increased productivity in Africa by improving occupational health, safety and hygiene, and partnership between the public and private sectors with a view to promoting productive employment. They specifically stressed that priority should be given to the improvement of productivity in activities of the informal and rural sectors in order to make these sectors competitive and capable of creating the largest number of productive and decent jobs.

In January 2010, the 14th Ordinary AU Assembly of Heads of States and Governments endorsed the Productivity Agenda for Africa (2010-2016). The Productivity Agenda for Africa underscores the need for a governance structure and institutional arrangement for enhancing productivity movement in Africa. It also proposes an institutional framework to implement the Productivity Agenda of Africa through the setting up of an African Productivity Council (APCO) as the continental productivity organization to spearhead the enhancement of the productivity movement in Africa.

In May 2013, at the 50th Anniversary of the OAU, the AU Heads of States and Government endorsed the AU Agenda 2063 as both a Vision and an Action Plan for Africa. Among the various aspirations contained in the AU Agenda 2063 is the vision on productivity as follows:

- Economies are structurally transformed to create shared growth, decent jobs and economic opportunities for all;
- Modern agriculture for increased production, productivity and value addition contribute to farmer and national prosperity and Africa's collective food security.

In addition to this, in August 1999, the Heads of State and Government of the Southern Africa Development Community (SADC), meeting in Maputo, Mozambique adopted a Declaration calling for the establishment and development of national productivity organisations within member states. The Declaration further calls for the launching of productivity awareness campaigns within the SADC.

Nevertheless, various intergovernmental policy interventions on productivity improvement in Africa coupled with Africa's impressive economic growth registered within the past decade, have not translated into a significant reduction in poverty and inequality among its populations. As already discussed in this chapter, levels of productivity remain very low in Africa as compared to the other regions of the world.

4.4. Conclusions

A well-resourced and focused education and research infrastructure has to be in place as we attempt to raise the quality of our human resource base. Therefore, the continent needs to invest more in education at all levels; skills training and upgrading, formalised apprenticeship and tailor education to suit the demands of industry and the modern world.

Africa also needs to improve the working conditions of her workers. The vast majority of workers in the Africa work in environments that expose them to risks of all kinds. Such work environments stifle productivity. Improving the work environment therefore becomes imperative. The state must encourage and assist the private sector to invest in health and safety needs of their workforce and to meet standards set by the law. Above all, enforcement must be resolute and offenders must accordingly be dealt with by law.



Tasks for Chapter Four

- What in your opinion are the main contributing factors to the low productivity in Africa?
- What has been the trend of productivity in your organisation and in your country?
- Prescribe three measures that can be undertaken to improve productivity in Africa.
- Do you think the 'efficiency wage' model can be successfully implemented at your workplace and country wide as a means of improving productivity?

Chapter Five

Social Dialogue and
Productivity Centres
as Key Instruments
for Productivity
Improvement

Mohammed Mwamadzingo and Rawane Mbaye

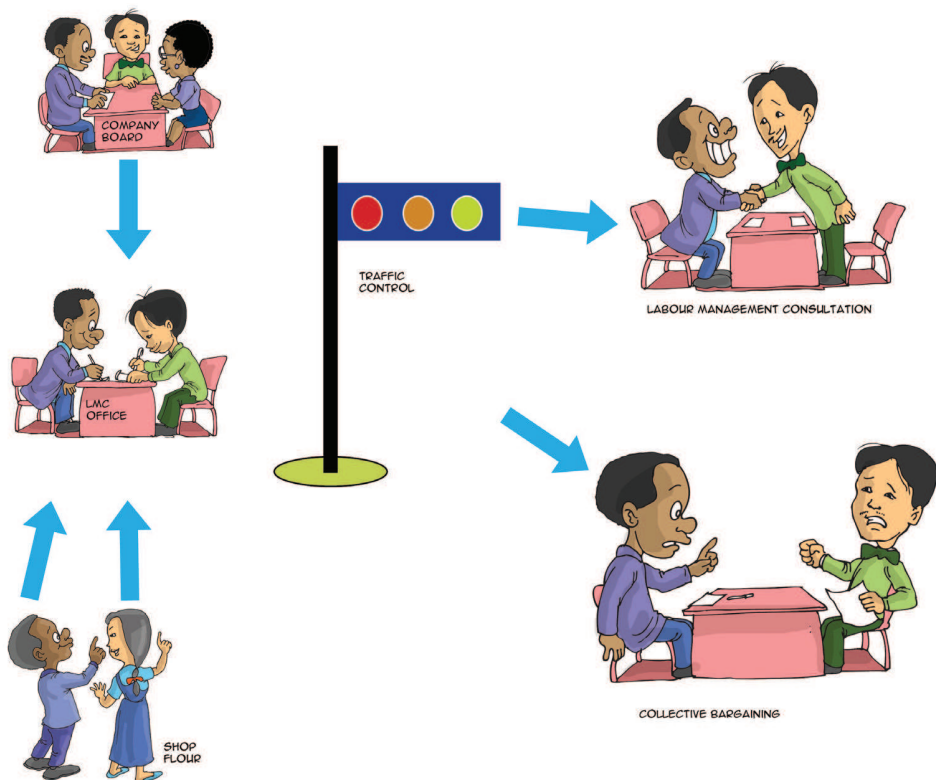
Chapter Five

Social Dialogue and Productivity Centres as Key Instruments for Productivity Improvement

Mohammed Mwamadzingo and Ramane Mbaye

5.0. Introduction

Effective social dialogue and national productivity centres or institutes have the great potential to resolve important economic and social issues, encourage good governance, advance social and industrial peace and stability and boost productivity and economic progress.



5.1. Benefits of social dialogue

The ILO broadly defines social dialogue as including all types of negotiations, consultations or exchanges of information between representatives of governments,

employers and workers, on issues of common interest relating to economic and social policy. Below are some of the benefits that effective social dialogue brings:

1. Democratization of economic and social policy

Social dialogue is an inclusive and democratic way of decision-making. In recent times, social dialogue in its explicit or implicit form has become part of the approach to dealing with economic growth, poverty and development issues. This has worked, not just in more industrialized countries but also in quite difficult situations such as Panama and South Africa.

2. Legitimacy and Ownership

In a democratic society a unilateral action by the state without the consent of workers' and employers' organisations is often met with their resistance. This can lead to ineffective delivery of government services which are considered critical for rapid economic and social development.

3. Social dialogue reduces conflicts between and among partners

Dialogue can minimize adversarial relationships through collaboration and partnership. It can develop a shared understanding of problems and can facilitate discussion of policy alternatives and their implications, and the finding of compromises to achieve common responses and goals.

