

NATIONAL Productivity Organisation (NPO) has recently published a research report on trend of productivity of engineering industries of Bangladesh. The study includes 20 public and 80 private enterprises of different industrial belt. It focuses many things including prevailing trend and situation of employment, output, productivity and wages-salaries of engineering industries of Bangladesh. It may be stated that productivity is only widely acclaimed criteria for efficient and effective utilisation of resources. Higher productivity means better utilisation of resources. While decline of productivity indicates inefficient use of resources. So it is better to allocate/invest resources in productive sector than unproductive sector. In fact, investment of resources in unproductive sector is wastage of resources. The study, however, shows a gloomy picture of engineering industries of Bangladesh which is a common phenomena in all the sub-sectors of our industrial sector. The main finding

of the reports in explained below:

(1) Comparative trend of productivity: The report envisages that trend of productivity from 1980-81 to 1984-85 was always below the level of 1979-80. The average annual productivity from 1980-81 to 1984-85 was 29.08 percent lower than that of 1979-80 base level. As compared to all other years of study 1981-82 seems to be most productive year, while lowest productivity year was 1982-83. Productivity trend, however, was moving upward from 1983-84. From the study it appears that compared to all other sub-sectors of engineering industries transport manufacturing is

most productive sub-sector, while basic iron and steel sub-sector seems to be the most unproductive sub-sector. Moreover, except transport manufacturing trend of productivity of all sub-sectors of engineering industries remained below the level of 1979-80 base year.

(2) Comparative trend of employment, production, productivity and wages and salaries: It is recognised that only a balanced, harmonious and commensurate growth in employment, production, productivity and wages salaries can bring an ideal situation in the economy. This balanced situation is a must at

By Mostafa Din Mohammad

least for long-run. If increase of wages and salaries has no concomitant increase in productivity it will create inflation in the economy. Inflation will be created by the percentage at which productivity and wages-salaries differs. The study shows that employment and wages-salaries has been increased continuously but no such relationship is established in case of production and productivity. While employment and wage-salaries increases exceeding 1979-80 base level, production and productivity always remained below the 1979-80 base level. The increased employment and wage-salary has no resultant and concomitant change

in production and productivity. The study observes that after gradual and continuous increase of employment and wages-salaries productivity has not reached even two-third of its 1979-80 level. It appears that annual average of five years from 1980-81 to 1984-85 the level of production and productivity was much lower than that of employment or of wage-salaries. The report reveals that compare to average annual employment, productivity was lower by 37.35 per cent in constant price. Again compare to average annual wage-salaries productivity was lower by 45.72 per cent in real term. Furthermore, compare to average annual employment,

average annual wages-salaries was higher by 41.41 percent in terms of nominal wages-salaries and 8.37 percent in terms of real wages-salaries.

(3) Comparative study of private and public enterprise: In this study efficiency of public and private enterprise of engineering industries, has been determined after careful observation and comparative analysis of 20 public and 88 private enterprises of engineering industries in context of employment, production, productivity and wages-salaries. It is found that private sector of engineering industries is more efficient than public sector.

The average annual trend of five years from 1980-81 to 1984-85 shows that compare to public sector, private sector was higher in context of employment by 18.07 percent, production by 36.95 percent, productivity by 21.93 percent and wages and salaries by 10.37 percent.

(4) The report observes that during the study the following impediments for productivity improvement were identified, (i) Lack of consciousness, alertness, motivation and practical knowledge about the benefit and necessity of productivity increase, (ii) Lack of co-operation and congenial atmosphere among management, employees and workers, (iii) Lack of efforts from human resource development and full utilisation of machineries, raw-materials, energy and other inputs (iv) Lack of initiatives for fulfillment of consumer's satisfaction by the improvement of quality standard and diversification of product, (v) Want of utilization of full production capacity, (vi) Increase of pro-

duction cost, (vii) Marketing problem due to imperfect competition, (viii) Electricity failure and (ix) Want of working capital.

