

PRODUCTIVITY MANAGEMENT AND IMPROVEMENT IN SADC SOCIO-ECONOMIC POLICIES AND STRATEGIES FOR ECONOMIC RECOVERY AND GROWTH

INSTITUTE OF DEVELOPMENT
MANAGEMENT [BOTSWANA,
LESOTHO AND SWAZILAND]
*(Productivity management and
improvement ...)*



PROCEEDINGS OF THE SEMINAR ON THE MANAGEMENT AND IMPROVEMENT OF
PRODUCTIVITY WITHIN THE SADC REGION
MBABANE, SWAZILAND, 8 - 9 OCTOBER, 1990
IDM

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**PRODUCTIVITY MANAGEMENT AND IMPROVEMENT IN SADC:
SOCIO-ECONOMIC POLICIES AND STRATEGIES
FOR RECOVERY AND GROWTH**

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On behalf of IDM, I would like to take this opportunity to thank the Government of Swaziland which hosted this seminar and many others under this project. I would further like to thank the participants in the Seminar who worked tirelessly to make the Seminar a resounding success.

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T.D.I. Nhleko

ACTING REGIONAL DIRECTOR, IDM (BLS)
September 1994

ACRONYMS AND DEFINITIONS

ADB	:African Development Bank	SADCC	:Southern Africa Development Coordination Conference
AMTIESA	:Association of Management Training Institutes of Eastern and Southern Africa	UNEDIL	:United Nations Economic Development Institute and ILO
EMI	:Ethopian Management Institute		
GDP	:Gross Domestic Product		
ILO	:International Labour Organisation		
PI	:Productivity Improvement		
RTC	:Regional Training Council		
SADC	:Southern Africa Development Community		

WELCOMING ADDRESS

*HONOURABLE MINISTER, SENATOR B.M.NSIBANDZE
MINISTER FOR LABOUR AND PUBLIC SERVICE, SWAZILAND*

Mr. Chairman
Distinguished Guests
Delegates from SADCC Member States
Ladies and Gentlemen

It gives me great satisfaction and joy to be invited to officiate at the opening of this seminar. I wish to extend to all of you, a very warm welcome. In the spirit of SADCC and African hospitality, I wish you an enjoyable stay here in Mbabane.

The list of delegates includes well experienced, informed, and knowledgeable public sector Managers, Directors of private and parastatal corporations plus representatives of labour organizations and women's groups. This augurs well for the seminar and underscores the seriousness of this undertaking.

Since the 1987 Gaborone SADCC Consultative Conference on Investment in Production, concerted efforts have been considered in promoting the productivity of enterprises in the SADCC region. This seminar is not only an historic event in our regional context, but it also comes at a time when Africa's continuing economic crisis

presents an extraordinary challenge to our developing communities.

Most countries including those of the SADCC region, are now embarking on comprehensive programmes of economic adjustment, some internally initiated, while others are externally initiated. The lessons learned from some of these programmes are bitter, while others have a promising outlook for the future. We have come to appreciate that fundamental change in attitudes and behaviour is necessary to transform our economies and make them competitive in an increasingly competitive world. It is, thus, opportune today to consider developing productivity improvement policies and strategies for our economies. These will become the means for increasing production capability, as well as an approach toward the alleviation of poverty and human suffering.

We need to consider what is implied by productivity improvement. Economic analysis of productivity shows that its concern is mainly with efficiency and effectiveness in managing the factors of production, namely land, labour, and materials. In my view, productivity improvement

goes beyond these factors. It is an attitude of mind. It is the desire to continuously produce more with less, no matter how good the present situation might currently be. Productivity improvement is the constant adaptation of economic and social life to changing conditions.

It is with this view in mind that we are all gathered here today from different walks of our socio-economic life to consider policies and strategies for improving the productivity of our economies and in the process achieve recovery and growth in future years. Improving productivity requires an enabling environment of infrastructure services and incentives to foster efficient production and private initiative. It also requires enhanced capabilities of people and institutions alike, from the village to the higher echelons of government and industry.

It is my hope that your deliberations over the next nine days will touch on such issues as:

- A) the policy framework for the development and enhancement of productivity in SADCC, including the roles played by government, private and parastatal sectors, employer groups, and labour and women's organizations.
- B) policies and strategies that could be adopted and carried out by national governments to improve and enhance the productivity of women in our countries.

- C) the framework for the development of national productivity improvement programmes in our countries.

Allow me to say a few words on the role of women in the productivity improvement drive. That women play a central role in development is becoming increasingly recognized in our countries. In most of our economies, they are the principal producers of food, the managers of household resources, and the custodians of family welfare. Yet women still face a variety of legal, economic, and social constraints that impede their impact on productivity improvement. There are many examples of these socio-economic and legal constraints that could be cited. It is sufficient to point out that these constraints have tended to confine the women's roles as economic agents, to the informal sector of our economies. This is the sector without infrastructure and policy support. If our countries are intent on improving productivity, present and future policies and development strategies have to be reoriented towards helping women's groups contribute more fully toward economic and social development.

We are all aware of our debt problems to the financial institutions of developed countries for capital investments. We are all aware of our shrinking foreign reserves. The problems of foreign exchange have led to under utilization of our productive capacities. Unemployment has become rife in our economies. Improving productivity has the potential to provide several

benefits to our economies, if accompanied by a supportive infrastructure and policy framework. Some benefits might include the following:

- i) to provide the basis for the creation of new jobs as enterprises can reinvest profits in expansion of operations,
- ii) to increase our competitive edge in world commodity markets and in turn increase the demand for our products,
- iii) to contribute significantly toward a decline in international debt and the problems of debt servicing,
- iv) to increase savings in foreign exchange as we strive for self-sufficiency in basic commodities that are particularly needed in our countries. This self-sufficiency, achieved through a variety of import-substitution strategies, ensures that savings on foreign exchange of consumption commodities are made available for investment in capital goods, and the improvement of our social services infrastructure, and
- v) to help improve our standard of living as portions of increased profits are passed onto the work-force.

The issues you raise here will form the deliberations of the seminar. Policy makers and decision makers in our countries need help from the

deliberations of this seminar to identify a preferred course of action among the many available options for improving productivity in our region. I am stating this, fully cognisant of the fact that each country represented here is a sovereign state with the right to decide its own socio-economic policies and programmes. However, this fact should not in any way prohibit you from exchanging experiences and views that will help all the respective countries and contribute to SADCC's development.

Let me take this opportunity to thank the Institute of Development Management, (IDM), for developing and running this seminar. It is held under the auspices of the SADCC Regional Training Council and is sponsored by the Canadian International Development Agency (CIDA). I request the CIDA representative here present to convey our message to her Government, that we in SADCC are greatly appreciative of CIDA's collaboration with our regional institutions, in bringing together distinguished delegates like these here, to address managerial and development issues within SADCC. Such collaboration is important to us right now when we are trying to marshal all possible resources for self-sustenance and growth.

INTRODUCTION

R.P. Kudar

A socio-economic crisis is present in the SADC¹ region. It is manifested in increasing unemployment, declining economic growth, declining domestic savings, and shrinking foreign capital. Prices for export commodities are declining while costs of manufactured import goods are rising. This is widening the current account deficits in many SADC member states. The application of inadequate economic policies and the poor performance of state owned enterprises continue to hamper progress towards economic recovery.

This has led to a call for effective management and improved productivity, as the leading for economic development in the region. There is a need for policies aimed at improving productivity. There is a need for increased domestic savings to develop new capacity and opportunities. There is a need to reduce reliance upon foreign loans and the attendant decline in their levels of investment when international finances shrink.

An increased reliance on domestic savings to finance growth is more sustainable than using foreign capital. The increase in domestic savings can be achieved through better utilization of a country's resources, improved productivity, and

the promotion of exports.

The SADC states need to transform the performance of the basic economic institutions to realize increased productivity and improved welfare for the people. There are developments in the 1990's that have the potential to worsen the economic conditions of the SADC member states. The democratization process in Eastern Europe is most likely to attract Western economic aid to these countries. This will reduce foreign aid available to the SADCC member states. It is expected that major investment initiatives will be redirected towards Eastern Europe. The unrest associated with socio-political reform in some Southern African states will reduce foreign capital investment in the region. Most SADC countries are likely to see their standards of living decline unless the members increase their productivity.

Productivity is a viable development instrument to help achieve economic growth, balance of payments equilibrium, and export promotion. The SADCC member states need to pay urgent attention towards developing policies, strategies, and mechanisms to solve the set of problems that face the region. There is a lack of skilled human resources, management shortages, applied adequate technology, underutilisation of

Throughout the sections SADCC and SADC are used interchangeably depending on the context

production capacities, inefficient utilisation of resources, and inadequate domestic savings. It is essential for policy makers, and management to embark on a Productivity Improvement Program.

THE SEMINAR

The purpose of this seminar was to bring together policy makers and managers from the different sectors of SADCC to consider policy options and strategies. The task was to develop productivity improvement as a viable instrument for economic recovery and growth in the 1990's. The seminar addressed the following question:

Given the economic stagnation of the past decade, and presently shrinking foreign capital for investment in the SADCC region, what policies and strategies could be adopted by the SADCC Member States for the Management and Improvement of Productivity as a major instrument for economic recovery and growth in the 1990's?

The seminar provided a forum for policy makers, managers in all sectors, employers, and employees to examine and analyse existing policies, plans, strategies, and instruments. The participants were asked to identify the strengths and weaknesses of these items concerning productivity improvement. The seminar included the formal presentation of papers. These are presented in this document. Delegates from each country made presentations on the productivity efforts currently occurring in

each country. There were large and small discussions as well as plenary sessions. There were case studies to practice the ideas presented at the seminar.

THE FORMAL PAPERS

There were seven formal papers presented at the seminar. These have been classified into three major areas based upon the primary focus of each paper. Four papers addressed structural issues within countries of the SADC region. Two papers concentrated on the importance of knowledge as a path to productivity improvement. One paper represented the focus of issues regarding special interest groups.

STRUCTURAL ISSUES

Four of the papers concentrated on structural issues as they relate to productivity improvement. Each of these is summarized in the following discussion.

The paper presented by Ms. Simelane examined the roles of governments, employers, and employees in labour relations. The paper outlined the role that each group plays in the process. The paper recommended that all three parties must work together if productivity improvement is to be realized. The government must create a setting, through regulation, that is fair to both employers and employees. The government must also act as an impartial judge in disputes between the two

parties. Employers need to concentrate on developing industrial relations policies within the firm that clearly define the process to be followed in addressing issues. Employees must ensure that their trade unions follow democratic procedures that reflect the needs, not only of the memberships, but also of the larger community. The unions must avoid the development of a bureaucracy that focuses only on the needs of a professional few leaders. Through cooperation among all three parties, the standard of living and the level of productivity for the entire country can be increased.

Mr. Bharadwaj's paper examined strategies for export promotion and import substitution. The topics were addressed separately. In export promotion, the paper pointed out many shortcomings that face exporters in countries such as the SADCC region. The government needs to take a key role in helping exporters through simplified procedures, better information, and regional cooperation. This was particularly important between the land-locked countries and those with coastal facilities. For import substitution, the paper pointed out a process that would be useful to follow. There was not a lot to be gained by substitution simply for the sake of substitution. Coupled with this was the need to have foreign exchange rates that realistically reflect the cost of imports. This would help management and government in making good decisions regarding which imports should be substituted.

Mr. I. Tesfu presented a paper on the development

of productivity improvement programmes undertaken in Ethiopia. The central focus of the paper was the critical role played by the Ethiopian Management Institute (EMI). This structural unit helped in the development of productivity improvement councils, committees, and circles throughout the Ministry of Industry and the enterprises that it operates. The structure, role, and membership of each of these elements were described in the paper. The paper also presented some results of efforts toward productivity improvement undertaken with the assistance of the Ethiopian Management Institute. EMI developed a series of materials that were used in the training of personnel in many different companies. The Institute helped change the bureaucratic process. Managers were authorized to spend resources for productivity improvement projects up to a ceiling, rather than wait for approvals from successive layers of the Ministry. The Institute helped in the development of motivation systems for individuals within the Ministry. The efforts have been so successful in the Ministry of Industry, that they are being transferred to other Ministries within the country. Productivity improvement projects have resulted in reported savings of resources in both local currency and the need for foreign currency.

Professor Cambridge's paper presented a series of steps that were recommended for beginning productivity improvements in the SADCC region. The paper uses the structure of productivity centres developed in Asia as a basis for recommending the creation of a SADCC Productivity Centre. This

centre would be responsible for helping the national productivity centres in their mission of improving productivity locally. It is felt that there is a critical need for a regional perspective on productivity that can best be addressed by the existence of a SADC productivity centre. The paper outlines a methodology to help decision makers and policy makers identify the key blockages, and methods to achieve productivity improvement in their respective countries. In the methodology, the paper includes activities for firms, managers, workers, schools and children.

KNOWLEDGE ISSUES

Two of the papers had knowledge as the primary focus of the material for the development of productivity improvement within the region. The paper by Mr. Harry Nengwekhula began with a reminder. The history of the region is a critical factor in the current condition of the countries in the SADC region. This fact must not be forgotten. It is a reality that colours all the options and suggestions that may be raised. The paper points out that there are distinct attributes and features of the region that make it a potentially strong economically viable region. It has a large population and a wealth of natural resources. It needs restructured institutions, recognition of the interdependencies among the main economic sectors of the countries, the introduction of appropriate technologies, better training programs for managers and workers, and the establishment of industrial democracy that will help in a

favourable attitude towards trade unionism.

Professor Kudar's paper focused on three instruments of productivity improvement, people, technology, and measurement. The paper was written from the perspective of managers. People are the one unique resource available to the firm in its quest for productivity improvement. People include all the stakeholders in productivity improvement, namely, shareholders, employees, suppliers, customers, the government, and the surrounding community. A successful strategy recognizes the need to continually develop the people resource through training. This resource must be able to share meaningfully in the benefits of the productivity improvement. Technology must be regarded in a wider context than labour substitution. It must include the identification of appropriate technology, the acquisition of that technology, and the correct application of the technology. Technology is a stream that is continually changing. It is the task of management to find the most appropriate way to utilize this tool. Measurement has long been regarded as a major impediment to productivity improvement in the firm. The paper suggests that every firm needs at least three different systems for measuring productivity. Each system is related to a different purpose. The paper presents a framework that can be used to analyse the needs of management for a measurement system.

SPECIAL INTEREST GROUPS

One paper focused on the perspective of women in

productivity improvement. This paper represented the issues that were most critical to special interest groups within the SADCC region. Mrs. Rose Choto was the author. The paper pointed out the critical role that women need to play in the development of a country. In most countries, women do most of the agriculture and the child rearing. The paper highlighted the factors that have impeded women from participating fully in their country's development. Despite the Womens' Decade of 1975-1985, there was still much that had to be accomplished if women were to be regarded as full contributors to a country's development. The paper suggested changes that could be undertaken to improve the role of women in development. These included attitude changes by governments, by advisory agencies, and by companies. Structural elements such as day care facilities are needed to allow women to feel secure that their children were being looked after while they were working. The issues raised in this paper were regarded by the delegates as representative of issues facing most of the special interest groups such as the disabled.

SUMMARY

The delegates were responsible for absorbing all of the materials presented at the seminar. Their final task was to work in taskforces and identify the factors preventing productivity improvement, identify policies and strategic options for overcoming these factors, and finally offering action plans that could help in bringing about productivity improvement in the SADCC region. The results of their deliberations are classified in the same three categories as the formal papers presented at the seminar and are given in the final section of the proceedings.

STRUCTURAL ISSUES

THE ROLE OF GOVERNMENT, EMPLOYERS AND EMPLOYEE GROUPS IN PRODUCTIVITY IMPROVEMENT IN SADCC

Nomthetho G. Simelane

INTRODUCTION

The context which best reflects the different roles of government, employers, and worker or workers' organizations are the labour relationship. Labour or Industrial Relations have developed due to the emergence of complex organizations in our societies. The historical development of this relationship created institutions and traditions that have involved interaction between employers and workers on one hand, and between these two participants and the State on the other hand. The state is largely responsible for creating the framework, through legislation and labour policy, which sets the tone or environment for industrial relations. All three participants influence the framework.

The issue for most of our countries is how to establish an environment that is conducive to the development of healthy and effective structures, while alleviating economic stagnation on this continent. Labour relations are charged with the

serious challenge of creating adequate capacities for resolving industrial relations issues as well as addressing the urgent problems of survival.

The level of development of our industrial relations structures will depend on the internal dynamics of interaction among government, employers, and workers. Positive perceptions of roles by each participant in this relationship will go a long way in creating the needed conducive atmosphere. Simultaneously, each participant must show concern, in concrete form, about the economic and social problems of the region.

BACKGROUND

ENVIRONMENT

Sub-Sahara Africa has been experiencing serious economic problems that have raised questions regarding some development strategies adopted in the last three decades. There is now an urgent need to adopt new strategies that revolve largely around investment in people.