4. Social dialogue eases tension during crisis periods

Social dialogue can be a very effective means to ease economic and social tensions during crisis periods. But it is important to note that when social dialogue is used both in crisis and prosperity periods, it builds trust and commitment between and among partners. For once, partners can confidently trust each other.

5. Social dialogue and productivity

Effective dialogue can be used as a spring board to develop a new organisational culture that promotes labour-management cooperation and limits confrontation. The flourishing view is that productivity improvement programmes can be effective only if they are planned and implemented within a healthy climate of labour-management relations based on dialogue among managers, workers and trade unions.

5.2. Roles of social partners in productivity improvement

(i) Government

Government has a crucial role to play in national economic growth and productivity. It is incumbent on the state represented by government to set, in consultation with the other social partners, the national productivity targets and provide the institutional and regulatory framework for achieving them. To this end, government is expected to formulate the national economic plans and policies, pass appropriate labour and health and safety legislations, and be responsible for the enforcement of plans, policies and legislations.

(ii) Employers

Employers as the immediate beneficiaries of productivity gains must play a central role in productivity improvement initiatives. The state can specify its policy on productivity improvement and incorporate them into national development plans and institute appropriate legislations.

However, the success of national productivity drives will depend crucially on enterprises particularly management. Employers will be required to implement labour, and health and safety standards embodied in national legislations at their workplaces. They need to take a hard look at their employees, identify individual and group needs and attempt to satisfy them. Management must have the ability to initiate and manage productivity improving daring changes and to manage conflict. Another very important dimension is putting transparent system in place to determine how to measure and share the gains of productivity.

(iii) Trade unions

It is essential for trade unions to actively participate in productivity movements and to educate workers and their union officials in productivity concepts and their significance. Workers must be made to understand the need for team work, positive attitude and creativity, productivity consciousness and culture as well as the need for change. They must be educated to be able to use simple productivity statistics and ratios. Leaving such crucial education to management alone would not help because workers might see it as yet another managerial ploy to push them harder. The main challenge for workers is therefore to build their capacity to make positive contribution towards productivity improvement.

In their efforts towards increased productivity, unions must not compromise the ideals of unionism. They should ensure that jobs for their members are secure; mechanisms are put in place to share the productivity gains fairly among all stakeholders and that they deal with management as equals.

Most importantly, unions must play a role or initiate the establishment of a national productivity institute or centre where such a centre/institute has not yet been established.

5.3. The importance of national productivity centre

The functions of a productivity centre or institute can be as follows:

(i) Promoter of productivity

As promoter of productivity, the productivity centre demystifies productivity, removes misconceptions and translates it into terms that are relevant and consistent with national socio-economic context, development needs, economic structures and development strategies. It helps put the concept of productivity in concrete and operational perspectives that enable policy makers, government officials, managers, workers, and the population at large to identify with the define their roles and contributions to national and enterprise level productivity improvement efforts. It spearheads the national efforts to raise the level of awareness and consciousness of the need to improve productivity. The centre should also be tasked to help develop productivity improvement at enterprise level.

(ii) Capability builder

As capability builder, the centre undertakes training and consultancy activities aimed at building the skills and competencies among the various institutions and enterprises to undertake productivity improvement activities. It helps build a network of institutions with the competencies to effect productivity improvement at national, sectoral and enterprise levels. This network of institutions in turn constitutes the capability base for sustained and continuing national productivity improvement effort.

(iii) Catalyst and mobilizer

The centre acts as a catalyst and mobilizer, enlisting the support and participation of other groups and institutions into a national productivity drive. It provides technical support and assistance to the major actors of the national productivity drive e.g. government agencies, employers' organizations, workers' organization, chambers of commerce and industry, civic groups among others in conceptualizing, designing and implementing their respective productivity improvement programmes.

(iv) Information disseminator

The centre can also perform the role of information disseminator, collecting data and information on productivity performances and productivity improvement experiences and makes these information available and easily accessible to users.

(v) Networker

As a networker, the centre performs the roles of a linking-pin, actively linking those who need productivity improvement information and assistance to the appropriate resource institutions, national as well as international, public and private, who can respond better to the needs. It operates within a network of technical and management development institutions and taps the collective expertise of the network.

(vi) Initiator and pioneer

As initiator and pioneer, the centre pilots and demonstrates the appropriateness and efficacy of specific productivity improvement approaches and techniques. It adapts "best practices" and productivity improvement techniques and approaches to local economic and cultural environment. As the centre spread information on good practices in the country, it can devise methods by which both large and small scale enterprise can make effective use of the experiences of others.

(vii) Policy analyst

The centre undertakes studies on productivity trends, problems and constraints and prepares position papers that could trigger policy formulation and legislations on productivity improvement. The centres can also recommend policies, set priorities and evaluate progress of the national productivity efforts.

5.4. Sustainability of national productivity centre or institute

A factor that is becoming very critical to the continued existence of a productivity centre is financial sustainability. Governments, in the face of public finance difficulties as well as the move towards greater decentralization are no longer in a position or willing to shoulder the full costs of running the centre.

A thorough study of how the operations of the centre will be financed in the short, medium and long term must be made when embarking on the establishment of the centre. The feasibility of revenue generation and tapping private sector contribution should be considered right at the very start.

Effectiveness and sustainability considerations should be built-in in the conception and design of the centre. Very often, the seeds for the degeneration of a centre into a bureaucratic white elephant are inadvertently implanted when the centre is conceived. For example, provision for multi-sectoral governance is desirable but involving too many parties in operational decision making and in the day to day running of the centre could result in immobility.

The check and balance in the government system is useful. However, indiscriminately subjecting the centre to the rules and regulations of public service could lead to bureaucracy and red-tape resulting in inertia and lack of initiative. Lack of financial autonomy could also lead to technical mediocrity.

It is thus essential that if the establishment of a productivity centre is being considered, a thorough feasibility study be undertaken leading to an organizational design that will give the centre a higher probability of attaining effectiveness and sustainability. This feasibility study should look at the relevance of the proposed centre to the productivity improvement needs of the country, and clarify its niche in the institutional framework so that it does not become a redundancy; assess the degree of support from the government, employers and the workers and clarify expectations; assess potential effectiveness in the light of social and cultural factors; design the organizational and administrative structures so that the centre will have the necessary autonomy and flexibility for it to be effective; determine the technical competencies that will be required of the centre; and specify the financing mechanisms to assure its sustained operations.

5.5. Conclusion

Workers and managers should be able to cooperate with each other to plan and implement productivity improvement measures. They must trust each other and workers should be made to feel part of the development of the enterprise. At the national level, the government's role is crucial to facilitate the processes of productivity improvement.

