



Productivity movement in Lao PDR

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Since 1975, the Government of the People's Democratic Republic of Laos (Lao PDR) has recognized private enterprises as a driving force in the country's economic development. To encourage private-sector participation at the provincial level, the government introduced methods for mobilizing private businesses in the period of economic transition before 1987.

The objectives of the government's First Five-Year Plan (1981–1985) emphasized the importance of two production sectors, agriculture and industry, in moving toward a market-oriented economy. Specifically, the country aimed for self-sufficiency in food production, defined as the equivalent of 350 kg of paddy rice and other foodstuff per capita per year, and the collectivization of agriculture. The plan also focused on developing industrial activity, increasing export revenues through greater trade with Thailand, and rehabilitating rural infrastructure. However, growth during the plan period was slower than had been anticipated, and the government decided to take bolder steps toward reform.

The Second Five-Year Plan (1986–1990) introduced different strategies for national development under the New Economic Mechanism (NEM). The NEM was designed to expose the economy of Lao PDR to world market forces gradually, without sacrificing the national goal of food self-sufficiency. To implement this plan, many facets of the economy were decentralized. Although the central authorities continued to set policy guidelines, the responsibility for administering and financing many programs for economic and social development was delegated to the provinces. Once the new policies were promulgated into regulations, positive changes became rapid and extensive.

Lao PDR became a member of the APO on 18 June 2002 at the 44th session of the Governing Body Meeting in Kuala Lumpur, Malaysia. All these benefits have become part of governance principles. Productivity is now considered in planning the sustainable use of natural resources and human labor and in evaluating the country's geographic efficiency and effectiveness. Productivity principles are also used in management, promotion of new perspectives



at work, and measuring performance to ensure the efficiency and quality of work.

“When Lao PDR joined the APO, the government began to appreciate fully the value of productivity in determining national competitiveness, in transforming the economy from agricultural to industrial, and in modernizing production processes.”

In 2004, the government organized a National Roundtable Meeting in Vientiane to launch the country's productivity movement. Chaired by the Prime Minister of Lao PDR, the meeting was attended by 120 participants from central and local governments, nonprofit organizations, enterprises, international organizations, and embassies in Lao PDR. After the meeting, the National Strategy of Productivity Promotion (NSPP) was adopted and it closely follows measures from the government's SME Strategy Decree of 2006–2010, No. 157. The NSPP therefore mirrors the goal of the SME decree to enhance the country's competitiveness through the following strategies:

1) Develop personnel and skills of the workforce according to the requirements of the labor market and based on the specific conditions and potential of the country;

2) Develop subcontracting arrangements between the manufacturing and service sectors and between SMEs and large entities to expand markets and develop the skills of SMEs;

3) Increase efforts to develop and use measures and methods promoting productivity and product quality among Lao SMEs;

4) Promote the diversification of business development services in line with strengthening of service providers and stimulating demand for such services; and

5) Develop benchmarks in the fields of productivity, quality, and standards for business sectors for regional and international comparisons as well as certification.

As such, the NSPP is a significant document for government officials because it paves the way for introducing initiatives like training that will improve the management skills of government officials and consequently enable them to encourage citizens to be more proactive at work and increase work effectiveness.

Currently, the government has assigned the Small and Medium Enterprise Promotion and Development Office (SMEPDO), under the Ministry of Industry and Commerce, to act as the national productivity organization of Lao PDR. SMEPDO assists various organizations at the central and local government levels as well as enterprises in upgrading their technical capacity and management. It is also responsible for implementing key programs and projects in coordination with the APO.

“Government officials and workers need to become examples of the productivity movement.”

Through its work with the APO, SMEPDO has introduced basic productivity tools like 5S and kaizen to

enterprises and organizations. There is a need, however, to expand the knowledge base to other tools that improve the competitiveness of organizations, such as total quality management, total productive maintenance, good manufacturing practices, just-in-time systems, Six Sigma, and hazard and critical control point analysis, along with International Standardization Organization protocols. SMEPDO staff still need to be trained in these productivity and management techniques and must continue to build networks

with other line organizations to be able to respond more broadly to their mandate under the productivity movement policy. A future direction for SMEPDO is implementing the National Action Program on the Productivity Movement from 2011 to 2015. This is planned to be proposed as part of the national government agenda. The bottom line of all SMEPDO efforts is the development of human resources that will eventually contribute to the improvement of employment levels and economic growth. 