

# National agreement on productivity

By Anton Fisher

**W**e will soon observe the first anniversary of the signing of a Declaration on Productivity by the Southern African Development Community (SADC) heads of state or government. In view of the debate on a national productivity agreement for South Africa, it will be useful to examine the SADC declaration more closely.

The declaration signed by President Thabo Mbeki and other regional leaders on 18 August 1999, outlines a number of common values and principles that brought the SADC countries together.

These include equity, mutual benefit, free movement of factors of production, goods and services, enhancing enterprise and competitiveness, democracy and good governance, respect for the rule of law and the guarantee of human rights, popular participation and the alleviation of poverty.

The regional leaders also identified various factors that negatively impact on the region's development, integration and competitiveness. These are factors such as low levels of economic growth, low levels of investment, high levels of unemployment and poverty, lack of competitiveness of regional economies, as well as intra-regional and inter-regional economic disparities.

## Productivity

There is deep concern about the low levels of productivity, lack of a common vision and understanding of productivity, inadequate information about productivity improvement approaches, as well as low levels of co-operation among social partners on productivity issues.

The SADC declaration defines productivity as 'The efficiency and effectiveness with which labour, capital, materials, energy and other resources are combined and utilised in an environmentally and socially sustainable manner to produce quality goods and services for the satisfaction of human needs.'

The question of how to increase productivity was answered by outlining the key areas that make up an environment conducive to productivity enhancement.

- economic systems that are efficient, inclusive and competitive,
- human resources development which engenders productive behaviour,
- equitable distribution of the fruits of productivity gains,
- policies that embrace tripartism and facilitate harmonious industrial relations,
- productivity improvement that does not lead to a net reduction in employment but rather one which results in job retention or yields net employment creation;
- a commitment by all social partners to productivity enhancement,
- gender equality and equity.

The declaration identified productivity improvement's ultimate objective: improving all people's living standards. To achieve this, the SADC leaders made a number of commitments.

## Commitments

They undertook to 'formulate and adopt appropriate national and regional policies

and strategies at the macro institutional and enterprise levels to enhance productivity'. At the macro level this meant:

- adopting appropriate fiscal, monetary, trade, industrial, sectoral and labour market policies to ensure adequate access to economic assets and income-generating activities for the majority of the labour force;
- enhancing human resource development and technological capabilities at the enterprise, sectoral, national and regional levels;
- *promoting and strengthening horizontal and vertical linkages among micro, small, medium and large-scale enterprise at national, regional and International levels.*

At an institutional level this meant:

- establishing or strengthening an institutional framework for dispute settlement and productivity bargaining;
- promoting participatory labour relations and work process, and establishing mechanisms for sharing the gains from productivity enhancement.

At an enterprise level this meant strengthening the capacity of enterprises to redesign various aspects of their operations to enhance productivity and promote vertical and horizontal linkages in production, resources used, distribution and marketing among enterprises national and regionally.

*The SADC countries agreed to facilitate the establishment of a national productivity organisation in all member states by 2001. They would establish a mechanism for co-operation and sharing of experiences, know-how and information among national productivity organisations in the region. They would also monitor productivity growth by collating relevant national productivity statistics and establishing benchmarks for productivity improvement.*

These are commitments that South Africa should implement or play a support role where possible through the NPI. But the critical question once again arises: how long before South Africa has its own national productivity agreement?

## **Productivity agreement**

Given the current national context of unemployment, poverty and inequality, South Africa needs to adopt a clear framework on the issue of productivity and its role in economic growth and social development. In this way productivity enhancement will be elevated to a national policy objective.

Following South Africa's first democratic elections of April 1994, the country embarked on a process of political and economic transformation. Apart from the development challenges facing the country, the economic transformation was also necessary because of the structural weaknesses of the economy, the effects of sanctions and isolation, the pressures of a globalising world economy, trade liberalisation and the freer flow of capital.

A productivity agreement would be a mechanism to build consensus on the need for all South Africans to live and work productively. It would foster a common understanding on the role of productivity enhancement in the economic and social development of the country.

It could act as a framework for sectoral or *enterprise-level agreements on productivity improvement.*

Perhaps more importantly, such a framework must address how to equitably distribute the benefits of productivity improvements.

In this way we will be able to understand the link between productivity and competitiveness in a concrete way and be able to see clearly what interventions are necessary to further improve this country's competitiveness.

Ultimately, a national productivity agreement/accord will contribute, along with other measures, to the economic and social development of the country and the region. A productivity agreement/accord will also ensure the realisation of the Constitutional objective to 'improve the quality of life of all citizens and free the potential of each person'.