An important dimension of productivity improvement is the need for a transparent system to determine how to measure and share the gains of productivity among all stakeholders. Workers and their unions must understand the need for team work, positive attitude and creativity, productivity consciousness, as well as the need for change and commitment to duty. Above all, the establishment of a national productivity centre where it doesn't exist, is one tripartite initiative on the way forward towards productivity improvement.



Tasks for Chapter Five

1. Do tripartite consultations take place among the social partners in your country? If no, why? If yes, how effective are these consultations in terms of prevention and resolution of industrial conflicts?
2. Has your country ratified the ILO convention on tripartite consultation? If not, can you suggest reasons why it has not been ratified?
3. Do you have a productivity institute or centre in your country? If yes, when was it established? What was the role of the social partners in the establishment of the productivity institute? What are the achievements of the institute so far? Please assess the performance of the productivity institute/centre based on the following: Promoter of Productivity; Capability Builder; Catalyst and Mobilizer; Information Disseminator; Networker; Initiator and Pioneer; Policy Analyst
4. Discuss measures that should be taken by the social partners to ensure that the effort to improve productivity is sustained

Chapter Six

How to Enhance Capacity of Trade Unions in Productivity Improvement

Mohammed Mwamadzingo

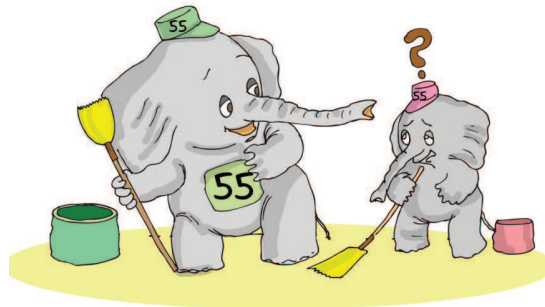
How to Enhance Capacity of Trade Unions in Productivity Improvement

Mohammed Mwamadzingo

6.0. Introduction

Many African countries established productivity-related institutions in the period after independence. The focus then was on the state-owned enterprises which were springing up in all the sectors of the economy and the aim of the productivity institutes was to boost up productivity in those state-owned enterprises. Some of these centres are still effective but many others have had difficulties to operate.

This chapter then looks at how trade unions can enhance their capacity to effectively participate in various productivity improvement initiatives at national level including the establishment of a national productivity centre.



6.1. Productivity centres in Africa

While many African countries still do not have fully fledged national centres with sole mandate to spearhead productivity, the following are some of the national productivity centres that are currently functional in Africa:

- Productivity SA in South Africa established in 1967;
- National Productivity Centre (NPC) in Nigeria established in 1987;
- National Productivity Centre (BNPC) in Botswana established in 1993;
- National Productivity and Competitiveness Council (NPCC) in Mauritius established in 1999;
- Productivity Centre of Kenya (PCK) established in 2002.

All the national productivity centres mentioned above are affiliate members of the Pan African Productivity Association (PAPA) which among others assists the existing and emerging national productivity centres in Africa to create awareness about the importance of productivity improvement in national socio-economic development in their respect countries.

6.2. SWOT analysis of trade unions in Africa in relation to productivity improvement

Strength of Trade Unions

- Organised membership;
- Experience in social dialogue through collective bargaining;
- Experience in organising and recruiting;
- Membership (some trade unions) in both formal and informal economy.

Weaknesses of Trade Unions

- Union membership is declining;
- Limited knowledge in productivity issues;
- No trade union policies on productivity;
- Lack of human and financial resources to start and sustain intensive productivity campaigns and other productivity improvement initiatives;
- Lack of commitment to productivity issues by some union leaders (some union leaders think productivity issues should be dealt with by management only);
- Fragmentation in trade unions;
- Weak democratic structures and lack internal democracy (not all trade unions).

Opportunities for Trade Unions

- Existing social dialogue structures can be good platforms or fora for supporting productivity-enhancing initiatives;
- In many countries there are strong and favourable institutional and legal frameworks for supporting productivity improvement;
- In many African countries the relevant ILO Conventions have been ratified;
- ILO and other donor institutions as well as international trade union movements are ready to support such initiatives technically and financially;
- Some countries have national productivity centres that can provide the necessary support for such initiatives;
- Trade unions can learn from each other's' experiences through forums organised by international and regional trade union centres.

Threats to Trade Unions

- Negative attitude of some social partners i.e. governments and employers towards unionism;
- Poor institutional and legal framework for productivity-enhancing initiatives and programmes (in some countries);
- Limited ratification and application of relevant international labour standards;
- Lack of commitment from governments and employers (in some countries);
- Conflict in some countries;
- Lack of information flow;
- Very poor working conditions;
- Unfair distribution and access to resources;
- Bad governance in some countries;
- Continuous violation of trade union rights.

6.3. Role of National Trade Union Centres

- Organising new members;
- Sensitization and awareness creation on productivity issues;
- Advocate and lobby for ratification of relevant ILO conventions;
- Establish research units at national trade union centres;
- Advocate for creation of national productivity centres in countries where there is none;
- Work towards strengthening social dialogue: working with government and employers;
- Networking and exchanging information with affiliates and other partners;
- Building management skills;
- Develop strategies to promote productivity at enterprise level;
- Work towards a fair sharing of productivity gains at enterprise level;
- Advocate for national policy on productivity in countries where there is none.

6.4. Key issues for trade unions to consider when setting up a productivity centre

(i) Relevance

The services that the national productivity centre provides should be related to national interest, priority and strategies. Furthermore, the national productivity centre should be prepared to change its strategies where necessary in order for it to remain relevant otherwise in no time it may lose its relevance.

(ii) Technical Competence

For the national productivity centre to perform its functions well, it must identify and recruit competent and suitable personnel with recognised technical competence. Particular abilities are necessary at the level of managing the centre and at the level of technical personnel.

(iii) Strategy

The nature, objectives and mission of the national productivity centre should not only correspond to present needs but also anticipate future needs within the system it is operating. This requires constant analysis of the economic and social environment, dialogue with the major stakeholders and in depth information on the development of technologies.

(iv) Administration

The national productivity centre needs administrative autonomy to be able to develop and provide requisite services to all stakeholders. This will ensure development of new products to meet the changing needs of its constituents. Furthermore, the national productivity centre should have a tripartite mechanism on which all social partners are well represented.

(v) Financing

To achieve its mission, the national productivity centre should be financially independent. Conscious effort should be made towards generating its own resources to finance its activities. Hence strategies for soliciting for funding should be put in place.

