



## Initial stage of the productivity movement in Cambodia

Chea Sieng Hong

APO Director for Cambodia and

Secretary of State of the Ministry of Industry, Mines and Energy

Cambodia made a strong, consistent move from a traditional to a modern economic structure, and thus Cambodians enjoyed rapid growth in the last decade. Furthermore, to cope with the effects of globalization, productivity and quality development in both the public and private sectors is deemed to be a contributor to economic growth and poverty reduction. Political stability in Cambodia has opened up a window of opportunities for social and economic development after a decade of political instability and insecurity as well as economic and social chaos. The threat of the Khmer Rouge eroded and then disappeared following the “win-win” policy under the initiatives of Samdech Techo Hun Sen, Prime Minister of the Royal Government of Cambodia from 1996 to 1998, which led to the uprooting of the Khmer Rouge military and political organizations. The sweeping changes in the political, social, and economic environment have made Cambodia an oasis of peace, security, stability, and development. Due to our hopes, efforts, and practical thinking, Cambodia has successfully turned from a nightmare into a continuous development landscape.

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Growth was impressive in the past decade, especially in the past four years, registering around 10% per annum. Economic growth in 2007 was estimated at 9.6%, and although somewhat diminished compared with 2005–2006, it underscored the increasing resiliency of the economy and showed that the performance during 2005–2007 was not fortuitous but reflected the underlying



strength of the country’s economic fundamentals. During the decade ending in 2007, Cambodia doubled the per capita GDP to US\$589. Cambodia’s per capita GDP is expected to reach US\$1,000 by 2015, or possibly even earlier when oil and gas production comes onstream.

However, Cambodia is still facing major challenges, such as low labor productivity in many sectors, negative capital deepening, and insignificant contribution of total factor productivity to economic growth. For the sustainability of economic growth, productivity improvement is necessary for all sectors in Cambodia as we are fully aware of the challenges in turning around our economy to create employment opportunities, stimulate economic growth, and alleviate poverty. I believe that all Cambodians have a role in developing the country, and productivity has a significant role to play as there is no human activity that does not benefit from improved productivity. Therefore, the National Productivity Centre of Cambodia under the auspices of the Ministry of Industry, Mines and Energy initially developed a framework for the national productivity movement in response to those challenges.

Productivity has a direct linkage with an improved standard of living in the short- and long-term goals of the country. The national productivity movement aims to achieve higher productivity,

stimulate productivity consciousness, determine productivity levels, monitor productivity trends, and promote and lead the productivity movement to attain higher levels of productivity in all sectors of the Cambodian economy, with the ultimate goal of enhancing the living standard of the people. To this end, it will develop and build the human capacity needed to alleviate poverty through developing skills, expanding business transactions, and attracting more investment, which will eventually lead to job creation and a higher standard of living. Improving Cambodia’s productivity through the national productivity movement to achieve those goals will depend on three important factors:

- Developing and building the human resources capacity to deliver quality outputs;
- Friendly working environments that encourage cooperative, constructive workplace relations leading to productivity improvement; and
- Participation by the Royal Government, business associations, and labor unions to establish a suitable framework for productivity improvement.

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To create fertile ground for a productive mindset and behavior, we need to empower our workforce with skills. The right competencies with access to knowledge, skills, resources, and technology will actualize the potential implicit in our labor force. In addition, special attention should be paid to factors affecting labor productivity, particularly through restructuring of sectors and subsectors, while improving management capacity and the effectiveness of scientific research, applying advanced technologies, improving the use of capital, and upgrading work and professional skills through training programs. In the capacity build-

ing of labor and management operations in organizations, especially SMEs, the NPCC has a significant role in guiding and providing tools and techniques to enhance the productivity of organizations through seminars, training courses, and demonstration company projects.

The attitude, willingness, and ability of business owners and corporate managers to restructure the internal organization of enterprises to create a friendly working environment that encourages cooperative, constructive workplace relations are important. Likewise, it has been found that when labor and management collaborate on issues, workplace morale improves, and so do productivity and competitiveness. In addition, we should promote a culture of continuous innovation where employees are encouraged to share their ideas regularly on how to improve productivity and efficiency within the organization. This should become a trend in all enterprises. A satisfied, skilled worker is an asset in any organization that wants to achieve maximum productivity, growth, best service delivery standards, or profits. On the contrary, the opposite can therefore also be true for a worker who is disgruntled and has inadequate skills in any workplace. Therefore, focusing on productivity improvement as the

result of a conducive working environment can lead to wealth creation, more employment, value reorientation, enhanced socioeconomic development, and improved standards of living of the people of Cambodia

To achieve higher productivity in Cambodia, we need participation from every relevant stakeholder ranging from those at the grassroots to management levels. The citizenry of Cambodia should be sensitized and prepared to embrace the concept of productivity and to accept training in productive ways. We need to put our concerted efforts into productivity improvement in all our spheres of influence and use productivity as a fuel for our country's shared and accelerated growth. To this end, we need to call on business associations and organized labor unions to come together to voice their constructive opinions on policies and management at the industrial level, business level, and individual enterprise level to formulate an acceptable common framework. 