

## Productivity gain sharing

**A** workshop on Productivity Gain Sharing and Fair Distribution of Productivity Performance in the Business Sector was held in Jakarta, 26–30 August, attended by 22 participants from 14 countries. It was organized by the APO in conjunction with the Productivity Improvement Center and Directorate of Productivity and Entrepreneurship, both under the Directorate General of Training and Productivity Development, Indonesian Ministry of Manpower and Transmigration. Managing Director and Principal Consultant George Wong of Hoclink Systems & Services Pte. Ltd., and Prof. Dong-One Kim, Dean of Korea University Graduate School of Labor Studies, served as international resource persons, while Dr. Payaman J. Simandjuntak of Indonesia's National Wage Council and Chairman Helmy Salim of the Confederation of All Indonesia Trade Unions gave the host country's perspective on productivity gain sharing. The workshop was a follow-up to a 2009 APO study meeting on the topic.

Employees play a major role in productivity improvement, and schemes to reward and motivate them are recognized as good management practice. When wealth resulting from higher productivity is shared between the organization and its workers, it has been shown to strengthen teamwork and make performance more sustainable. Successful gain-sharing plans are transparent, with clear linkages between performance and rewards, and have the commitment of unions and management.

Common obstacles to the adoption of gain-sharing schemes in their countries identified by participants included: unstructured employee involvement schemes; lack of management support; and unfamiliarity with value-added computations and productivity measurement. However, discussion revealed that most could be overcome by publicizing the mutual benefits of such schemes among employers' and workers' groups. To achieve this, the APO was requested to consider publishing a handbook on gain sharing and organizing more projects on the topic.

During a visit to Kimia Farma, an Indonesia-based producer of ethical drugs, the participants heard descriptions of its compensation system based on six principles, including payment for individual as well as company performance, and the profit-sharing and bonus mechanisms in place. During another site visit to PT Astra Honda Motor, the participants learned how to balance financial and nonfinancial rewards to sustain business growth. Under its Reward Management System, profit sharing and innovation were identified as keys to raising productivity and quality. That system especially impressed participant Wen-Liang Pai of the ROC, who stated, "The philosophy of the Reward Management System is very important, leading to efficiency, internal fairness, compliance, and external competitiveness." 