



High productivity models in the agricultural sector

A variety of agricultural systems or models have been developed over the centuries based on the socio-cultural, economic, topographic, climatic, and resource conditions prevailing in each local community. They have either succeeded and endured or failed and been discarded, depending on the degree to which they have been able to increase the productivity and income of farmers. In this present age of intense environmental concerns, sustainable agriculture (SA) adds a new dimension to determining the viability of these systems. A number of SA systems/models were discussed at a recent APO seminar on Agricultural Models for Higher Productivity held in Bangkok, Thailand, 1–5 July 2002. The implementing agency was the Thailand Productivity Institute. Seventeen participants from 14 member countries and five resource persons took part in the program.



Participants visiting Chachoengsao Rubber Research Centre

In their presentations, the resource speakers covered the following topics: 1) Enhancing sustainability and growth through integrated farming systems; 2) Cooperative marketing: organizing farmers for greater competitiveness; 3) Contract farming: linking small farmers with processors/marketing firms; 4) Precision agriculture: use of information technology in farming; and 5) Vertical integration: integrating agricultural production, processing, and marketing under a single management. Field visits were made to a marketing organization for farmers and the Chachoengsao Rubber Research Centre.

Among the successful models discussed in the seminar were integrated farming systems, contract farming, cooperative marketing, group farming, and vertical integration. Many of these models are being promoted by governments as part of their development programs. Some of the country-specific models highlighted for special study were: 1) A countryside business model in Taiwan which promotes new types of business such as agro-tourism for rural dwellers; 2) The development of the idle land model in Malaysia which encourages entrepreneurs to lease idle lands from their owners to grow

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“Creativity and new ideas are usually achieved at the interface of different functions and disciplines, as different perspectives are brought to bear.”

Jean-Philippe Deschamps

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Mauritius joins the productivity journey

Described by Australians as “the Fiji of the Indian Ocean,” the Republic of Mauritius has embarked on a mission to improve its productivity and competitiveness. In July this year, the National Productivity and Competitiveness Council (NPCC) of Mauritius, in association with the UK-based Commonwealth Fund for Technical Co-operation, invited two technical experts from Australia to Mauritius for three weeks to introduce self-assessment and benchmarking practices to industrial and business organizations in the country. I was one of the invitees. The other was Robert Mann, who is no stranger to the APO since he has served as a resource person in many of its projects.

Established only two years ago, the NPCC has already made its mark on the economy through a series of very focused and thoughtful strategies for raising productivity awareness. All the main industries of Mauritius—textile manufacturing, tourism, and sugar—are under severe international competitive pressures. The productivity movement has the support of the tripartite economic partners of government, labor, and management. A seminar on “The Impact of Productivity on Workers” organized by the National Trade Union Conference in collaboration with the NPCC in 2000 endorsed this statement: “Productivity is a process of continuous improvement in the production/supply of quality outputs/services through the efficient and effective use of inputs, with emphasis on teamwork, for the betterment of all.”

“Established only two years ago, the NPCC has already made its mark on the economy through a series of very focused and thoughtful strategies for raising productivity awareness.”

The NPCC has a simple but purposeful vision: “Better Living for the Nation.” Its mission is “to promote and sustain an enabling environment for Mauritius to thrive in a fast-changing world” and its guiding principles comprise the 4Es: empower-

ment through education for greater employability and entrepreneurship. The objective of the NPCC, as defined in an Act of Parliament (NPCC Act 1999), is “to stimulate and generate productivity and quality consciousness and drive the productivity and quality movement in all sectors of the economy with a view to raising national output and achieving sustained growth and international competitiveness.”

