



Institute of Management Services

Newsletter June 2014

Poor Productivity In Philippines

CREATING adequate and quality employment continues to be a challenge for Philippines, making it one of the worst-performing countries in the region in terms of labour productivity and inclusiveness despite the economy's rapid expansion, according to the World Bank.

The World Bank said that specific problems it found common among countries in the region are widespread economic informality, high youth inactivity and unemployment, rising inequality, and skills shortage. "For example, in the past decade,

the Philippines experienced much slower poverty reduction than its neighbours, despite respectable economic growth," it said. This stagnation in living standards is linked to the low productivity



of most forms of employment created by the economy.

According to the report, labour productivity in the Philippines has been "stagnant," increasing the least among East Asian economies over the past 20 years.

Productivity is also hindered by the widely informal labour market, with 75% of employment in the country created in the informal sector, said Rogier van den Brink, World Bank lead economist for the Philippines.

The Role Of Management In The European Economy

On 11 April 2014, the European Management Conference on "The role of Management in the European Economy" took place in Athens.

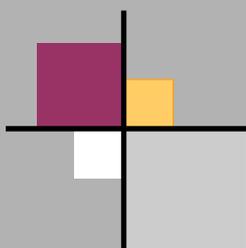
The conference was co-organised by the European Management Association (EMA) and European Association of National Productivity Centre (EANPC). The timing of the event coincided

with the Hellenic government holding the Presidency of the EU Council during the first semester of 2014. The conference was divided into four technical sessions:

1. Management or leadership, what do the European corporations need?
2. Management networking as a tool for creating development in Europe

3. Management and entrepreneurial tools for SME's in Europe

4. Innovation, Productivity, Excellence & Sustainability. The fourth session was moderated by EANPC President and IMS Council member John Heap.





“Mental Health & Work United Kingdom” the report recognises that mental ill-health is becoming a major problem for social and labour market policy.

European Productivity—Italy

A recent report from the International Monetary Fund (IMF) highlights the fact that Italy’s economic performance over the past two decades has been disappointing. In contrast to the 1970s and 1980s, when it stood out as the best growth performer among its major European partners, Italy has suffered a steady and prolonged decline in growth since the 1990s. In the context of the recent financial crisis, the legacy of this slump has

arguably made Italy’s recession deeper and more persistent than in many of its peers.

Much of the discussion of Italy’s performance has centred on declining productivity and an associated deterioration in competitiveness.

Part of the key to this puzzle may lie in the nature of Italy’s productivity challenge. Although the underlying causes of Italy’s poor

productivity are still topics of active debate, part of the explanation most likely involves the changing nature of production, and the increased competition for Italian firms from the emerging-market exporters. Italian exporters may have tried to address this issue by increasing the quality of their exports.

The full report can be found [here](#)

Mental Health Work

The OCED has recently produced a report titled “Mental Health & Work United Kingdom” the report recognises that mental ill-health is becoming a major problem for social and labour market policy. In an international comparison the United Kingdom is among the most advanced countries in terms of awareness of the costs of

mental health illness to society as a whole. The report fully details the issues involved in dealing with mental health issues.

Mental Health has become a major driver for labour market exclusion in the United Kingdom. Each year, mental ill-health costs the economy the equivalent of GBP 70 billion, equiva-

lent to 4.3% of GDP through lost productivity, social benefits and health care. Mental disorders have become the main reason for disability benefit claims, accounting for 38% of all new claims.

The full report can be found [here](#).

2014 Turkish National Productivity Week



The Turkish Ministry of Science, Industry and Technology has declared the first week of June as “National Productivity Week” to be celebrated annually in order to create awareness about productivity. During this week, coun-

try-wide activities (conferences, panels, seminars, contests for students and awarding ceremonies) are organised by the Directorate General for Productivity - Ministry of Science, Industry and Technology.

The Ministry annually grants “Productivity Improvement Projects Awards (PIPA)” to enterprises in Turkey, in order to stimulate them to increase their productivity levels and to heighten awareness.

Australia Has Poor Productivity

Australia has been identified as the laggard among the world's 25 largest manufacturing nations over the past decade, according to a new study which highlights the challenge to business and government to cut business costs.

Australia shared the dubious distinction with Brazil, another commodity-exporting nation which has seen its currency surge over the decade thanks to the China boom, says a study by the Boston Consulting Group.

Australia lost ground on all four

direct drivers of manufacturing competitiveness, the study found. Wages surged by 48 per cent, the dollar appreciated by 21 per cent, productivity slipped 1 per cent, and energy costs jumped 80 per cent.



Manufacturers have endured a wave of closures and job layoffs. Ford, General Motors Hol-

den, Toyota and Alcoa have flagged plant closures. Fruit canner SPC Ardmona sought government aid for an urgent plant upgrade.

Ben Eade, chief executive of Manufacturing Australia, said as a "boutique nation with high costs" Australia needed to follow other high-cost countries such as Switzerland in that "you have to be high productivity". Instead, he said, "we still seem to be languishing in Australia with a belief that we can be high cost and low productivity. We need to turn that around."

"The Social Market Foundation's report warns that low pay is hurting Britain's productivity, with tax credits worth £21bn going to working households each year."

Low Pay Holds Back Productivity

A major study of the destructive effects of low-pay on the UK economy has triggered new calls for radical measures to improve the earnings of Welsh workers.

The Social Market Foundation's report warns that low pay is hurting Britain's productivity, with tax credits worth £21bn

going to working households each year.

The report argues that the skills of low-paid workers must be boosted for the UK to compete against international rivals, and proposes money should be made available to employers to fund skills training and qualifications for 2.9 million workers.

Former Swansea University economist John Ball said there was a clear link between skills and earnings but the key driver for improved wages was a robust economy.

UK Productivity

A recent Office of National Statistics report published in February 2014 reveals concerning statistics regarding the UK productivity lag. In particular it shows that productivity was 21% below the average of the rest of the

G7 countries. Plus the output per worker UK productivity was 25% below the average of the rest of G7.

The report highlights that UK productivity fell in 2012 compared with 2011. Small

businesses have a crucial role to play towards further enhancing the UK's productivity levels as economic growth takes hold.



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The Institute's mission is:

to promote to key stakeholders in UK government and commerce:

an understanding of the concept of productivity and its improvement;

and

the importance of structured approaches to productivity analysis, measurement and enhancement.

to identify good practice and professional standards in productivity improvement by individuals or organisations; and to create and deliver education, training, advisory and support services aimed at helping individuals and organisations to establish and maintain that good practice and those professional standards.



Tea Production In India

John Heap IMS Council member is currently involved in a project in India looking at the productivity of tea plantations. As you might imagine, some of the working practices and the levels of pay are not up to European standards.

There is a delicate balance to be struck between lobbying for improvements to working conditions and recognising the economic and social realities that exist in other countries. Furthermore, the companies find it difficult to recruit additional labour due to the increasing urbanisation with young people moving to the cities.

This is one of the reasons for the productivity study – to see if higher output can be achieved without increasing the workforce.

Replacing manual skills with technology is not really an option as the highest quality comes from picking exactly the right leaves from the bush – requiring concentration, dexterity and experience. It will be interesting to see if significant improvements (resulting in gains for both the plantation owners and the workforce) are possible without disrupting the sense of history and tradition that permeates a typical plantation .



“Replacing manual skills with technology is not really an option as the highest quality comes from picking exactly the right leaves from the bush”