However, with the observation of gloomy picture and vicious circle of low productivity in engineering industries, the study recommends to create productivity consciousness and awareness at enterprise level. To push the productivity trend upward first of all it is require to make people productivity conscious — to inspire and aware workers, management, employees with the spirit of productivity. To look after the matter relating to productivity and to provide package policy for productivity improvement the study recommends to establish a productivity improvement cell in each enterprise. This cell will act as a watch-dog for promotion of productivity at enterprise level.

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THERE is something almost surreal about the discussion of food aid which, if it were not so tragic, would be funny.

A new book, Food Aid Reconsidered, opens with a quote from Lewis Carroll's classic Victorian English novel, Through the Looking Glass. In Carroll's Alice in Wonderland world, Humpty Dumpty says words mean what he chooses them to mean. Alice says the point is whether you can make words mean different things, to which Humpty replies, with clear political insight, that the question is which definition is to be master.

One of the authors of Food Aid Reconsidered, Edward Clay of the Overseas Development Institute in London, has warned a conference not to take at face value what donors call food aid.

Such questions of meaning are likely to take on a new significance, according to one of the world's leading experts on food aid, Professor Hans Singer, of the Institute of Development Studies in Sussex, England. Both were speaking at the Development Studies Association conference in Swansea, Wales, in early September.

Any liberalisation of agricultural trade through the General Agreement on Trade and Tariffs (GATT) is likely to result in a considerable increase in what is called food aid, declared Prof Singer.

But an increase in the so-called food aid does not necessarily mean an actual increase in assistance, he said. Some northern countries could re-classify some of their production as food aid to avoid restrictions on subsidies.

Although official cereal food aid has stabilised around the 10-12 million tonnes mark, up to 60 million tonnes of food exports could be called food aid, Singer said.

Total imports of food in developing countries are about 90 million tonnes but only 30 million tonnes are strictly commercial," he said. Most of the remainder are supported by export subsidies or credits.

He believes the question of definition will become important in GATT, since the draft guidelines say "genuine food aid" will be exempt from controls on some subsidies. "We will see an expansion of the

## Food Aid by Any Other Name May not be So Sweet

kind of transaction countries want to label food aid," said Singer.

Emergency relief accounts for about 20 per cent of food aid. The rest is divided among projects like food for work and special feeding schemes or is given instead of cash to support general government programmes. Governments get

over the years with some farmers complaining it discourages growing food locally. Recipients sometimes get inappropriate foodstuffs and others complain the food fails to reach people most in need.

Singer points out that Europe was the largest ever recipient of food aid in the Marshall Plan after World War

(IMF) and World Bank were set up and responsibility for food aid was given to the UN — where the richest nations had no in-built majority — as a kind of booby prize for being denied influence over financial affairs.

Now Singer sees pressure to bring food and financial aid into the IMF/World Bank orbit in the Nineties, with food aid

strengthening the market orientation of production in 1990.

Built-in surpluses are back in the short-term, it says, and it expects the export availability of all products will increase to 1995 with present policies.

This surplus could be sold only with increased export assistance, according to the report which warns of "extremely serious consequences" if the GATT talks fail to move agricultural policy into a position where market signals guide production and consumption decisions.

Current short-term needs — for increased food aid, assistance to the USSR (former Soviet Union), and environmental concerns — should not be used to avoid reform as droughts have been used in the past, says OECD.

The OECD uses two measures of subsidy and both grew in 1990. The Producer Subsidy Equivalent (PSE) grew from 41 to 44 per cent of total production for the OECD as a whole, or US\$176 billion. The PSE measures the value of monetary transfers to farmers from consumers and adds in support like research services.

The second measure, the Consumer Subsidy Equivalent, CSE, is the hidden tax paid by consumers as a result of market price support. This rose from 33 to 36 per cent or US\$133 billion.

Support levels vary greatly among OECD member countries with PSEs in Australia of \$1.3 billion (11 per cent), the EC \$81.62 billion (41 per cent), Japan \$30.86 (68 per cent) and the US \$35.93 billion (30 per cent).