The economic crisis facing most African countries has resulted in very high rates of unemployment. High population growth rates amplify the problems. It is estimated that at the present rate of population growth, 380 million new jobs must be created by the year 2020, if the unemployment rate is to remain below 10 per cent. Since the rate of growth in the larger company sector can be expected to be around three to 4 percent annually, a great deal of hope will be pinned to higher rates of economic growth in small and entrepreneurial enterprises.

LABOUR RELATIONS

WORKERS AND WORKERS' ORGANIZATIONS

The universally accepted mechanism for labour regulation is the collective bargaining system. For workers to participate as equals with employers in any collective bargaining system, they need to act collectively rather than individually. This has required the emergence of trade unions as the representative of the workers.

The organization of workers into strong trade unions is seen as a primary conditions for the establishment of a reasonably successful collective bargaining system. However, these unions must be encouraged to develop solid and responsive structures that can help the collective bargaining process. Collective bargaining is very vital to the employer, the worker, and the state. Industrial disturbances are possible if negotiations and

bargaining are nonexistent or are filled with impediments. Such disturbances are costly to all parties. The workers experience deprivation and security of employment. Employers incur financial losses and cordial working relations with their employees. The state experiences adverse effects on the economy.

" In African countries with problems of unemployment, open and concealed, the poor, the ignorant and the destitute, trade unions face problems different in magnitude and complexities from those facing their counterparts in the industrial countries of Europe and America. These problems call for trade unions that are responsive to the needs of the community as a whole. They call for a new basis of partnership with government and employers in meeting the growing aspirations of the deprived members of the society. The trade unions of the present and the future stand to be judged by the extent to which they reach or respond to these human problems (J.I.O. Bosah, JASPA, Zimbabwe, ILO)."

The practice of trade unionism is largely based upon democratic representation. This representation depends upon the level of participation of the general membership and the level of bureaucratization of the trade union movement. Workers' organizations need to encourage the development and retention of democratic structures and practices to contribute to the development needs of the community.

Workers can influence the evolution of labour and industrial relations structures through the advancement and protection of the interests of the general membership. This is most likely to be fulfilled where the trade union remains autonomous and independent.

EMPLOYERS AND EMPLOYERS' ORGANIZATIONS

It is not always necessary for employers to be organized to play a role in the development of industrial relations structures. They are major players on two levels. At the external level, employers influence labour policy by participating actively in different situations. At the company level, they have a direct role.

The issue of industrial relations is sufficiently serious to deserve explicit company policy. The policy is intended to guide management behaviour and to bring about consistency in standards. The role of labour policy is to clarify management's industrial relations objectives and remove any ambiguity in areas that might lead to misunderstanding between the parties. The policy also acts as a framework for management behaviour toward workers. It establishes systems and procedures to guide decision making.

The personnel function must be integrated with the labour relations function. The personnel manager is responsible for the welfare of the worker. Line management is expected to refer to personnel management before decisions on industrial relations are taken.

The general approach for grievances and disputes should be a readiness to address them or to refer them to a different level without unnecessary delay. Workers will often accept a firm decision if they recognize that they are not being victimized.

Communication is critical to labour relations within a firm. It involves more than simply supplying information and facts. It needs to be aimed at creating greater understanding between the parties. However, communication cannot solve deep-rooted problems by itself. The important lesson is that the communication's process can be enhanced through consultation with worker representatives before the creation of communications structures.

Increased worker participation should be encouraged. This can be promoted through the organization and planning of the work process, in the establishment of procedures and future processes, and in the decision making bodies of the firm. It can take the form of information sharing, consultation, joint decision making, or shared ownership.

There is a fundamental difference between trade union representation and worker participation. The former emphasizes conflict while the latter promotes cooperation. The level of participation may be task-centred or power-centred. Task centred participation is aimed at work practices, and is generally confined to lower organization levels. Power-centred participation involves the

worker in decision making related to the section, department, plant, or the entire organization.

The actual involvement of workers is generally done through elected representatives. The communication process attempts to encourage two way systems to remove fear of the unknown among all parties. The use of shared ownership seeks to achieve long term commitment to the firm by the workers, and to reduce conflict between the parties.

THE ROLE OF THE STATE

The state is involved in the labour relationship in two distinctive roles. On the one hand, it is the legislator, conciliator, and regulator. On the other hand, it may also be an employer. The role of the state is to provide appropriate legislation and then assume the role of an impartial party between employers and workers. State intervention in the industrial relations process should only be limited to cases that are likely to cause serious problems. In the role of employer, the state should be subject to the same labour legislation that regulates industrial relations within the rest of society. Today, most of our governments are still working to create structures that deal with labour relations.

CONCLUSIONS

Governments, employers, and workers' organizations are expected to work out a conducive labour relations environment that will contribute to

better industrial relations and improved economic performance. If this is achieved, all three participants can direct their attention to issues of national concern. In the end, all parties in the labour relationship stand to benefit from the gains achieved in a wealthier society.

STRATEGIES FOR EXPORT PROMOTION AND IMPORT SUBSTITUTION

N K Bharadwaj

INTRODUCTION

What have strategies for export promotion and import substitution got to do with management and improvement of productivity? In the narrow sense of productivity, maybe nothing, but in the broader sense of the term, quite a lot. Strategies for export promotion and import substitution help nations to optimize the utilization of their resources, optimize the use of export market opportunities abroad, and help conserve and thereby optimize the use of very scarce foreign exchange resources. The interdependence of nations has been increasingly emphasized, and the days of subsistence self-contained economies are long past. This interdependence has improved the standard of living and quality of life of people in the world, and increased their expectations. We can no longer contemplate isolating and insulating ourselves from the rest of the world and expect people to accept the hardships of the past. If these expectations are to be met, and the standard of living and quality of life for our people is to be improved, maximal utilization of export opportunities and scarce foreign exchange resources must be given continued attention.

THE SADC REGION

Here are some economic realities of the SADCC region. They will help in the understanding of the reasons and rationale for the suggested strategies.

SADCC's nine member states have a combined population of about 70 million people and a total land area of 4.903 million square kilometres.

Six of the nine member states are land locked and the natural and most economic route to the sea for most of these countries are through the ports of Angola, Mozambique, and Tanzania.

The region is rich in natural resources, but none of the nine economies has a large enough market, a sufficiently diversified economy, or command of an adequate range of resources to underpin the development of a modern industrial economy.

The region has the major essential inputs for an industrial revolution - energy resources in

abundance and large reserves of base metals. There are large reserves of oil, coal, and enormous hydroelectric power resources.

There are significant reserves of iron, copper, nickel, cobalt, chrome, lead, and zinc, as well as gold and diamonds. In 1983-84, the region produced \$3.9 billion worth of minerals and exported \$3.6 billion. These included petroleum oil and diamonds in Angola, diamonds, copper, and nickel in Botswana, copper, zinc, and cobalt in Zambia, and gold, asbestos, chrome, nickel, copper, coal, and iron ore in Zimbabwe.

In terms of net income per person, the countries vary from what the World Bank terms as low income countries to middle income countries. Total income for the region is estimated to be in the order of \$25 billion.

Agriculture forms the mainstay of the SADCC region. It contributes about 34% of the region's GDP, employs about 79% of the total labour force, and accounts for about 26% of total foreign currency earnings. Apart from staple food items, major agricultural products include beef, cashew nuts, citrus, coffee, cotton, fish, maize, sugar, tea, timber, and tobacco.

Because of the complementarities of the resources endowments of the member states, and the larger

regional market, investment needs to be attracted to realize the economic development potential of this set of resources.

Historical development patterns and the abundance of natural resources, have resulted in the exports of the region being heavily concentrated in primary products. Consequently, the manufacturing sectors in most of the member states are relatively small. Only in Swaziland and Zimbabwe does the contribution of the manufacturing sector to GDP exceed 20%. Much of the activity in this sector is related to the processing of minerals, and agricultural raw materials. However, many light manufacturing industries do exist. They produce a wide range of goods such as cement, paints, pharmaceuticals, motor assembly, tyres, batteries, radios, bicycles, textiles, clothing, footwear, furniture etc.

The manufacturing sector is highly dependent on imported, intermediate, and capital goods. This has hampered its development in periods of foreign exchange shortage, and has led to significant levels of capacity under-utilization. This import dependence, although obstacle to development, provides excellent opportunity for investment in import replacing industries as the market develops.

All of the nine SADCC countries are highly trade dependent. In only three of the countries (Lesotho, Mozambique, and Tanzania) is the share of exports less than 20% of GDP, while for two (Botswana and Swaziland) the proportion can be over 60%.

The ratio of imports to GDP, is even higher for most of the countries. Despite this outward looking nature of the economies, the level of intra-regional trade is exceptionally low. It constitutes about four to 5 percent of the total trade of the region. Even this figure is somewhat misleading, as Zimbabwe is a partner to as much as 80% of the intra-SADCC trade. From the point of view of export promotion and export development, all the countries of the region are beneficiaries from preferential trade arrangements internationally under the General Scheme of Preferences and the Lome Convention. Eight of the nine countries are members of the preferential trade area for East and Southern Africa and three of the countries are members of the Southern African Customs Union.

Most member states face deficits on the current accounts of their balance of payments. These deficits grew rapidly in the early 1980s but have subsequently declined. Often this improvement has been achieved by tightening import controls so that there is still suppressed import demand. It is further thought that the Gulf crisis may have a negative influence on these economies except in Angola.

Exchange rate mechanisms in all the countries are managed through a variety of mechanisms. In the past, there has been a tendency for the currencies to be overvalued, at least in the sense that the official rates exceed those in parallel markets. However, governments have been increasingly aware of the problems stemming from this and in most of the countries policy measures have been

introduced to a more realistic rate of exchange.

There is a wide variation in the size of the external debts of member states. The region's debt, in absolute terms, is not high when compared to that of other developing countries. However, with a debt-service ratio of more than 60% of GDP, it represents a major burden on the economies of the member states.

With this background, strategies for export promotion and import substitution can be outlined. For reasons of convenience and clarity, the two will be dealt with separately. The strategies are being presented in their totality and individual countries would need to look at the state of their economies, and their own priority needs and ability to pick out the strategy relevant for them and outline their own phased plans for application. Everything cannot be done together without negative effects on efficiency, output, and effectiveness.

EXPORT PROMOTION

The objective of export promotion strategies should be to

- (a) achieve a steady increase in export earnings
- (b) widen the export product base both in terms of addition to the range of exportable products and value addition through processing and manufacture

- (c) diversify export markets and reduce dependence on limited export markets especially through growing use of market access afforded by preferential trade arrangements.

The achievement of these objectives requires export promotion strategies to focus on the following five principal action areas.

- (i) Production for export
- (ii) improvements and strengthening of the export infrastructure
- (iii) provision of services needed by the exporters
- (iv) assistance in export marketing to take advantage of potential export markets.
- (v) development of work force with the skills required for export marketing and management.

Production for export has to be the root of any export drive. Without attention to production, no meaningful results will come about from export promotion efforts. A policy judgement would be needed regarding the choice between import dependent export industries and capital intensive or employment oriented export industries. Each country would need to look at its existing and potential export markets and prepare a list of export products emphasizing the development of

domestic resource based and employment oriented export industries. Export production development strategy must also encompass the availability of industrial development infrastructure such as developed land and factory sites, availability of water, power, communications, and land transport.

Considering the limitations on domestic availability of investment resources and know how, it would be necessary to attract foreign investment in export oriented joint ventures. Most of these export oriented industries would also rely on the domestic market, and it may be necessary for governments to consider protection of these infant industries in the domestic market from foreign competition. The economic and industrial development environment and policies would need to be reasonably stable and attractive in order to generate domestic investment and attract foreign investment. Uncertainties about the environment and frequent changes in policies deter investors whereas they are attracted by reasonable stability and motivated through investment protection and incentives.

Strategies for export production development cannot be based on short term fleeting opportunities though these arise sometime in a dynamic and ever changing world. The availing of such opportunities should be left to the initiative and resourcefulness of existing entrepreneurs. Long term strategies for export production development must stress efficient and internationally competitive production and aim to

develop an export mix based on long term competitive advantage. The ability of countries to provide subsidies for exports are severely limited except in the prosperity of the developed countries. Even there, their subsidies have been the subject of international criticism.

Since it makes greater economic sense to promote the development of export industries based on domestic resources and skills with minimal import dependence, strategies for export production development should give preference to

the addition of value to raw materials that are being exported

diversify the product mix

increase the production of traditional exports.

Production strategies will also need to look at means for improving and sustaining the availability of domestic raw materials to local manufacturers and aim to conserve non renewable resources.

Goods produced for the export market, need to be transported efficiently and economically to the export markets. Strategies towards this goal, would require a thorough review of the infrastructure situation. By identifying gaps and shortcomings, programmes could be prepared and undertaken to remove impediments and make improvements so that export goods will have access to efficient transport facilities. Landlocked countries are faced

with an added problem caused by discriminatory sea and air freight rates, and inadequacy of services. The leeway available to small countries in this regard is limited and the removal of disadvantages and discrimination is not easy to obtain. If strategies in this direction could cater to the coming together of the small countries in their dialogue with sea and air transporters, better results are likely to be obtained. It will require cooperation with countries providing access to the sea, in the development of their port and handling facilities.

Movement of export goods can be speeded up, savings in resources obtained, and international competitiveness strengthened, through rationalization and simplification of export documentation and clearance procedures. Running from pillar to post and the time consumed adds to costs and importer dissatisfaction. Strategies need to be aimed at setting this part of the process in order.

When countries venture into the export of new products, they often encounter high freight rates, largely due to a low load factor. Strategies for export transport infrastructure need to look at the possibilities of promotional freight rates for new export products either as part of government initiatives and incentives, or as a continuing exercise in persuasion with transporters until loads are developed through fuller use of export opportunities. Often these pleas and persuasions may fall on deaf ears, but attempts need to be repeatedly made.

Businessmen produce and export goods but their success and competitive performance depends on cooperation and service from many others, including, government authorities, banking institutions, clearing and forwarding agents, transporters and shippers, quality certification agencies, information sources on markets and export opportunities, trade regulations, and trade fairs and expositions. Very few exporting companies can afford in-house facilities for all these purposes. There is the need for exporters to be able to offer competitive credit facilities to their importers. The success of export promotion efforts of any country is largely dependent on the availability and efficiency of such services to the exporters. Then the exporter can concentrate on the production of goods and services for export. It is in this area of services for the exporters that governments have a crucial role to play through the establishment of national focal points for export promotion. The government needs to be charged with the following responsibilities:

(a) Evaluate existing services to the exporter. Identify gaps and inadequacies in the services available concerning technical advice in production, quality control and assurance, credit facilities for production and exports, credit risk insurance, product adaption and development to the needs of the export market, documentation procedures for export, handling and transport of goods, market exposure through participation in trade fairs and exhibitions and most

important, trade and market information. This evaluation will result in the preparation of programmes to improve the quality and quantity of services presently being provided and lead to the establishment of facilities for the provision of services not currently available.

(b) Be able to provide a one point service to the exporters and undertake to perform the crucial role of solving the problems and difficulties faced by exporters, through intervention with concerned agencies and organizations.

(c) To maximize benefits in terms of exports from existing production capability. The government would need to give thought to creating institutional arrangements for linking the producer with exporters and export houses who possess requisite technical and export marketing skills. Not all producers and manufacturers have resources or skills to venture into the export markets although they may be making a product that has prospects in the export marketplace.

(d) To seek the creation of an environment that will motivate the business community to participate in the export market, away from the safety, and near at hand assurance of the domestic market. Businessmen must make profits to stay in business and simple appeals to patriotism may not be enough as a motive

to export. Exports can be less profitable for a company than selling in the home market for the following reasons:

higher quality standards demanded in the export markets

the costs of adapting products and/or packaging to export market requirements

risk of delayed payments or bad debts

higher marketing costs

transport problems including high freight costs

stiffer price competition.

Therefore companies need financial incentives to do what is good for the country, to compensate them for the extra costs, efforts, and risks that are involved in exporting. Governments must try to use financial incentives that make the company's and the country's interests converge. However, governments should be wary of unfair incentives that will lead other governments to claim that its exporters are receiving so much assistance that they can undercut market prices. In particular, the limits on incentives imposed by the General Agreement on Tariffs and Trade (GATT) should be taken in account in dealing with member countries. These financial incentives may be usefully supplemented by psychological incentives in the form of national export performance recognition awards.

Strategies in the area of export marketing would need to be directed towards improving market awareness, market knowledge, and market contacts of the exporter. Then the buyer and seller could be brought together, and achieve bigger marketing opportunities for existing products. These could be obtained through participation in trade fairs and exhibitions and where affordable, through marketing missions. Most countries are not in the fortunate position where buyers come to them, unless they are gifted with monopolistic or oligopolistic products. In the present competitive world, selling is the name of the game. Export marketing thrust is also needed to embody a persistent watch on competitors and their products. Thus our exporters could become aware or be made aware of changes and new trends in the marketplace. Then, our products could be adapted to the changing markets.

