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Management of Productivity

Who is Responsible for Unproductiveness?

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Abstract

Productivity is the major concern of every modern organisations irrespective of their types-business, government, and social. Every organisation strives towards increasing productivity; however, the very few organisations out of the total established have been successful. Hence, this article tries to investigate what factors determine the productivity, what problems occur in the organizations in production process, who is responsible for such non-productive organisations, how can be assessed that organisations are unproductive, how concern authorities from inside the organisations (managers) and outside the organisations (government authorities) tackle the situations, etc., are the issues this articles raised and tried to answer. Based on the information received from the experiences of some authorities of some organisations, this article is prepared. The sample for the information was the employees, managers and government officials. A number of researches done elsewhere were reviewed. Finding

suggests that external and internal both the factors are responsible for productivity loss.

Keywords: Productivity, Productivity Problems, Productivity Council, Productivity Measurement, Benchmarking, Productivity Improvement Program, Job Design.

INTRODUCTION

Without productivity and its increase, the rationale of the organisations' being has no value. Productivity drives the wealth of nations and their economic fortunes, and more productive workers earn higher wages and experience higher living standards than past generations (Kretschmer, 2012). The term productivity has been recognized for its contribution to operational, organizational, industrial, and national competitiveness (Phusavat, 2013). People are assumed to be organized in the form of organisation for giving things, which is called its productivity. Productivity is a measure of the return on investment of the organisation and is an indicator of how efficiently organisation can convert inputs to outputs. In today's competitive environment, increasing productivity has been the challenging jobs. Labour, raw materials and other resources are to be put in the process in such a way that the value is created. Management (a person or group of person entrusted) tries to give maximum values of the resources used and their efficiencies are assessed based on how much they become successful to add values in these resources. Therefore, it is said that the main objective of an organisation is productivity, because productivity generates revenue, which is the lifeblood of any organisation.

In the organization it is always essential that revenue is more than its expense. Revenue is output whereas expense is input. Productivity is an economic measure of output per unit of input. Inputs include labour and capital and other resources, while output is typically measured in revenues and other benefits. For productivity measures making more meaningful it can be assessed collectively (across the whole economy), industry wise, and particular firm so that interpretation can be done on firm's efficiency, labour(HR) growth and development, wage levels and technological improvement.

Productivity gains are vital because HR, financial capital and other resources all are very scarce resources, so maximizing their impact is always a core concern of modern business management. Productivity enhancement comes from technology advances, such as computers and the internet, supply chain and logistics improvements, and increased skill levels within the workforce and so on. Hence this paper tries to discuss about the problems of increasing productivity that the developing country like Nepal is facing and organisational efforts of increasing productivity, etc.

RESEARCH QUESTIONS AND OBJECTIVE

While writing this article a number of questions were raised in relation to productivity. They are – how organisations define productivity, have

productivity concept and process been the same every time, what hampers productivity, what measures organisations take to improve productivity and how developing country like Nepal has endeavored towards this. Besides these further issues discussed are - who is responsible for such non-productive organisations, how can be assessed that organisations are unproductive, can it be predicted, how concern authorities from inside the organisations (managers) and outside the organisations (government authorities) tackle the situations, etc. So objective of this paper is to explore and investigate the answer to these questions.

METHODOLOGY

Sources of Information

The research is based on primary and secondary data. Primary data consists of discussion with the people involved in productivity. The managers of more than 50 sick industries were contacted for the short interviews for finding the reasons for being sick by being unproductive in a reasonable manner. Secondary sources consist of literatures from books and journal regarding productivity and the issues over different period of time. The data/information received from the interview were compiled and presented for result and discussion. And the secondary sources were reviewed for developing insight how productivity are conceptualized and interpreted over different period of times in different cross cultural settings.

Sample Size

For finding the sick industries, official records of Industrial District Management ltd. of Neal were contacted and the sick industries listed in the total 10 industrial estates were listed. And three industrial estates having significant number or sick industries were taken as sample for the study. The sample included Balazu Industrial Estate located at Kathmandu, Patan industrial Estates located at Lalitpur Industrial Estate and Bhaktpur Industrial Estates located at Bhaktpur. In these industrial estates there were 200 plus sick industries. Randomly 50 industries were selected for information. Their managerial level employees were contacted and interviews were held. Other 50 officials of government organisations, especially from Ministry of Finance, Ministry of Trade and Industry, and Ministry of Tourism were also contacted for interview for the reasons for being the organisations sick and government concern towards sick industry.

