Productivity and economic growth in the Pacific

A traditional feature of the APO Governing Body Meeting (GBM) is a special presentation by a guest speaker from the host country. At this year's GBM, the eminent presenter was the Governor of the Reserve Bank of Fiji, Mr. Savenaca Narube. He spoke on "The Quest for Productivity and Global Competitiveness in the Pacific Island Economies." We bring you highlights of his speech.

Governor Narube stressed that productivity, along with technology, innovation, and education, are key factors in Fiji's vision of reaching an economic growth rate of 5% per year. To achieve this in an increasingly borderless and market-oriented international economy, it will have to sharpen and sustain its competitiveness in delivery speed, supply dependability, product quality, and performance reliability. "It is the productive capacity of the country's resources and how they are utilized that will determine its economic growth path over time."

According to the Governor, Pacific island countries like Fiji are faced with the following challenges: 1) small land size and population; 2) a very open economy that is not diversified; 3) underdeveloped markets; 4) vulnerability to global developments and globalization; and 5) buffeting by natural calamities, like cyclones. "I firmly believe that Fiji and the Pacific must not sit back and hope that someone else will do something to address these issues. We must ourselves stand up and do something. And high in that action list should be productivity."

Fiji's productivity growth has been estimated to average around 1% over the last eight years. The other Pacific island countries are not likely to have done much better. As mentioned by Governor Narube, there are a number of geographic and socio-economic factors that account for this. One is the laid-back work culture that is prevalent in the Pacific. "I don't know if this is the result of the soft breeze, bright skies, and lush environment that grace our islands, but I do recognize that this complacency must change," said the Governor.

Another contributive factor is the lack of skills in the workforce, caused in part by the steady outflow of skilled emigrants from managerial, professional, technical, and clerical occupations. Lack of proper tools and modern and appropriate technologies has compounded the situation, which is made worse by the isolation of the Pacific from the rest of the world.

Governor Narube proffered the following advice on how Fiji could raise its productivity performance:

First, make raising productivity a national target with the support of all stakeholders. In this regard, the trade unions were singled out by the Governor for their lack of support for the movement. He said, "I understand their concerns that other issues should be on the drawing board as well, but embracing the productivity concept and its benefits should be a straightforward matter."

Second, institute reforms that would bring efficiency and innovation into systems, procedures, and work processes. Third, undertake reforms at the micro or firm level. Fourth, harness new technologies that become available, like information and communications technologies. Fifth, usher in a new work culture that promotes innovation, employee empowerment, and teamwork. Sixth, avoid excessive regulation and rigidity that usually stifle the transformation of innovations into applicable technology. Seventh, the government should provide a secure system of private property rights, including the protection of intellectual capital. Eighth, the government should focus on education and training and make them available and accessible to all. Ninth, establish a dedicated organization that is tasked with productivity promotion, training, and consultative services to both the private and public sectors. This condition has long been met in Fiji by the establishment of the Fiji National Training Council in 1973, which was renamed the Training and Productivity Authority of Fiji earlier this year (*see story in the August 2003 issue*). And finally, develop a cohesive labor-management partnership to bring about a win-win situation for all concerned in the push for higher productivity and greater economic growth.

Governor Savenaca Narube

In wrapping up his presentation, Governor Narube had this to say: "I have always said that if we can raise productivity by 1% per year, the growth dividend would be significant. And it is one of the easiest ways to raise growth."