Diversification of export products and export markets through continuous market research, dissemination of research, and test marketing is also an important element of export promotion strategy. We are all conscious of the drawbacks of dependence on limited products and limited markets. A diversified range of products and markets enables economies to better absorb the waywardness of the international market and its fluctuations. There is importance in the dissemination of results of market research and test marketing to the business community. It is only through dissemination to possible users, that results

will be reflected in export growth. Disseminations of market information and research results also help to improve the bargaining skills of exporters based upon demand and supplies, competitor behaviour and changes in consumer preference. Diversification of export markets must also be promoted through active promotion and participation in regional or sub-regional initiatives towards economic cooperation, especially with neighbouring countries. This nearness minimizes the disadvantages of trading with distant markets. History has created traditional linkages whose bonds might need to be broken.

Any export promotion strategy must seek to make exporters fully aware of preferential trade arrangements and direct their export efforts first to these markets. The exporters and the country can then derive the full benefits of these arrangements. In international forums, a watch must be kept to prevent erosion of the preferential trade benefits through the development of parallel arrangements. It may not always be possible to prevent parallel arrangements but opportunity can be taken to negotiate compensatory benefits.

It is difficult to be present in all markets all the time. Some beneficial results in market presence could be achieved by export strategy promoting joint marketing ventures, marketing tie ups and buy back arrangements. These could be supplemented by the strategy promoting the transfer of know how and skills from abroad and the development of cooperative arrangements for diversification of the

nation's export base, leading to the export of semi, intermediate goods, sub assemblies, and assemblies. This could also be motivated through special incentives for producers and manufacturers. This is important in the technological and capital limitations of the developing countries.

Meeting the manpower to sustain an export development thrust must form an integral part of the export promotion strategy. The work force needs would be substantial and varied. We must equip ourselves to meet these needs, through a review and evaluation of the projected requirements and availability of trained and skilled workers, training facilities, and extension services for export development. The gaps identified can be plugged by strengthening training facilities, the running of short specialized training programmes, and using overseas training facilities where domestic facilities are not available. Personnel and service policies might require changes in philosophy and approach to make the best use of these scarce people, instead of the waste involved in posting a person trained in export promotion to another department only because he has completed his tenure.

Regional cooperation could promote interchange of services and consultancy in the SADCC region and do away bit by bit with the overdependence on the developed world.

IMPORT SUBSTITUTION

We must acknowledge the limitations imposed on import substitution by the size of domestic markets in SADCC. This requires us to tread carefully and avoid import substitution for substitution's sake. The limited size of domestic demand also highlights the need for regional cooperation and integration as domestic demand in one country may not be enough for a viable project, but it could be so on a sub-regional or regional basis.

Why import substitution? If import substitution can help save a dollar, it is as good as a dollar earned through exports. Foreign exchange is a very scarce resource and we need to do everything possible to conserve this scarce resource, and optimize its use for the development of our countries' economy. In addition, import substitution promotes industrial development, employment, know how and skills, and self-reliance.

An import substitution strategy would arise from a thorough and detailed review of imports. Import substitution possibilities could be identified based on domestic demand size and viable project size as a priority. Imports that are not large enough for substitution and would require a regional debate and cooperation could be a second priority. In such review, due weight would need to be given to

- (i) technology considerations

- (ii) investment requirements
- (iii) capital intensity versus employment creation
- (iv) substitute products for the item imported

In technology considerations, a judgement would need to be taken comparing sophisticated technology with high capital costs and low employment potential, with appropriate technology having lesser capital investment and greater employment. It may be found that user purposes could be served by a cheaper product requiring lesser investment or easily substitutable by an indigenous product.

Import substitution possibilities and needs having thus been identified, the strategy would need a two pronged approach. First there is the need to attract foreign investment and technology where needed. Second, there is the need to create an environment congenial to the development of import substitution industries. This would include information dissemination, project profiles for local investors, incentives and rewards for import substitutions, and tariff adjustments to provide protection to these infant industries from international competition.

Though not easy, an import substitution strategy may need to focus on development of a capital goods industry, which could manufacture goods from indigenous raw materials, instead of their being exported and the goods manufactured

abroad, then imported back. An allied but neglected area of import substitution is the import of parts and components by large industries. The import substitution strategy must motivate these industries to promote the development of local ancillary suppliers. Resistance would be encountered for a variety of reasons, but the strategy must be able to counter this resistance by continuous pressure, dialogue and motivational incentives.

Beyond the confinement of import substitutive industrialization, foreign exchange resources could be conserved and made to go farther. Sourcing of imports could be directed to cheaper sources away from the traditional trade links. Brand name purchasing could be discouraged if the end use requirement were met by a cheaper substitute import product. The ability to do so, would need considerable efforts in collection of necessary information and product knowledge and its analysis, supplemented by the effort to dissuade importers. Perhaps foreign exchange constraints have already forced importers to make these choices or the choices have become unnecessary. Any considerations of strategy for today, tomorrow, and the day after may require us to keep this in mind as foreign exchange constraint is going to be with us for sometime and will not easily go away.

The critical role of realistic foreign exchange rates need to be appreciated in any import substitution strategy. Unreal and artificially managed exchange rates create distortions in favour of importation

against import substitution. Realistic exchange rates, adjusted from time to time in response to economic factors will show the true costs of importation and thereby reflect positively on the viability of import substitution industrial development. Artificially managed exchange rates direct this profitability into the pockets of the importer-trader enabling them to charge excessive margins made possible by scarcity and shortages.

THE DEVELOPMENT OF PRODUCTIVITY IMPROVEMENT PROGRAMMES: THE ETHIOPIAN EXPERIENCE

Iyob Tesfu

INTRODUCTION

The Ethiopian Management Institute (EMI) was established in 1983 by the merger of the Institute of Management Training (IMT) and the National Productivity Centre (NPC). In 1983, IMT was more than 16 years' old. EMI being an amalgamation of two experienced organizations is not as young as it appears.

Its objective is to develop management capability through research, training, and consultancy, and to help all client enterprises in the enhancement of their productivity. Until recently, the primary beneficiaries of its services were public enterprises. In response to government economic reform policy, EMI is drafting a strategy that will cater to the management training and consultancy needs of the private sector.

EMI has research, training, and consultancy directorates in Addis Abba. It also has a

management training centre with adequately equipped lecture rooms, syndicate rooms, dining hall, bedrooms, library etc. at Debre-Zeit. What makes EMI unique among African Management Development Institutes is its Productivity Improvement Centre (PIC). This is located in Addis Abba. The centre conducts training and consultancy in Technical Management and Productivity. Using the facilities of its eight workshops, it also gives courses, for practicing technical personnel on technical skill upgrading.

Besides fulfilling its national objectives, EMI has an ambitious plan for cooperating in activities with similar institutes in the world. It has already started to put the plan into effect. As a member, it is actively participating in various UNEDIL programmes. It is a founding and an active member of AMTIESA. It has closely worked with ADMIS in the Agricultural Management Training for Africa programmes funded by IFAS and ADB. On a bilateral basis, it is exchanging experiences with several ADMIS. It is preparing to conduct

management courses for IGGAD member states. At the international level, it has attended and presented papers at the 5th, 6th, and 7th World Productivity Congresses.

This paper illustrates the methods, procedures, and techniques that EMI has followed in helping its client organizations to plan, and carry out productivity improvement programmes. The results achieved and the impact made are also included.

THE NEED FOR INSTITUTIONALIZING PRODUCTIVITY

Civil services have procedural delays associated with the complexity of their bureaucracy. Big commercial or industrial organizations have similar problems. When the industrial organization and the civil service are the same, the bureaucratic process can be slow and complicated. This is the case in many public enterprises in Ethiopia. This used to be the case in enterprises under the Ministry of Industry.

Normal daily procedures that required transmission through the system were seen to be slow and uncertain. Any innovative idea had to go through the processes of permission and authorization to proceed. With such external, internal, and self-imposed constraints, decision making has never been a strong point. Participants believed that there were many different procedures. These perceptions were held by each level of

management, and often differed between managers at the same level. Those managers were aware that their perception of the rules probably differed from those of their superiors. Therefore, these individuals were reluctant to make innovative decisions for fear of transgressing their superiors' ideas of the rules.

These observations were made when EMI, helped by ILO experts, was attempting to introduce productivity improvement systems into the various enterprises in the country. Improvements that promised greater savings were being "lost" in the bureaucratic system, and their potential benefits with them.

If productivity was to be raised through improvement projects, there had to be a streamlined way through the bureaucracy - a "fast lane" - to decisions and permissions. Thus, the Productivity Improvement Council at the Ministry level and the Productivity Improvement Committees at the Corporations and Enterprise levels became created.

The Productivity Improvement Council

In September 1986, the Ministry of Industry together with EMI established its Productivity Improvement Council. It was the first of its kind in Ethiopia. The PI Council is the main overseeing body for productivity enhancement in the Ministry.

The objective of the Council is:

To contribute measurably to the acceleration of production growth in Ethiopian Industries, and to save foreign exchange by increasing machine and material production activities.

This would be achieved by fulfilment of the following functions:

- (a) Speeding up and facilitating the decision making process on productivity improvement proposals coming from the corporations or factories.
- (b) Providing advice and recommendations on speeding up decisions, productivity measurement, rewarding, improvement implementation etc. to the Ministry
- (c) Allocating of capital budget for approved projects and assessment of major controversial projects.
- (d) Publicizing commendable productivity improvement activities and results with the aim of giving recognition to those who have made the effort and to encourage others to generate more productivity improvement proposals.
- (e) Assisting in the promotion of ideas and techniques of productivity.

The Council members include the Deputy Corporation Managers, Ministry Department

Heads, Share company managers, and EMI representatives. It is chaired by the Vice Minister and has an executive secretary who is a staff member of the Ministry. It meets once a month. Under the PI Council, there are PI committees at the Corporation and at the enterprise levels. The hierarchy is a short linked chain. It is possible for anyone, in factories with PI circles, to transmit ideas or views to the Vice-Minister through the "fast lane" bypassing the usual bureaucracy. For the system to be effective, commitment by all those involved is essential. The results that will be achieved will be the main inspiring force for those involved in the productivity movement. The inspiration will boost and strengthen cooperation.

The PI Committee at the Corporation level

There are ten corporations under the Ministry of Industry. Each corporation has a Productivity Improvement Committee. The Deputy Corporation Manager (Operations) is the chairperson; the corporation department heads, and the factory managers are the members. The committee has an executive secretary and, like the PI Council, it meets once a month. It has similar objectives as the PI Council but its scope is limited to the corporation and the factories under it.

To attain its objective the Committee fulfils the following functions:

- (a) Assists potential PI suggestors in the presentation, application, and evaluation of

their ideas

- (b) Encourages management and workers to identify and carry out improvements
- (c) Expedites financial and administrative decisions that are within its authority.
- (d) Supervises, monitors, directs, and evaluates PI activities of the enterprise and renders the necessary assistance requested by the factory PI Committees.
- (e) Carries out directives or assignments given by the PI Council.
- (f) Promotes and publicizes productivity improvement in the corporation and the factories.
- (g) Evaluates and reports relevant productivity improvement activities to the PI Council

The PI Committee at the Factory Level

The Ministry of Industry directly administers four share companies and indirectly through its ten corporations about 150 factories. Every factory must have a PI Committee that is chaired by the factory manager. Some large enterprises such as Akaki Textile Factory have found it convenient to form subcommittees under the factory PI Committee. The Committee has as members, department and section heads of the factory. It

meets once a month. Though its scope is limited, its objective is similar to that of the PI Council and the PI Committees at the Corporation level. It also has similar functions for achieving its objectives.

Productivity Improvement Circles

Productivity Improvement circles are different from PI Committees. The latter are mainly concerned with the reduction of red tape bureaucracy. They do everything they can to hasten the approval and implementation of viable PI projects or activities. They focus in the area of managing or administering productivity improvement. The former is established to identify problems or opportunities and to pursue them.

A circle is a group of employees who come from similar work areas. They are organized voluntarily and meeting regularly. Their purpose is to identify, analyze, formulate, and carry out problem solving or improvement projects. Such circles are known as Quality circles in some countries (Japan and USA), and PI circles in other countries (Philippines, and Ethiopia). The circles use basic productivity methods and techniques in tackling their work area problems.

EMI has prepared a primer on "PI Circles." Many enterprises use this primer in organizing their PI circles. The primer discusses the objectives, functions, memberships, techniques, and potential productivity improvement areas and other aspects of PI Circles in detail. Based on experience, PI

circles are very much influenced by factors such as culture, way of life, attitudes toward employers, and team work of the society in which they operate. These socio-cultural factors heavily influence their success or failure.

In Ethiopia, PI Circles have been established recently. It is too early to analyze the effect of these socio-cultural factors to the operations and successes or failures of PI circles. More studies in this are required.

HIGHLIGHTS OF EMI PRODUCTIVITY IMPROVEMENT ACTIVITIES

A summary of PI activities that EMI has organized since 1986 in conjunction with its client organizations is presented. The summary includes all the main activities that have directly influenced the productivity improvement movement in the organizations that participated in the programme.

(1) The Demonstration Project

In this project 13 factories from the Ministry of Industry were selected to investigate the validity of a Productivity Improvement Programme in Ethiopia. Based on the qualification criteria set by EMI, each of these factories sent one participant. The participants were given the title of "Productivity Analysts." EMI provided training and consultancy to the Productivity Analysts. These individuals returned to their factories charged with the responsibility to identify PI

projects, make cost benefit analysis and prepare action plans of their project application. Every Productivity Analyst came up with at least one PI project. Within a few months, most of these projects were carried out and the benefits that resulted were impressive. The Demonstration project was the opening chapter of a practical Productivity Improvement Program in the Ministry of Industry.

(2) Productivity Improvement Conferences (1988)

To raise the awareness of top managers to the concepts of productivity, a series of conferences was held in the conference hall of ECA. Each conference lasted four days. Each was conducted by qualified ILO experts, and qualified national experts. One hundred and nine top managers, and 450 middle managers attended the conferences. The primary objectives of the conferences included spreading the concept of productivity and winning top management support for productivity improvement programmes that EMI has planned to conduct.

(3) Productivity Improvement Facilitators Programme (1988/89)

Nine representative factories from the Ministry of Industry were selected. Based on the qualification criteria set by EMI, each factory sent four productivity improvement facilitators. EMI designed and set up a one year training, consultancy, and project implementation program

for the participants. The programme included training, follow up, factory visits, consultancy, project identification and implementation, PI circle establishment and Guided Transmission Training components. By the end of the programme, the following outputs were realized:

- (a) The facilitators had started to act as productivity change agents in their organizations.
- (b) They generated PI projects themselves and helped or encouraged their colleagues to generate PI projects.
- (c) They played important roles in establishing PI circles
- (d) Through GTT they spread the concept and techniques of productivity. They consulted on productivity to their organizations with the assistance of EMI.

(4) Guided Transmission Training (GTT) in Productivity (1988-90)

EMI has developed a training methodology known as guided transmission training designed to quickly and effectively spread management concepts and techniques to thousands of managers and workers. Participants who have the qualities of being good trainers are selected from the enterprises and given intensive training directly by EMI on the core subjects. With the supervision of EMI they become

the Trainers. The participants then returned to their factories. They trained hundreds of their colleagues on the concepts and techniques of productivity improvement. Some enterprises that have carried out GTT successfully are Tseday Paints Factory, Yekatit Paper Converting Factory, Akaki Textile Factory, Addis Tyre, Wonji sugar Factory, Ethiopian Canvas, and Rubber Shoes Factory.

(5) Productivity Measurement Seminar (1990)

By late 1990 EMI and its main client organization - the Ministry of Industry - had agreed that the concept of productivity had been adequately spread. It was now reasonable to start measuring productivity. Productivity measurement would help in assessing enterprise, corporation, and sector performance. It would assist in setting short term and long term productivity goals. Performance evaluation and preparation of plans had been based on production levels only. In future, EMI and the MOI have agreed that emphasis should be placed on both productivity and production. To lay the groundwork for the MOI to commence productivity measurement, EMI has conducted a series of seminars on "Productivity Data

Collection, Analysis, and Measurement." One hundred and fifty managers at different levels have participated in the seminars. Credit needs to be given to those enterprises that started measuring their productivity, either with the assistance of EMI or with EMI materials before this programme.

(6) Productivity Improvement Survey Study

Three years after establishing the PI Council in the MOI, twenty-five factories from the MOI and three farms from the Ministry of State Farms Development (MSFD) were surveyed. This was part of a follow up and sample evaluation of the productivity improvement movement in these two ministries. Some factors outside the control of the enterprises (inadequate supply of raw materials, energy, and spare parts) adversely affected the results. The conclusion was that efforts being made by the managers and workers to improve their productivity were encouraging. The outcome of the study was presented to the PI Council and discussed with members of the Council.

(7) Productivity and Quality Seminar (1990)

EMI occasionally invites prominent international personalities in productivity and other areas of management to be involved in the activities of the institute. Recently Professor J. Ross of Florida Atlantic University conducted a series of seminars to various levels of managers. One seminar was "Productivity and Quality." Twenty-eight plant and enterprise managers attended this three-day seminar at the Debrezeit Management Training Centre. Professor Ross also addressed the PI Council of the MOI and the PI Committee of the MSFD.