Instruments

The instruments used were interview schedule of semi structured nature. Each respondent were individually contacted and asked the questions (given in Appendix 2). The information received were grouped and presented in result and discussion.

REVIEW OF LITERATURE

Some literature, related to productivity and its different connotations in different times and the problems that organizations face to achieve

the planned productivity, was reviewed so that some insight could be generated.

A number of studies have addressed the concept of productivity and its increment issues. In 1950, Organisation for European Economic Co-operation (OEEC) give a formal definition to productivity as quotient obtained by dividing output by one of the factors of production and in 1883 'Littre' defined productivity as faculty to produce (Sumanth, 1984). For every country now maintaining a balanced productivity increment has been not a straight job but the difficult one. It is complicated because productivity in one aspect may degrade the other sectors, for instance increasing industrial sectors for productivity in developing country might be the major cause of environment degradation. In an industrial level adding one plant for increasing productivity may give negative effect on other sectors. Therefore, productivity increment has loose and gain characteristics. Increasing workforce productivity through their efficiency becomes more and more important in the context of changing demographics, technological advances and rising costs. So after reviewing many researches in this regard, Warwick Institute of Employment Research has put forward the opinion that new and amended roles, new ways of working, clinical pathway redesign, multi-professional team working, collaborative working and advances in technology can help to achieve this (Warwick Institute of Employment Research, 2014).

Researches often conducted in different places have revealed different factors responsible for the productions. Berman (2006) after investigating successful organisations argued that production comes through achieving success and success is the result of: (1) support by top or senior management; (2) a real, urgent need (or crisis) for change; (3) support by a critical mass of people; (4) some early and easy successes when appropriate; and (5) sufficient trust among people involved in the change.

Has productivity carried the similar concerns every time and everywhere, what literature suggests about this, what were the problems and what were the strategies followed, were the talk of the issues of the productivity of the past.

Before 500 BC Great Wall of China and Egyptian Pyramid were the major projects of constructions. The strategy of that time was to collect more and more men to complete the task as soon as possible. These were completely man-made constructions. The concept of Division of labour was suggested for excelling in the production process at the period of Plato (427-347 BC). In the period of 0-1500 AD the concern was to develop the mechanical devices, printing press, and weapons, because people started developing feudalism and abolished slavery system. Many arsenals were formed at that time, working togetherness ('togetherness') concepts were developed in the production process and it can be said that this period is the beginning of scientific management.

The period of 1900–1939 can be said as a period of industrializations because many

industries for the production in mass scale appeared this time. So the strategies formulated that time were (1) hierarchical designs, (2) rationalizing work process, (3) supervising and motivating workers, (4) functions of executives: POSDCORB (Gulick, 1936). In the period 1939–1949 there came the demand of quality war weapons and products because world was involved into II great war, so quality production and control system was developed.

The postwar growth period (1945–1965) brought the human motivation for the purpose of planning and controlling growth. Program and performance budgets, research design for new product design, motivation theory to participate the employee in the production process become the agenda of productivity enhancement of that time. There developed 'Theory X vs. Theory Y' (McGregor, 1960). Theory y was developed out of theory X as alternative to change unproductive workers involving the employee in the production process so more production could be generated and employee feel the ownership in the production process. 1965 to 1980 is the period of program analysis when major concern of management was increasing program efficiency and effectiveness through human motivation. This time program planning and budgeting system, zero base budgeting and management by objectives, strategic planning, operations research, cost-benefit analysis, organisational development, etc. emerged to address the problems of productivity (Donvito, 1969). From 1980 to present time is the period of quality paradigm because management thrust is in increasing efficiency and effectiveness in the organisations, through stakeholder trust. The strategies of these days are Outsourcing, Partnering, and Flattening organisation, and use of Information Technology, Strategic Planning, and Total Quality Management (TQM) (Rijn, 2004).

