



Asian Productivity Organization “The APO in the News”

Name of publication: New Straits Times (27 February 2017, Malaysia)

Page: <http://www.nst.com.my/news/2017/02/215773/new-gauge-measure-productivity-level-expected-3-years>

New gauge to measure productivity level expected in 3 years



APO secretary-general Dr Santhi Kanoktanaporn says strategies are needed to answer the future needs and expectations of consumers, which will then place productivity in the right direction.

By **RUPA DAMODARAN** - February 27, 2017 @ 1:45pm

TOKYO: Current measures used to gauge productivity levels may not be applicable any more and will need to be replaced with those that also incorporate artificial intelligence (AI).

The Fourth Industrial Revolution and the impact of information technology (and the Internet of Things), which has changed the dynamics of economic sectors, have led the Asian Productivity Organisation (APO) to relook at the new rules of the game in the manufacturing and services sectors.

APO secretary-general Dr Santhi Kanoktanaporn expects the new form of measurement to be in place in three years.

"It cannot be any later as we would probably need a new one in five years due to the rapid changes in industry trends," he said in an interview with NST Business here last week.

Uppermost is the need for member countries to have "skill emerging trends", so that successful organisations do not get stuck in success traps and become irrelevant.

Strategies are needed to answer the future needs and expectations of consumers, which will then place productivity in the right direction.

" We will set up a platform using AI to help us analyse the data collected daily and come up with a driving force which we can use to paint our future."

Climate change and global warming are some of the risks taken into consideration when APO develops a platform to raise productivity levels.

"We have three stages of development we would like to introduce — awareness, for policymakers to build standards, and to get society involved and provide training."

He said inclusiveness was also an area important for Asian countries. Apart from providing opportunities for small and medium enterprises, governments need to look at treating women in the labour force differently, too.

Kanoktanapan, who is from Thailand, is the first non-Japanese to hold the position since the organisation, which is open to Asia and Pacific countries and members of the United Nations Economic and Social Commission for Asia and Pacific, was set up more than five decades ago.

Productivity is the ratio of output to input volume, but that is not applicable in the case of intangible assets like AI and robots.

"If we were to only measure output and labour, that would be misleading," he said.

Many countries with strong growth lament that their productivity levels have slipped despite their shift into electronics usage.

"Many believe that productivity level measurements are not accurate," added Kanoktanapan.

APO promotes productivity among its members in the industry as well as in the services and agriculture sectors, and has partners in 20 countries, such as the Malaysian Productivity Corporation.

Below are excerpts of an interview with him at his office in Bunkyo-ku.

Q: Please give an overview of the productivity performance of Asian economies.

A: In Asia, there are two categories – advanced and developing countries. Productivity movements in Japan, Singapore, Korea, Taiwan are at a stage of maturity.

For the developing countries, there are some still at the early stage while many do not have a productivity agenda.

Malaysia and Thailand have a productivity agenda which goes beyond to innovation which is what APO is looking into now. We are helping countries like Pakistan to set up a productivity quality innovative framework.

Q: It sounds like a long road for most of the Asian region to achieve?

A: Southeast Asia is quite good on the overall although there are some challenges while East Asia is good but it is the west side of Asia which needs help in terms of the productivity ranking index in the world.

We are setting up a roadmap by Vision 2020 to raise labour productivity across the region.

Q: Manufacturing has led the productivity growth in previous decades but can services, as a new driver of growth, do the same?

A: Yes, it can and that is the way APO wants to go.

As we have seen in the case of Thailand, the economy was driven by the automotive industry as well as the petrochemical industry and there were efforts to make Thailand the aviation hub.

But if we are focused only on automotive manufacturing, we cannot reach the goal as the success of the automotive sector only rewarded the wealthy and not those at the grassroots level.

The focus is not tourism activities which ensures more people will enjoy wealth compared to automotive manufacturing which will only result in wealth in a few pockets.

Last year, we have the most number of tourist visits in the world and, by implication, (the arrival) of more aeroplanes, which makes it an aviation hub automatically, for Asia

Services are the easiest way for our member countries to boost productivity levels as it does not need heavy investment and it can start from a small company.

Once productivity of this sector increases, it will lift the productivity for the nation.

Q: There is an ongoing discussion that the Malaysian civil service has low productivity which was due to varied measurements used. Is the APO going to change the methodology so as to reflect more accurate readings across the region?

A: We are doing some research to introduce world sustainability productivity to reflect future trends.

No matter how good your product is now but if you cannot sell, it means that there (must be a shift in) thinking to include future-oriented and future-readiness strategies for the country.

It is different from sustainable development which refers to the triple bottomline of strong economy, safe environment and society.

For instance if I manufacture a pen, it must be cost efficient but then comes along the tablet, which means less usage of the pen. The concept is to think of future trends and change the product – so you need sustainable productivity.