(vi) Support from beneficiaries

The national productivity centre should set up modalities on the nature of support it can receive from the various parties concerned particularly government, private sector and trade unions.

6.5. Conclusion

SWOT analysis in relation to trade union capacity to contribute to productivity improvement was the subject in this chapter. Each national centre of trade union should evaluate its own specific situation using the SWOT analysis as the basis so that it can direct required efforts towards the real challenges on issues related to productivity improvement.

If national centres and their affiliates do the SWOT analysis objectively, they will be able to position themselves to effectively work to consolidate the areas in which they already have strengths. Conscious effort need to be made to address the weaknesses. They can take advantages of the opportunities available to them to counter some of the threats. But to be able to do this, they require technical support from the regional and international trade union organisations and partners like ILO (Bureau of Workers).



Tasks for Chapter Six

1. Why should countries establish Productivity centres?
2. Suggest ways by which a productivity centre can receive support from the government and other stakeholder and still maintain its autonomy in terms of determining its agenda or workplan.
3. Use the SWOT analysis framework to analyse the national trade union centre in your country in relation to its capacity to contribute to or initiate productivity-enhancing programmes.
4. What are the specific needs of the centre that will enable it effectively participate in or initiate productivity-enhancing programmes?

Chapter Seven

Methods of Productivity Improvement at Enterprise Level

Abdonlaye Diallo and Mobammed Mwamadzingo

Chapter Seven

Methods of Productivity Improvement at Enterprise Level

Abdoulaye Diallo and Mohammed Mwamadzingo

7.0. Introduction

Productivity improvement is not just doing things better:
more importantly, it is doing the right things better
Prokopenko, 1987.

Productivity improvement is important for the individual, the firm and the society as a whole considering the dwindling state of global resources. Maintaining or improving current standards of living would require that we use resources effectively and efficiently-avoiding wastage as best as we can. This will also require that we successfully identify and use the critical factors of the socio-production system which are known as productivity improvement factors.



Small pie, Fight for distribution

7.1. Productivity improvement factors

We can group productivity improvement factors into two main categories: those that are external to and beyond the control of the enterprise and those that are internal and are subject to the control of individual firms.

(i) External Factors

The general socio-economic environment in a country is one of the factors that is beyond the control of individual firms but which is very crucial for any productivity improvement initiative to be successful. For instance, in a war situation or in a situation where there is a general feeling of insecurity among workers, labour productivity cannot be improved. In that situation, workers' and employers' main concern will be security but not productivity.

Though the external factors are outside the purview of the enterprise, they should not be overlooked. The enterprise can team up with other partners to either avoid them or mitigate their impacts on the firm's activities. Interestingly, factors that are external to and uncontrollable for one enterprise may be internal to another. For example, while security issues are external to the firm it is internal and subject to the control of government. This emphasizes the importance of collaboration among social partners.

(ii) Internal factors

Internal factors for productivity improvement are under the direct control of enterprises. These factors can be manipulated to the advantage of the enterprise. But some internal factors are more easily manipulated and changed than others.

A. Working Environment

This refers to the general physical state of the working life. An important question is: how safe is the environment as far as the physical, mental and emotional health of the employee is concerned? Are workers provided with protective gadgets in instances where it is utterly impossible to eliminate risks at source or they are left to their faith? Do workers receive prompt medical attention when they accidentally injure themselves? These are critical questions and how we answer them can harm or enhance worker-productivity. Working in an environment characterised by unsanitary conditions and unmitigated risks can stifle productivity.

Government regulations can set health and safety standards, but it is up to productivity-conscious enterprises not only to enforce them at the workplace but also to demonstrate a clear commitment to the health of their employees.

Here we can see the roles of all the social partners. Government is required to pass and enforce the relevant laws; employers are required to put in place the necessary measures to ensure a safe and healthy environment and/or to provide the necessary protective equipment (where the hazards cannot be controlled at source) and trade unions are required to ensure that their members comply fully with the health and safety regulations in the company.

Another crucial factor which affects the working environment and by extension the level of productivity is how work is organised and the system put in place to ensure that the organisation works. A well-structured but flexible interaction among employees with clear unity of command, delegation and span of control allows for specialisation, division of labour and coordination within the enterprise. This makes it possible for the enterprise to re-organise in response to emerging challenges. This promotes effectiveness, efficiency and productivity.

The working environment is also influenced by the work methods. If the working environment is characterised by scarce capital, attenuated technology and labour intensive methods productivity will be low and there will be avenues for improvement. Improved work methods and techniques such as improved workplace lay out can dramatically improve the productivity of manual workers. Work methods can be improved through work study, industrial engineering and training.

B. Compensation and incentive structure

The foremost resource and the central factor in all productivity improvement initiatives is the people in the enterprise. They may be ordinary workers, engineers, managers, and trade union members but they are key to the success or otherwise of the enterprise. Worker output can be increased by developing a quality of life concept and through tailoring benefits to meet the needs of employees. The essence of worker motivation and effectiveness is the manner in which they are managed. Exacting high quality performance from employees depends on the opportunities available to them for their personal growth, achievement, responsibility and reward.

C. Wages and non-wage benefits

Wage is basic reward. Within the African context, considering the harsh socio-economic situation on the continent, one of the effective means by which workers can be rewarded for them to feel motivated is to pay them well and provide them with benefits that take them out of poverty. Paying workers a living wage can result in productivity gains as they feel as partakers of what their labour has produced. It eliminates or greatly minimises strikes, worker distractions and promotes loyalty to the goals and ideals of the firm.

However, it must be stressed that human beings are complex and that everyone's needs are different. A young employee might be motivated by substantial increase in salaries. But this will not motivate an older employee. Indeed, not all employee motivation and productivity problems are solved by pay increases. Therefore, once the pay system is properly established, it becomes imperative to look out for other motivating factors to ensure that all employees are satisfied. Thus, tailoring benefits to satisfy specific needs becomes paramount. Some employees are motivated by a recognition of their worth. For some others it is the existence of opportunities for personal advancement.

By making special effort to satisfy individual employee needs, we strengthen the motivational value of flexible benefit. Instituting bonus/allowance schemes, for example, can go a long way to motivate workers and boost their productivity. If workers do not have to think about life after retirement, bereavement and other emergencies, they are more likely to devote their energies in pursuit of higher productivity at the enterprise level especially when their employers contribute substantially to such benefits.

If management takes special interest in the problems confronting their employees a good social climate will be fostered and labour productivity will increase. A number of firms and organizations provide benefits such as social security, provident fund, free medical care (for employees and their close relatives), interest-free

loans, education bursaries and a lot more. In such firms productivity is more likely to be higher compared to firms which do not have these benefits.