(8) Materials Prepared and Papers Presented

EMI has prepared several volumes of materials on productivity. These are used for training, consultancy, and other references by EMI and by its clients. These materials include:

Concepts of Productivity

Primer on Productivity Improvement

Primer on Productivity Improvement Circles

Productivity Measurement for the Industrial Sector

Productivity Measurement for the Agricultural Sector

Problem Solving Techniques

Case studies on Productivity Improvement Projects are also prepared. These cases are used in the training and consultancy activities by EMI. In its biannual periodical "The Manager," EMI ensures that productivity improvement is also promoted. At national and regional workshops or conferences, EMI has presented papers on productivity.

ACHIEVEMENTS

Measuring the impact made by a management

development activity on a client organization is not an easy task. There are many diverse factors besides the assistance provided by a management development institute that affect the performance of an individual, or a group of individuals, or the enterprise as a whole. When comparing the period before the change and after the change has been done, there are two fundamental assumptions that can be considered in estimating the impact.

The first is that if all the other factors affecting performance have remained constant in the periods before and after the change, then the variance of performance could be totally attributed to the change that has taken place because of the intervention by the management development institute. If all or some of these other factors have significantly changed then the results must be adjusted for these factors to find a reasonable estimate of the effect that might have resulted solely due to the change that has been made from the intervention. Reporting the impact without such adjustments only inflates the results of the intervention.

Taking these assumptions into account, assessment of the direct and indirect impact of the Productivity Improvement Movement since 1986 has been tried. The following impacts are recognized:

Red Tape Bureaucracy Reduction

The PI Council in the Ministry of Industry has designed a financial authority directive. It applies

to PI projects for the corporation and share company managers. The directive is intended to hasten the approval and implementation of PI projects. The directive states that

A corporation or a share company manager could approve funds of up to 100,000 birr per year for a single project and up to 500,000 birr per year for a total of five or more PI projects.

It is only when the funds required per year for a single project is above 100,000 birr or the funds required per year for all PI projects per corporation is above 500,000 birr that the corporation manager seek support and approval from the PI Council and the Ministry of Industry. Based on the responses from many employees in the corporations and factories, this directive has reduced the red tape bureaucracy that was impeding productivity improvement movement.

Motivation and Competition

The question of motivation is not an issue that the PI Council can solve alone. In developing countries motivation is a complicated problem. Designing a motivation scheme to be applied uniformly in more than 150 enterprises in a developing country is a very difficult task. By designing a suggestion scheme the PI Council has attempted to carry out such a task. The scheme materially rewards and gives recognition to managers and workers, in an enterprise, who suggest and carry out ideas that

improve productivity. For meritorious individuals, or groups, the scheme gives authority to the corporations to reward up to 10,000 birr per project.

This approach is based on a similar program operating in Ethiopian Airlines. It has all the details necessary for managing improvement suggestions. The PI Council drafted and completed the approach after getting approval from higher authority, and has given the green light for corporations and factories to do it. In raising a sense of competition among organizations, the PI Council is working on a package that will be used for Interfirm and Intercorporation performance evaluation. The criteria for comparison will be first identified and weighted. Methods on how to go about measuring or quantifying each criterion will be described. Based on the performance of each criterion that has been agreed upon, each factory and each corporation will be scored. The score will be used to decide the winners of the Interfirm and Intercorporation annual competitions. The winners will be given recognition and will be presented with awards.

The PI Council has started working on two factors, motivation and competition, which markedly affect productivity. It is important to note that there is still much to be desired in raising corporate and enterprise productivity through these two factors.

SPREADING THE CONCEPT OF PRODUCTIVITY

Together with EMI, the PI Council has played an important role in spreading the concept of productivity at all levels -Ministry, Corporations, and factories, - of its organizations. Training programmes, promotion materials, and communication techniques have been successfully used. Similar activities have also been started with the Ministry of State Farms Development. The PI Committee of the Agricultural Equipment and Technical Services Corporation (AETSC) which was established recently has already started to play its role in this area.

ORGANIZATIONAL ESTABLISHMENT

One achievement of the productivity improvement movement is the institutionalization of productivity. In the industrial sector, a PI Council was established at the Ministry level. All ten corporations now have PI Committees. Sixty percent of the factories under the Ministry of Industry have a PI Committee and sub-committees. The number of PI circles that are functioning in factories with PI committees and sub-committees is estimated to be about 150. In the agricultural sector, the AETSC of the Ministry of State Farms Development has started institutionalizing productivity. AETSC has already established a PI Main Committee and six PI Committees. Its plan is to establish 10 PI sub-committees and 46 PI circles. It is the expectation of EMI that the

productivity improvement movement in the AETSC will be emulated by other organizations in the agricultural sector.

PRODUCTIVITY IMPROVEMENT PROJECTS

Many productivity improvement ideas have been suggested since 1986 in the Ministry of Industry. Many of these ideas have been presented as projects. Data collection and evaluation of PI projects that have been done and those that are to be carried out in the future are being undertaken. Since the data that is being collected includes the cost, gross benefit, and the net benefit of each project by the end of the data collection and analysis exercise, it would be possible to report benefits or impacts of the PI projects. For the moment, only the following conclusions could be made:

Production Growth Foreign exchange shortage was an acute problem especially in the last two years of the 1986-1990 period. Factories were not operated at full capacities because of raw material, spare parts, energy, and other essential input shortages. Therefore, the benefits of increased productivity such as down time reduction due to preventive maintenance were not used to increase production. Effort made to increase production through increased productivity has remained the only potential benefit due to constraints such as raw material shortage. The potential increase in production is estimated to be above eight million birr. Many factories or enterprises have focused

more toward decreasing input than increasing output to increase productivity.

Savings From the factories that have been surveyed by EMI or visited by groups from the PI Council, more than 50 PI projects have already been implemented. The material benefits of these projects may be roughly estimated as:

recurring net benefit per year in local currency

more than 2,000,000 birr

recurring net benefit per year in foreign exchange

more than 3,000,000 birr

one time benefit in local currency

about 1,000,000 birr

one time benefit in foreign exchange

more than 1,000,000 birr

In addition, most of the projects have also yielded many unquantified benefits such as:

- *safe and comfortable workplace*
- *improved working conditions*
- *decreased fire hazards and accidents*
- *increased understanding and cooperation between managers at all levels and workers*
- *better communication and exchange of ideas among employees of the different organizations.*

THE DEVELOPMENT OF PRODUCTIVITY IMPROVEMENT PROGRAMMES: IN SADCC MEMBER STATES: PROCESSES AND STRATEGIES FOR THE FUTURE

Charles Cambridge

INTRODUCTION

There is an economic crisis affecting the member countries of SADCC. The potential consequences of this crisis are enormous. It is felt that productivity improvement is a viable strategy for addressing these issues. How can the SADCC countries proceed in the development of productivity improvement programmes?

This paper seeks to provide a series of strategies that may help in arresting the economic decline among SADCC member states. Conceivably, this will enhance economic growth and development. The first issue that has to be addressed is productivity for what, and productivity for whom?

This is productivity for regional development at the level of the SADCC region. It implies that member states can derive considerable benefit from a

regional approach to productivity improvement. The productivity improvement programmes become a central feature of the activities of the SADCC secretariat. The regional focus on productivity improvement constitutes the strategy. Similar approaches have been effectively employed in other parts of the globe. They recognize that education and technological economies of scale are best achieved from a regional approach. One example is the role played by the Asian Productivity Organization (APO) in contributing to the economic miracle in the Far East including Hong Kong, Singapore, South Korea, Japan, and Thailand. The APO has served as a productivity clearing house for productivity research and outreach for member states. It serves as the nucleus from which national productivity institutes derives support and technical backstopping. The regional approach to productivity improvement is one plausible way that member states of SADCC can embark upon the

task of introducing productivity consciousness to the Southern African region.

Productivity improvement from a regional perspective is an important prerequisite for national productivity improvement. The regional approach provides member states with the empirical research findings necessary in developing country productivity strategies. It also provides a forum for member states to compare and contrast those programmes and strategies that appear to have a positive influence on productivity improvement. The regional approach does not supplant national productivity improvement programmes and strategies. Instead, the regional approach implies that certain productivity improvement programmes are best addressed regionally. Other programmes are more effectively addressed at the national level. The essential issue is the direction for productivity improvement in SADCC.

In this regional perspective, basic research is undertaken by SADCC to learn what are the factors that hinder or help productivity improvement in the Southern African region. This approach will require national experts from member states to come together. They will develop the methodology that will be used within each country. Once the research is conducted within each SADCC member state, a comprehensive report will be prepared. It will identify the similarities and dissimilarities among the factors affecting productivity improvement in the region. Member states can identify which programmes are necessary at the

SADCC Productivity Organization (SPO) and which programmes are required at the individual National Productivity Organization (NPO).

THE SADCC PRODUCTIVITY ORGANIZATION

The first strategic element for productivity among SADCC member states is the creation of an SPO. This organization would undertake several different and key functions for the region.

It would establish a forum for policy makers and policy implementers among the SADCC member states. The members would meet on an annual basis to discuss the means of ensuring that international competitiveness of the outputs emanating from the region. They would share emerging trends in management and organizations and human resources to ensure the competitiveness of organizations and national economies in the region. The organization would assemble a team of experts in all areas of productivity improvement. This team will be available to member states to provide technical assistance in the area of productivity improvement.

The SPO would undertake basic productivity research to identify the specific factors that influence productivity improvement in the SADCC region. It would also serve as a clearing house for new productivity improvement techniques developed in other parts of the world. The

organization would encourage the adaption of those techniques to the economic and cultural environment of the region. It would help in developing guidelines and strategies for productivity improvement into the 21st century. It would also serve as a link and liaison with other regional productivity organizations around the globe.

The SADCC Productivity Organization's role will be similar to the role played by the Asian Productivity Organization and the European Productivity Agency. With the development of the SADCC Productivity Organization, there will be the need for national productivity drives within each of the SADCC member states. It will become increasingly critical for productivity consciousness to become firmly inculcated in the minds of the citizens in the Southern African region. To achieve this, the role of human resources development must be elevated to the highest priority of national development planning. The bottom line in productivity improvement is creating the social and physical infrastructure that allows the human potential to flourish. The recent World Bank Study on Sub-Saharan Africa (From Crisis to Sustainable Growth) underscores the significance of the human dimension to the solution of the economic problems impacting on Africa. Productivity is an attitude of mind. It is ensuring that human beings are the centres of national development.

NATIONAL PRODUCTIVITY CENTRES

The second strategic element that should be addressed to improve productivity is the creation of the need to establish a national productivity centre in each country. This is where the SPO can start to contribute significantly. Neither of these steps will be successful unless policy makers and policy implementers within the region are convinced of the importance of productivity to national and regional development. It is particularly critical that the political directorates in each of the member states of SADCC become stakeholders in the productivity improvement approach.

To accomplish this, a series of Strategic Productivity Planning Retreats should be held in each of the member states for the political and administrative leadership. These strategic retreats will ensure that the political and administrative leadership is aware and convinced of the strategic role of productivity improvement to national development. There is a logical way, via the national productivity drive and the national productivity centre to cause sustained economic growth, balance of payments equilibrium, relative price stability, and high levels of employment in their respective countries.

The strategy for the retreats should include the following steps:

A retreat proposal is prepared and submitted to the political and administrative leadership of each member state.

The proposal requests the attendance of the political leadership and the administrative leadership to attend a three-day retreat, away from the capital, to participate in the Strategic Productivity Planning exercise.

At the retreat, the participants are taken through a discussion of the trends in productivity improvement including the role played by regional and national productivity organizations. Examples of how other regional and national productivity organizations have addressed the productivity problems are shared with the participants.

The participants are asked to visualize what their countries would look like when the regional and national productivity consciousness is in place between the workers and citizens.

They are asked to identify the constraints and blocks to the vision of productivity in their country and the sources of those impediments.

The leaders are asked to identify the productivity application actions that should be brought to bear to remove the blocks and

constraints to achieve the productivity vision.

The participants are asked to identify the rough contours of their national productivity drive. This would include the time line and the division of responsibilities needed to achieve the productivity consciousness. At this time reference can be made to the role and function of a national productivity centre in the development plan.

The role and function of this element are to ensure that the decision makers are convinced of the necessity of the productivity improvement strategy. It is only after they are convinced of the role of productivity to national development that they will see the utility of the regional productivity approach. This element would be helped by representatives of IDM and members of the country's task force on productivity.

These first two elements speak to the importance of the regional and national approaches to productivity improvement. Each element is crucial to productivity improvement in the SADCC region. There are other elements that will emerge once the SADCC Productivity Organization and the National Productivity Centres are in place and operational.

HUMAN RESOURCE STRATEGIES

National development planning will be directed towards human resource development. National training plans and national manpower plans will be elevated to more prominent roles. They may conceivably serve as the basis for project development from bilateral and multilateral aid agencies.

At the level of the organization, productivity improvement in the SADCC region will take many forms. The National Productivity Centres will help organization in developing productivity improvement programmes. With the participation from the SADCC Productivity Organization, National Productivity Centres can help local organizations with the application of programmes that have worked in other SADCC countries. The National Productivity Centres can organize and mount national productivity week activities on an annual basis. Organizations in the country can display their productivity accomplishments. Annual productivity awards will be given to those organizations and individuals that best exemplifies the spirit and practice of productivity. The winners of these awards at the national level could then compete at the regional level. With the arrival of the productivity consciousness in the SADCC region, organizations and individuals in the world of work will be continuously trying to improve organizational and individual productivity, all with

the view towards national building.

Productivity improvement in the SADCC region has several advantages to organizations and the nation. The most important advantage is the scope it provides for labour management cooperation. Once the parties are brought together to look at how productivity can be advanced in the country and the region, there will be discernable decrease in industrial disputes and unrest. It will be possible to bring together both parties to discuss the ways of fostering cooperation in the workplace to enhance productivity, first at the level of the nation, and later at the level of the region. Adversarial industrial relations could be replaced by cooperative industrial relations.

Unions are brought into the framework of productivity improvement via the involvement of trade union officials in productivity planning and policy making bodies. The National Productivity Centres in the SADCC region could be governed by National Productivity Boards comprising employer representatives, union representatives and government representatives. A trend could emerge where union leaders at the workplace become an extra level of supervision constantly encouraging union members to improve productivity.

With the productivity improvement programme in place, member states of the SADCC region should begin to see another important benefit. This relates to the political risk. Calculations of political risk

dominate the investment decisions of multinational corporations and other foreign investors in committing investment funds into a region or country. Foremost in the calculation of political risk is the nature of the industrial relations. Where adversarial relationships exist in industrial relations, a high political risk becomes associated with the region or country. Where cooperative relationships exist, a low political risk is identified. The new industrial relations that follow the productivity improvement strategy will lead to a greater degree of foreign investment and the introduction of new technologies necessary in developing SADCC. This productivity consciousness and the various productivity improvement programmes are the key element in ensuring that the logic of industrialization is allowed to evolve naturally in the region.

PRODUCTIVITY OUTREACH PROGRAMMES

Another element of strategy for improving productivity among member states in the SADCC region relates to productivity outreach programmes. Besides productivity improvement at the regional, national, and organizational levels, there is a need for productivity improvement at the individual level. This is where productivity outreach programmes play a crucial role. Productivity outreach programmes are fashioned by regional and national product productivity centres. These programmes impress upon

individuals the importance of a productivity state of mind. Productivity outreach programmes are best understood from the socio-cultural development of the nation and the region.

The programmes involve introducing productivity awareness subjects such as enterprise education in to the curriculum of education institutions. It involves ensuring that civic responsibility is firmly rooted into the hearts and minds of the citizenry. It involves the National Productivity Centre working with cultural organizations in the development of programmes that underscore the role and significance of productivity to nation building. Out of these efforts emerges a productivity motto that subconsciously motivates the citizens to work more productively for nation building. A productivity mascot is also used to remind the citizens of the importance of productivity to the ongoing well being of the nation. The productivity jingle is deployed to whip up the enthusiasm that is required to generate and sustain the productivity consciousness needed for organizational and institutional development.

The productivity mascot of the nation of Singapore is the bee. At different times during the day, during television broadcasts, the productivity mascot comes onto the television screens with the accompanying jingle "*come on Singapore, let us be busy as the bee for Singapore.*" Public service commercials developed at the National Productivity Centre of Singapore are broadcast where children are shown throwing candy

wrappers into garbage disposal containers and all with the view to ensuring that productivity is seen as a state of mind. The net effect of the productivity motto, mascot, and jingle is that all Singaporeans, from the child to the adult are fully aware of the necessity of productivity to national development. During the last economic recession in Singapore in 1985, the National Trade Union Federation openly agreed to forego wage increases because of the effect such increases would have on the economy of the country.

Once the productivity consciousness is in place among the citizens of member countries of SADCC, one will see similar responses by the average citizen, where civic pride will be enhanced and a commitment to nation building will be as normal as the commitment one has to family.

NATIONAL PRODUCTIVITY CONFERENCES

Productivity consciousness as a strategic factor in national development will only be sustained over time if all of the social institutions in the SADCC member states are involved. There has to be a role for each social institution in the society concerning the new productivity consciousness. The religious, educational, and cultural institutions have to be integrated into the national productivity drive. Women's groups and other interest groups will be brought into the productivity drive through the strategy of a National Productivity Conference.

