



Articles & Commentaries



p-Leader — Bangladesh



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Productivity issues and challenges in Bangladesh

Bangladesh is a small agricultural country of 147,570 square kilometers with a population of approximately 140 million. It is the world's most densely populated nation, with more than 953 people per square kilometer. About 40% of the people live below the poverty level. The per capita national income and gross domestic product (GDP) are US\$599 and US\$554, respectively. GDP grew by an average of 5.65% from 2001 to 2006, and in 2007 reached 6.2%. Industry employs 13.56% of total labor, agriculture 51.69%, and other sectors 34.75%.

In Bangladesh, productivity issues were never considered a priority area for action before the early 1980s. Productivity was neither theoretically nor practically understood in its real context. Bangladesh became a member of the APO after one decade of independence. Yet there was no specialized agency in the country to deal with productivity issues. The understanding of productivity depends on a better knowledge of the close relationship among labor, capital, and management and the impact of the human element on each of these factors. In a country like Bangladesh, where resources are limited and per capita income is low, productivity can be raised only by emphasizing labor, i.e., awareness of labor efficiency. Unless labor contributes more toward GDP and gross national product, productivity cannot reach a satisfactory level in a country like Bangladesh. Upgrading labor productivity is therefore the easiest and the only available means in the context of Bangladesh to break the vicious circle of poverty.

"The key issues that will determine Bangladesh's future economic growth prospects are productivity and competitiveness."

Productivity trends and total factor productivity (TFP) by sector are shown in Table 1. The jute sector showed ups and downs, whereas the textile sector recorded an increasing trend in productivity. Productivity in the cement and fertilizer industry maintained an upward tendency. Overall, the productivity situation appears good.

Table 1. Productivity trends and TFP by sector (1988–1989 = 100).

| Period | Jute | | Cotton | | Paper | | Steel | | Cement | | Fertilizer | |
|-----------|--------------------|---------------|--------------------|---------------|--------------------|---------------|--------------------|---------------|--------------------|---------------|--------------------|---------------|
| | Production workers | All employees | Production workers | All employees | Production workers | All employees | Production workers | All employees | Production workers | All employees | Production workers | All employees |
| 1999–2000 | 89.24 | 92.78 | 136.09 | 135.93 | 90.56 | 83.07 | 468.74 | 469.52 | 295.80 | 333.41 | 110.37 | 110.52 |
| 2000–2001 | 93.88 | 97.76 | 142.79 | 142.63 | 86.72 | 79.22 | 494.36 | 496.18 | 341.32 | 385.42 | 123.49 | 122.45 |
| 2001–2002 | 94.66 | 98.32 | 142.48 | 142.32 | 69.85 | 64.69 | | | 335.10 | 379.67 | 106.96 | 104.23 |
| 2002–2003 | 89.79 | 92.13 | 152.48 | 152.25 | 93.54 | 69.93 | | | 353.00 | 397.13 | 143.00 | 135.76 |
| 2003–2004 | 88.94 | 90.21 | 202.14 | 201.81 | 114.49 | 88.68 | | | 373.61 | 420.79 | 144.11 | 137.17 |
| 2004–2005 | 82.56 | 86.35 | 257.28 | 250.89 | 113.10 | 99.47 | | | 413.94 | 466.74 | 142.62 | 136.64 |
| 2005–2006 | 76.02 | 79.34 | 287.38 | 287.10 | 107.68 | 96.48 | | | 436.50 | 490.11 | 134.38 | 127.45 |

Source: Bangladesh Bureau of Statistics.

The NPO, Bangladesh, is striving to fulfill the responsibilities it is entrusted with. It has successfully introduced regular training courses on different productivity topics targeting management and trade union officials in the public and private sectors. Research and study reports on productivity trends and analysis have been published regularly. Productivity awareness campaigns have been strengthened by introducing various new measures. It also provides consultancy service on productivity across the country.

The NPO, Bangladesh, was established in 1989 as the focal point of APO activities in the country and plays a leading role in promoting productivity nationwide and in APO projects. Today productivity issues are considered priority areas. The productivity movement has an organized, formal foundation and the institutional framework is in place for promoting the productivity drive in the country including the National Productivity Council (NPC), the highest policymaking body. Positive aspects of the productivity drive are the increased involvement of industries and trade associations in productivity promotion.

The recent global financial crisis has affected Bangladesh in terms of the export of manufactured goods, export of services (including manpower), and remittances from workers abroad. To counter these effects, productivity in agriculture, nonfarm activities, and small and medium entrepreneurs in rural areas must be enhanced. The NPO, Bangladesh, has to lead the current productivity improvement drive while developing a structured plan for rural employment generation and higher productivity.

The policy of the present government is based on a vision of an industrialized, digital Bangladesh by 2021. In the areas of governance, management, commerce, accounting, and last but not least the service sector, electronic systems will gradually be introduced. The introduction of a nationwide e-system will require significant changes that must be managed properly. The NPO, Bangladesh, should cater to the needs of the changing environment.

Although there has been a gradual increase in productivity awareness among entrepreneurs and private-sector institutions, this has yet to be satisfactorily transformed into action. Productivity tools and techniques are still not utilized by the majority of enterprises/entrepreneurs in the country. The key issues that will determine Bangladesh's future economic growth prospects are productivity and competitiveness. Thus, it is imperative for the government and its business support agencies to facilitate this process by strengthening the physical, social, economic, legal, and related infrastructure and services.



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