D. Management styles

The basis of all job enhancement efforts is management recognition of employees' desire to do good job, to assume responsibility, to achieve and to succeed. The greatest threat to productivity improvement comes from managements' view of the most important resource of the company – the employee – and the kind of interaction that develops from such a view. Some conservative estimates put management directly in charge of about two-thirds of productivity gains (Prokopenko, 1987).

If management subscribes to Theory X whose central proposition is that managers need to direct and control workers then a fertile ground is laid for declining productivity. According Theory X, workers are 'economic animals' who are only interested in money, they are lazy, passive, have little or no ambition, they prefer to be led and they will always resist change. Theory X (of which Taylorism or Scientific Management theory forms part) emphasises the use of coercion, tight controls, threats, and punishments.

McGregor (1960) warned that such management styles always result in low productivity, antagonism, militant unions, subtle sabotage and disloyalty. Moreover, such management styles cause individuals to withdraw from the organisation (psychologically) and through chronic absenteeism and/or high labour turnover. The result is low productivity. McGregor went beyond criticising the popular management thinking and style and recommended what he called Theory Y.

This theory Y accepts the basic proposition that management is responsible for the organisation of work in the enterprise but it emphasises that workers are not economic animals as Theory X suggests. According to Theory Y, the task of management is to organise work and create the conditions at the workplace in such a way that workers' efforts can be directed towards organisational goals. In other words management should organise work in such a way that organisational goals and the goals of individuals will coincide (Bolman and Deal, 2013).



Work together: Cooperation to make bigger pie

E. Health and physical strength of workers

Another factor that should be considered in the quest for higher productivity is the physical strength of workers. By this we refer to the need for adequate food and nutrition for workers. Nutritionists have established a positive correlation between adequate nutrition and labour productivity. According to food and nutrition experts undernourished workers have lower concentration and they are more prone to error and accidents at work.

For people who are undernourished, a dramatic reduction in physical activity is needed for survival under the harsh weather conditions in Africa. In other words, people who are undernourished reduce their productivity level as a survival mechanism. Therefore, if half of the workforce in an enterprise is undernourished, this translates into a huge reduction in labour productivity. Similarly, if half of the workforce in a country is undernourished one can imagine the effects on labour productivity in that country.

For this and many more reasons it is imperative for workers to be paid well so that they can have adequate and well-balanced meal. But paying workers well does not guarantee that they will eat well and improve their nutrition status. It might therefore be necessary for employers to institute a good canteen system that provides at least one balanced meal for workers at the workplace. In enterprises where balanced meals are provided daily workers look healthier and are more productive. This practice is worthy of emulation across all sectors (including the public sector).

(iii) Other factors

Other important factors that affect productivity at both the enterprise and national levels include the quality of the workforce in terms of education and skills. Well educated populations are able to adapt to new technology and are able to create new forms of employment characterised by high productivity. In a situation where half of the population cannot read and write it is very difficult to introduce such productivity-enhancing technologies because the workforce cannot understand and adapt to it. Therefore, education at all levels should not only be intensified but also be made relevant to the needs of industry. Employers can also complement government effort on uplifting the standard of education through in-house training and skill upgrading.

Another important factor that is fundamental for productivity both at the national and enterprise level is the depth of workers' experience and familiarity with the core task of the enterprise. Indeed firms can reduce unwanted employee turnover and related hiring and training costs by shifting these costs from developing new employees to keeping experienced employees.

7.2. Conclusion

This chapter focused on productivity improvement at enterprise level. It was explained that some of the factors that affect productivity are external but most of them are internal. The external factors are those that individual firms cannot control. An example is the general socio-economic environment in which the firm operates.

The internal factors are the ones the firms can control. These include the working environment, wages and benefits, management styles and workplace training. In firms where both the social and physical environments are conducive, workers are likely to be more productive compared to firms where workers feel insecure.



Tasks for Chapter Seven

1. Distinguish between external and internal factors for productivity improvement.
2. Discuss which of these factors are most relevant for productivity improvement at your workplace, in your trade union and country respectively?
3. What role should each of the social partners play to enhance productivity at both the enterprise and national levels?
4. Have there been any productivity-enhancing initiatives at your workplace, in your trade union and country? What was the outcome?

Chapter Eight

Japanese Experience in Productivity Improvement

Takaaki Sakurada and Rynichi Ikota

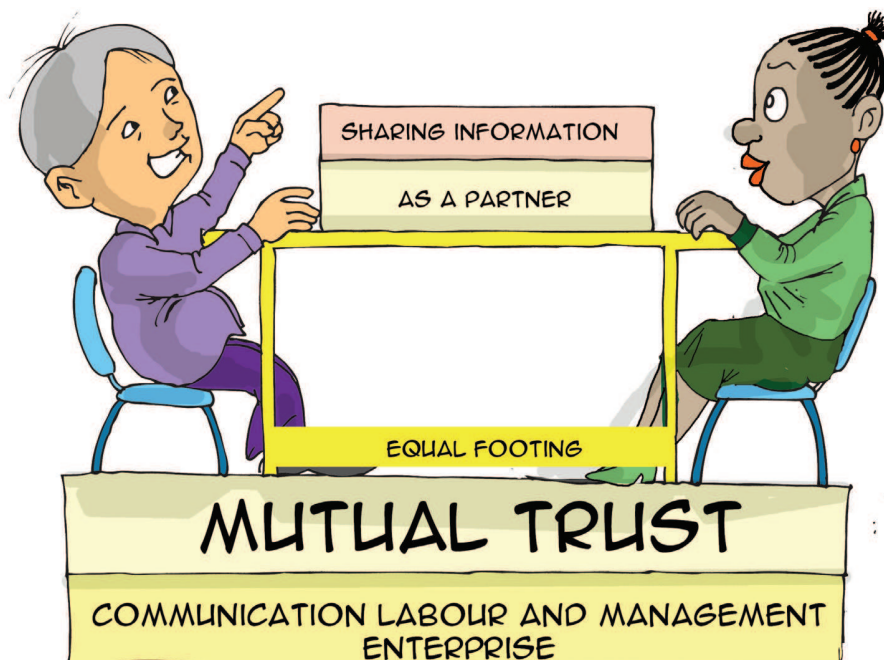
Japanese Experience in Productivity Improvement

Takaaki Sakurada and Rynichi Ikota

8.0. Introduction

As discussed in the preceding chapters, the system of industrial relations or labour-management relations has substantial influence on productivity. A cooperative attitude at the workplace fosters peaceful industrial relations. The converse breeds strikes and industrial unrest.

