



## The Turkish Productivity Centre

**W**hen it was being established in 1965, a decade after the creation of an inter-ministerial productivity committee, the Turkish Productivity Centre (MPM) could draw on one and one-half decades of experience elsewhere. At that time there were three key issues facing western European productivity centers: 1) inclusiveness, i.e., how to ensure that all productive actors in the economy were involved in developing the vision and work of each center; 2) acceptability, i.e., how to ensure that the center would be a prestigious organization propagating change; and 3) financial stability, which is self-explanatory.

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The MPM's founders sought to address those issues both structurally and organically. In structure, the center's constitution as an act of parliament provided for all important groups in Turkey's economy to be given a role in the MPM's governance. Thus the annual general assembly was composed of more than 200 delegates representing public- and private-sector employers and industrialists, trade unions, and governmental and scientific bodies, including universities. This pinnacle of decisionmaking on policy and the program thus became the MPM's annual highlight and absorber of scarce resources.

The law also stipulated that, to ensure financial stability, all public corporations must pay a specified proportion of their profits as membership fees to the MPM. However, this too created a bureaucratic jungle arising from, for example, the various definitions of “profits,” and what to do in a situation when public corporations were in the red. Of late, the situation has been further compounded as the government, as advised by major international



organizations, has proceeded with privatizing the economy, thus drastically reducing the MPM's financial base (but boosting the economy's growth). This has resulted in 40% of the center's 2006 budget having to be drawn from its reserves since its annual membership income was down by 60% compared with that in 2005.

Presumed financial stability was also aimed at ensuring staffing stability. But Turkey's increasing internationalization means that, when offered opportunities by private corporate headhunters, highly qualified staff can scarcely be retained by the salary scales of public-sector systems.

With a view to overcoming these and other issues, the government appointed a new secretary-general of the MPM in 2005. His task was to revamp the center's structure, financing, functioning, and even nature. In consequence, the statutes are being modified for the sake of greater operational flexibility and efficiency. Thus, the rather unwieldy general assembly will in future be halved, with a 50:50 balance between public- and private-sector representatives, and meet once every three years. It will continue to elect a balanced board of seven from among its representatives, but with the secretary-general now a full member. The new board should have greater and more streamlined decisionmaking procedures.

Under the proposed new financing system, all public companies and social partner organizations should contribute a percentage (probably 0.5%) of their income before taxation to the MPM. In

exchange, the center will be granted rights to certifying/auditing the productivity progress of those members. Certification in turn will enable these public companies to, for example, obtain better credit terms from the banking system.

Although remaining a public body, the center will be autonomous. No longer should its image be that of a public-service organization (which has not enhanced its attractiveness to Turkish enterprises). To underline this change, services should no longer be provided free of charge. At the same time there will be a name change: the MPM will become the MVM because its central word, *Produktiviti*, is barely understandable in Turkish and *Verimlilik* is the true Turkish equivalent.

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However, there is no intention to change the traditional basic activities as a productivity center: training, information, research, and consulting. However, there will be shifts in emphases. Thus in Turkey, a large country (nearly 800,000 km<sup>2</sup>) with a high proportion of young persons but an annual income per capita of less than US\$5,000, promoting a basic understanding of the concepts of productivity at an early age is indispensable. One well-established promotional activity in this respect is the annual Productivity Week. Others take the form of competitions and awards.

Research has been a prime concern of the MPM's activities. It is carried out by its own staff (some 150 persons overall), often drawing on the broader university system. The two focal points remain monitoring productivity developments, both at the total economy and individual industry levels (which

gives rise to regular publications of international productivity comparisons and statistics); and studies of how Turkey's institutional and organizational structures impinge upon the dynamics of productivity.

Business consultancy activities also have two aims. One is to enable outsiders to diagnose a smaller company's problems and opportunities outside the hurly-burly of everyday life. For this, the MPM draws on its own and outside specialists in all the traditional areas of productivity techniques from work study and cost accounting to total quality management. The second purpose is to bring companies into working relationships with cutting-edge e-businesses.

Serving a geographically large country, the center will continue to emphasize local activities, especially training, from its four regional centers, established from 1988 onward. After a successful pilot project focused on smaller firms in 1998, regional productivity awareness campaigns in cooperation with local chambers of commerce have now covered one-third of the country. The findings of those campaigns should be fed back into government policies.

Finally, the new MVM's wide-ranging publication activities will be further

honed to meet the changing needs of its target groups. Thus the monthly news magazine, 10,000 copies of which are distributed free of charge, is being made more attractive to the general reader and English summaries will be provided ([www.mpm.org.tr/en](http://www.mpm.org.tr/en)). The quarterly scientific journal provides a forum for researchers to inform colleagues of their research findings and implications. The center is also setting up an Internet magazine as source of all data on Turkish productivity.

Thus the productivity center is helping prepare the way for Turkey to join the EU at a future, albeit still unknown, date. 

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