Through a series of comprehensive brainstorming sessions, a problem tree and a complementary objective tree were identified. Ten national tripartite Productivity Committees (PCs) were set up to devise action plans to meet the objectives defined on the objective tree. These PCs were entrusted with the tasks of:

- Advising the NPCC on measures to promote and enlist wide support for productivity, quality, and competitiveness;
- Monitoring the productivity, quality, and competitiveness of specific sectors and industries and providing feedback and advice to the NPCC;
- Enquiring into and reporting back on any matter referred to it by the NPCC;
- Carrying out studies and preparing opinion statements, reports, etc., for the NPCC; and
- Proposing studies and the hiring of expertise or researchers where considered necessary.

The areas of focus of the PCs are: optimizing human resources; developing effective leadership and management; facilitating the development of a national integrated strategy; improving targeted information-education-communications programs; assisting in the establishment of a flexible legal framework; raising awareness of innovation; building institutional synergy; assisting technology transfer and development; promoting infrastructure development; and setting productivity standards.

The PCs presented their findings during the National Productivity Consultative Week, 15–19

January 2001. Productivity Implementation Committees (PICs) were set up after that event to catalyze and facilitate the transformation from intent to action.

“Muda is a Japanese concept that refers to waste, an obstruction to the flow of activity, or any element that does not add value.”

A national 5S campaign was launched, and this was given a huge impetus by the visit of Masaaki Imai, founder of the Kaizen Institute in Japan, which designed a series of *gemba kaizen* (continuous workplace improvement) learning modules for the NPCC. Known as the “Eliminate Muda” campaign, it captured the attention and imagination of Mauritians everywhere. *Muda* is a Japanese concept that refers to waste, an obstruction to the flow of activity, or any element that does not add value. In factories, examples of *muda* were posted prominently to draw attention to what not to do:

- Overproduction;
- Excessive inventory;
- High repair and reject rates;
- Too much wastage;
- Poor layout and organization; and
- Long waiting times and late deliveries.

From the campaign, various productivity improvement impacts were noted in industries: improved cleanliness through daily 10-minute 5S-collective cleaning; greater efficiency in the use of filing cabinets; visual control of shelves to create free space; improved counting and searching; no mess or out-of-place items; improved workplace comfort through preventive maintenance of air-conditioners; and clear labeling of computers to facilitate quick identification of breakdowns.

A National IMAI 5S Excellence Award was initiated and administered by the NPCC as an integral part of the “Eliminate Muda” campaign to recognize outstanding achievements in waste pre-

..... by Richard Barton



vention. Another campaign activity was the “Making Mauritius Muda-free Day” with a specific theme, like “Use Electricity Smartly.” This attracted extensive community involvement as everyone wanted to be a *muda* buster.

Interest in the benchmarking project was triple the expectations of the NPCC. Representatives from 30 organizations participated, including a significant group of 80 public-sector senior managers from almost all governmental agencies and departments. Following a similar process used by the Thailand Productivity Institute, two NPCC professional staff were trained to facilitate the self-assessment process using the Malcolm Baldrige criteria as well as develop the management teams of organizations ready to undertake the benchmarking phase. A critical mass of participating organizations has been confirmed.

With a small population of 1.2 million and a per capita GDP of US\$4194 (2001), Mauritius faces serious challenges ahead. However, the desire and enthusiasm to improve productivity are present. And the NPCC is on the move to serve as the key catalyst for change. 🌀

(For more information on the NPCC, visit its Web site at: npcc.intnet.mu. Its e-mail address is: natpro@intnet.mu.)

Richard Barton was the Process Improvement and Quality Management Executive for IBM in Australia and New Zealand. Among previous distinguished positions he held was General Manager of the Australian Quality Council. In this capacity, he had a long and close association with the APO. Mr. Barton writes this column regularly for the APO News.

From the SECRETARY-GENERAL'S Schedule

August 2002

7 August

APO Secretary-General Takashi Tajima paid a courtesy call on Mr. Sugiichiro Watari, Acting Chairman of the Japan Productivity Center for Socio-Economic Development (JPC-SED) and Adviser to the Board of Toshiba Corporation.