In this chapter, we discuss the industrial relations experience in Japan and how the social partners collaborated in the establishment of national productivity centre. This partnership was an important contributory factor to the success of the country. Many aspects of the Japanese industrial relations system and productivity activities are worthy to emulate in Africa.



8.1. Japan in the Post World War II Era

After World War II had ended in 1945, Japan was left devastated. All the major cities (with the exception of Kyoto), the industries and the transportation networks were severely damaged. A severe shortage of food continued for several years. At workplace and enterprise level, disputes between workers and management had become frequent.

Through the anti-labour offensive of 1949-50, many employers regained substantial control at the workplace. Many militant unions were crushed, many workers lost jobs, and collective agreements were evoked or revised to assure managerial authority. Furthermore, laws regulating collective bargaining were dramatically amended in favour of employers.

As a result of the combination of both external (e.g. impact of World War II) and internal (e.g. industrial unrest) factors, productivity in Japan had drastically declined by the beginning of the 1950s. This then brought about a loss of export competitiveness, resulting in a vicious circle in which working conditions could not be improved.

The productivity movement created out of a labor-management partnership, was an effort to resolve this vicious circle.

8.2. Japanese productivity improvement experiences

Japanese Productivity Centre (JPC) was established in March 1955 (10 years after the Second World War) following a Cabinet decision to enhance the economic development of post-war Japan through the productivity movement. Though the government and employers shared the same view to set up a national productivity centre, trade unions were initially a bit hesitant to participate in any productivity improvement initiatives because of the bitter experience of the onslaughts on workers by employers which occurred between 1949 and 1950 in most industries.

The Social and Economic Congress of Japan (SECJ) was founded in 1973 with the objective of realizing a welfare society. It endeavoured to develop a national consensus by addressing and presenting proposals for issues of national interest, such as welfare, energy and the environment.

The wealth of accomplishments achieved by these two organizations formed the foundation of the JPC-SED merger which was renamed the JPC in 2009. The JPC actively supports both private and public sector organizations in such areas as management innovation, modernization of labour-management relations and human resources development among others. Key stakeholders of the JPC include government, employers, and trade unions which are all represented in JPC's structure and various committees.

The first Productivity Liaison Conference of JPC held in May 1955 adopted the following three guiding principles which today remain relevant to the scope and operation of JPC:

(i) Expansion of employment

In the long term, improving productivity should lead to expanding employment. However, from the standpoint of national economy, a public-private partnership is essential in formulating valid policies to prevent the unemployment of surplus personnel through job relocation or other measures.

(ii) Cooperation between workers and management

Workers and management must cooperate in researching and discussing specific methods to improve productivity in consideration of specific corporate circumstances.

(iii) Fair distribution of the fruits of productivity

The fruits of productivity should be distributed fairly among workers, management, and consumers in line with the state of national economy.

Over the years, the JPC's three guiding principles have been embraced and implemented at enterprise level across the country, resulting into tremendous productivity improvement in industries and above all the transformation of the quality of people's lives.

8.3. Eight trade union principles on productivity improvement

Below is the summary of the principles the trade unions in Japan adopted prior to joining the national campaign for productivity improvement which then led to the establishment of JPC in 1955:

- i. The ultimate goal of productivity should be self-dependency of the Japanese economy and its consequent improvements in the standard of living of Japanese;
- ii. Productivity campaigns should bring about improvement in working conditions and real wages: that is equitable distribution of productivity gains;
- iii. Productivity improvement campaigns must bring about increase in employment through the expansion and development of the economy;
- iv. Effort must be made to ensure that increase in productivity benefit workers in large, medium and scale enterprises in the country but not only multinational companies;
- v. Fruits of productivity gains must be properly appropriated to lower the price levels, improve working conditions and manufacturing facilities;
- vi. To make the productivity improvement campaign successful, it is essential to adhere to industrial democracy and establish harmonious industrial relations;
- vii. For specific activities to improve productivity, there must be robust workers-management prior consultation system;
- viii. The national productivity centre should take into account specific conditions in Japan and consider the opinions of trade unions in its pursuit to improve productivity in Japan.

8.4. Japan's economic development and employment situation

The trade unions in Japan testify that to their satisfaction, the implementation of the JPC guiding principles at the workplace, has resulted into significant improvements of working conditions; growth of the enterprises and the national economy; equitable distribution of productivity gains; and the tremendous rise of standards of living of ordinary people in Japan¹.

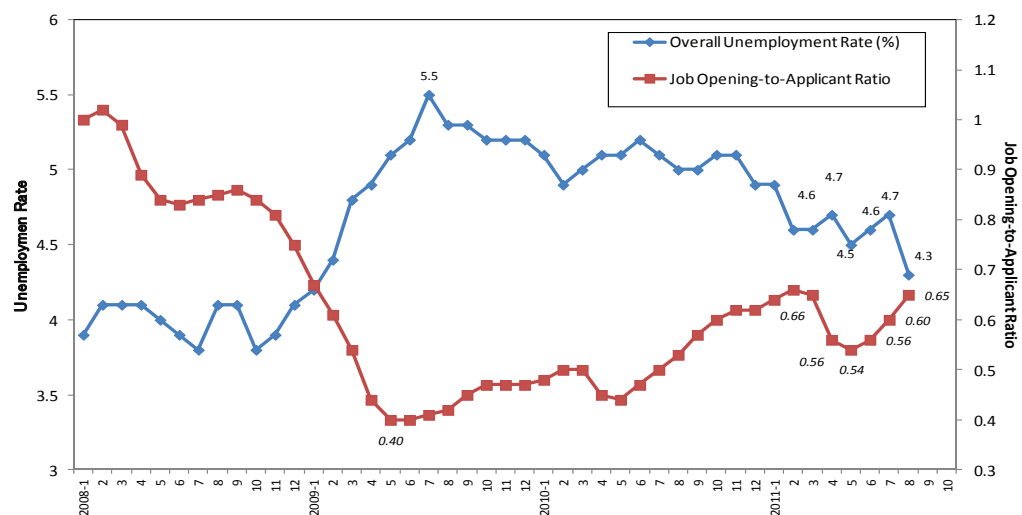
The economy of Japan is the third largest in the world by nominal GDP. Japan is also currently the third largest automobile manufacturing country. Besides, it has the world's largest electronic goods industry. In addition, Japan is often ranked among the world's most innovative countries.

Manufacturing in Japan today now focuses primarily on high-tech and precision goods, such as optical instruments, hybrid vehicles, robotics among others which provide higher wages and far better working conditions.

