

Sri Lanka's productivity policy reports

In the August 2002 issue of the APO News, we reported on the announcement by Sri Lankan Minister for Employment and Labour Mahinda Samarasinghe that his country would introduce a national productivity policy as one of its strategies to achieve rapid economic growth. Two teams of advisers, specialists, and consultants, both local and international, were commissioned by the Minister to study and make recommendations. Early this year, the report National Productivity Policy for Sri Lanka was released. It has two components: private sector and public sector. As explained by APO Director for Sri Lanka Mahinda Gammampila, "A vibrant private sector has to be ably supported by an equally competent and committed public sector."

The private-sector report was submitted by a tripartite 24-member Advisory Committee on Productivity, which was supported by the US Agency for International Development through The Competitiveness Initiative. The public-sector report was prepared by the Postgraduate Institute of Management, University of Sri Jayewardenepura, based on a preliminary study by experts from the National Productivity Corporation of Malaysia deputed by the APO.

Both reports are premised on the vision of "a future of peace and prosperity in which all Sri Lankans enjoy a higher standard of living and a better quality of life achieved through steady improvements in productivity at the individual, firm, and national levels, with gains shared equitably across all occupations and all walks of life." In this quest to improve productivity, the private sector sees its mission as promoting economic and social stability through enhancement of productivity in the formal and informal sectors of the economy; progressive labor-management relations; improved gain-sharing; technology; investment; and a sound, supportive legal, regulatory, and administrative framework. The public sector, on the other hand, has set the target of a 5% annual productivity growth rate for the nation and of 8% for each public-sector organization. At these productivity growth rates, the government will be able to achieve its planned annual GNP growth rate of 10% in the years to come.

The report on the national productivity policy for the private sector recommends that specific targets should be established for productivity, savings, investment, and reduction of government deficits. It also presents the following eight main groups of initiatives for implementation:

1. Establish a more supportive economic framework.
2. Encourage more savings and better investment.
3. Improve labor market flexibility.
4. Develop the workforce.
5. Enhance enterprise-level productivity.
6. Encourage new businesses and support SMEs.
7. Encourage a culture of quality and productivity.
8. Implement the strategy and monitor progress.

The public-sector report lays down five guiding principles for the formulation of national strategies and policies for productivity improvement:

1. Customer-based production of value;
2. Continuous improvement of quality as a core work value;



3. Result-driven organizations;
4. Decentralization, decent work, and employee involvement; and
5. Proactive management.

The report also identifies the following five key areas of concern:

1. Developing a world-class workforce;
2. Reforming the public sector to make it more efficient and effective;
3. Coordinating productivity initiatives undertaken by different sectors of the economy;
4. Applying principles of business management to public administration; and
5. Encouraging and recognizing individual employee productivity.

The private-sector report, in its conclusion, states that the national productivity policy is ambitious but necessary. Converting the recommendations into objectives, policies, and programs will not be easy as it will involve changing the attitudes and actions of people, businesses, and government. However, if it succeeds, there will be great rewards. This is how the rewards are envisaged:

"The standard of living of the average person will increase. People will be able to provide better for their families. Employers will invest more in capital and technology, making their employees more productive. This in turn will encourage them to invest more in their employees to upgrade their skills and training. The average wage will increase. Sri Lanka will again be seen as an attractive home for those wishing to invest and start businesses, or expand their businesses. Productivity will then lead to prosperity and a better quality of life for all Sri Lankans." 