20 August

Received Mr. Muhammad Akram Khan, General Manager of the Pakistan Industrial Technical Assistance Centre (PITAC) in Lahore, Pakistan, and Mr. Sarfraz Ahmad, PITAC Technology Manager, when they paid a courtesy visit to the APO Secretariat. PITAC once served as the NPO of Pakistan.

23 August

Made a presentation on “The Future Prospects of the Asian Economies and the Role of Productivity” to a breakfast meeting of senior executives of major Japanese corporations organized by the JPC-SED.

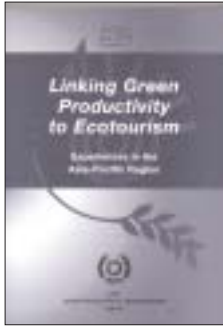


Secretary-General Tajima speaking at the breakfast meeting

26–30 August

Attended the World Summit on Sustainable Development (WSSD) in Johannesburg, South Africa, as the head of the APO delegation. At the WSSD, the APO organized the following side events:

- Seminar on “Green Productivity Approach for Integrated Community Development & Poverty Alleviation.” Co-organizer: Government of the Socialist Republic of Vietnam through the Vietnam Productivity Center, Directorate for Standards and Quality.
- Roundtable Meeting on “SIGN3-Asia: Sustainable Investment Global Network for Asia.” Co-organizers: United Nations Environment Program (UNEP), European Partners for Environment and Regional Institute of Environmental Technology, Singapore.
- * Symposium on “Greening Asian SMEs: Cleaner Production & Green Productivity for Water Conservation and Management.” Co-organizers: The Asian Development Bank and UNEP.



LINKING GREEN PRODUCTIVITY TO ECOTOURISM

Experiences in the Asia-Pacific Region

APO 290 pp February 2002 ISBN 92-833-2299-1

Tourism is a leading industry in many countries in Asia and the Pacific. It is a major source of employment and foreign exchange earnings. The industry has a vast potential for future growth and development. This is due in part to an emerging change in the types of destinations and holidays that tourists are seeking, that

is, from well-known destinations to off-the-beaten-path places for adventure travel, ecotourism, and cultural tours. As the demand for such vacations increases, many ecologically sensitive areas will be threatened with possible degradation. For this reason, tourism development will have to be linked with environmental protection to ensure that it is economically and ecologically sustainable. The Green Productivity (GP) concept promoted by the APO is one answer.

The APO GP program aims at harmonizing the pursuit of economic and productivity growth with environmental protection. The APO has sponsored a number of programs to propagate this approach in the development of ecotourism, including a workshop on "Ecotourism and Green Productivity" held in Bali, Indonesia, June 2002, and a study meeting on "Ecotourism" in France, October 2000. The latter program was organized jointly with the French Agency for International Promotion of French Technology and Trade, now the Agency for International Business Development.

This volume is a collection of the papers presented at those two programs. Two additional papers were specially commissioned for the book to make it more complete. It is a useful reference document on the development of sustainable ecotourism in the region.



LABOR-MANAGEMENT COOPERATION

Promoting Labor Market Flexibility

APO 118 pp July 2002 ISBN 92-833-2322-X

This publication is the outcome of the 9th APO Top Forum on Labor-Management Cooperation held in Tokyo, Japan, September 2001. The theme was "Promoting labor market flexibility."

This subject has been attracting much attention lately in light of rapid economic globalization and technological innovations. To increase productivity and competitiveness in this environment, companies must make quick and effective adjustments in mobilizing their resources, including the labor force. In this particular area, there is a potential conflict of interest between labor and management, i.e., between job security and labor market flexibility. The forum set out to explore ways to foster closer labor-management cooperation and consultation for implementing labor market flexibility to avoid or mitigate any adverse effects on both workers and employers.