Not only that but Japan is also the world's largest creditor nation, generally running an annual trade surplus coupled with a considerable net international investment surplus.

The labor force in Japan numbered 65.9 million people in 2010, which was 59.6 percent of the population of 15 years old and older. Among these, 62.57 million people were employed, whereas 3.34 million people were unemployed which represents unemployment rate of 5.1 percent.

Figure 8.1: Level of unemployment in Japan



Source: Ministry of Internal Affairs and Communications, Labour Force Survey; Ministry of Health, Labour and Welfare, Employment Referrals for General Workers (Japan)

¹ILO and RENGO conducted three workshops as follows: Lusaka (Zambia) in 2012, Arusha (Tanzania) in 2013 and Kigali (Rwanda) in 2014 on Trade Union Rights and Labour Standards for Productivity Improvement in Africa where delegates from RENGO delivered presentations to illustrate this point.

The structure of Japan's labor market experienced gradual change in the late 1980s and continued this trend throughout the 1990s. The structure of the labor market is characterised by shrinking population; replacement of post-war baby boom generation; increasing numbers of women in the labor force; workers' rising education level; and increasing numbers of migrant workers.

The basic Japanese employment structure is known as "simultaneous recruitment of new graduates" and "ranking hierarchy" which is characterised by seniority wages and lifetime employment. It therefore allows workers to learn skills through job rotation and on-the-job-training which are mostly firm-specific. Since Japanese firms develop firm-specific skills throughout long-term employment, it becomes difficult for one to move from one employment to another or enter into a specific industry which is only open to workers with distinct qualification or knowledge.

Japan is now facing a shortage of labor caused by two major demographic problems: shrinking population because of a low fertility rate which was 1.4 per woman in 2009, and replacement of the post-war generation which is the biggest population range which is now around retirement age. The population aged from 15 to 64 years old is 63.7 percent (80,730 thousand people) of the total population. Most of these are considered as productive who work and support those who are too old or too young to work. While the percentage of the population aged 65 and over was 23.1 percent of the total population in 2011. This has caused the shortage of labor in care services of the aged people. In response to this, the Japanese Government put in place a policy to import care workers from Indonesia, Philippines and other Asian countries.

8.5. Conclusion

This chapter provided an overview of the Japanese experience in industrial relations during the post-war period. The chapter also traced the evolution of productivity movement in Japan and highlighted the struggle that took place between trade unions on the one hand and employers (including government) on the other-hand whose negotiated settlement (among government, workers and employers) eventually culminated into the establishment of a productivity centre ten years after the end of the World War II. In this chapter, we also illustrated the impact of productivity improvement on the economic development of Japan, employment situation and general welfare of the people.



Tasks for Chapter Eight

Compare and contrast the industrial relations system in your country with that in Japan.

Which specific areas are worth emulating in your country from the Japanese productivity movement?

Chapter Nine

General Conclusions and Role Plays on Productivity Improvement

Mohammed Mwamadzingo, Takaaki Sakurada and Ryuichi Ikota

General Conclusions and Role Plays on Productivity Improvement

Mohammed Mwamadzingo, Takaaki Sakurada and Ryuichi Ikota

9.0. General conclusions

This workers' education manual has several conceptual and practical implications for the development of productivity-enhancing initiatives in Africa. Conceptually, we see that productivity is a broad concept, much wider than previously thought. It encompasses not just labour productivity but also the productivity of all other factors of production. Further to this, practically productivity is applicable and measurable in all facets of human activity including services.



Small Pie: Fight for distribution

This manual highlights the need for intensive productivity-enhancing measures in Africa as a means of creating wealth and reducing poverty. Key conclusions that can be drawn from this manual include the following:

1. Productivity issues have not received the attention they deserve in the development agenda in many African countries;
2. Levels of productivity have remained low in many African countries. This has adversely affected output levels and the competitiveness of African countries;
3. Africa is poor not because of natural resource constraints but because of the inefficiency in the use of its vast resources;
4. It is important to have the resources but it is not a sufficient condition for propelling the socio-economic development of a nation;

5. Already natural resources on the continent are dwindling rapidly and the option of raising output through intensive use of natural resources is getting narrow;
6. To be competitive in both domestic and international markets, African countries should invest in productivity improvement initiatives;
7. African government need to facilitate the awareness creation and get it down to the people;
8. African governments should also provide the institutional and regulatory framework for the productivity improvement initiatives;
9. African governments should also invest in education, training, as well as research and development as a way of improving the quality of human resources on the continent;
10. Social dialogue and productivity centres are key instruments in the productivity improvement;
11. At the enterprise level, firms have to invest in health and safety needs of their employees, institute appropriate rewards and incentive schemes, and promote social dialogue at the workplace as a means of achieving industrial harmony;
12. Trade unions should complement the government and employers' efforts towards productivity improvement. This can be done through education and the sensitisation of union members;
13. Trade unions should be involved in the design, implementation and evaluation of all productivity improvement initiatives at national and enterprise level;
14. Trade unions should start building their technical capacity in productivity related areas so that they can better position themselves for effective intervention on productivity issues.

This manual then recommends future research work on productivity improvement in Africa which should focus on following areas:

1. Causes of low productivity in Africa;
2. Practical productivity measurement methods for all sectors (including the public sector);
3. Models for sharing productivity gains;
4. Cross-country studies on effective methods of productivity improvements.

9.1. Role plays: social partners in productivity improvement

(i) Establishment of a national productivity centre

1. Minister for Labour

You have convened and will chair the meeting. Whilst you have a genuine desire to find ways to promote the Decent Work Agenda through productivity improvement, you are at heart a believer in the free market and you do not feel comfortable put-

ting too many controls on private investors and especially the large multinational corporations operating in your country. You believe investors are free to do business and that non-business people should not really interfere in business decisions.

However you are willing to listen to reasonable suggestions and will take them into serious consideration. Whilst the government is serious about improving productivity and promoting decent working conditions there is not a large pot of money to spend on the establishment and operationalization on a national productivity centre. Any initiatives need to be funded through partnerships and contributions from the partners, this can include the government but your ministry does not have the budget. From this meeting you are required to go straight to the President to tell him of at least three concrete proposals that will contribute to a positive outcome for improving productivity whilst creating jobs and wealth as well as alleviating poverty and promoting decent working conditions, including in rural areas and the informal economy.

2. Representative of a sectoral workers union

Your union believes that the government itself should do much more for industrial workers who have little or no incentive to improve productivity. You would like to see the government pay more attention to linking productivity improvement with better wages and working conditions through collective bargaining.