Berman (2006) have listed a number of problems that hinders productivity of the organizations. Though his study was basically related to problems in the public and non-profit oranisations, but significant contributions have made to every types of organization. If managers become proactive then productivity problems can be addressed and save the organizations from upcoming issues of productivity problems. Productivity is generated through performance. Researches have indicated that there are different problems that organisations face. Some are performance related, organisation related, and people related (Berman, 2006).

According to the Berman (2006) organisations show their inefficiency in different forms. Some problems related to stakeholders include the inability of the organisation to maintain relations with stakeholders in the cases when they complain, show apathetic behaviours, and ganging up to the organization. Organisations do not understand the need of the target group and cannot make policies to address them. Actually organizations capability means collective capabilities of employees who deliver from different capacities from front line to managers. Instead of delivering services in many circumstances it is found

that employees do politics at the expense of organizations. Major organisational problems include infighting in units. They try to give good impression of having too many meetings for planning, supervisions and monitoring works, make excessive budget requests but fail to deliver the goods and services. Most often mission of the organisation (or programme) does not serve important society needs. Mission and visions are outdated. Different positions are filled with influence rather than skills and abilities. The organisation's delivery technology is inefficient. Organisation does not take advantage of economies of scale. Too many people and units seem to be involved. There lacks sound information technology so jobs to be done by few will involve many layers to complete the jobs and timely delivery cannot be possible. Communication is unclear, contradictory, or ignored. People do not work as a team so unitary command becomes absent and contradictory demands, cultural and interpersonal differences cloud communication. Often communication is misinterpreted by the command structure. Rewards do not support mission. Rewards or acknowledgement are absent or support other priorities, rewards or consequences encourage perverse behavior.

Berman (2006) explored major project problems, which are-insufficient relevance, falling behind schedule, not achieving results, going way over budget, and having upset or apathetic clients and other stakeholders. Inadequate planning is made through unrealistic goals, misalignment between ends and strategies. Resources are poor or inadequate, and lack of a contingency strategy. Inadequate control of execution through insufficiently knowing the status of projects or events that affects projects, allowing partners and people to get sidetracked.

Major people problems as revealed by Berman (2006) involve skill, attitudes, and values of the people. Values are insufficiently professional. Unethical behavior, disinterest in skill development are the primary reasons. Technical skills are lacking. Employees and managers are unable to acquire modern skills. They avoid activities that require technical skills, and deny that they lack skill so are mediocrity, but assume micromanagement (control everything). They are poor in social skills so either is too confrontational or too accommodating rather than reasonable. They become more subjective rather than objective for the growth and development of team. They develop in-group and out group principle based on their own whim rather than project mission and objectives.

Regarding measurement of productivity productivity measurement is done at different level-country level, organizational level, and individual level. Duke, Torres Meyer and Harper (as cited in Phusavat, 2013) have stated that at national level industry the measurement approach is use of Gross Domestic Products or Integration of labour and capital as the key inputs.

At Organization and functional level, Sink, Tuttle, Nanni, Vollman Dixon, Sumanth (as cited in Phusavat, 2013) have found that productivity is measured by employing the

approach of multi-factor productivity with the focus on labor, capital, materials, and intermediate inputs. And at organizational level productivity include quality and quality of work life, too as output.

Hodgetts, Zigon (as cited in Phusavat, 2013) have defined productivity at individual level. It is the direct measure of outputs and inputs of an individual. Output includes quality of work life, innovation, work outcomes, output quality, customer satisfaction, and input is time, efforts, and other resources put by the individual to give the production of goods and services.

Measures to improve productivity have been suggested in different studies. A group of researchers have advocated the areas to improve productivity, which are: (1) better serving external stakeholders' needs, (2) improving organisational effectiveness and using resources efficiently, (3) improving project management, and (4) increasing productivity through people. Modern performance improvements efforts often raise the bar in these areas, and managers are increasingly expected to be familiar with the strategies and standards that they involve. These areas offer important opportunities for increasing performance and productivity (White and Newcomber 2005; Ammons 2004; Covey 1992; Herman 2004). There are several indicators being adopted today in the world for productivity measurement – (1) Value-added (in earning Rs.) per full-time employees (persons), (2) Value-added (in earning Rs.) per machinery per unit of hour used, (3) Value-added (in earning Rs.) per capital and labour expenses (in Rs), (4) Value-added (in earning Rs.) per production floor space (ft^2). This means per unit cost everywhere in production factors must bring results of gain (OECD, 2001).

