

FOR A BETTER LABOR PRODUCTIVITY

by Dr. LÊ KHOA

To enhance the quality of the labor force in the long run, the education service must ensure secondary or higher education for everybody in 15 or 20 years, and the finance authorities must offer high salary for graduates as what has been done in Japan for years. This strategy, however, takes a long time to produce results. So we need a short-term plan to achieve this target.

Labor productivity affects greatly the production cost and competitiveness of organizations. Effects by the labor productivity vary over layers of management, the higher the level of management the greater the effects. When the planning is badly done, a lot of time, money and energy will be waste when we have to start everything from scratch. So the plan to enhance the quality of labor force must aim at (1) improving the productivity of planning authorities; (2) improving the managerial skills at company level and (3) improving the labor productivity of workers at the lowest level. This plan must be carried out in parallel with the program to mechanize and industrialize the economy with a view to reaching the mass production.

1. Improving the labor productivity of planning authorities

Vietnam is carrying out industrialization and modernization and a lot of difficulties are in store for us. Over 100 developing countries all over the world have set the same targets as Vietnam but only a handful of them, such as South Korea and Taiwan, succeeded. The rest experienced failure and suffered crises of all kinds. Even highly-industrialized economies, such as the U.S. and Japan, also face periodical crises which great affect developing countries.

Vietnamese planning authorities couldn't predict fluctuations in the world market and difficulties on the way to economic development with the result that for a long time, Vietnam had given priority to agriculture instead of manufacturing industry. In recent years, falls in prices of



farm products (especially ones for export) have caused great losses for peasants, and harm for the anti-poverty programs.

Regarding the development of the manufacturing industry, many people have suggested taking a short cut to go directly to high technology, namely informatics, biology and new materials. But this reasonable and promising approach seemed to raise no interest because financial and monetary authorities had no plan for it. In exchange control for example, necessary measures haven't been taken to direct foreign exchange towards import of capital goods with the result that a large amount of it was used for importing consumer or contraband goods. That is why the Government should employ the best experts, or form advisory groups including talented specialists, for planning bodies.

To implement the monetary policy for example, former SBV Governor Cao Sĩ Kiêm has many times held workshops including banking and financial experts to seek for their opinions. He has once asked for opinions about the banking and monetary policy and received some 700 replies. Former PM Võ Văn Kiệt

has also asked experts from both North and South Vietnam to give opinions about his economic development plans and received many precious ones. To use qualified experts in all fields will help avoid mistakes in the task of planning and management, thereby improving the productivity at the highest level of authority.

2. Improving performance of company management

In the mixed economy in Vietnam, most directors of private companies are also owners of the company while in state-owned companies, many directors, as a heritage from the past, are former military or political officers assigned to control companies or factories. But having money or good combat record and curriculum vitae isn't enough for them to be directors. Most of them had no knowledge of production or technical matters, or mastered no foreign languages when they were assigned to run a tourism agency or an export company. They could only exist in the centrally-planned economy and now they become obstacles to the development of the company.



various farming jobs and they achieve high yield every year, and as a result, the Delta becomes an important supplier of rice for the whole domestic market and many other countries. In manufacturing industry, automation and computerization isn't widespread and manual labor is still common in most production lines. That is why the labor productivity isn't high as expected.

To deal with this problem, Vietnam must import the most modern machinery and spend more foreign exchange on capital goods (increasing from some US\$2 billion a year at present to US\$4 or 6 billion) and at the same time, invest in production of import substitutes. Modern machinery will certainly improve the labor productivity, cut production cost and enhance the competitiveness of local goods.

That is why there are many loss-making companies in the public sectors and many others in the private one go out of business every year. Directors must have full knowledge of businesses they are doing, besides managerial skills and methods along with good assistants.

In HCMC, there have been programs to give courses in these subjects to directors. At first many directors considered this as unnecessary and refused to take them. But then, after these courses, many of them could grasp the company's financial situation when reading financial statements and other reports, or discover mistakes and frauds when examining business documents. These training courses proved helpful to improvements in performance of company directors.

3. Improving laborers' productivity

Like directors, many laborers have been recruited without paying attention to their education or qualifications with the result that many of them could do only simple work and became burden to state-owned companies. As required by the social welfare policy, most state-owned companies are reluctant to fire them and the only solution is to have them re-trained at various technical courses. As everybody knows, workers must master their daily jobs and know how to rationalize their work. Regular refresh courses could help improve their productivity in short times because they only concentrate in their daily jobs. Besides short-term courses, laborers could take



technical courses at intermediate level in order to become members of the middle management. Promotion prospects are really good incentives for to learn more and improve their skills, therefore improvements in their labor productivity will be achieved within a year or two.

4. Mass production

As we know, the labor productivity varies according to the scope of production and methods employed. In many industries, the productivity could increase by hundred times when machines replace manual labor. In the Mekong Delta, individual peasants hire farm machines to do

5. Salary, bonus and profit

When directors realize that they could make bigger profit when applying new knowledge provided by training courses, laborers receive better pay and enjoy promotion after taking technical courses, they will be more eager to learn how to improve their skills and apply new know-how to their work. Production lines and equipment are also replaced when new programs to import and manufacture capital goods are carried out. These factors will help enhance the labor productivity in a short time and make the growth rate of 8% - 10% within our reach. ■