The government should bear the costs of implementing a national productivity policy so that workers in your sector are not disadvantaged by having to cover the additional costs of productivity improvement. Your union is a strong supporter of industrial transformation, promotion of foreign investments and economic progress. You encourage the government to develop a regulatory framework that allows/pushes enterprises to establish productivity targets through collective bargaining and observing workers' rights.

3. Representative of a federation of trade unions

Your union has a very clear stance that improving productivity is a good method to deal with poverty reduction, economic progress, investment, employment creation, working conditions and labour standards. Your economists and researchers have continuously attended training sessions conducted by ILO's Bureau for Workers' Activities (ACTRAV) and Japanese Trade Union Confederation (RENGO). You have many case studies on the benefits of productivity improvement. Therefore, you strongly believe the government needs to address the necessary legislative barriers impeding the development of productivity initiatives in your country.

4. Representative from an employers' federation

You are the chief executive of the national Employers' Federation, with most of the membership being local small and medium-scale enterprises and parastatal organizations. This could be a great opportunity to extend your services and build a much larger client base, including foreign investors in the Export Processing Zone and the multinational corporations. You request the government to establish a productivity centre with the purpose of increasing technical skills of workers in your country and implement large scale public education that suits the needs of enterprises.

Furthermore, you want the government to commit to subsidizing the costs of doing business particularly in rural areas. At the same time, you think that the government should not try and force your sector into becoming some kind of charity or social concern – that is their role not the role of the government and others

involved in social concern such as the trade unions. Your members of course do undertake CSR activities, but that is down to them and should not be regulated.

5. Representative of the ILO

You have been advising the government as a part of the UN country team and your priorities have been to develop high level strategies for improvement productivity while achieving the Decent Work Agenda. You know many of the unions sitting at the table as they are part of the tri-partite structure that works with the ILO in Country Z.

6. Representative of informal workers

You are one of a group of informal workers who have approached the government to enhance the productivity of the sector. The vast majority of workers who undertake economic activities in the informal economy do not do so by choice. Rather, for most this is a survival strategy they adopt because there are no decent jobs available.

Workers in the informal economy are subject to many decent work deficits. They are excluded from the coverage of labour laws, deprived of social security, earn very low or no wages, and are denied the protection of fundamental principles and rights at work and other labour standards. Women are disproportionately represented among informal economy workers. Activities in the informal economy tend to be characterised by very low productivity and represent a form of underemployment.

Transforming informal economic activities into formal activities would therefore enhance economic efficiency, the welfare of the workers concerned and their rights. The establishment of a national productivity centre should therefore aim at providing guidance to social partners on a comprehensive and practical agenda to transform the informal economy into formal economic activities through labour law coverage, labour inspection, the extension of social protection, minimum wages, and appropriate economic policies.

(ii) National policy on productivity improvement

Background information

Country Z is a middle-income, developing country in Africa. It is a society that, during the 1990s and 2000s, experienced a fundamental political transformation and the adoption of a system of democratic governance and a new constitution. Economic development and productivity performance specifically, have been substantially influenced by this transformation.

The dominating force in economic activity is the formal sector, which has a formidable manufacturing capacity by African standards. The dominance of the formal sector is mainly attributable to the industrial base of the country and its advanced infrastructure vis-a-vis its regional neighbours.

An outstanding feature of Country Z's production activity is its growing capital intensity over time. This is revealed in increasing capital/labour and average capital/output ratios. The concomitant productivity performance has been poor. Until the mid-2000s the productivity of capital declined sharply, and the growth in labour productivity, in spite of the growth in real capital per worker, was meagre, and hence total factor productivity also performed weakly, often falling. Productivity performance turned around in the mid-2000s. The capital/output ratio started to decline, and labour, capital and total factor productivity showed some improve-

ment, but at the cost of employment, with capital/labour ratios still increasing in a labour abundant economy.

In assessing the conventional determinants of productivity performance, the underlying forces that have made for poor productivity become clear.

- The political system of governance that prevailed prior the mid-2000s had pervasive effects on productivity. It sustained economic and income inequality, encourage corruption and impunity, bedded discriminatory practices into the labour market and labour use, severely decline in quality of education and skills development, and polarised labour relations.
- The central thrust of economic growth came from rapid growth in foreign direct investment and a growing share of public corporations, often associated with lower productivity performance, and a declining share by private business, which is generally regarded as a more efficient user of resources.
- Employment growth did not keep pace with capital formation. Investment took place mainly in the industries that were of a capital-intensive nature, in both physical and human capital.
- The recent democratisation process has not transformed the political system and had further attracted foreign direct investment into the country. The country is now integrated into the world economy with important outcomes, such as an increasing openness to foreign trade (increasing trade ratios of exports plus imports to GDP), increases in import penetration in domestic markets, and, because of the latter development, the increasing price competitiveness of domestic producers. Growth in output has improved, but the improvements in factor productivity must, unfortunately, be linked to a lack of employment growth.
- The growth in import penetration ratios in manufactured goods has increased competition in a sector characterised by high and growing concentration ratios. In the production of non-tradable inputs such as electricity, and transport and telecommunications services, the degree of concentration is high and, in most cases, in the hands of monopolies.
- In the field of money and finance, Country Z has good institutions, compared to the regional standards. However, these institutions have failed to address the needs of the poor and micro enterprises.

Preparation for Role play

The Government of Country Z has established a commission to explore how improving productivity at the enterprise level contribute to poverty reduction, employment creation, investment and working conditions. They have asked the Ministry of Labour to invite a range of stakeholders to an exploration meeting to help create a set of priorities and a strategy for action for productivity improvement.

We will be thinking about effective advocacy and in a few minutes you will participate in a role play. You have been given a role to play and will either play this role as an individual or as a group. Reflect on the role and think about the priorities and people you are representing. Then think about the advocacy process. What can you do to:

1. Make sure the views and concerns of the people you represent are heard
2. Ensure that you influence the decision makers

3. Identify allies and others that have complimentary interests
4. Identify what power you have and can lever to ensure you get desirable outcomes

If you can, identify any facts or figures to support your position and arguments. Think about what will be the most powerful arguments to the audience you will meet today and who will be your allies?

The role play is set as a meeting called by the Government to gather ideas on how productivity improvement can be a part of the national decent work strategy. The meeting must identify 3 concrete proposals that will have a direct effect on poverty alleviation, creation of jobs and wealth and decent work.

Instruction: You have 15 minutes to read your role and prepare for the meeting. The meeting will last for 45 minutes. There will be a plenary de-brief to discuss effective strategies and learning from the activity.

Suggestions of further research, baseline surveys or further meetings are not acceptable as proposals in this role play.

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