Better HRM Practices and Productivity

There is a shift in HRM issues to solve the productivity problems. Labour or workforce productivity means level of output per unit of labour input using quality-adjusted measures or treating quality as a component of input or output. In any organisation, productivity is highly influenced by better human resource practices, like recruitment, labour relation, training and development, employee relation, learning and innovation have high impact in productivity in organisation. Some researches result is illustrated here. Holzer (1987) revealed that extensive recruiting efforts increased productivity. Guzzo, Jette, and Katzell's (1985) investigated that training, goal setting, and sociotechnical systems design had significant and positive effects on productivity.

Cutcher-Gershenfeld (1991) advocated for the humanistic approach in the employee relation in place of traditional employee relations practices. He found that firms adopting 'transformational' labour relations – those emphasizing cooperation and dispute resolution – had lower costs, less scrap, higher productivity, and a greater return to direct labour hours than did firms using 'traditional' adversarial labour relations practices.

In the study of Katz, Kochan, and Weber

(1985) demonstrated if grievances and disciplinary action are reduced then labour efficiency and product quality can be increased. Katz, Kochan, and Keefe (1987) showed the strength of innovative work practices indicating that a number of innovative work practices improved productivity. Katz, Kochan, and Gobeille (1983) and Schuster (1983) stated that the firms where quality of work life (QWL), quality circles, and labour-management teams are in exercise their productivity is higher than those where these HR practices are absent. Bartel (1994) established a link between the adoption of training programs and productivity growth, and links between incentive compensation systems and productivity have consistently been found as well (Gerhart & Milkovich, 1992; Weitzman & Kruse, 1990). Finally, employee turnover also has an important influence on organisational productivity (Brown & Medoff, 1978).

ICT and Productivity

In the literature IT has received much more concerns regarding productivity in the present contexts. In the early days IT did not have any impact in the productivity in the researches of Berndt and Morrison Brynjolfsson, and Loveman (cited in Kretschmer, 2012), However, later on an increasing number of studies confirmed a positive and significant effect on productivity in the researches of Schreyer, Bertschek and Kaiser, Black and Lynch, Bloom et al,. Brynjolfsson and Hitt, O'Mahony and Vecchi, Röller and Waverman (cited in Kretschmer, 2012). Regarding ICT Brynjolfsson and Hitt in 1995; and Brynjolfsson et al., in 2003 (cited in Kretschmer, 2012), develop estimation formulae, which describe output is the function ICT capital, capital stock of non ICT goods and labour input.

Performance of Model Organization

This model designs the people, process, strategy, structure, and culture to suit needs, priorities, expectations and loyalty of the customers (Focus 3, 2011). Some organisations are renowned for marketing tactics, some for manufacturing, and some for management innovations. An organisation can set its objectives of marketing, manufacturing and management looking all three so that its product could be developed and improved, and its product will have the traits related to productivity of all the three. Nowadays, benchmarking has been the most efficient and practical tools of management for planning and controlling. Organisations will compare its own suppliers with the suppliers of model, transportations with transportation of model, and similarly warehousing, manufacturing, distributing, etc. This way organisation can make higher productivity than other organisations. Higher productivity means, the ratio of its input/output will be higher than that of other organisation.

RESULTS AND DISCUSSION

In order to know which organisations are productive and which are not, enquiries were made with the industrial officers of industrial states. In the industrial areas of Nepal more

than 600 industries were found sick. Sick industries can be taken as unproductive organizations because for defining sick industry, three criteria were found to be used: (1) Operating regularly for a minimum period of 3 years but have incurred regular loss for last two years, (2) unable to run at Break Even Point regularly for last two years, and (3) turnover of last three years has been declined gradually by 25% for industries to have acquired less than 2.5 million rupees of loan. Enquiries made with the managers of the sick industries regarding why Nepalese organisations not been productive. They gave the different reasons (*Problems)*.

