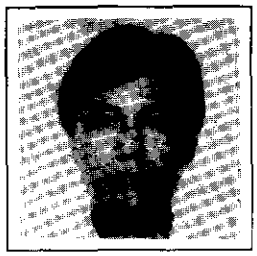

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SOME THOUGHTS IN ORGANIZING PRODUCTIVITY

Getting the Meaning of Productivity

Productivity has many meanings.

In both the physical and social sciences, productivity is measured as a relationship between output and input. Although in a machine or motor, the term used is not productivity but efficiency,[1] the idea is nonetheless similar. The efficiency of a machine is a fraction expressing the ratio of the useful work to the whole work performed. A perfect machine is one in which no work is lost. Indeed, the International Labor Office (ILO) defines productivity as the ratio between output and input, and states that this definition may be applied in an enterprise, and industry, or an economy as a whole.[2]

There are other notions on productivity. One author (Hornbruch, Jr.) defines productivity as "the relationship between achieving a result and the time it takes to accomplish it." Hence, productivity equals results over time. How productive we are, based on this formulation, depends on how we use the alloted hours. This kind of relationship has been suggested so that the variances or "heterogeneity"[3] of "output" and "input" can be removed and productivity may then be measured by a common denominator. Moreover, the results to be achieved can be set as objectives.

The Organization for Economic Cooperation and Development conceptualized productivity as an "attitude." It is a "conviction that one can do better today than yesterday, and that tomorrow shall be better than today." This "attitude towards work" is an important determinant for improved productivity. Moreover, job satisfaction plays a part in developing positive work attitudes.[4]

On the other hand, productivity is one side, and cost effectiveness is the other side of the same coin. It is believed that productivity management leads to a cost effective operation and, conversely, a cost-effective operation leads to continually improving productivity. This aspect of cost reduction in productivity is related to the cost structure of a firm. For example, materials, energy, and machine cost represent a very substantial percentage compared to labor cost. Thus, reducing wastes will be directed to these cost elements of materials and machines rather than to retrenchment of labor. A second-order effect is the avoidance of labor-management conflicts.[5]

Economists have refined the concept further by analyzing the effect of one unit of input to total output in terms of marginal cost or marginal revenue. The input may refer either to a specific factor of production. Hence, the utilization of specific inputs may likewise be measured as labor productivity (production value/labor input), or capital productivity (production value/capital input).[6] Through these partial measurements of productivity, the specific inputs can be monitored by the firm which may have a bias for one input over the other, that is, either labor-intensive or capital-intensive.

Lawyers also have a concern for productivity through a provision in the 1987 Constitution which states that one of the goals of the national economy is an expanding productivity as the key to raising the quality of life for all, especially the underprivileged. The constitutional delegate who proposed this amendment underscored the importance of establishing productivity as a national goal. He noted that productivity, which is reflected in the level of wages and income, is twenty times higher in Japan and the United States. Note must be made, however, that the drafters intended "expanding productivity" to mean a dynamic economy.[7] Hence, productivity in this constitutional context is broader.

Managing Productivity

A Management Prerogative

Without doubt, productivity is the proper domain of management. A study showed that 80% of the internal variables affecting productivity can be influenced by

management, while the balance, by labor. Of the total variables, 85% are internal to the firm, and 15% are external and beyond management control.[8]

How then can productivity be increased?

Organizing the Factors of Production

One economist has posited a view that development need not be costly because through better organization, productivity may be increased.[9] Aside from the factors of production -- land, labor, and capital -- there must be one who should organize them for production and distribution. This person can either be an entrepreneur or a manager. There are differences between these two personalities. At the start, the entrepreneur's function was to innovate, or to introduce new combinations of factors in production, in new processes, or for new outputs. But there is a gradual supplanting, as the author puts it, of the entrepreneur by bureaucratized management. In other words, the task of the manager involves routine decision-making and control; while that of an entrepreneur is to innovate. But in either case, the different factors should be organized.