This conference should be held after the Strategic Productivity Planning Retreat.

The purpose of the National Productivity Conference is to bring the representatives of all the social institutions together to look at the ways of launching the National Productivity Drive. Before the conference, papers should be commissioned from each of the social institutions and interest groups. At the end of the conference, a National Productivity Task Force should be elected. It has the responsibility of taking testimony from all sectors in the nation concerning the road ahead for productivity improvement in the country. During the year that the task force is conducting its deliberations, the competitions for the mascot, motto, and jingle should be held. The results of these competitions could coincide with the submission of the final report of the task force to the government of the nation. The report of the task force would form the action plan for the productivity drive and the productivity centre. In all these elements, the SADCC Productivity Organization could provide the technical backstopping that the country task force might need to advance the preparation of the report.

SUMMARY

This discussion has attempted to provide some strategic elements for the improvement of productivity among member states in the SADCC region. The thesis of this paper is that productivity

is the key element in the sustained economic growth of the region. The paper has argued that member countries of SADCC should note how other regions of the globe have advanced the economic development of their member countries by utilization of the productivity improvement strategy.

This paper urges the leadership of the member states of SADCC to adopt this tried and proven strategy. Where this strategy has been adopted, great gains have accrued to the nation states. To meet the challenges of a united Europe, a rapidly developing Pacific Basin, and a shift in the direction of foreign aid from Africa to Eastern Europe, it is incumbent upon the leadership of the member states of SADCC to take the step towards adopting productivity improvement as a strategic factor in regional and national development.

With this strategy in place, SADCC can achieve the level of prosperity that is possible for an area with the natural resources present here. The only variable that prevents this region from bursting forth into prosperity is the human dimension. This is where the productivity imperative comes into sharp focus. There is a time in the life of every nation when bold, new directions have to be embarked upon in order for economic growth to take place. Now is the time for member states of SADCC to take this step through productivity improvement.

The wheel of productivity does not require

reinvention. It has already been shown to work in other parts of the world. All that is needed is for it to be adapted to the socio-cultural terrain that is Southern Africa. Everyone is challenged to do something about this productivity imperative. The work of improving productivity is only beginning. It cannot stop here. There is a region to build and the foundation is productivity improvement. It is time to rise to the task, united as SADCC with the firm knowledge that this thing called productivity can work, must work, and will work.

**KNOWLEDGE
ISSUES**

PRODUCTIVITY AS A MAJOR INSTRUMENT FOR ECONOMIC GROWTH: MANAGEMENT OF INDUSTRIAL DEVELOPMENT

Harry Nengwekhulu

INTRODUCTION

For most of the history of human evolution and development, the central and crucial problem has been the struggle for survival and reproduction. It is this problem of the survival, the need for food, shelter, and clothing which lies at the bottom of all economic activities. Central to all economic activities has been the desire to increase production to improve economic growth. It is this phenomenon of economic growth that underlines the field of economic development.

What are the crucial factors that stimulate and sustain economic growth? How do we explain the exceptionally rapid rates of growth reported by certain countries during the past century? Why is it that during the same period, other countries, especially in Africa, Asia, and Latin America have not shown growth, but rather some stagnation and even economic decay?

These questions lie at the heart of a proper understanding and appreciation of the process of economic growth and development. The questions have critical meaning for developing countries.

The diverse and skewed pattern of economic growth and development experienced in Africa was and still is the product of many factors, historical, cultural, political, and geographic. It is here perhaps, more than anywhere else in the field of economics that we find a divergence of views, opinions, and theories. To some, the underlying factors and circumstances central to the economic growth were size, quality, organization, productiveness, industriousness, availability of natural resources, stable and manageable populations, thrift, entrepreneurial spirit, and the logic of market forces. The general assumption underlying this kind of thinking is that the developing countries will evolve to the stage reached by the developed countries when these underlying factors are present or dominant. This Eurocentric notion of the factors of economic

growth and development dominated development thinking for decades.

These theories of economic growth and development rarely appreciate the fact that such developing countries are not developing because of historical conditions imposed on them, such as colonial underdevelopment and exploitation. This phenomenon to a large extent, distorted the economics of developing a socio-political system for undeveloped countries. Manifestations include the absence of any thoroughgoing industrialization, poorly developed physical infrastructures, political instabilities, social stuntedness, rampant poverty, the spectre of diseases, and high mortality rates. Under these conditions, sustained economic growth and "normal" industrialization was impossible. Underdevelopment has also expressed itself through the absence of trained industrial management, industrial managerial inefficiency, diffidence, corruption, naked nepotism, and low productivity.

We must not neglect historical conditions in any analysis of productivity economic growth. The management of industrial development for developing countries like those of SADCC are conditioned by their colonial history. Any strategy to improve productivity, to stimulate and sustain economic growth, must be devised against the background of this historical reality.

THE FORMULATION OF INDUSTRIAL DEVELOPMENT POLICY

The importance of a sustained and vigorous industrial growth is accepted in the SADCC region. The region is characterized by the absence of any major industrial growth. The little industrialization there is largely variegated and sluggish. The industrial sector displays the narrowness characteristics of all underdeveloped countries.

The Nature of the Manufacturing Sector

The main weakness of the industrial sector in the SADCC region is the absence of any real manufacturing. Existing manufacturing has two main weaknesses:

- (a) it is largely concerned with assembling finished import components. The local value-added is very small
- (b) it is largely involved in manufacturing consumer and intermediate goods.

The necessary capital sector essential for a strong industrial sector is almost nonexistent. The intermediate goods largely consist of items such as building materials, wood products, cement products etc.

The largest portion of consumer goods consists of items such as food stuffs, tobacco, beverages, etc. There is an appreciable bias in favour of luxury consumer goods needed by the small but growing elite. This bias is largely an inheritance from the colonial period, during which, most of the luxury consumer goods were imported from Europe for consumption. It is this sector producing luxury goods, which has shown a relatively remarkable growth in most of the SADCC countries.

However, the sector contains serious and fundamental weaknesses. This is clearly illustrated by SADCC's share of manufacturing value added in GDP. SADCC's 12% share of manufacturing value added in GDP in 1980 was above the 8% average for Sub-Sahara Africa and the 10% for low income countries, but below the 23% for middle income oil importing countries. SADCC's manufacturing value added of about 3.1 billion USA dollars in 1980 was about one sixth that of South Africa.

This low performance of the manufacturing sector is in sharp contrast to the diverse and rich resources available in the region. Given an appreciably large population and a large geographical area, the region's struggle for rapid and sustained industrialization should normally be an easy one. Instead, the struggle for rapid and thorough industrialization has not shown any marked improvement. The 1990 SADCC Report states:

The poor performance of the industry and trade

sector in most of the SADCC countries that set in from the late 1970's has not generally shown marked improvement. There is still considerable capacity underutilization in most of the existing manufacturing firms...

In almost all the SADCC countries, the share of industrial output in total GDP has not increased.

SADCC member states are conspicuously dissimilar in terms of the size level of development and potential for development and growth of the manufacturing sector. Zambia and Zimbabwe are the most industrialized of the SADCC region. In 1981, they contributed two-thirds of the regional manufacturing value added. The remaining SADCC countries contributed the remainder, despite having 60% of the regions' GDP. In 1981, Zambia and Zimbabwe with Malawi, contributed about 82% of the regional manufacturing value added.

A conspicuous feature is the absence of any real diversification of production. Africa and third world manufacturing are largely geared toward consumer goods and a limited range of intermediate goods. Some heavy industry subsectors are found in Zambia and Zimbabwe. Zimbabwe has the most diversified manufacturing sector in the SADCC region. This ranges from light industry to heavy industry, and consumer goods sector. Zimbabwe's capital goods sector is largely geared towards the domestic market with limited exports of manufacturing goods in the region.

There are signs that manufactured goods to the region are growing. Manufacturing in Botswana, Lesotho, Swaziland, Angola, and Mozambique is very low. In 1981, these countries contributed about 4% of the regional manufacturing value added. Of these countries, Botswana has in recent years shown a moderate growth in the manufacturing sector.

The Botswana Meat Commission contributes almost half the manufacturing production in Botswana. In 1977-1978, manufacturing value added fell from P25.3 million, to P24.4 million reflecting the decline in the Meat commission's contribution. This was caused by the outbreak of foot and mouth disease that reduced the meat commission's throughput by 50%. Botswana's manufacturing sector consists of roughly 12 subsectors, all goods industries. This is typical of the nature of the manufacturing sector in the entire SADCC region. Thus, the process of industrialization in the SADCC region is not only slow but it is also highly distorted.

These problems have been further compounded by the contradictions between national policies and SADCC policies. These contradictions emanate largely from the nature of SADCC. SADCC sees itself as a loose cooperative agency with high regard and respect for national sovereignty of the member states. This has led to a situation of uncoordinated economic policy-making while giving national economic policies superiority over

regional policies. Non-economic factors such as political interests have also added to the complications regarding decision-making and policy formulation in SADCC.

Two other factors have also contributed to the failure. The first relates to planning and the second to application. Planning for industrialization was largely based on the doctrine of import-substitution industrialization. This meant inheriting colonial market forces whose parameters were consumer goods, production and importation of industrial components from abroad. These shaped policy making regarding which manufacturing industries should be established. Secondly, policy application has been influenced by the colonial sets of institutions that have, directly and indirectly, tended to guarantee that the inherited market forces do influence the actual investment decision and patterns of investment. A conspiracy of these factors has guaranteed that the rate of industrialization remains slow and the manufacturing sector displays a distorted outlook.

AN INDUSTRIAL DEVELOPMENT POLICY FOR SADCC

SADCC's industrial development policy is based on the premise that:

"National policies will address macro-economic requirements, including flexible exchange rates,

tariff-based industrial protection, anti-inflationary measures, stable tax structures, structural reform, particularly in agriculture, and ensure freedom from arbitrary government intervention.

Its industrial development strategy is stated thus:

The regional strategy will seek to improve access to markets and essential inputs, as well as foster increased investment development, and technology transfer. Specific strategies include:

- export production focussing on specialized market 'niches' with attention to product anality

- linkages with domestic resource-bases, especially agriculture

- efficient import-substitution mainly in the intermediate and capital goods sectors

- investment climate improvement including investment codes and incentives, and a stable tax environment

- facilitation of expatriate dependence through regional human resource development

- industrial support services

- regional cooperation to exploit economies of scale, equitable distribution of industrial activity and increased intra-regional trade

flexible market-oriented exchange rates.

These are indeed laudable objectives. Effective application can lead to a vigorous industrial mini-revolution in Southern Africa. But their effective application during industrialization will need clear articulation and well-defined industrialization policies.

The policy of import-substitution industrialization must recognize that, policies in the SADCC member states have largely been based on establishing industries to manufacture goods primarily to supply and satisfy the demands of the elites in these countries. This tendency is likely to perpetuate and reproduce a regional economy geared towards the production of these needs. This will distort the industrialization process. The technologies required for such industries will be largely last stage assembly and processing of imported parts rather than manufacturing industries. This may hinder and stifle local production. In a distorted industrial market, any attempts by SADCC to set up manufacturing projects to substitute locally for imported products will actually lead to the perpetuation of the dependency syndrome.

The proper starting point for a strategy for industrialization is the recognition of the underdeveloped nature of the SADCC region and the continuing domination of the region by the western industrialized countries. This is an unpleasant economic reality for SADCC depends

for most of its development projects on aid from western countries. But it is a reality that cannot be thought away if SADCC is to develop a realistic and viable industrial strategy.

The second important aspect that must be considered is the need for a fundamental institutional change. This must entail the restructuring of the entire state machinery of the member states to make them responsive to industrial development needs. This restructuring will entail altering the entire process of decision-making. Decision-making must be the responsibility of those who are involved directly in the process of industrial development. As long as industrial development plans remain highly bureaucratized, the process of industrialization is likely to be dictated by bureaucratic interests rather than development.

Thirdly, the formulation of industrial policy by SADCC must seek to commit member states to link manufacturing with local resources. To date, manufacturing in the SADCC region has largely been dependent upon imported manufacturing inputs. This is due to the lack of linkages between and among the four main sectors of the economy, agriculture, commerce, manufacturing, and mining. What is manufactured is not provided by the local agricultural industry. Inputs used by agriculture are not manufactured domestically. The commercial sector sells what has been manufactured outside. The same logic applies to the mining industry. The economies of SADCC are

export-oriented. As long as the sectors remain delinked, the struggle for rapid industrialization will remain a distant mirage.

Fourthly, the formulation of an industrial policy will need to address the adhoc character of SADCC. The struggle for industrialization will not be won by an organization that operates on an informal basis. This is especially so if SADCC attempts to industrialize under the shadow of imperialism and an international economic system biased in favour of the industrialized countries. A viable industrial strategy for SADCC will require the mandatory adoption of SADCC policies by member states.

There is also the problem of low productivity in the SADCC countries. If economic growth and industrialization are to take place, productivity must increase. At the root of any sustained economic growth are higher levels of productivity. Without raising productivity, the struggle to develop will be a hopeless one.

INCREASED INDUSTRIAL PRODUCTIVITY THROUGH CAPITAL AND TECHNOLOGY INVESTMENT

Visible and sustainable industrialization requires technology. This means the systematic and conscious application of scientific knowledge to

practical tasks. The development of society depends on the nature and level of development of technology. This is more evident in the industrial sector, especially the manufacturing sector. It is here that the application of scientific knowledge in the production process is imperative. There are certain fundamental factors necessary for the acquisition, development, and advancement of technology.

First, the development and advancement of technology require specialized personnel. Scientific and organized knowledge can only be successfully used by those who possess it. Without this specialized knowledge, the planning designing, and application of technology becomes impossible to undertake.

Second, the development, advancement, and application of technology require capital investment. The more advanced the technology, the greater will be the requirement. These are problems that SADCC will continue to face. The successful application of the SADCC industrial strategy will require massive capital investments, in equipment, specialized human resources, research, etc. The current dependence on imported technology is no solution. Technology is not easily transferable because of its cultural bias. Technology is not value-free. The nature, content, and applicability of technology are decided largely by the natural cultural history specific to a particular society. It is therefore imperative that SADCC must begin to invest in appropriate

technology to increase the productivity of its economic sectors.

INDUSTRIAL RELATIONS, EDUCATION AND TRAINING, AND LABOUR PRODUCTIVITY

If technology requires specialized knowledge, then education and training become essential imperatives. For SADCC, education and training are crucial factors. Education and training must include among others:

- (a) general education to make the mass of the population literate
- (b) higher education to provide advanced education
- (c) training to provide skills necessary to develop and advance technology. This training should include technical and managerial training. The provision of education and training requires huge capital investment. There has been some reluctance by SADCC member states to invest more in higher education and training.

If SADCC wants to increase productivity, member states must change their funding policies and increase investments in education and training such as:

- (a) developing the size and nature of educational and training institutions
- (b) the remuneration for teachers, lecturers, and trainers.

Productivity depends on quality labour. The types of training necessary should take the following forms:

- (a) technical training designed to improve the skills of personnel
- (b) supervisory and managerial training.

The need for supervisory and managerial training cannot be over emphasized. One of the major problems facing SADCC countries is the shortage of professional supervisors and managers. This can be partially attributed to educational and training policies that have been biased in favour of technical education and training. The assumption was that anybody could become a supervisor or manager. This is reflected in the funding of educational and training programmes. At universities and other institutions, governments have tended to favour technical and quantitative programs such as science, economics, statistics, and accounting, while neglecting programmes such as psychology, sociology, etc. The assumption was that since production is technical, it required technical and quantitative education and training to expand:

This view has led to catastrophic results in the

SADCC region. Africa, Asia, and Latin America are littered with mismanaged costly development projects. SADCC needs to move away from this notion and embark on sustained managerial and supervisory training programmes. Currently, training policies and strategies in the SADCC region are still biased in favour of technical training. To handle technology, it is imperative that people are properly trained, but advanced technology and technical training alone cannot increase productivity or stimulate industrial development.

Productivity will only be increased if people are technically trained and when their supervisory and management skills are improved. Training must also percolate down to the lowest worker within an organization if productivity is to be increased. This will require massive investments in building training institutions in the SADCC countries. Up to now, most of the SADCC states have been reluctant toward investing in training. The result has been high dependence on donor funding for training. What should be appreciated is that productivity like quality, has to be paid for and does not come cheaply.

INDUSTRIAL RELATIONS AND LABOUR PRODUCTIVITY

An important element of productivity is labour productivity. Labour productivity depends on healthy industrial relations. The development of

industrialism in the SADCC countries has included a management system characterized by hierarchical and rigid control over industrial work. The assumption has been that industrialism and managerialism are like Siamese twins, they cannot be separated without the risk of killing one or the other. Therefore, most textbooks on industrial production focus solely on managerial styles of administration. Very little attention is paid to other alternative "managerial" systems. But rigid hierarchical managerial systems of industrial production have not always increased productivity. What sort of alternative management system within an organization could contribute to increased productivity and industrial development for the SADCC countries?