The forum sought to learn from the Japanese experience in balancing security with flexibility. Prominent Japanese experts representing management, labor unions, and academia were invited to address the meeting. The panel of nine speakers also included two non-Japanese resource persons. This publication is a compilation of their presentations on the issues involved in promoting labor mobility and labor market flexibility.

For order and inquiry on APO publications and videos, please contact the Information and Public Relations Department, Asian Productivity Organization, Hirakawa-cho Dai-ichi Seimei Bldg. 2F, 1-2-10 Hirakawa-cho, Chiyoda-ku, Tokyo 102-0093, Japan. Phone number: (81-3) 5226-3927, Fax: (81-3) 5226-3957, E-mail: ipr@apo-tokyo.org

COMMON SENSE TALK



"Creativity and new ideas are usually achieved at the interface of different functions and disciplines, as different perspectives are brought to bear."

Jean-Philippe Deschamps

"Many people take no care of their money till they come nearly to the end of it, and others do just the same with their time."

Johann Wolfgang Von Goethe

"It's good to have money and the things that money can buy, but it's good, too, to check up once in a while and make sure that you haven't lost the things that money can't buy."

George H. Lorimer

"As all organizations reach a plateau of competence, it is only better concepts that will provide the competitive advantage."

Edward De Bono

"Bend your product around the trends and laugh your way straight to the bank."

Faith Popcorn

"The companies which sustain monopolistic market share do so, paradoxically, by acting as if they were beset by formidable competitors on every side."

Robert Heller

"What we are trying relentlessly to do is get that small-company soul—and small-company speed—inside our big company body."

Jack Welch

"Yesterday seniority signified status. Today creativity drives status."

Denis Waitley

"The majority of those who fail and come to grief do so through neglecting the apparently insignificant details."

James Allen

"Wealth consists not in having great possessions, but in having few wants."

Epicurus

Use of the Internet in public services

We are now in the age of e-opportunities, broadly defined as interactions and transactions facilitated through the Internet. Business organizations and private individuals are quick to take advantage of the benefits e-opportunities provide, like e-mail and e-commerce, for almost instantaneous communication and transactions. And the scope of e-opportunities is increasing exponentially. Many governments of developed economies are actively utilizing the Internet to facilitate and improve public services. Their experience has shown that Internet-based public services can contribute significantly to increasing productivity through time and cost savings and greater convenience for the public.

Governments of countries in Asia and the Pacific, on the other hand, are generally less aggressive or less “e-ready” than their counterparts in the developed countries in seizing the opportunities the Internet offers for improving public services. However, there is an increasing realization among them that the time has come to leapfrog the digital divide and use the Internet to serve their people better.

Recognizing this aspiration among its member countries to provide more Internet-based public services, the APO sponsored a symposium on “The Internet for Public Services” in Indonesia, 26–30 August 2002, to examine the key issues involved and to identify the most appropriate methodology and strategy to employ for achieving this objective. Eighteen participants from 12 APO member countries took part.

The symposium was inaugurated by Mr. Adang Farid Kantaprawira, APO Director for Indonesia and Director-General of Manpower Training and Domestic Placement, Ministry of Manpower and Transmigration, Government of Indonesia. In addressing the participants, he pointed out that the application of e-opportunities by public service agencies will not only contribute significantly to productivity improvement in their respective organizations but also in

the nation and society as a whole. Through the Internet, he added, public organizations can provide services in a more comprehensive and efficient manner.

The symposium covered a wide range of topics, including: Quality public services through e-services; Opportunities for international collaboration in promoting e-services; Conditions and requirements for e-public services; The role of government and other stakeholders in promoting e-public services; The experience of the Republic of China in e-services; e-Services in Indonesia; Opportunities for international collaboration in the promotion of e-services; and Future application of the Internet for public services.