Problems

From the interview with employees and managers of organisations residing industrial states of Balazu, Kathmandu, and Bhaktpur, a number of issues were drawn for the decrease of the organisational productivity. These are listed below. These opinions were generated from the responses of more than 90% respondent's common opinions. The interview questionnaire is given in Appendix 2.

Labour Issues

Labour unions have become the major problems of productivity. Most of the time, they are in the mood to present the list of demands. While the demands of the unions are valid as per the existing labour law, they are far too stretched in terms of the need and ability of firms to fulfill them. Demanding extremely high wages that are inconsistent with inflation rate without a guarantee of an increase in labour productivity shows foolhardiness of the unions. They seem to be motivated to go for strike not for labour welfare reasons, but for political ones. The trade unions want monthly salary to be increased to Rs 10,000 and daily wage to Rs 400. Furthermore, they are demanding additional provisions like insurance, provident fund and social security of workers.

Industry Return Rate

Lower rate of return of the industrial sector than other sectors is another reason which demotivates the investors of productive sectors. Generally new investors hesitate to invest where the rate of return is relatively low. It registered negative growth rate (–0.2 percent) from 2009, down from a peak of 18.8 percent in 1992.

Load Shedding

Factors such as load-shedding, supply bottlenecks and donation campaigns are increasing cost of production of firms. It was reported that according to Small Factory Foundation Survey 2009, load-shedding has already forced closure of 41 percent of medium-scale factories. Furthermore, about twenty thousand workers lost jobs when five dozen big and small firms closed down in Birgunj-Pathalaiya industrial corridor of Parsa district. Simalrly, people in millions have lost their jobs due to the close down of many others industries. This has led the industries to install diesel plant which costs more and the cost of production rises and

industries cannot supply in lower prices than that of competitors. In some big industries supply of power with diesel plant becomes unbearably costly. Without a decrease in cost of production, increase in profits is unimaginable.

Harassment from Outsider's Interest

The environment of industries remained in threat for a couple of years. Militant activities of Young Communist League (YCL) severely crippled productive capacity and production in the industrial sector. Business and industrial sectors become the sectors of harassed businessmen and terrorized business community, place for donation campaigns, confiscation of private property. Industrial districts were illegally occupied and production was disrupted in several manufacturing plants in 2008. The very institution (private property) required for economic growth was handicapped by the YCL and Maoist-affiliated trade unions. Vested interests and are politically motivated.

Industrial Policy

Nepal's first Industrial Policy was enforced in 1962. New industrial policy was introduced in 1974. The liberalization measures are being implemented since 1985. The current Industrial policy was enforced since 1992. Industrial Enterprise Act was also introduced in 1992. All these encourage private sector participation by creating an environment favorable for increased private investment. However, It has been perceived that the Act is no longer consistent with the incentive package prescribed in Industrial Policy, 1992 as incentives sought in the policy to promote industrial growth have been removed.

Investment Policy

The Foreign Investment and Technology Transfer Act (FITTA), 1992 is effective. Some of the salient features of Industrial Enterprises Act, 1992 and Foreign Investment and Technology Transfer Act, 1992 (as amended in 1996) are – single window system, foreign investors, barring few cases, are allowed to hold 100 percent ownership in industries. Technology transfer is encouraged in all public industries. Foreign investors are granted a business visa as long as the investment is retained. A resident visa is provided for a foreign investor, who at a time makes an investment in excess of US$ 100,000 or equivalent and retains it. However law and order situation of the country become so weak that country could not get benefit from these. Due to the threat in peace and security, foreigners did not feel secured to interest to invest in Nepalese land.

Monetary Policy

The Nepalese Rupee has been pegged to the Indian Rupee at the rate of NRs 1.6 per Indian Rupee since February 1993. The Indian Rupee has been in circulation in Nepal despite legal prohibition on its use for transaction. Inflation in Nepal has improved over the years; the average double digit inflation rate during the 1980s has been reduced to single digit in the 1990s. Empirical evidence shows that Nepal's exports are not sensitive to exchange rates

but the relationship is strong for imports and exchange rates (Khatiwada 2003).