So while the rich world increases subsidies to farmers and promotes exports of surplus commodities, the topsy-turvy Alice in Wonderland picture, although bizarre, is no fiction. For farmers and poor people the world over, aid is not enough. Better food policies are needed. — GEMINI NEWS

\*Food Aid Reconsidered: Assessing the Impact on Third World Countries, eds Edward Clay & Olav Stokke, Frank Cass, London, 1991.

\*Agricultural Policies, Markets and Trade: Monitoring and Outlook 1991, OECD, Paris, 1991, US\$46.

In the current round of GATT talks, draft guidelines that would ease subsidy restrictions on food aid have been floated. But food aid specialists at a conference have just warned such regulations could prompt rich northern countries to re-classify much of their production as food aid — a questionable status. Much of the world's food budget, reports Gemini News Service, is still gobbled up by multi-million dollar subsidies to northern food producers. by Geoff Tansey



PROFESSOR HANS SINGER  
Defining genuine food aid

food to sell locally and use the funds raised to support other government activities. Official food aid itself has come in for a lot of criticism

Two but that did not damage its agriculture.

It was in those early post-war days when the International Monetary Fund

being used to mitigate some of the worst effects on the poor of the IMF/World Bank structural adjustment programmes.

It is only when you look at the rich countries themselves and their agricultural trade policies that you see where the real aid is going — to farmers in the North.

They received assistance worth an average US\$15,000 per farmer — ranging from \$2,000 in New Zealand to \$39,000 in Norway — according to a recent report \*\* from the Paris-based Organisation for Economic Cooperation and Development (OECD).

In fact, support for rich country agriculture has produced massive surpluses as farmers try to produce more to profit from guaranteed markets. Says Singer, who has been working in food aid since the Forties, it was surplus disposal and market creation that lay behind the development of many food aid programmes, notably that of the US.

In 1990 total transfers to agricultural producers in the OECD countries grew 12 per cent to a staggering US\$299 billion. The organisation sees little progress towards

ADMINISTRATORS and executives both in the public and private sectors including government organisations, state enterprises, trading firms, universities, etc., do formally discuss and informally talk about the various problems of the management of man. They also seem to be aware of the fact that this problem has become more serious, and hence the development, of human resources, has become all the more important in the present day society, which is witnessing as rapid changes in the realms of science and technology, human values, organizational structure and managerial dynamics and job satisfaction.

Since World War II leaders in industry, government organization labour and armed forces and in education have increasingly proclaimed the need for "good administrators." The outstanding characteristic of the good administrator is his capacity for reaching decisions for making up his mind and then translating thought into action. A real leader is one who has the ability to get others to work willingly through his influence. An executive is good when he can make a smoothly functioning team out of people with the many different skills required in the operation of modern organization. His most important function is to reconcile, to co-ordinate, to compromise and to appraise the various viewpoints and talents under his

direction to the end that each individual contributes his full measures to the organization. One of the most important tasks of an executives is to optimize the utilization of the available human resources which requires understanding the capabilities of subordinates, assigning them appropriate task, helping them to face new challenges.

An executive is one who exercises authority and leadership over other personnel. I am only proposing to highlight some of the problems and misconceptions prevailing in the field of management and the role of executives as agents of change. I assume that the executives have in a small or large way, find their functions sometimes stimulating and satisfying but more often frustrating.

Most executives are so busy with problem solving or fire-fighting operations each day that they have neither time nor inclination to do long range planning. Many executives feel that the job is frustrating because there are no tangible measurements for evaluating the results of their functions. The modern executives therefore, requires a broad background in such fields as psychology, sociology, philosophy, economic and management i.e. the concep-

tual knowledge. In order to ensure his success the executive needs to utilize the management techniques and skills very effectively which are outlined below:

PANNING: Effective managers realize that a substantial portion of their time should be devoted to planning. For the executives, planning means the determination in advance of a personnel programme that will contribute to goals established for an organisation. The process of goal establishment will involve the activity and enlightened participation of the executives with his organisation in the area of human resources.