Participants at the symposium in group discussion

Mr. Mukesh Dev Bhattarai, IT Officer in the APO Secretariat, made a special presentation on the use of the Internet by the APO to improve and enhance its services to member countries. Participants were taken on a field visit to PT Indosat, the agency in Indonesia responsible for satellite communications. ☺

Evaluating training effectiveness

Almost all organizations have introduced some form of training and development programs for employees. They are either conducted in-house, outsourced, or as a combination of the two. Despite the relatively huge investments made in training, most organizations give scant attention to evaluating the effectiveness of their training programs. The most common form of evaluation focuses on the reaction of participants at the conclusion of programs. Often the feedback received is not even analyzed to improve future programs. In short, most organizations do not take the evaluation of training effectiveness seriously.

It was against this background that the APO organized a seminar on “Evaluation of Training Effectiveness” in Fiji, 5–9 August 2002, to emphasize the importance of evaluating the effectiveness of training and to review and understand the methodologies available for this purpose. Twenty-one participants attended the seminar, including 20 from 12 APO member countries and one from the Maldives, a non-member country. Mr. Brian Singh, Permanent Secretary, Ministry of Labor, Industrial Relations and Productivity, and APO Director for Fiji, was the chief guest at the opening session.

In the seminar, participants heard presentations on the following topics: 1) Evolving trends in training; 2) Evaluation of training: review of models and



Participants in the seminar

methods; 3) Evaluation: reaction and learning levels; 4) Transfer of learning; 5) Return on investment: concepts and applications; 6) Factors affecting workplace training and learning; and 7) Factors determining choices of evaluation models. The program included a visit to the Sheraton Fiji Resort to enable the participants to learn from its training and evaluation activities. ☺

Entrepreneurship in knowledge-based industry

Advances in information and communications technology are transforming the global business environment. This e-business environment is creating opportunities for new businesses, new ways to add value to products and services, and access to new markets. Knowledge has emerged as one of the most important assets in starting and running a business. For ongoing businesses, R&D and innovation management are of primary importance in value creation. While this knowledge-based environment is generating an economic vibrancy for greater growth and development, it also brings with it challenges that need to be dealt with and overcome, both at the individual (new start-ups) and corporate (internal business venture) levels. To survive, entrepreneurs will have to introduce and sustain an innovative culture within their organizations as well as form knowledge networks or strategic alliances with others for mutual gain and competitive advantage.


These points were highlighted at a recent APO symposium on “Entrepreneurship in Knowledge-based Industry” held in Taipei, Republic of China, 22–26 July 2002. The meeting was meant to provide a forum for member countries to discuss e-business trends, new venture initiatives in the knowledge-based industry, and ways to develop and nurture entrepreneurship for product development and process innovation through strategic alliances. The program, implemented by the China Productivity Center, had 13 participants from 10 APO member countries.

An important feature of the symposium was presentations by the six resource speakers. They spoke on: Corporate entrepreneurship and innovation: key thrusts in the knowledge-based economy; Entrepreneurship development programs in higher education in the Republic of China; Entrepreneurship and innovation toward the application of knowledge management in Malaysia; Knowledge management model for small and medium enterprises (SMEs) in the knowledge-based economy; Internet: the driving force for transition to a knowledge-based society; and The role of venture capital for knowledge-based industry.



Dr. Chingteng Hsiao, one of the resource speakers, making his presentation

As possible obstacles to the development of entrepreneurs within a country, the participants pointed out the following: 1) some societies are still agrarian in nature with low literacy rates and a culture steeped in traditions that are not conducive to nurturing entrepreneurship; 2) a general lack of technical skills and know-how; 3) poor knowledge of local and international law; 4) inadequate industrial infrastructure and R&D facilities; 5) cumbersome governmental regulations that frustrate product development; 6) limited access to funds, which are often costly in terms of high interest rates; and 7) insufficient low-cost industrial incubators to aid aspiring young entrepreneurs.


