



Asian Productivity Organization “The APO in the News”

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Labour Productivity Remains Weakness of Vietnamese Businesses

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This information was heard at the meeting between Dr Doan Duy Khuong, Vice President of the Vietnam Chamber of Commerce and Industry (VCCI), Mr Nguyen Quang Vinh, VCCI Executive Committee's Member, Director of the Office for Business Sustainable



Development (SDforB), and Mr Mari Amano, Secretary General of the Asian Productivity Organisation (APO) on May 14. The meeting took place after Mr Mari Amano attended the Vietnam Corporate Sustainability Forum 2015 in Hanoi.

Speaking at the meeting, Dr Khuong affirmed enhancing labour productivity is an important direction and role for sustainable growth, integration and competition. But, this is a weakness of Vietnam since its labour productivity is rated among the lowest in the Asia - Pacific region. Compared to neighbouring middle-income ASEAN countries, Vietnam's labour productivity still lags behind other countries such as Malaysia and Thailand. Vietnam is facing the risk of being left behind in economic development race if its productivity disadvantages are not addressed. Dr Khuong said that Vietnam hoped to receive support of APO and APO-member countries for expertise training as well as experience in applying productivity and quality improvement solutions, particularly small and medium-sized businesses with access to advanced management system, improvement tools, methods and models in the world to raise productivity and quality to gradually catch up with the development pace of other countries in the region and enhance competitiveness in the international integration trend.

Sharing the viewpoint, Mr Vinh stressed that productivity is seen as a weakness of Vietnamese enterprises, especially labour productivity. Besides, it is noted that Vietnam's labour productivity growth has slowed down. In the 2002-2007 period, the country's labour productivity increased 5.2 percent a year on average - the highest in the region, but the global economic crisis in 2008 slowed its labour productivity to 3.3 percent. He affirmed that productivity must become the main driving force to promote Vietnam's competitiveness and economic development in the near term, and technological innovation and scientific and technological investment are key to enhance Vietnam's labour productivity.

Remarking on the role of productivity organisations, he said productivity organisations play an extremely important role in supporting countries to enhance renovation-based productivity growth to avoid the middle-income traps. Vietnam will also refer to experience in highly productive countries like Switzerland, Singapore and Japan to have long-term roadmaps and build national action programmes to improve productivity.

APO Secretary General Mari Amano affirmed that productivity is key to competitiveness and low productivity is a major barrier to investment attraction and international integration. For years, Vietnam's competitiveness was mainly based on cheap labour and low input costs - the least important drives of competitiveness. The long reliance on cheap labour and low input costs caused businesses to disregard the capacity building in strategic planning, governance, scientific and technological application to business operations and workmanship improvement.

He said APO, set up on May 11, 1961, is a regional intergovernmental organisation operated on non-political, non-profit, and non-discriminatory principles. APO productivity measurement projects provide comparative analyses of the productivity and economic growth of member economies. APO has the vision of recombining a leading international organisation on productivity enhancement, enabling APO economies to be more productive and competitive by 2020. APO's activities focus on industry, service, agriculture, environment and community development for the purpose of resource maximisation and sustainable development. In the coming time, APO will always innovate and have appropriate strategies to support member countries in an effective manner, including Vietnam.

Ha Vu