RECRUITMENT, SELECTION AND PLACEMENT: Recruitment and selection of a new employee is the first step in an organisation and subsequently the ultimate success or failure of such employment depends in a large measure upon it. If the employees in an organization are not recruited in accordance with some systematic, proper and judicious manner most of them are found inefficient and often quite unfit for the jobs allocated to them. It is therefore highly desirable that scientific principles of employees administration should be applied in recruitment and se-

lection in various organizations, particularly in a developing country like ours which is trying to go for industrialization. After being selection the employees should be placed in the right job.

TRAINING AND MANAGEMENT DEVELOPMENT: The

*An executive is good when he can make a smoothly functioning team out of people with many different skills required in the operation modern organization.*

whole concept of training is a comparatively new one to many organisation and its need is not only to recognised by the lower levels of management. It is necessary that persons at all levels of management should evince interest in and give support to training. Through training, it is hoped, the executives would grow in their creative role not only by increasing the ability and developing the skills but also by improving the perspective of the emerging environment of organisation.

Training and management development are essentially line management responsibilities although the executive has a very important role to play. Training is a continuing and continuous process. The executive must have adequate training so that he possesses the necessary skills.

EMPLOYEE COMMUNICATION: An executives working day is filled with communication of different types like orders, reports, conversations and rumours. Communication is vital in the relationship between executive and their subordinates. It is through effective communication that an executive ultimately gets work done by others. Therefore to be effective, every executive must know how to communicate.

WELFARE MEASURE: The provision of welfare amenities such as housing, transport, workers, education, sports and cultural activities, health centres etc. which are not industrial matters is aimed at ensuring better employee relations. There are number of executives which under take such welfare activities. Unfortunately, however, these measures have not created any appreciable impact in improving industrial relations. In fact, sometimes these have become causes of industrial conflict. The workers feel that the managements undertake welfare measures for popularity and publicity of their organisations and thereby to enhance their image in the society.

DISCIPLINARY ACTION: Since disciplinary action implies penalties which have undesirable implications, management must be fully aware of when, how against whom and why disciplinary action should be taken only then will this action, however unpleasant, be likely to gain its purposes with a minimum loss of employee goodwill. Even when an employee fully deserves punishment, it is invariably accepted with some amount of ill feeling.

INDUSTRIAL RELATION: This is a very important area of the executives function. Industrial relations include securing effective and willing co-operation from employees, reducing conflict between management and workers and their representatives, the trade unions. The areas of discontent and conflicts amongst the industrial worker are due to (i) his economic needs are not fulfilled, i.e. wages are inadequate (ii) his need for job security is not satisfied (iii)

working conditions are not satisfactory (iv) his social needs are not fulfilled. An executives should first attempt (i) to prevent problems and if in spite of all his efforts a problem comes up (ii) he should devise ways and means to settle it. Executives should develop foresight by being in constant touch with the people.

PRODUCTIVITY: In a developing economy like ours productivity is of vital importance to every citizen whether he is an employer, and employee or a consumer. It is only through a productivity reorientation of the labour management attitudes can only be brought about through personnel management techniques.

WAGE AND SALARY ADMINISTRATION: The term wage and salary administration has come to be accepted as the designation for that field of endeavour concerned with the establishment and implementation of sound policies and methods of employee compensation. It includes such areas as job evaluation, development and maintenance of wage

structures, wage surveys, wage incentives, wage changes and adjustment, profit sharing control of compensation costs and other related pay items. How fairly are the wages being paid to employees, how well the organisation controls these wage costs and how much work it obtains in return for the wage can have an effect on the success of any organisation and executives have significant role to play in this regard.

The well being of an organisation depends largely on the quality of its executives. He must motivate his subordinates to enjoy their willing cooperation; he must, in other words show them through cooperation they will best be able to achieve their personal objectives.

Secondly, the executive must be organisation minded and know how to delegate assignments. He must have inexhaustible fund of patience, an ability to think clearly, able to appraise a situation and to arrive at a sound judgement in the midst of controversy where emotional feeling run high. He must be free from personal prejudice, must be kind, sympathetic, firm, tactful, sincere and cheerful disposition and a competent counsellor.

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## Amid its Troubles, India Promises Well

Of late, the international news have been full of gloomy reports about India, and especially the disturbances in Kashmir, Haryana, Assam, etc.