Two Views of Organization

Generally, the management function involves organizing and controlling the production process to create output from input. The manner of organization may differ. It may be built on a hierarchical structure based on authority, or within a cultural context with its own values and orientation. There are, of course, various other theories and concepts of organization. However, these two theories will be specifically discussed on the premise that productivity is accomplished through people in an organization.

Management and Culture

Management is a "form of cultural encounter." Whether or not management succeeds can be "traced to the way managers link management to the socio-cultural goals of the environment." Thus, in the Filipino culture, we give high premia on interpersonal relations. Our society is highly personalistic and familistic. Although the rules and policies of the formal structure are followed on the surface, in reality, management operates on the cultural patterns of paternalism and familial behavior.[10]

A valid objection may be raised against highlighting the cultural factor over other factors that may influence management. Nonetheless, the concept of culture is broad and pervasive. Taken in its anthropological sense, culture means the "explicit and implicit designs for living which may be shared by all or some specifically designated members of a group."[11] There are cultural patterns which can describe the generalized behavior of the members of society. Thus, even before a person enters the labor force or a particular business organization, he carries with him these cultural imprints.

A Case in Point: Japanese Management

Pascale and Athos made a study of Japanese management.[12] Matsushista Electric Company was the example given. Matsushista has a formal structure of organization. The firm was organized into divisions which were later combined into product groups. Each division is independent and flexible but controlled by a centralized accounting system, personnel function, and training. The whole organization is united by what the authors call "superordinate goals." Decision-making is done by the division managers with reference to these superordinate goals. Thus, even if they are not directly controlled, there is an assurance that all the units of the firm are moving in the same direction. More importantly, underneath the formal organization, the value system of the culture is affirmed and re-inforced in management functions. Although there is a structure, managerial behavior conforms to the cultural patterns of Japanese society. For example, when one employee bows to another, the lowest bower affirms the other's right to have things his way, while the one who receives the bow accepts certain responsibilities. Other cultural influences are seen in the day-to-day communications within the Japanese organization as well as in the attitude towards interdependence in a Japanese work group.

The Philippine Case

There is no comparable case of Philippine management to this in terms of conceptual framework. Data exist insofar as "conflict-reducing" and "consensus-building" Filipino values, or those values which tend to make the Filipino worker an effective participant of a productivity improvement team.[13]

To repeat the postulate, productivity is accomplished through people. If productivity is coursed through an organizational structure which is hierarchical, this may strain the labor-management relation which is adversarial in nature. In other words, the difficulty is increased by a legal system that resolves labor or industrial conflict through a collective-bargaining process that ends in a strike or lockout whenever there is an impasse. Instead of productivity being enhanced, the resolution of conflicts becomes counter-productive.

As a consequence, the organization should have a mechanism in itself that detects and prevents disagreement from becoming a full-blown conflict. The organizational design should be able to account for the cultural patterns that make and define a Filipino worker.

The Japanese example is remarkable as the Japanese firms were able to adapt technology, techniques of production, and tools of management to their culture.

On the other hand, we should not adopt organizational theories wholesale and expect productivity. The experience was for companies to impose production quotas. However, failure to meet quotas usually results in a labor case because of personnel action taken by management against the "non-productive" worker. There is an inward and persisting resistance by those supposed to implement the productivity measures at the bottom.

This is a general view. Researches must be made in uncovering those values in our culture from which we can build productive organizations or for those negative values which hinder productivity. In any case, productivity is an attitude which is culture-bound.

Notes:

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2 International Labor Office, *Introduction to Work Study*, Rev. ed. (Geneva: ILO, 1974), 5.
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4 Masahiko Arakawa, "Productivity Improvement Concept and Company Approaches," *PDC Info Digest* (September 1983), 31.
5 Filemon T. Berba, "War on Waste: Key to Productivity Improvement," *PDC Info. Digest* (September 1985), 7-15.
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7 Section 1, Article XII, Constitution. See Journal of the 1986 Constitutional Commission (Vol. 1), 770-771.
8 See note 5.
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