The most conceivable alternatives were variously called co-determination, industrial democracy, cooperative decision making etc.. This mode involves the cooperation of workers through their representatives in deciding the administration of the organization. As the Norwegian Information Service puts it:

Industrial democracy is constituted by an interplay between contractual rights obtained by negotiations between the parties in working life --- the regulations of working the working environment act concerning working environment committees and the proper organization of work etc... the employees right to be in job-shaping and organization of work. --- Industrial democracy can be regarded as a logical extension of representative

democracy found in the democratically elected political bodies and in many important organizations --- Industrial democracy can also be justified on the grounds of utility and good economy by giving employees a voice and influence in the decision making process. The whole enterprise can benefit from their insight and experience and motivation for work and for participating in the solution of problems at the work place.

Although industrial democracy is not a form of worker's control of the organization, it can still be used as an instrument for increasing labour productivity. It does give workers some form of participation in the organization's decision-making process. Studies of industrial democracy in some Israeli industrial enterprises have shown that:

In the cooperative industrial enterprise, final authority over basic decisions-products, capital investments, number of works - is rested in the general body of various parties in the enterprise and in the cooperative community as a whole.

Responsibility for organizing application of basic decisions is the task of democratically elected enterprise administrators who are required to report regularly to the general body and to justify their decisions and proposals. Because of cooperative control, the workers in these enterprises tend to have interest and concern about technical conditions of work that is rare in the managerially controlled enterprise. (Melman, 1973).

It may be useful for SADCC countries to experiment with a different system of industrial democracy. This type of system has been proven to be a great motivator in countries where it has been introduced.

The idea is that the more involved people in the challenges of production, the more productive they will be. A supervisor does not tell workers what to do nor ask them to do it; rather the supervisor gets them to participate. Then they become caught up with being more productive by their own involvement. (Blake and Mouton 1982).

If properly designed and introduced, the system of industrial democracy may go a long way towards increasing productivity and accelerating economic growth and industrial development and expansion.

None of this is to suggest that industrial democracy will be a panacea for productivity and industrial growth. Rather, it may go a long way in helping workers to increase productivity. In countries such as Israel (Kibbutz), Sweden, Norway, Denmark, and in Japan, indications are that labour productivity has increased. It may be difficult in the SADCC countries to introduce industrial democracy because the dominant notion is that management of an enterprise is the responsibility of management.

TRADE UNIONISM AS AN INSTRUMENT FOR PRODUCTIVITY AND INDUSTRIAL GROWTH

The question of the nature and impact of trade unionism on productivity and industrial growth has been a controversial one ever since the emergence of trade unionism.

For more than a century and half, economists have debated the effects of combinations of workmen; or collective bargaining, on the efficiency of business enterprises. The literature is replete with conflicting appraisals of the impact of work stoppages, work rules, regulation of machinery, apprenticeship, and training employee efficiency and managerial decision (Bok and Dunlop, 1970)

Recent quantitative studies of productivity in organized and unorganized establishments and sectors offer new insights into what unions do to productivity and industrial growth. These studies suggest that in general, productivity is higher in the presence of trade unionism than in its absence. This should not really be surprising. Trade unions help raise wages. In response, management raises capital per worker and must hire better workers, thus raising productivity.

Perhaps the most important dimension is that industrial relations in an organization are a key

factor in either raising or reducing productivity. If industrial relations are healthy, through management and trade union cooperation and improving quality, productivity is likely to be higher. If industrial relations are poor, with management and trade unions ignoring their "common goals" to battle each other, productivity is likely to decline. In the SADCC countries, the question is not whether management should accept trade unionism, it already exists. It is a change in the attitude towards trade unions that both governments and management need to adopt. The attitudes of most governments and managements in the SADCC countries borders on hostility toward trade unionism. This is reflected in the type of labour legislation that is very restrictive and does not allow trade unions to play a meaningful role in increasing productivity and industrial growth.

Trade unions are generally seen as a hindrance to productivity and industrial growth. Management sees trade unionism as organizations that weaken managerial "flexibility." Most managers in the SADCC countries display trade union busting attitudes. Most think that trade unions lower profits. The usual question asked is whether trade unions are good for company profits rather than whether trade unionism is good for the total economy.

Viewed positively, trade unionism can become an important instrument for productivity, profitability, sustained economic growth and industrial expansion. Although, in certain

economic instances they can reduce profitability in general, trade unions help create a healthy economic and commercial environment. This is essential for productivity, economic growth and industrial expansion. Therefore, managers should cease to view trade unions as an obstruction between management and its employees and a limitation on their authority to manage.

CONCLUSIONS

Sustained and vigorous economic growth and viable industrialization are twin problems that face the SADCC countries. Any attempt to solve these problems must consider:

- the history of colonialism and imperialism in the region

- the impact of international monopoly capitalism and the present international economic system that mitigates against vigorous economic growth and industrial expansion.

Planning for sustained economic growth and viable industrial expansion will require incorporation of development policies that attack these problems directly. This will require increasing productivity in the SADCC countries. Without increased productivity the struggle against underdevelopment, sluggish economic growth, and lopsided industrial development is not likely to be

won. Low productivity in the SADCC region has been and continues to be a serious constraint to increased economic growth and industrial expansion.

The nature of management of industrial development must be identified as one of the factors that undermine economic growth and industrial development in the region. That there is a high degree of managerial inefficiency cannot be denied. This is especially so concerning government operations, parastatal organizations, and public enterprises.

This article proposes the following strategies for growth and development.

- (1) Restructuring the development institutions
- (2) Creation of linkages among the four sectors of the economy, manufacturing, agriculture, commerce, and mining.
- (3) Introduction of appropriate technology.
- (4) Vigorous management and worker training programmes.
- (5) Introduction and application of industrial democracy.
- (6) A positive attitude toward trade unionism.

THREE INSTRUMENTS FOR PRODUCTIVITY IMPROVEMENT

Randolph P. Kudar

INTRODUCTION

What is productivity?

In its most basic form productivity is regarded as the ratio of output to input. However, productivity is not merely a synonym for production efficiency. In efficiency, there is a maximum. Once you reach 100%, you cannot improve the efficiency. The same condition does not hold for productivity. Productivity can always be improved because the relationship between output and input can always be improved. This paper defines it as the following:

Productivity is the efficient and effective management of all resource flows across the boundary of the firm during a set time.

This definition broadens the scope of productivity beyond the labour input only, and beyond the production function of the firm. The effectiveness component implies the need for some reference

point to assess productivity achievement.

Productivity is not a new concept to management. However, it is an elusive one for management to apply and attain. There is very little agreement regarding exactly what productivity means within specific circumstances. This is where the complexity of the concept exists. Management is unclear regarding what should be included as output and input for productivity analysis. In service sector firms, and government agencies, the concept of productivity is not as clear as it is for manufacturing operations.

Why is productivity important?

Productivity is management's way of responding to the demand for quality outputs sought by the customer. Management has many resources at its disposal to achieve the quality output wanted by the customer. Those resources can be assembled and employed in several ways. Management's challenge is to find better ways of employing these resources to attain the quality outputs demanded.

Achieving productivity improvements through the employment of available inputs compared with output allows management to attain a competitive edge in its market. This enhances the chances of future economic survival for the firm. It also increases the likelihood of the firm attracting more resources to expand and grow.

Productivity is the means by which economic wealth can be generated and increased without fueling inflationary pressure. The relationship between output and input is improved only by achieving productivity improvements. This may take the form of higher quality outputs, fewer inputs, or a combination of both. All are productivity improvements.

There are three basic instruments available to management to achieve productivity improvements. These are people, technology, and measurement. People are productivity instruments because it is people who will actually perform the tasks and decisions that will generate productivity improvements throughout the firm. Technology provides ways of doing the tasks better, of using fewer resources to attain the same output, and developing better quality outputs. Measurement is a key instrument to the application and achievement of productivity improvements. Measurement allows management to anticipate and plan changes in the mix of outputs and inputs. All three instruments are required to pursue and achieve long run productivity improvement within the firm.

PEOPLE

There are five major groups of stakeholders in any firm (see Exhibit 1). Each has a strong interest in the productivity efforts of the firm. Each group of stakeholders interacts with the firm in a variety of ways. How this interaction is designed and nourished is a distinguishing features of people's role in the productivity efforts of the firm. Not all firms employ this resource flow in the same way.

For some firms, the relationship among the stakeholder groups is excellent. For others, it is characterized by dissention and distrust. The good relationships occur because each group is seen as a partner in the success of the firm. Employees of a productive, loyal supplier can contribute as significantly to the productivity of the firm as its own employees. Similarly, a stable business-government relationship can be a foundation for long run productivity improvements. In each case, the relationship among the groups must be designed to create a role for each participant. In managing productivity, the importance of this corporate wide relationship cannot be undervalued.

EXHIBIT ONE

PRODUCTIVITY STAKEHOLDERS

SHAREHOLDERS
CUSTOMERS
SUPPLIERS
EMPLOYEES
GOVERNMENT

Each of these groups contributes to the firm's total productivity. Each may want to share in the gains of these productivity improvements.

Shareholders

In the economic model, shareholders were regarded as the ultimate group to which all others channelled their corporate efforts. Basic economic theory centred on efforts to maximize the wealth of the shareholder. In the modern concept of productivity, the shareholder's role is to provide a source of capital to the firm. This capital has no guaranteed returns on its use. The shareholder contributes to the firm's productivity efforts by selecting both the management team and the board of directors. Attracting and keeping an excellent management team enhances the chances of achieving productivity improvements. In return, the shareholder gets rewarded in two ways. The first is the distribution of dividends that occurs when the firm does not need to keep all the resources that it generated over the period. The second is increasing the value of the shares held by

the shareholder. This occurs because firm is financially stable, economically strong, competitive in its markets, and can survive over the long run.

Customers

This group interacts with the firm through the outputs. The customer dictates the type and mix of outputs that will be accepted from the firm. The customer sets the level and dimensions for quality in the outputs of the firm. It is the customer who sets the price that will be paid for the outputs of the firm. The size of the sales has significant impact upon decisions and actions throughout the firm. It is the sales volume and attendant resources that pace input acquisition, inventory levels, planning, scheduling, and capital availability. Customers play a critical role in the productivity efforts of the firm. In exchange, they gain some distinct benefits. Outputs of the firm are better designed to meet their requirements. The quality of the outputs and the variety of the outputs improves. The outputs become more competitively priced. In the end, customers get better outputs at better prices, because the firm has to improve productivity to survive and prosper.

Supplier

Suppliers interact with the firm through input resource flows. These include materials, and specialized skills that are too expensive to be kept by the firm permanently. The suppliers provide the

needed inputs at desired quality levels, in desired quantities, at the proper time. Suppliers provide a reference point for the firm to assess the question of making or outsourcing several elements of its process. There are instances where selected activities can be done most effectively, and efficiently by a supplier. In exchange, the supplier receives the following benefits. The customer remains healthy, thus reducing the supplier's risk over the long run. The supplier may develop a long term relationship with the firm as a single source supplier and advisor. Additional benefits of the long term supplier arrangements include integration of information systems and design processes.

Employees

Employees play an obvious role in the firm. Both management and labour are employees. Each has a critical role to play. Management is assigned the task of planning the strategy and direction of the firm. Labour has the task of carrying out the plans and achieving the goals and objectives. Both parties bring unique knowledge and skills to the issues and problems of the firm. Management contributes to the firm's productivity by understanding the interrelationships between the elements that generate the outputs. Labour contributes by achieving the tasks that generate the outputs. Both parties are responsible for acquiring and using the resources of the firm effectively and efficiently. In exchange, both are offered the opportunity for job security in a surviving firm. The

employees can derive satisfaction from the accomplishment of activities that contribute to the success of the firm. This would include the personal development of each person with respect to skills and knowledge that is invested in them over time. The employees have the desire to share in the additional economic benefits of the firm through programs such as gainsharing and bonuses.

Government

Government develops a social infrastructure that allows the firm to function. This includes the provision of roads, currency, regulations, and defence. The existence of a balanced, well-managed economy and political stability presents the firm with a healthy surrounding environment. Firms can do a better job of planning activities. This improves their ability to get and use resources more effectively and efficiently. Through well-developed regulation, firms can anticipate items such as international exchange impacts, natural resource policies, and competitive rules. The government benefits from improved firm productivity through the provision of employment for the citizens. A second benefit is the ability of firms, and their employees to pay taxes to the government to support and sustain the infrastructure. Finally, the presence of productive firms enables the citizens to receive access to goods and services that are wanted and needed. Highly productive firms can survive economically on their own capabilities. This allows better utilization of public resources for goods and services that are

important to the citizens. Often National Defence, education and health care cannot be economically provided by the private sector.

Sharing productivity gains with all stakeholders is a key to continued productivity improvements. This sharing can easily extend beyond the narrow boundaries of remuneration to employees and dividends to shareholders. Some different ways have already been discussed. All programs for sharing need to be integrated and balanced among the stakeholder groups. It is illogical to expect any group to contribute to productivity efforts without some expectation of sharing the rewards in a meaningful way.

Two critical keys associated with the people instrument are training and participation. The technological imperative demands the development of new skills among the employees of the firm. The people within the firm are the one unique resource of the firm. This resource must be maintained and upgraded constantly. It is a mandatory action, not a discretionary one. As the new technology enters firms, it becomes necessary to train the employees in the use and application of this technology.

All employees want to participate actively in the productivity improvement of the firm. This can take the form of structures such as quality circles. Employees have specific knowledge and insight regarding the tasks that are performed. They know how to do the task better. They must be encouraged

to contribute explicitly to improvement within the firm. This does not imply a free hand in unauthorized changes. It does imply the installation of a process and structure to channel and use the knowledge of the employees to attain productivity improvements. They may take the form of quality circles, suggestion boxes, or worker councils. Whatever the form, the process and structure must foster and encourage an effective and efficient way to identify and pursue productivity improvement within the firm.

TECHNOLOGY

Technology is often seen in a very narrow sense. To many people, technology and productivity are synonyms. This is far from true. Technology is more than the classical substitution of capital for labour. It is more than the automation of a process within the firm.

Dimensions of Technology

There are several dimensions to technology. The first is the dichotomy between hard and soft technology. Hard technology involves the development and use of machinery and equipment such as numerically controlled machines, or computer driven equipment such as automated teller machines. Soft technology involves the development of computer software such as design packages, spreadsheets, and word processing. Soft technology also includes the development of

systems to integrate the linkages between various hard technologies. Opportunities for productivity improvements within firms can be generated from both types of technologies.

Hard technologies are most often associated with productivity improvements. Management gets new machines that can replace people in the process and do the same work. This action is really the substitution of capital for labour, and not necessarily productivity improvement. The real opportunities for productivity improvement come from the soft technology area. People learn how to use computer software to handle the routine tasks of the firm, thus freeing up the human resource to handle complex and unique tasks. This is productivity improvement.

A second dimension involves the degree to which technology operates within the firm. This ranges from high levels of technology in areas such as computer firms to low levels of technology in areas such as government services. Not everyone can or should be a high technology user. All firms possess and use some technology to perform their tasks.

A third dimension involves the time at which technology is adapted within the firm. Some firms are driven by a technological imperative. It does not imply that they are the most productive, only that they are the most technologically advanced. These are technology leaders. Other firms are followers. They wait until the technology has been displayed as operational. Then they adopt it and use

it within their operations. There is significant merit in waiting until a technology is functioning properly before it is acquired and used.

Technology as a Productivity Driver

Technology is a productivity improvement driver within the firm. It is not productivity itself. Technology provides opportunities to pursue productivity improvements. Technology can be used to develop new products that are sought or needed within the market. Technology led to the development of integrated circuits that have transformed the electronic nature of the world. These new products provide firms with an edge in the market and offer the opportunity to create new markets or additional benefits within existing markets.

Technology can also be used to design and improve upon existing products and processes within firms. One example is the push for better quality in selected manufacturing products throughout the world. Technology allows the creation of parts and components that can meet more stringent specifications than could be met with other processes used.

Technology can help in looking at how things can be done better with available resources. This has been the effect of changes in office procedures. The introduction of Personal computers, networks, and software packages have allowed firms to automate routine activities, and increase flexibility within the

firm. In turn, freed employees can undertake other activities that previously would have required additional personnel.

The Technology Process

Harnessing and using technology to drive productivity improvements are also important. The first step is to identify where technology should be used to address productivity improvement. Classically, management has concentrated its efforts within the production function. Now management is beginning to focus its attention on selected administrative functions. The key is finding the area where the "biggest bang for the buck" can be obtained. This requires depth of understanding regarding the activities of the firm and the possible impact of technology on those areas.

Once the area has been located, the next step is to decide what technology to get. Technology is a continuously flowing stream. The elements that are applicable to the situation are constantly changing over time. Who knows what the next step may be? What is certain is that a new system and technological change are coming. The managerial task is to decide when and where to dip into the stream and use the technology. The worst case is to wait for the technology to stabilize. The lifespan of the technology is shrinking over time. The pattern of change is accelerating. Management must use technology with the recognition that it will probably be obsolete long before the full benefits

can be economically realized. Simultaneously, the cost of the new technologies is increasing. This makes the economics of the utilization of the technology very unattractive. To overcome this, it is paramount that the technology must be applied to the areas where the productivity gains can be most beneficial.