Fiscal Policy

Nepal's tax reform included streamlining the tax system with the system of Value Added Tax (VAT). It is gearing towards reduction of unproductive expenditure in the public sector. Reform of the income tax structure is made-by lowering high rates and broadening the tax base; reduction of net domestic borrowing; and streamlining of bureaucracy. Economic survey (MOF) assumes that 75 percent of the private business income taxes come from trade. A majority of the government's revenue is derived from indirect taxes, of which customs and sales tax/VAT constitute the largest portion.

Competition Policy

Competition Promotion and Market Protection Act, 2007 was enacted to regulate anti-competitive practices and create competition culture. Before this law, various other laws concerning competition and anticompetitive practices such as Consumer Protection Act, Black Marketing and Certain Other Social Offences Act and Essential Services Operation Act were also enacted but the government has not been able to implement them effectively. And these acts have been the elephant's showing teeth.

Labour Policy

Labour Act, 1992; Foreign Employment Act, 1985; and Trade Union Act, 1992 were enacted with the ambition of industrial peace. These have consistently been criticized by the business community as being 'more regulatory than promotional', which they claim is detrimental to investment and employment generation. International studies also seem to support the suggestion that Nepal's labour laws are 'labour friendly' at the expense of investment.

Agricultural Policy

Government introduced the Nepal agricultural Prospective Plan (NAPP) in 1995. Indian farmers benefit from a host of government subsidies on fertilizers, seeds, pesticides, power for irrigation, and agro-processing equipment and services due to open boaders. No specific incentives are being provided for the export of agricultural commodities.

Trade Policy

Trade Policy, 1992 was introduced. It provisioned to simplify existing import licensing and control system and gradual replacement of quantitative restrictions on imports with tariffs; simplify import procedures and documentation; and allow import of all goods except some limited items through purchase of foreign exchange at the rate fixed by the market mechanism in order to make Nepalese currency fully convertible

IPR Policy

The government has introduced patent, design and trademark Act, 1965; Copyright Act, 2002; and Copyright Rules, 2004 for

the protection of intellectual property rights (IPRs). The country is required to amend the existing and introduce new IPR legislation in congruent with the WTO's Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS. There is also a need to implement rules on other IPRs mentioned in TRIPS such as geographical indications and plant breeders' right.

There are reactive measures and proactive measures to management sick industries (Un-productiveness).

Reactive Measures: Provision from Government to Sick Industries

Around six hundred industries are supposed to be sick in the country. But improvement measures are very low and slow to uplift them. Every year less around ten industries are being cured. Organisation's chance of getting cure from government is less, so investors loose passion and leave the industrial ground.

Sick industries get benefits according to the provisions made by Industrial Enterprises Act 1992. And separate provisions are made by central bank for the cases of financial institutions. Tax incentives and waiver of duties of machineries are the facilities to be provided by government for the organizations under Industrial Enterprises Act 1992. In the case of financial institutions central bank (Nepal Rastra Bank) has made provisions:

(a) Refinancing on collateral of the industry at 1.5 percent interest rate

(b) Loan restructuring depending on industry's business plan

(c) Waive the fine on interest and keep simple interest separately from the capital and recover later

(d) If the Banks and Financial Institutions Act 2006 (BFIs) not interested in refinancing, they should permit debtors at the base rate and continue in credit facility

(e) If the industry pays loan regularly for two years from loan restructuring date, the loan loss provisioning should be at only one percent.

Proactive Measure: Productivity Movement

Nepal has made two prospective plans-one for agriculture and another for industry. The agriculture perspective plans is assumed to cover 20 years period from 1995 to 2015 and industrial perspective plan is assumed to cover 1997 to 2017. Looking at the country's economy these should be the major plans seeking full productivity development, however, the country has gone in different directions of maintaining peace and forming constitutional assembly.

At the central level an organization 'Industrial Districts Management Limited (IDM)' was established as a separate corporate entity in July 1988. It was entrusted with the overall management and supervision of all IDs plus other tasks such as conducting feasibility studies of IDs in potential areas, materializing new IDs and planning and promotion of industries therein. At the initial stage this work was given to Industrial Services Center (ISC), an undertaking of Government of Nepal in 1975.

