



## The Cyprus Productivity Centre

**A** country of some 800,000 inhabitants with a per capita GNI of US\$17,580, Cyprus is the wealthiest of the new members admitted to the EU in 2004. But it is also Europe's only country to be split along the middle following the Turkish invasion of 1974, barely a decade after the establishment of its productivity center.

The Cyprus Productivity Centre (CPC) is Europe's sole productivity center to have been jointly established by the government and the International Labour Organization (ILO), the UN body that has subsequently set up productivity centers around the world from Barbados to Malaysia to Mauritius. As an ILO offspring, it is not surprising to observe the preponderant role played in the CPC by the Cyprus Ministry of Labour. CPC staff are civil servants of the ministry, with all the advantages and disadvantages that this implies: public finances as reliable income, with clearly defined salaries, promotion scales, and procedures.

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From its inception, the CPC's focus has been training in the pursuit of its goal: “to assist private and public organisations to utilise their human and capital resources in the best possible manner, with a view to increasing their productivity.” Today the CPC, with its annual US\$5 million budget, provides a significant proportion of Cyprus's adult vocational training, ranging from car mechanics to plumbers and electricians to air-conditioning engineers. This training function enabled the CPC to play a national salvation role in the decade following the 1974 crisis: vocational training provided the skills base which helped transform a national 40% rate of unemployment,



caused by the influx of essentially agricultural refugees, into a highly efficient manufacturing and service society one decade later.

As times change, so does the CPC's training role. In cooperation with the national Human Resource Development Authority, the CPC now also provides accelerated basic vocational training to unskilled persons in industrial trades for which there are pressing needs in industry, contributing to holding the rate of unemployment to less than 5%. Through these programs, virtually all participants secure immediate employment in industry. This modification and others indicate that, despite obviously meeting national needs, there has been a continuing review of the evolving requirements for the vocational training role of the CPC. A similar questioning of the nature of the CPC's role has also developed in the area of management training.

The CPC's management training component provides a wide range of functional and general management courses for public administration. It was supplemented in 1976 with the creation of the Mediterranean Institute of Management (MIM). This provides a one-year international, and (for Cypriots) corporate-sponsored national, MBA-equivalent course that has provided the country and region with more than 400 much-appreciated graduates. With the establishment of two national universities in the past decades, the MIM's function has had to be periodically readjusted to ensure complementarity with academia. Remaining in close touch with the more immediate needs of business is its touchstone.

The CPC also provides management consultancy and research. In theory, businesses can call on the CPC for one-day, free-of-charge consultancy that can then be extended at normal market rates. However, with 16 of the total staff positions of 45 unfilled (due to a government economy drive in its own services, which inevitably includes the CPC) consultancy is underprovided at present. However, over the years the CPC has acquired considerable experience in working on projects with third parties. Thus in 1995 it operated a productivity year campaign with public-sector trade unions to create awareness among civil servants of the importance of productivity, the need to maximize the effectiveness of their work, and the need to become customer oriented. This was followed by a national campaign in which 78 companies participated through focused projects, not simply exhortations.

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On the other hand, the CPC's research activities are being increased. Current CPC projects focus on understanding the impact of education/training and technology on productivity (a key issue in the national strategy), developing training materials in energy saving, and exploring the possibilities of flexible forms of work organization to alleviate labor market shortages. The CPC's plans also include the development of a portal for business and the strengthening of the training infrastructure through e-learning.

The CPC has been particularly adept, perhaps too adept given its productivity focus and understaffing, at performing ad hoc functions rapidly at the behest of government. The most prominent has been its management role of EU action programs, particularly for joint learning with other EU member countries. Furthermore, the MIM organizes international

seminars in cooperation with the ILO for high-level government employees and representatives of labor and employers' associations from the new EU members on such topics as labor administration, labor inspection, and pension reform. Currently, the CPC is launching a US\$2 million government grant scheme to encourage building contractors to upgrade their equipment to improve employees' health and safety, and hence productivity.

Despite its ILO parentage, the CPC has, as an integral part of government, not so far been able to develop into a truly tripartite body. However, a moribund attempt two decades ago to establish a joint productivity council consisting of representatives of trade unions and employers' bodies as well as government has now been relaunched with government authorization. The mission of the new tripartite Productivity Council is to formulate a national productivity strategy and program that can be implemented through projects and policy instruments. Back-up will be provided by a technical committee and ad hoc groups. Already a joint core concern is reforming apprenticeships, both in terms of reducing dropout rates and meeting the needs of the labor market in skilled personnel. The government has

already recognized the CPC as the competent authority for the apprenticeship system. Flexible working hours are another major productivity issue that can only be tackled by tripartite cooperation.

Thus, for four decades the CPC has played and continues to play a substantive, albeit continuously changing, national role in enhancing continuous learning and adaptation in an economy that has hauled itself to within striking distance of Europe's average wealth level by consistently achieving a much higher than average productivity growth rate. 

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