The final step in the process is to make the technology operational. It must work in the manner for which it was intended. This is where the interface between technology and people becomes critical. The introduction of new technology, intended to generate productivity improvements within the firm, requires the development of different skills in the employees. Continuous efforts in training and implementing change must be undertaken if the benefits of the new technologies are to be realized. The technology must be operational to be beneficial and to realize the productivity improvements that were sought in its acquisition.

MEASUREMENT

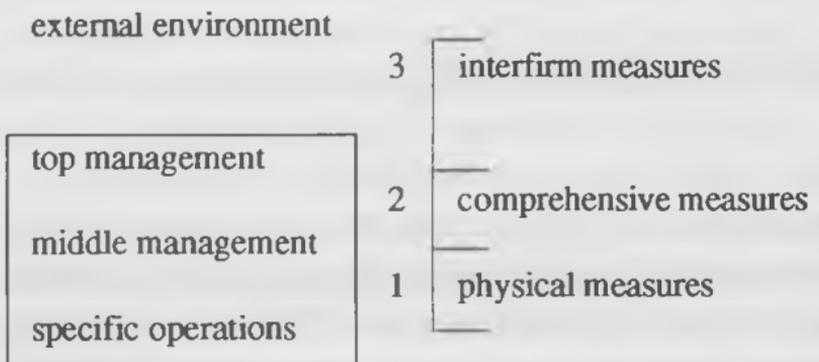
The final key instrument for productivity improvement is measurement. Measurement has been seen by management as the major impediment for productivity improvement. The measurement systems available in firms have not been able to provide relevant information needed for decision making, or integrating with other data sources. Often management has sought to use a system

designed for one purpose in a context that is unsuitable. In other cases, management has looked for simple solutions where complex ones are required. The fact remains that measurement of productivity is critical to the management task of pursuing and achieving productivity improvement.

It is not possible to have a single productivity measure that can handle all the needs of the firm. The modern firm requires at least three different types of productivity measures. Exhibit Two illustrates the existence of three separate levels of analysis require productivity information to help the process of attaining improvements.

EXHIBIT TWO

LEVELS OF PRODUCTIVITY MEASURES



Level One

This level of analysis occurs between specific operations of the firm and the middle level of management that is responsible for those activities. The specific operation can be an individual worker, or machine, a work station, or a department. The task of these specific operations is very narrow, detailed, and stable. It changes slowly or in very distinct steps. One example would be the stamping of parts in a press. The process is structured to perform a specific task. When there is a change in the part to be stamped, there a change in the process associated with the press.

Specific operations have to do the task in the most efficient manner possible and still attain required volume. These specific operations are characterized by a limited range of input and output resource flows. In this illustration, the output consists of stamped parts, perhaps in a batch. The inputs include the press, direct labour, materials being stamped, the die, and any supplies needed. The task can be measured by an engineering standard or a discretionary level of resources committed for its completion. These conditions are best served by the construction of a productivity measure that is set in physical terms. The reference point is the attainment of the standard set for the task. This type of productivity measurement focuses on the limiting or constraining factors affecting the task. A productivity measure for this specific operation could be stamped parts per

machine hour. This type of productivity measurement approach has been developed and applied by Industrial Engineers. It emphasises the efficiency dimension of the operation or function. It is tightly focused. It has few input and output resource flows. Usually, one dominant resource flow significantly influences the activity.

Gainsharing measurement systems such as Rucker, Scanlon, or Improshare are often used at this level. In these systems the production efficiency of the labour force in the current period is compared to the production efficiency standard for the output produced. In periods where the efficiency has improved, a predetermined sharing arrangement for the value of the increased efficiency is invoked. This results in the payment of bonuses to the workers involved. The various gainsharing systems differ in the manner in which they define the sharing arrangement.

Level Two

The second level of analysis occurs between the middle level managers and top management of the firm. Middle managers can be described as functional managers (production manager, marketing manager, personnel manager) unit managers (plant manager, sales office manager, administration manager), or even divisional managers. Their task is to manage the resource flow under their control to achieve the goal and targets of the firm. It is necessary to achieve integration between the diverse parts of the firm. This involves

linking the goals of the firm with the specific operations within the various functions.

This level of analysis involves many types of resource flows. It is a dynamic process due to the reality of constant changes in the environment. As conditions alter from expectation, the manager is expected to react and adapt to these changes and still achieve the goals and objectives. Part of management's responsibility is to make decisions regarding trade-offs between the input and output flows. This could take the form of getting a better grade of material for a process that would reduce the labour input required to generate the same output. This substitution between input resources requires that the productivity measurement be expressed in currency terms. This will reflect the impact of the value of the trade-off among the different resource flows after the substitution is made.

This productivity measurement approach requires the use of values for resource flows. The manager is faced with the need to trade-off between competing flows and needs. The decision making process and the evaluation of performance are expressed in the impact these decisions on the value of the resources generated and used by the unit. The productivity measurement system at this level must integrate with performance measurements to be useful.

Several measurement systems have been developed for this level. They include

Craig-Harris, American Productivity Centre, and Western Productivity Group. These systems are characterized by the ability to accommodate multiple outputs and inputs. Each aggregates the outputs and inputs in terms of currency measures and develops either a family of partial ratios or a total ratio to express productivity. The systems differ from each other in the treatment of capital, the expression of the currency value, and the reference point for evaluating productivity improvement. These systems are more complex than the gainsharing and efficiency systems employed at the first level.

Level Three

The third level of productivity measurement takes place between top management and the firm's external environment. Top management consists of those managers responsible for setting policy and strategy, and accountable for the total performance of the firm. They must guide the firm toward attaining the level of performance demanded by the external environment for firms in the industry. This is a very complex task. The dimensions of the business and industry are in a constant state of change, involving new competitors, new products, and new technologies. One example might be the development of the computer industry. The boundaries of the industry change as micros, minis, and PC's are created.

Top management are not involved in the specific operations of the firm. They are far removed from

those activities. They are responsible for all the resource flows of the firm. This involves a very high level of aggregation and a high degree of variety and complexity within the resource flows. To develop a measure appropriate for all these different resource flows, the measure must capture all the flows in the same units, namely currency. Simultaneously, the measure of productivity must be expressed in a way that relates to the competitive market.

One measurement system used at this level is Interfirm Comparisons. This system involves the use of a third party such as the government or an industry association to gather the relevant data from the competing firms, and classify it in a homogeneous form. This allows meaningful comparisons among the participating firms. The system examines the productivity of using assets, labour, and capacity. It involves the development of a family of ratios unique to the industry. The analysis compares each firm's family of ratios to the median values for all firms in the comparison. Top management can obtain a meaningful analysis of the firm's productivity compared with that of direct competitors. This measure of productivity relates closely to the performance measures used by the external environment to evaluate the firm.

A Framework for Productivity Measurement

For many firms, productivity measurement attempts have consisted of efforts to extend the first level of physical measures to the second level of

analysis. Firms have tried to apply the third level of financial performance measures to the second level of analysis. In both cases, the efforts result in creating issues of incomparable data requirements. The measures do not relate well or meaningfully to the needs of the second level of analysis. This is the level of productivity analysis that is most relevant to management needs within any firm.

Appendix One to this paper outlines a framework for the design and analysis of productivity measurement. It consists of seven stages. The intent of the framework is to have the user explicitly define what is wanted for each stage. In this way, the user can ensure that an appropriate measurement approach can be developed for the use that is intended. Each stage consists of a set of alternatives. The user simply selects the alternative that best meets the need. The strength of the framework is that it is suitable to any level of analysis, and to any firm.

CONCLUSIONS

The instruments for productivity improvement at the level of the firm are currently available for use. It requires creative thinking to design and use these instruments together to generate productivity improvements. Many firms have these instruments operating at odds with each other. This occurs because the interpretation of the concept of productivity is too narrow. Productivity must focus

on all the stakeholders. Technology must be seen in the broad perspective of identification, acquisition, and implementation. The measurement systems must be appropriate to the level of analysis and the needs of management. Until each of these instruments is broadened into an integrated whole and applied throughout the firm, productivity will continue to be an elusive chase.

APPENDIX ONE

COMMENTS ON THE UNIT OF ANALYSIS

A MANAGEMENT FRAMEWORK FOR THE DESIGN AND ANALYSIS OF PRODUCTIVITY SYSTEMS

STAGE ONE LEVEL OF ANALYSIS

- What unit of analysis is the productivity system to address?
- The total economy of the nation one industry or sector of the economy
- One autonomous firm in an industry
- One or more sub-units of the single autonomous firm
- (Divisions, Plants, Branch Offices, Product lines etc.)
- Functional departments within sub-units of the single firm (Production, Sales, Marketing, Administration etc.)
- Individual work stations, people, or machines

A MANAGEMENT FRAMEWORK FOR THE DESIGN AND ANALYSIS OF PRODUCTIVITY SYSTEMS

COMMENTS ON DESIRED OBJECTIVES OF PRODUCTIVITY SYSTEM

STAGE TWO DESIRED OBJECTIVES OF THE PRODUCTIVITY SYSTEM

What do you want the productivity system to achieve?

- To increase the efficiency of the production process
- To attain a better competitive position in this market
- To assist in the implementation of our strategy
- To promote integration within the unit of analysis
- To encourage adoption and implementation of technology
- To reward employees for working harder
- To alter management behaviour
- Other (Specify)

A MANAGEMENT FRAMEWORK FOR THE DESIGN AND ANALYSIS OF PRODUCTIVITY SYSTEMS

STAGE THREE DEFINITION OF TERMS

Which of the following expressions best defines the specific term for the unit of analysis in this system?

Output

- Only tangible goods produced in this period
- Tangible goods and services produced in this period
- Only tangible goods sold in this period
- Tangible goods and services sold in this period
- OTHER (Specify)

INPUT

- Only direct production labour
- All production labour
- All labour within the unit of analysis
- All management
- Materials consumed in production
- All materials acquired in period
- Capital

- All services from suppliers
- All resources entering the unit of analysis

PRODUCTIVITY

- Single partial ratio of output/ one input
- Family of partial ratios
- Total ratio of output/ all inputs
- Both total and partial ratios

COMMENTS ON THE DEFINITION OF TERMS

A MANAGEMENT FRAMEWORK FOR THE DESIGN AND ANALYSIS OF PRODUCTIVITY SYSTEMS

STAGE FOUR DATA AND MEASUREMENT

What are the sources of data used by the productivity system and how are the outputs and input measured?

SOURCES OF DATA

- Existing accounting statements
- Production records
- Marketing and sales records
- Plans and budgets
- External sources

OUTPUT MEASUREMENT

- Physical units of goods or services produced
- Physical units of goods or services sold
- Constant currency value of goods/services produced
- Current currency value of goods/services produced
- Constant currency value of goods/services sold
- Current currency value of goods/services sold

INPUT MEASUREMENT

- Physical units of inputs consumed

- Physical units of inputs acquired
- Constant currency value of inputs consumed
- Current currency value of inputs consumed
- Constant currency value of inputs acquired
- Current currency value of inputs acquired

OTHER COMMENTS ON DATA SOURCES AND MEASUREMENT

A MANAGEMENT FRAMEWORK FOR THE DESIGN AND ANALYSIS OF PRODUCTIVITY SYSTEMS

STAGE FIVE PRODUCTIVITY REFERENCE POINTS

What reference point does the productivity system use to show the change in productivity level for the unit of analysis during the period?

■ STANDARD

This reference point for productivity occurs when the size of the actual productivity for the unit of analysis is compared to an amount based on engineering studies or theoretical assessments

■ BASE

This reference point for productivity occurs when the size of the actual productivity for the unit of analysis is compared to an amount based on what occurred in some previous period.

■ PLAN

This reference point for productivity occurs when the size of the actual productivity for the unit of analysis is compared to an amount based on the expectations of what should occur in the current period.

■ WORLD CLASS

This reference point for productivity occurs when the size of the actual productivity for the unit of analysis is compared to an amount based upon the level of productivity achieved by the best similar units in the world.

OTHER COMMENTS ON PRODUCTIVITY REFERENCE POINTS

A MANAGEMENT FRAMEWORK FOR THE DESIGN AND ANALYSIS OF PRODUCTIVITY SYSTEMS

STAGE SIX USERS OF THE PRODUCTIVITY SYSTEM

To whom is the productivity system directed?

- Parties external to the unit of analysis

- Top management of the unit of analysis. This includes those managers directly involved in the strategy and policy decisions of the unit of analysis

- Middle management of the unit of analysis. This includes divisional managers, plant managers, office managers, all functional managers

- First line supervisors in the unit of analysis

- Direct workers in the unit of analysis

- Staff personnel in the unit of analysis

OTHER COMMENTS ON THE USERS OF THE
PRODUCTIVITY SYSTEM

A MANAGEMENT FRAMEWORK FOR THE DESIGN AND ANALYSIS OF PRODUCTIVITY SYSTEMS

STAGE SEVEN USES OF THE PRODUCTIVITY SYSTEM

How is the productivity system to be used in the unit of analysis?

- Compare the unit of analysis to similar units
- Evaluate performance of the unit
- Evaluate performance of the manager of the unit
- Inform unit management of changes in productivity
- Help unit management diagnose problems and opportunities
- Help unit management plan for future action
- Assist unit management in making decisions on input and output resources

Measure productivity of the unit

OTHER COMMENTS ON USES OF THE PRODUCTIVITY SYSTEM

THE ROLE OF WOMEN IN DEVELOPMENT AND THE ENHANCEMENT OF PRODUCTIVITY

Rose Choto

INTRODUCTION

The United Nations declared the decade 1975-1985 to be The Decade of Women. The global recognition of women's contribution to the world of work and economic development generated many activities including conferences, meetings, workshops, and writings. These activities were aimed at improving the status of women. It was recognized that women were active participants in the economic development of their countries. These efforts focused on devising strategies for improving women's status and meaningfully involving women in national economic development.

One way was to start what was called "Women in Development." The aims of this movement were to improve the welfare of women and to harness underutilized labour power and human resources for development. This paper addresses some efforts by the SADCC countries to involve women in

development since the declaration of the women's decade. The paper also suggests strategies that the SADCC countries could develop to improve women's productivity. Then women can meaningfully participate in national economic development. Unless there are deliberate efforts and commitments by governments to improve women's participation and productivity, the result will be no more than lip service to women's issues.

THE WOMEN'S DECADE

The declaration of the women's decade was a response to the failure of many countries to integrate women in the economic development process. Women play a major role in economic activities such as food production and child care. After the declaration of the women's decade, African countries pledged to integrate women in the development process. They agreed to stipulate specific objectives in national development plans regarding how women would participate. In some

countries a Women's Bureau or departments were established. Political parties created women's wings. These groups had specific objectives that guided their activities. In Botswana, in 1981, the Women's Affairs Unit was created in the Ministry of Labour and Home Affairs. The general goal of the unit was to help the full integration of women in the development process.

The specific objectives included:-

- *the coordination of women's activities at the local and national level*
- *the distribution of information*
- *the undertaking of research on the situation of women in Botswana*
- *the liaison with different government ministries and non governmental organizations on issues relating to women.*

All SADCC countries have similar units. Unfortunately, countries such as Botswana, Tanzania, and Zambia that had such objectives stated in their development plans, did very little to fully operationalize the objectives during the stated period. Most of the countries did not honour those pledges.

EVALUATION OF THE DECADE

The 1985 Nairobi World Conference evaluated the achievements of the women's decade. It concluded that very little had been done to fulfil the objectives of the decade. In response, "Forward Looking Strategies" to overcome the obstacles of the

decade's failure were developed. These included the following:

Paragraph 182 Appropriate technologies can increase the productivity and income of women . . . Such technologies should be designed and introduced in a way that ensures women's access to the new technology and its benefits . . .

Paragraph 184 Women should be given access to training programmes at different levels that develop various types of skills to widen the range of methods, and technologies used for agricultural production.

A study carried out in one SADCC country showed that the extension workers mostly talked to men when visiting farming households. As a result, women missed the useful agricultural advice given to their husbands. The husbands did not discuss the advice given by the extension workers with their wives. Since the government had recognized the crucial role played by women in agriculture, the extension workers should have been instructed to interact with both women and men. Data from the same study revealed that women did more of the farming activities than men. This study also showed that about 24% of the women (nine out of 38 subjects) attended training courses on farming.

Paragraph 187 Steps should be also taken to promote women's equitable and increased participation in industry by enabling them to have equal access to and to participate in adult education

and in service programmes that teach not only literacy but also saleable income-generating skills

Some programmes that were developed for women to improve skills tended to reinforce traditional roles. The courses given to Botswana women in one women's project were a good example. The courses in that project offered very little in agricultural subjects, but focused on knitting and sewing. Tanzania also identified the need for women to have education, if they were to have equal opportunities with men. The Musoma Resolution of 1974, emphasized tertiary education for women. These countries were not the only ones that recognized the need to make education accessible to women. Still, women in every country have educationally lagged behind.

Paragraph 190 Governments should direct their efforts to expanding women's employment in the modern, traditional, and self-employed sectors of both rural and urban economy, to avoid exploitation of female labour.