Among solutions, the participants cited the improvement of the education system, with more emphasis on technical education and making it universal, as the most important. On the issue of access to finances, they called on governments to make available interest-free or soft loans to entrepreneurs and to help rehabilitate ailing SMEs. A venture capital industry should be encouraged, and industrial incubators should be established in universities, R&D centers, and government-sponsored industrial parks. The participants also recommended that governments should help business corporations develop knowledge management systems and corporate entrepreneurship capabilities. 

High productivity models in the agricultural sector

..... (Continued from page 1)

food crops organically; 3) Intensive production systems in Singapore such as hydroponics; 4) The intercropping system in Pakistan involving the planting of a main crop with other suitable crops; and 5) The diversified integrated farming system in the Philippines which promotes the cultivation of high-value crops, livestock raising, and processing and marketing of farm products by agrarian reform beneficiaries.

The key success factors in these systems/mod-

els, as evaluated by the participants, are: 1) supportive government policy, including the provision of economic incentives; 2) adequate production and marketing infrastructure; 3) commitment of all parties concerned; 4) development of human resources; 5) good marketing linkages/tie-ups; 6) favorable business environment; 7) sufficient financial and technical support; 8) competent management; 9) guaranteed fair market price for products; and 10) production and sale of safe, high quality, and competitive products. 





REPUBLIC OF CHINA

Mr. Dato Mustafa bin Mansur, Executive Chairman, Manewtech-Belle Sdn. Bhd., Malaysia, **Prof. Tan Wee Liang**, Professor, Singapore Management University, Singapore, and **Dr. Moon-Kyum Kim**, Professor, School of Entrepreneurship and SME Management, Soongsil University, Republic of Korea, were deputed to serve as resource speakers in the symposium on Entrepreneurship in Knowledge-based Industry, 23-26 July 2002.

Mr. Kiyonori Yoneta, President, Marketing Soft Inc., Japan, was deputed to conduct seminars on Area Marketing and Counseling Skills, 27-31 July 2002.

FIJI

Mr. R. C. Monga, Deputy Director-General, National Productivity Council, India, was deputed to conduct training courses on Linking Wages with Productivity, 22-26 July 2002.

Mr. Jagdishwar Singh, Principal, Jagdishwar Singh Consultancy, Australia, and **Mrs. Ma. Rosario H. DeLara**, President/Senior Consultant, Rosehall Management Consultants, Inc., Philippines, were deputed to serve as resource speakers in the seminar on Evaluation of Training Effectiveness, 5-9 August 2002.

Dr. James Chien Liang Chen, Associate Professor, Department of Industrial Engineering, Chung Yuan University, Republic of China, was deputed to conduct training courses on Production Planning and Control, 7-14 August 2002.

Mr. Richard Barton, Australia, was deputed to conduct training and provide consultancy services on Business Process Re-engineering, 8-16 August 2002.

INDONESIA

The following four experts were deputed to render technical expert services in the workshop on Green Productivity with Special Focus on Occupational Health and Safety (OHS), 4-9 August 2002: **Dr. Loh Wah Sing**, Senior Vice President, PSB Corporation, Singapore, **Mr. Ramesh Suriyanarayanan**, Senior Consultant, NOVO Environmental Technology Service Pte. Ltd, Singapore, **Mr. Benson Lim**, Sun Ace Kakoh Pte. Ltd., Singapore, and **Mr. S. Supramaniam**, Deputy Chairman, Business Ethics Institute of Malaysia, Malaysia.

APO/NPO Update

New NPO Head for the Philippines

Dr. Segundo E. Romero, newly appointed Executive Director of the Productivity & Development Center, Development Academy of the Philippines, has been designated as the NPO head for the Philippines with effect from 21 August 2002 in place of Mr. Carlos A. Sayco, Jr., who will continue to serve as the APO Liaison Officer for the Philippines.

