

Debating productivity

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What is productivity?

The best way of defining productivity is to explain what productivity is not! Productivity is not just production. Productivity is not just a technical index for measuring output per unit of input. We must break away from the myth that productivity is just labour productivity. Increased production may bring increased output, but not necessarily increase in turnover or value added, not necessarily a product or service that is designed and built and delivered to meet the expectations of the end consumer.

Productivity is a holistic term for defining activities aimed at organising and unifying all available resources — human, capital, land, time etc — to produce goods and/or services for the benefit of people. Productivity is managerial and organisational in nature. As a result, the principal agencies in raising productivity are not machines and equipment, but the people that operate them.

Human beings play a central role in productivity. Too much reliance on technology and machines takes people for granted. Productivity serves to support the development of society and the economy and therefore enhance human progress. Productivity should be committed to the realisation of society's welfare and therefore all efforts to improve productivity should be in harmony.

Multidisciplinary

Productivity is not the knowledge or technology of one single discipline. It is multidisciplinary. The major areas of concern for productivity include:

- ◆ application of technology
- ◆ advanced management techniques
- ◆ labour-management relations
- ◆ group dynamics, working conditions and human development.

People centred

Human development means investing in people's individual and collective capabilities. It is essential that people are able to participate fully and decisively in the creation of a better life for themselves.

Organisations must develop environments in which people are encouraged to develop their latent abilities and creativity. For this to happen, it is necessary to eliminate everything that might block the creative process.

Adversarial management relations offers one of the major blockages at the moment in South Africa. Equality between labour and management based on mutual respect and a people centred attitude should constitute the foundation of productivity improvement activities.

Steps towards improving productivity

Enhanced productivity is essential for sustained growth and competitiveness at industry/sector and enterprise level and should be an essential component of economic reconstruction.

For productivity to become the cornerstone of our economic endeavours, the country will have to accept and function according to some core values which could well be entrenched in the new constitution.

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Such values could be:

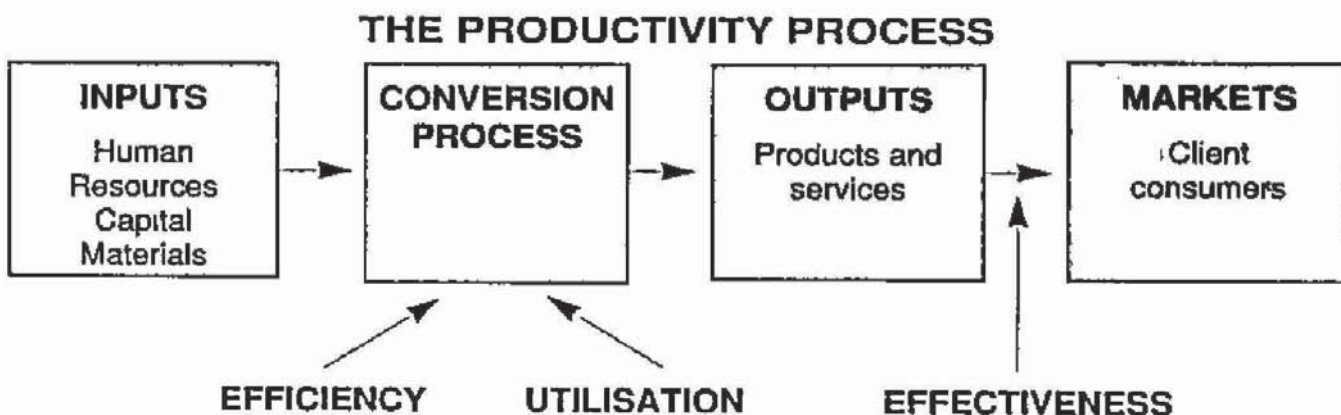
- ❖ That nobody should ever be laid off because of higher productivity and increased quality
- ❖ That productivity improvement must always be a joint venture between management and workers
- ❖ That additional wealth flowing from improvements in productivity and quality should be shared equitably in three ways:
 - ▶ The owners of capital should benefit in the form of higher dividends and more opportunities for productive investments
 - ▶ Consumers should benefit in the form of lower prices and higher quality products and services
 - ▶ Employees should benefit in the form of more work opportunities, higher wages, shorter working hours and a better quality of life.

A mechanism should be immediately set up by way of a series of workshops amongst labour and business together and separately with a view to coming up with a commonly accepted and understandable definition of productivity. This process should culminate with a summit which should produce a white paper on productivity as well as a national campaign on productivity enhancement

The challenge for both management and workers are many, but the potential reward, both for companies and workers is even greater. This will be explained in the next section.

Prerequisites for productivity improvement

Productivity is often wrongly defined as that activity that deals with the better utilisation of labour. Productivity is actually a process which can be described according to the following outline:



A few points about this productivity process are important. The first is that it deals with all resources — human resources, capital and materials — and not only labour, as is so often assumed. The second very important aspect is that capital and material resources can never produce anything in their own right. Human energy (both intellectual and physical) is needed to start the conversion process. Thirdly, it is important to note that all products and services produced by the productive process are destined for a market, a client or a user. It is therefore clear that human beings, as workers and consumers, play an all-important role in the productivity process.

The central role of human resources in the productivity process must be emphasised again. Only if management and workers work together towards the joint vision of higher productivity will it be achieved. It has been demonstrated over and over in many enterprises that the starting point for productivity improvement is *a joint vision by management and labour*. Only when both parties see productivity as a means of achieving their own goals will it be embraced by everybody. In our next article we will delve a little deeper into this question. ☆