



Articles & Commentaries

p-Leader — NPO Pakistan



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Pakistan's Journey to Industrial Competitiveness

Competitiveness is the flip side of productivity; to be competitive on a sustainable basis it is essential to enhance productivity. While Pakistan as a nation is aware of the significance of productivity in the context of achieving higher economic growth, the potential for productivity improvement has not been fully tapped. One of the methods to do this is the introduction of a journey to competitiveness which will allow enterprises in Pakistan to meet global market and economic challenges.

In recent years, a number of international agencies has ranked the competitiveness of each country on the basis of various indicators, of which the Global Competitiveness Report of the World Economic Forum is the most important and most often quoted. For the past four years, the competitiveness ranking of Pakistan was below the median for most indicators. This tells us that Pakistan has a long way to go even to achieve average rankings in terms of competitiveness indicators. However, this journey has already started thanks to the launch of a long- term national productivity improvement plan. This plan, New Productivity Vision 2012, was initiated by the National Productivity Organization (NPO) of Pakistan in 2007 as part of the national strategy for competitiveness improvement.

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Determinants and importance of industrial competitiveness

Pakistan ranked 91st among the 125 countries listed in the Global Competitive Index in 2006 and scored 3.7 on a scale from 1 for the poorest to 10 for the highest rank. Although it is encouraging to note that Pakistan's score improved from 3.5 to 3.7, moving the nation from 94th to 91st, it is still low. This low competitiveness is mainly due to the unskilled labor force and outdated production technologies combined with poor working conditions. It is therefore essential to strategize and equip our industrial sector with the latest productivity

and quality development tools and techniques. For the past 45 years, government policies have given importance to productivity and competitiveness and their impact on the national economy. However, in today's increasingly competitive environment, economic growth demands better, faster, cheaper, and more environmentally friendly products and services. All these factors have become the key to industrial survival and further development.

Pakistan today is a developing country with 160 million people and an average GDP per capita of US\$950. Although Pakistan has made strong economic progress in the past five years, it still has a long way to go. Like most other developing countries, Pakistan has also adopted an export-led growth model. However, despite our comparative advantage in many fields, we are facing an uphill task in efforts to expand our share of the international market. A growing gap in our trade balance has led to a burgeoning current account deficit. Pakistan has not been able to compete effectively with the large economies of PR China or India, both of which enjoy the benefits of economies of scale and are preferred destinations for foreign direct investment. One critical reason for Pakistan's inability to compete effectively is low productivity.

New Productivity Vision 2012 and its thrust areas

Realizing the importance of industrial competitiveness, the NPO of Pakistan launched its New Productivity Vision 2012 last year with the mandate to foster a productivity-enabling environment. The new vision states that the NPO will "act as a catalyst to improve productivity to achieve global competitiveness." This vision was developed in consultation with various stakeholders associated with the NPO. The top management of the NPO, its employees, and stakeholders are all committed to making this vision a reality. The vision focuses on the five thrust areas of training, benchmarking, energy efficiency, innovation and value, and Green Productivity. To accomplish the desired goals and objectives, six divisions have been established within the NPO: Training and Consulting, Benchmarking, Bureau of Energy Efficiency, Innovation and Quality, Research and Publication, and Information and Communication Technology.

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New Productivity Vision 2012 implementation strategy

To achieve global competitiveness, the NPO of Pakistan has adopted a three-stage strategy for New Productivity Vision 2012.

Awareness and consciousness stage

The objective of this stage is to create widespread awareness of the five thrust areas of New Productivity Vision 2012. The activities in the first stage will focus on building a positive attitude; developing teamwork dynamics and quality mindsets; introducing new productivity methodologies, tools, and techniques; building and strengthening strategic national and international linkages; and recognizing and appreciating companies and individuals who can be champions of productivity.

Action stage

The main objective of the second stage is to translate "awareness" into specific programs that will improve productivity at the workplace and result in greater industrial competitiveness. The focus in this stage will be on upgrading

managers' and workers' skills by applying productivity improvement methodologies, improving operational efficiency, enhancing energy efficiency, developing best practices, improving the environment, and encouraging innovation.

Sustaining stage

The third stage is to bring sustainability to the field of productivity, quality, and innovation by focusing on promoting a self-sustaining productivity movement through private-sector ownership, developing productivity champions within companies, imbuing quality consciousness, promoting industrial innovation and business excellence, and introducing emerging productivity and quality techniques.

Measures for improving industrial competitiveness

The essence of the competitiveness strategy is to encourage firms to improve information supply, enhance workforce skills, and upgrade technology and management processes. The government of Pakistan has mandated different organizations to work on specific aspects of productivity challenges. The contribution of the NPO of Pakistan will be primarily in the fields of training and skill development, replication of international best practices through benchmarking, and cost reduction by practicing energy efficiency.

With regard to energy efficiency in industry, especially in the textile sector, the NPO of Pakistan has conducted various projects in collaboration with the APO. It has been estimated that energy costs account for around one-third of the total production cost in the textile industry, which represents Pakistan's industrial backbone. Thanks to a demonstration project conducted by an APO-deputed expert, it was shown that 15-20% of total energy costs can be saved.

Conclusion

The NPO of Pakistan is poised to play a lead role in the nationwide drive for improved competitiveness/productivity. Its achievements in the past and the experience of a small but dedicated team allow me to assert with confidence that the NPO can play the role of a catalyst for the economy, especially in the industrial sector. The future strategic journey to competitiveness will definitely reengineer the services offered by the NPO. While it is true that today the NPO has the administrative as well as financial wherewithal to achieve New Productivity Vision 2012, it is also true that continuous technical support will be required from the APO and NPOs of other APO member countries.



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