Following the Nairobi conference, various conferences and seminars were held in SADCC countries to try to visibilize women in various national development projects. The SADCC conference in Harare, 1983 entitled "Women in Southern Africa: Strategies for Change" included the following objectives:

(a) to look at how women relate to the economies

and policies of development in Southern African Countries.

- (b) to look at how different institutions, government, the church, media, education, and community development organizations influence women's lives.
- (c) to share existing information about women in Southern Africa regarding resources for women.
- (d) to promote strategic policies, activities, and structures for advancing women.
- (e) to build communication networks throughout the region.

This Conference was held just before the end of the women's decade. Its recommendations showed that women had not yet been fully incorporated into development. Eight years after the declaration of the Women's Decade, national development plans still lacked specific information on women's issues. This raises doubts about whether governments show commitment to the involvement of women in development. This commitment can only be realized by increasing the number of women in policy making positions, and making objectives about women in national development plans fully operational.

Here are a few examples:

The Botswana 1990 Draft National Development Plan

The role of women in production, particularly in the agricultural sector of Botswana, is well known and acknowledged. As National Development stresses the removal of barriers to the involvement in development of all Botswana, it will also be important to remove the remaining gender based impediments in all sectors, including agriculture. The aim of N.D.P.7 will be to ensure that women's interests are considered in the preparation and carrying out of all projects and policies, enabling them to participate fully as equal partners in our national economic and social developments.

The Zambia National Development Plan (1987)

The objectives for women include ensuring and implementing principles for equitable access to development opportunities. Improve the living conditions of rural women and their families, thus making contributions to the nation more effective.

The Zimbabwean National Development Plan (1986-1990)

This plan committed itself to carrying out the forward looking strategies of the World Action Plan for Women by forming an umbrella body for women and promoting appropriate technology for women.

Following the Harare Conference, Botswana

organized a national conference entitled "Women in Botswana - Strategies for Change." Some objectives of this conference were to:

- (a) examine existing government policies and programmes so as to find out their positive effect on the involvement of women in national development
- (b) define structures and/or institutions that exist and those that are required to help women's participation in national development.

This Conference showed that Botswana still had a lot to do for women. All the countries represented here have been involved in many activities to try and involve women in development and continue to do so. However, the pace at which women are visibly engaged in economic development is slow. Looking at the number of women employed in economic activities in Botswana in 1988, as depicted in Table 1, one wonders whether if the year 2000 AD will show significant increase in the employment of women as anticipated. The very low number of women workers in some activities such as construction reveal the "perpetuation of stereotyping of jobs by sex." Women are traditionally not employed by construction industries. There are more female workers than male ones in education, which also endorses this stereotyping.

This brief assessment of the women's decade in relation to activities carried out by some SADCC

countries was intended to show that despite efforts to fully integrate women in national development, women still lag behind in the SADCC countries. Governments of all the member states need to intensify their efforts to fully integrate women in development and monitor such efforts continuously, if women are to have an impact on national development. The decisions expressed in national development plans concerning the social equalization of women and men are not fully operational. Much more has to be done to bring women to an effective participation level.

Table 1

**EMPLOYMENT OF MEN AND
WOMEN BY ECONOMIC ACTIVITY**

ECONOMIC ACTIVITY	MALE	FEMALE	TOTAL
<u>Private and Parastatal</u>			
Agriculture	4769	1647	6416
Mining and Quarrying	6797	393	7190
Manufacturing	11031	4640	15671
Electricity/Water	1971	180	2151
Construction	20561	870	2143
Commerce	14184	13555	27739
Transport/Communications	6156	1406	7562
Finance /Business Services	6971	3193	10164
Community/Personal Services	3621	2522	6143
Education	786	912	1698

Sub-Total:Private	68519	27301	95820
Parastatal	8328	2017	10345
<u>Central Government</u>			
Education	3131	8449	11580
Other	24823	9406	34229
Total All Sectors	112004	50374	162378

Source: Central Statistics Office, 1988

STRATEGIES TO ENHANCE PARTICIPATION

Perhaps attempting to discuss some issues that need to be clear is a start to the process. Improvement of human resources is critical to productivity. Women are disadvantaged when it comes to human resource improvement because they have lagged behind in education whether it is general, technical, or professional. Productivity improvement requires commitment to change. Therefore, the following changes must first take place in the SADCC countries:-

- *recognition of women as having the same potential as men for development*
- *provision of facilities and climate at work that will enable women to be more productive*
- *rejection of stereotyping of women's work or roles.*

Women have the same potential as men. The issue is that women have lagged behind in development because of societal values regarding what women should do or not do. The cultural belief in the past

that women were there to bear and raise children, and do all the housework was common to all Africans. This belief therefore hampered women's access to education. The old belief was that traditional women's roles did not require women to be literate. Therefore, women did not go to school in large numbers. The few that did go and reached higher education levels could only be employed in low level jobs. The few education working women found it very difficult to advance to higher decision-making positions.

Failure of educated women to reach top positions led to low morale, low self esteem, and lack of competitive spirit among women workers. For the very few who made it to the top, the home atmosphere was seldom supportive. Therefore, such women became less dynamic and less productive at work. The result was the generalization that women, even when given opportunities, did not take full advantage of those opportunities. Women were therefore seen as failures and not contributing enough to development.

The strategies that SADCC countries should take to enhance women's productivity in this regard are to:

- (a) intensify efforts in training women in general, technical, and professional education
- (b) give support to those women involved in

development projects such as access to employment in all sectors, or access to further development, once they have been employed

- (c) provide support to women in policy making positions
- (d) accept women as leaders by both women and men
- (e) train women specifically to bring their level to that of men in similar positions.

Another strategy would be that of providing an environment that would make women more productive at work. This could include:

- (a) facilities such as child care centres at work, so that women could concentrate more at work, knowing that their children are well cared for
- (b) policies that do not discriminate against women. Some organization policies stipulate how often women could get pregnant, or how long women should work for the organization before becoming pregnant
- (c) regarding child care as productive development work so that women are rewarded for such work and not punished by being rejected for senior positions because they broke their service to go and bear

children

- (d) changing values regarding the stereotyping of jobs by sex.

These proposals are not exhaustive of what can be done for women but are ideas that participants at this seminar can improve upon. They can come up with more strategies that will see women making a greater impact on national development.

CONCLUSIONS

Women, given the opportunities, can definitely contribute to productivity enhancement. Now, women are hardly visible in decision making positions, except in token numbers, in our countries. Fortunately, this weakness has already been identified worldwide, including the SADCC countries. Efforts are now being made to improve the situation. For instance, IDM is one of fourteen management development institutions in Africa that are currently executing a project where women are trained in management skills at middle, senior, and top levels. Attainment of such skills will create a ready pool of managers who could be employed in all sectors of the economy and thus contribute to national development.

SEMINAR OBSERVATIONS AND RECOMMENDATIONS

The participants recognized the deepening socio-economic crisis of the SADCC member states as a result of economic stagnation and slow recovery. The various economic measures adopted by Governments of member states in the past had little positive impact on arresting the economic decline and promoting accelerated economic growth. There was little concern for policies aimed at improving productivity in various enterprises of the economies. The seminar has pointed out that Productivity Improvement is one of the viable instruments available to assist in achieving national objectives of economic growth and employment creation.

It is resolved that Policy Makers and Managers in the region should embark conciously and purposefully on productivity improvement programmes in the region, taking into account the factors hidering productivity improvement and the recommended courses of action listed as follows:

FACTORS HINDERING PRODUCTIVITY

Structural Issues

The SADCC region currently has non conducive economic and legal environments for productivity improvement. These include remuneration policies on minimum wages and wage ceilings for local and expatriate employees. The individual income and taxation policies tend to place the burden on employees in formal employment settings.

There are low levels of technology in the SADCC region.

The region has bureaucracies which tend to over emphasize rules, regulations, and procedures. The size of the bureaucracies, particularly in public service is large.

There is poor selection and placement of staff in

organizations.

There is concern regarding financial mismanagement and misappropriation of funds.

There is a non-conducive work environment. This consists of poor safety and health facilities which lead to loss of control at the work place.

The existence of inflexible banking hours, shopping hours, and pay schedules promotes casual absenteeism in the work place.

There is a lack of competitiveness in the parastatal sector.

Overall, there are poor labour relations.

Knowledge

There is a lack of understanding and awareness of, and sensitivity to productivity in all sectors of the SADCC economies.

There is a low level of managerial skills at all levels in governments, parastatals, and the private sector. This is partially caused by inappropriate training policies and programmes. There are no linkages between training programmes and organizational performance. There are also insufficient training programmes in some countries.

Special Interest Groups

There are structural factors endemic to the social system that hinder women's productivity. These structural factors impact on women before they reach the work place and have a restraining influence on their productive capacity once they do reach the work place. Generally, women are not involved in the formation of national or organizational plans and policies. This has a negative effect on their commitment and morale in the implementation of these plans and programmes. There is significant inaccessibility to credit facilities for women. There is a high rate of illiteracy among women. Information that could enhance women's productivity often does not reach them.

The informal sector of the economy finds it difficult to access credit facilities. There is a lack or insufficiency of policies and programmes to support the informal sector. The informal sector is more adversely affected by economic crises that constrain the capacity of the economy to import essential inputs for production.

There is a negative attitude of society towards the disabled. This has an inhibitive effect on their productivity. The disabled often develop a sense of self-pity thus increasing the negative impact upon their productivity. There is a lack of work place and public facilities that permit the disabled to engage in mainstream productivity activities. The disabled also have difficulty accessing credit facilities.

POLICY OPTIONS AND STRATEGIES

The following items can be considered as possible options and strategies for addressing the factors affecting productivity improvement.

Structural Issues

Restructure economic policies to create an enabling environment for higher productivity.

Revise the legal/political framework to ensure a more conducive climate for economic actions.

Develop suitable remuneration and incentive policies that are accompanied by clearly defined career progression schemes that will enhance the motivation of workers at all levels.

Improve and uplift the work environment including the determination of work environment standards.

Strengthen financial and budgetary control policies with a view to minimizing waste and mis-allocation of funds.

Relax pay schedules and commercial hours.

Knowledge

Improve awareness of the importance of productivity.

Training and development programmes for better management and improved productivity.

Improve access to better and more appropriate technology to enhance productivity.

Review management structures and procedures in the public service, parastatal, and private sector with a view to eliminating unproductive and cumbersome bureaucracies and procedures.

Special Interest Groups

Change the attitudes and practices as far as gender is concerned by considering the creation of positive attitudes toward women.

National policies should recognize the important contribution of the informal sector to economic development.

Raise the participation of the disabled in enhancement of national productivity by recognizing their abilities and capabilities.

RECOMMENDED ACTION PROGRAMMES

The following action programmes are recommended as possible methods of achieving the policy options and strategies for addressing the factors affecting productivity improvement in the SADCC region.

Structural Issues

Establish and strengthen national productivity organizations in member countries. Collaborate with similar institutions in other countries inside and outside the SADCC region.

Establish regional network organs at SADCC level such as a newsletter or journal on productivity, a regular forum for exchanging productivity experiences, and an umbrella SADCC productivity organization.

Develop performance related remuneration and incentive packages.

Re-examine the tax policy structures with a view towards making them supportive of the productivity improvement programmes.

Establish or strengthen a permanent tripartite forum comprising government, employers' organizations, and labour organizations for the development of productivity improvement policies; and cultivate a more positive industrial relations climate. Reform the legal provisions negating higher

productivity such as, restrictive labour laws.

Review structures and procedures to enhance efficiency and effectiveness and equity in the civil service, parastatal, and private sectors.

Develop programmes and standards for upgrading conditions of the work environment.

Relax foreign exchange and import regulations.

Initiate and strengthen programmes to promote trade links between formal and informal sectors for mutual benefits such as, sub-leasing of premises at attractive rates or sub-contracting.

Knowledge

Develop and strengthen research programmes on the nature of productivity in SADCC member states as part of a drive to generate awareness of the productivity problem.

Incorporate productivity awareness programmes in mass media and in-house media.

Request ILO branches such as, "Workers Education", "Employers Management Development Branch" etc. to assist SADCC

member states in initiating and strengthening productivity improvement programmes.

Establish productivity education improvement programmes at industry and organizational level. Offer special awards to recognize special performance.

Initiate and develop training programmes in productivity measurement and improvement techniques and strengthen management training programmes.

Institutionalize enterprises education programme as a tool for sensitizing both management and workers on the proper use of financial and physical resources.

Develop training programmes in financial planning and budgetary control skills.

Establish an active health evaluation and improvement programme at the organizational level.

Special Interest Groups

Create and strengthen special institutions as well as procedures to address the special needs of the informal sector such as credit provisions, extension services, and access to technology.

Develop all measures to raise the awareness

of the plight of working women and the need of mutual support in the family unit.

Ensure active participation of women in policy deliberation, programme development, and implementation.

Develop credit policies and regulations that do not discriminate against women.

Initiate and strengthen programmes that target inclusion of women in functional literacy and adult education programmes.

Encourage enrollment of young women in schools through compulsory and free education.

Initiate and strengthen continuing education programmes for school leavers.

Encourage National Development Banks to provide financial and management education to the informal sector at low but competitive rates.

Develop and strengthen awareness programmes through the mass media to develop a positive view of society about disabled people.

Initiate and strengthen purposeful and prioritize retraining of the disabled to develop their self-esteem and foster

re-integration into the mainstream socio-economic institutions.

Provide facilities at the workplace, school, and public places that increase accessibility of these places to the disabled.

CLOSING REMARKS TO THE SEMINAR BY THE DIRECTOR OF THE INSTITUTE OF DEVELOPMENT MANAGEMENT

MR. E.L. SETSHWAELO

Madam Chairman
Principal Secretary, Ministry of Labour
and Public Service
Distinguished Guests
Ladies and Gentlemen

I welcome all of you to this last function of a two-week seminar on "The Management and Improvement of Productivity in the SADCC Region." Let me take this opportunity to thank the Principal Secretary of the Ministry of Labour and Public Service for taking time away from her very busy schedule to come and grace this official closing ceremony.

Let me assure you that this act does not, on your part, and to use a terminology that has been adopted here over the past two weeks, "detract from productivity." It does provide us with encouragement to go forth from here. It is a symbol of commitment that you yourself, and the government of Swaziland, place on the issue of productivity improvement in particular and the

development of human resources in our region. Though we are tired physically, your presence here today gives that additional boost for us to go on and transmit the proceedings of this seminar to our respective governments and institutions in pursuance of what we have come to believe is a noble and worthwhile task for the development of our region. Once again, we thank you for this honour you have afforded us.

This seminar has been attended by top ranking officials from the SADCC region, representing governments, private and parastatal sector organizations, employer, and employee groups, national productivity institutes, women's groups, and the International Labour Organization. This august group set itself an objective that originally looked difficult and almost impossible to achieve: to grapple with the issue of declining socio-economic conditions in our countries and to assess the viability of productivity improvement policies and strategies as an alternative toward arresting this continuous decline and achieve growth and prosperity. I am happy to report that

this goal has been achieved as witnessed by the recommendations that have emanated from the deliberations. These recommendations will be delivered to you and, through the Regional Training Council of SADCC, to member governments of our region.

In these deliberations, three issues related to productivity were particularly addressed. These were:

The factors that exist in our socio-economic environment that negatively impact on productivity improvement in our region.

Policy and strategy options that could be adopted by governments, private and parastatal organizations to improve productivity in the region.

Action programs that could be implemented with a view to improving the productivity of our various enterprises.

In consideration of these issues, a pragmatic and practical approach was adopted utilizing task groups. We believe that these recommendations, given the opportunity and commitment for implementation stand to help our governments carve out a route towards improving the socio-economic conditions in our region.

Madam Chairman, it is our belief that this seminar signifies the beginning of a series of activities

geared towards the improvement of productivity in our region. I wish to assure you, Principal Secretary, that the IDM will continue to play a major role in ensuring that what has been done here will lead to other activities in the productivity improvement agenda, at both the national and regional levels. For this to happen, we wish to enlist the support of SADCC governments and the various organizations in the SADCC community.

We are particularly grateful for the support provided by the ILO, Salasan Associates in Canada, and the Canadian International Development Agency (CIDA) in making this seminar possible. We can only hope that this collaboration will continue to grow from strength to strength and enable us to meet some of the management development needs of our region.

Let me take this opportunity to thank the various SADCC governments and other organizations for allowing these delegates to be present at this seminar. We have all gained a lot of knowledge from the exchange of experiences which have taken place. I also thank the delegates for the enthusiasm that they have displayed in dealing with a very elusive issue. Their deliberations have made it possible to draw up the recommendations to be forwarded to member countries.

Lastly but not least, let me thank the resource persons who have untiringly worked very long hours in planning and facilitating the discussions that took place. I can only hope that their endeavour

can bear fruit in our region.

Madam Chairperson, let me wish everyone here a safe journey home as we return to our various countries and organizations. I hope you have all enjoyed yourselves here. I thank you.

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**TOP EXECUTIVE SEMINAR ON MANAGEMENT IMPROVEMENT OF
PRODUCTIVITY WITHIN THE SADCC REGION POLICIES AND STRATEGIES
FOR SOCIO-ECONOMIC RECOVERY & GROWTH IN THE 1990'S
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