On 11 May 1961 the Asian Productivity Organization (APO) was established as a regional inter-governmental organization with a mission of to contribute to the sustainable socioeconomic development of Asia and the Pacific through enhancing productivity. In the county level under it, shed in 1974 Industrial Service Center was established, and in 1988 it was changed into economic service Centre, and further changed into National Productivity and Economic Development Centre in 1994. The office was supposed to carry out productivity related services, research and consultancy services, information services and ready-made garment export services. This Centre has prescribed a model of productivity which tries to justify that productivity increases production, productivity increases quality, productivity reduces cost, productivity supplies at right time, productivity increases security and productivity increases ethics.

Asian Productivity Organization (APO) designed a model for productivity enhancement in the country. The model is given in Appendix 1. This model tries to make the productivity sustainable by sharing the results of productivity to all stakeholders. This was made from the initiation of foreign expert (Japanese) on productivity. Foreigner's advices have little impacts on national productivity unless the country does not commit for productivity. For the productivity of the country there seem high aids from foreign country, for example, Balazu Inndusrial Estates is made from US aid, Patan industrial estates from Indian aid, Hetauda Industrial Estates from India, Nepal Ganj Indusrial Estates from India, Bhaktpur Industrial estate from Germany, Birendra Nagar Indusrial Estates from Netherlands, and Rajbiraj Indusrial Estates from India. This is evidenced from the existing industrial situations of this country. Total contribution of industry in GNP has been decreased to 6% from 10 percent of few years ago.

CONCLUSION

Productivity growth provides a powerful means for any firm to address a whole spectrum of challenging pressures, including cost competitiveness, environmental performance and escalating raw material, labour or energy costs.

Productivity is measured by system output divided by system input. There are many methods mentioned to increasing productivity; however, the main among these is commitments. Countries and enterprises can increase their productivity through their commitments. Just by designing programs to improve is not sufficient. In Nepal lots of evidences show that many rules, regulations, and policies were made, but efforts to enact these remained always weak. Entrepreneurs, labour unions, government agencies were on their own vested interest and productivity enhancement which should be the long term strategies could not get sufficient priority in true spirit.

In Nepal, productivity increment has been the topic for discussion and blaming for one political party to others; however,

real practice is different. The increment of industry has been the never realizing dream of Nepalese economic sector due to absent of commitment in quality and sustainability. Government measures to give remedy to sick industry are very slow.

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ANNEXURE

Annex 1: Productivity Model Designed Asian Productivity Organization

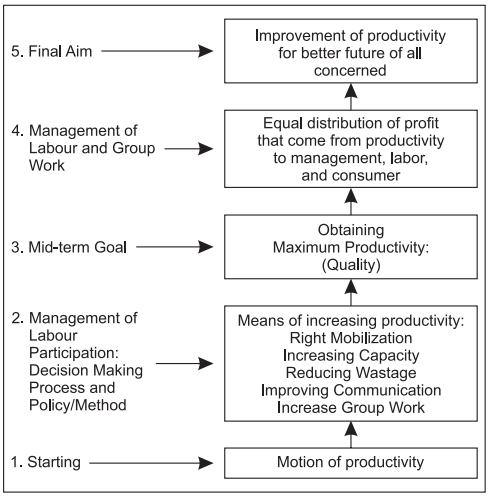

Figure 1: National Productivity Model Designed by Asian Productivity Association

Annex 2: Interview schedule

Name: optional
Organisation:
Number of years' service:
Position:

Q.1: What are the factors that increase productivity in the organisation?

Ans.

Q.2: What are the factors that hinder increase productivity in the organisation?

Ans.

Q.3: What steps government takes to stop productivity decrease?

Ans.

Q.4: What steps managers take to stop productivity decrease?

Ans.

Q.5: What should be the role of labour unions to increase productivity?

Ans.

Q.6: What catalyst role government should play to increase productivity?

Ans.

Q.7: Are existing laws adequate to increase productivity by providing facilities to industrial enterprises?

Ans.

Q.8: How far government is successful to control productivity issues?

Ans.

Q.9: List down the problems occurred in hindering productivity in current situations?

Ans.

Q.10: What is your present opinion regarding current laws and regulations?

Ans.