ISLAMIC REPUBLIC OF IRAN

Dr. C.M. Wijayaratna, Agricultural/Natural Resources Economist, Institutional Strengthening Specialist, New Zealand, **Mr. Mohan Dhamotharan**, Consultant, Germany, and **Dr. Satoshi Hoshino**, Associate Professor, Environmental Information Science, Department of Agricultural and Environmental Engineering, Faculty of Agriculture, Kobe University, Japan, were deputed to serve as resource speakers in the seminar on Resource Management and Development Planning for Community Development, 3-8 August 2002.

MALAYSIA

Mr. Fumihito Sakakibara, President, Mile Post Consultants, Inc., Japan, was deputed to render expert services in the workshop on Hospitality and Tourism Industry, 24-25 July 2002.

Dr. M.R. Ramsay, Ramsay International Productivity Education and Research Foundation, Australia, was deputed to serve as a resource speaker in the seminar on Productivity Measurement in the Service Sector, 12-16 August 2002.

MONGOLIA

Mr. Hideo Inohara, Director, Asian Research Center for Human Resource Development, Japan, and **Mr. A. Earle Z. Fernando**, Advisor, Technical Education & Vocational Training, Sri Lanka, were deputed to serve as resource speakers in the seminar on Human Resources Development (HRD) for Small & Medium Enterprises (SMEs), 29 July-2 August 2002.

Mr. Yoshitane Ide, Lecturer, Takushoku Junior College, Japan, was deputed to conduct training and provide consultancy services on Human Resource Development, 5-16 August 2002.

PHILIPPINES

Mr. Kim Leng Tan, Managing Director, Knowledge Driver Asia Pte Ltd., Singapore, was deputed to conduct seminars and provide consultancy services on Knowledge Management for Productivity (Part 2), 22 July-2 August 2002.

Mr. Joseph Prokopenko, Former Head, Research & Programme Development Section, Entrepreneurship and Management Development Branch, International Labour Organization, France, **Mr. Suhaimi Salleh**, CEO, SSA Management Consultant Pte Ltd, Singapore, and **Mr. Kelvin Chan**, Director and Principal Consultant, Teian Consulting International Pte Ltd., Singapore, were deputed to serve as resource speakers in the workshop on Development of Productivity Specialists, 22 July-9 August 2002.

SRI LANKA

Mr. Kunio Ishizuka, Consultant, Ishizuka Consultant Office, Japan, was deputed to conduct a seminar and provide consultancy services on Processing of Dried

Program Calendar

Republic of China

Seminar on New Multimedia Strategies for Productivity Promotion (With Special Focus on e-Learning), 24-28 March 2003.

Japan

Workshop on Green Productivity and Ecotourism, 28 November-1 December 2002.

Vietnam

Workshop on Entrepreneurship Development and Job Creation, 25 November-6 December 2002.

Kindly contact your NPO for details of the above activities, including eligibility for participation. If you need the address of your NPO, it is available from the APO Web site at www.apo-tokyo.org.

Flowers/Leaves/Plant Material for the Export Market, 12-19 August 2002.

THAILAND

Dr. K. Govindan, Head, National Economic Action Council Secretariat, Economic Planning Unit, Prime Minister's Department, Malaysia, **Mr. Marietto A. Enecio**, Vice President, Industrial Restructuring and R&D Banking Sector, Development Bank of the Philippines, Philippines, **Mr. B. N. Jha**, IAS, Secretary, Ministry of Heavy Industries & Public Enterprises, Government of India, India, and **Mr. Teoh Cheng Hai**, Malaysia, were deputed to render technical expert services in the workshop on Green Productivity for Sustainable Investment, 18-23 August 2002.

VIETNAM

Dr. Do Ba Khang, Associate Professor, School of Management, Asian Institute of Technology, Thailand, was deputed to render technical expert services in the GP-ICD Training on Project Management Skills for Project Managers and Coordinators, 24-30 July 2002.

Mr. Jose Jesus Rocas, Associate Professor, Asian Institute of Management, Philippines, was deputed to conduct training and provide consultancy services on Developing Business Marketing Strategy for Vietnamese Enterprises, 12-16 August, 2002.