While one cannot deny that community problems plague various parts of the country, they do not tell the whole story. Nor does the outlook for the next central government.

Economically, India is undergoing a revolution of its own, with the dismantling of the 40-year-old "command economy," under which the central government controlled and even owned much of the business sector.

This appearance, however, concealed a larger reality. Delhi's statistics might give the impression that the government was all-knowing and that it commanded the "heights of the economy" (a phrase from a 1940s socialist campaign in Britain).

In reality, India is one of the largest private enterprise economies in the world. Over half the population actually gets its incomes from non-government activities entirely.

The farmers and small traders and industrialists receive little aid from, and escape the net of, central government. It is the larger economic units which have to cope with the restrictions and licensing needs of Delhi.

And, just of late, those restrictions and curbs have been weakening. The effect has become very obvious — a burgeoning of the middle class market in India.

There has been a big shake-up and expansion in the branded goods trade — soft drinks, soaps, detergents, toothpastes, cleaners and polishes, processed foods, even cloth and garments.

Nearly all producers are trying out new products under new names across many markets; if these products don't succeed quickly they are abandoned and another product tried out. Branded-article trade has soared, but has become very competitive — advertising expenditure is way up (and so India's magazine publishers are prospering).

The government is relaxing

controls in one field where state controls have been hitherto a foundation of socialist faith — banking. Restrictions are to be loosened on private banks, which may now expand, thus increasing competition.

Delhi is also considering the privatisation of five public sector banks. But it seems to hesitate from allowing banks to develop automatic teller machines.

Taking new technologies to heart was at one time very difficult in India.

There are 13 million Indians who are entrepreneurs — this class is a new constituency for reforms. by Alan Chalkley

scut in India. Strict import controls and high tariffs kept out much new equipment. In the early 1970s, for instance, it was impossible to import an electric correctible typewriter unless one went abroad, bought it and brought it back as personal luggage.

But that, too, has changed. The Indian computer industry has now developed rapidly, and India's software has attained a worldwide reputation. One should not be surprised at this: after all, India's mathematical history goes back beyond Europe's darkest ages, and "zero," believe it or not, was invented in India.

Reflecting an optimistic business atmosphere, Bombay's stock exchange has been firming up for some time, and especially since May 1990. There will be corrections, of course, but Indian markets have entered on a higher plateau of prices and activity.

It is probable that the authorities will soon allow foreign investment on the exchanges; at present they are closed to foreign funds, except for Indians living abroad. Unit trusts for equity funds are also near; at present such trusts are state controlled bond portfolios only.

Here is a selection of thoughts from various sources

in India: \*\*\* From Siemens India chief Albert Hoser: There is tremendous entrepreneurial energy here, though sometimes it is a bit speculative."

\*\*\* From India's Ambassador to the US, Abid Hussain: "The industries of India are no longer confined to 10 or 15 houses. There are 13 million people in India today who are entrepreneurs — this class is a new constituency for reforms."

\*\*\*From Securities & Exchange Board chairman G.V. Ramakrishna: "We are reaching a stage where economic and industrial activity is getting a life of its own. It does not always react to political activity. This is so in any mature market economy and it is a good sign."

Volitas, one of the leading light industry producers, is latching on to the rising middle-class purchasing power. The company already leads in air-conditioners and refrigerators, and now plans big new capacity in washing machines and beverage coolers and dispensers.

However, one financial analyst in Delhi, Hardev Sanotra, writes about the government's over-caution in a business magazine. Its efforts to liberalise the economy, he opines, are not enough to get the economy to take off into high and sustained growth.

"The mere entry of the private sector into some areas will not bring about an all-around improvement," he says.

On the other hand, some writers think the government has gone too far. They write of "colourful, glossy, mind-boggling multi-media ads" as "calculated attempts to create a longing in impressionable minds to acquire difficult-to-afford and over-promoted products and services."

What of the great majority of the poor? They question whether prosperity for a minority will never "pull up" the majority with it.

Indeed, this question has been asked many times over recent generations in many countries. Does such a pattern of development call out new investment which eventually will benefit everybody?