Prof. Voratas Kachitvichyanukul, Associate Professor, Industrial Systems Engineering Program, School of Advanced Technologies, Asian Institute of Technology, Thailand, was deputed to serve as the chief of faculty in Module III of Planning (ERP) System, 12-16 August 2002.

SWEDEN

Prof. Tay Joo Hwa, Head, Division of Environmental and Water Resources Engineering, Nanyang Technological University, Singapore, and **Mr. Ashok Sharma**, Chief Executive, Cleantech International Foundation, India, were deputed to serve as technical experts in the 12th Stockholm Water Symposium, 12-15 August 2002.

Rethinking incentives and reward management

In India in April this year, 40 senior personnel from leading public-sector enterprises, private corporations, multinationals, and academia met in New Delhi to take a fresh look at incentive schemes. Their objective was not simply to revise them; they were seeking to reform them. In this quest, they were led by Dr. G.K. Suri, Honorary Professor of the Indian Institute of Management, who was the former Director-General of the National Productivity Council of India and former Head of the APO Research and Planning Division. This report highlights the conclusions and recommendations of this workshop on “Rethinking Incentives and Reward Management.”

“**T**he workshop was planned because it was realized that the old assumptions about how people can best be motivated to deliver high levels of performance may not be relevant in the context of the new work, the new worker, the new technology, and the new workplace,” explained Dr. Suri. “Also, high-tech and service activities requiring information sharing, problem solving, and teamwork require newer approaches to incentive schemes. What is needed is not a revision of incentive schemes but their reform and restructuring.”

Workshop participants discussed contemporary thinking on and experiences with incentive schemes and reached some valuable conclusions. Among others, they recommended an integrated incentive and reward policy linked to organizational corporate policy. They also suggested that economic value added (EVA) may be considered for measuring organizational and group performance, and individual rewards may be given on the basis of achievement of key performance areas (KPA). Major conclusions and recommendations are recapitulated below.

1. In the contemporary environment characterized by globalization, disinvestment and privatization, liberalization, recession in business, shift from a product-oriented market to a customer-oriented market, focus on quality, changes in tax policy, higher stakeholder expectations, and rapid changes in technology, the traditional incentive schemes linked to physical productivity or its parameters such as capacity utilization, material utilization, etc., are on the wane. The trend seems to be toward adopting EVA as a measure of organizational and group performance and using it to determine the quantum of performance bonus for employees. Individual employees receive their



Dr. Suri (front row, fourth from left) with participants in the workshop

share on the basis of KPA-based performance measurement. In this way, individual, group, and company performance, as linked to organizational strategy, determines the amount of incentive bonus disbursed.

2. The incentive value of fringe benefits needs to be reviewed in light of tax policy. In other words, by taking advantage of tax exemptions through tax planning, the monetary value of some types of incentive can be enhanced.

3. For the effectiveness of incentives, a congenial and supportive work culture is necessary; an authoritarian culture may be counterproductive. Organizations should identify the gap between the present and the desired work culture and develop policies and practices to reduce the gap. This can be done through a diagnostic exercise with professional help, if necessary.

4. Each organization should adopt a package of monetary and non-monetary incentives based on the motivational-need profile of their employees

and within the boundaries of the wage system. A diagnostic exercise may be used to determine this.

5. Variable pay or performance-linked incentives should form a sizeable part of the compensation package. Variable pay should be linked to KPAs/EVA.

6. Where possible, a cafeteria approach to employee compensation may be adopted within the framework of the wage and salary structure of the organization.

Performance-linked incentives require the development of an objective and transparent performance management system. It may be desirable to conduct a diagnostic exercise to determine the degree of preparedness for adopting a KPA-based performance management system.

As there is a need to excel in the current fiercely competitive environment, work excellence awards for employees could be introduced as an added incentive. 