



International  
Labour  
Organization



# ASIAN DECENT WORK DECADE RESOURCE KIT: **COMPETITIVENESS, PRODUCTIVITY AND JOBS**

ASIAN  
DECENT WORK  
DECADE 2006  
2015

Regional Office for Asia and the Pacific

**DECENT WORK**

A better world starts here.

2nd  
Edition

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**ASIAN DECENT WORK DECADE RESOURCE KIT:**

**COMPETITIVENESS, PRODUCTIVITY  
AND JOBS**

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# Abbreviations

ADB	Asian Development Bank
APEC	Asia-Pacific Economic Cooperation
APO	Asian Productivity Organization
ASEAN	Association of Southeast Asian Nations
BDS	business development services
CEB	Chief Executives Board
DWI	Decent Work Indicators
GTZ	German Technical Cooperation
ILC	International Labour Conference
ILO	International Labour Organization
KILM	Key Indicators of the Labour Market
MOLSS	Ministry of Labour and Social Security (Viet Nam)
MSEs	micro and small enterprises
OECD	Organization for Economic Co-operation and Development
SCORE	Sustaining Competitive and Responsible Enterprises
SIYB	Start and Improve Your Business
SMEs	small and medium enterprises
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
WDA	Workforce Development Agency (Singapore)

# Introduction

Representatives of governments and employers' and workers' organizations committed themselves to an Asian Decent Work Decade during the Fourteenth Asian Regional Meeting of the International Labour Organization (2006) – reaffirming their dedication to the goal of full, productive and decent employment for all by 2015.

To support their efforts and provide easy access to the rich knowledge, information and services that the ILO offers, the Regional Office in Bangkok developed the *Asian Decent Work Decade Resource Kit*. This booklet is one of six parts to that kit, serving as a gateway into ILO expertise and knowledge on the regional priority area of competitiveness, productivity and jobs. It explains in a brief and user-friendly manner why this is a regional priority, the issues it addresses and how the ILO can help its social partners, detailing the available approaches, strategies and tools and possible partnerships. Where applicable, examples of good practices or adaptable projects are included.

If you are reading this as an electronic file on a CD-ROM, you will find hyperlinks to many associated publications, also on the CD-ROM. If your computer is connected to the Internet, you can use other hyperlinks to navigate to web sites. The links are both in the text and in boxes on the side margin marked “click here”.

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# 1. Competitiveness, productivity and jobs

At the Fourteenth Asian Regional Meeting in 2006, the ILO's constituents concluded that decent work and reducing poverty across the region could be achieved with productivity growth by improving enterprise and national competitiveness and by increasing the number of decent jobs. Despite the global financial and economic crises, many Asian and Pacific countries have made considerable progress towards these goals. Between 2000 and 2010, productivity, measured as output per worker, grew by 53 per cent in the region, compared with only 6 per cent in the rest of the world. This has helped boost economic growth and competitiveness and reduce poverty.

[Click here for Labour and Social Trends in Asia and the Pacific 2006](#)

Accelerating productivity growth will be even more important over the next 10 to 20 years if the Asia-Pacific region wants to maintain its recent gross domestic product growth rates in the face of demographic and labour force trends. While labour productivity growth has been robust in recent years, there are still wide gaps in the levels of productivity between the Asia-Pacific region and the world's developed economies. Output per worker in the Asia-Pacific region as a whole is only around one sixth of the level in North America and the European Union. Also, the potential for

improving resource and energy efficiency in the production and consumption cycle should be exploited fully because it would contribute to accelerating productivity growth.

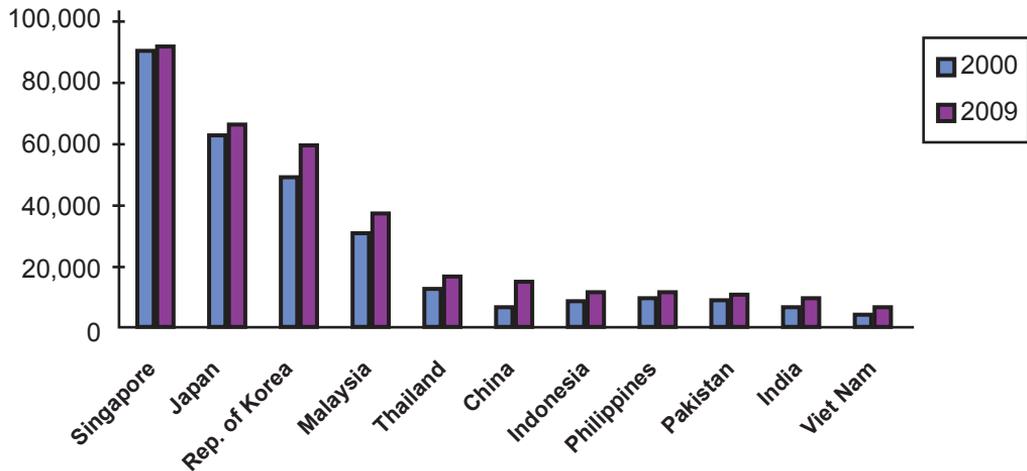
[Click here for ADB's Report on Inequality in Asia: Highlights 2007](#)

Despite the region's overall growth and improved competitiveness in the global economy, many workers have not benefited. Productivity gains have been distributed very unevenly. This is a troublesome trend. To illustrate, between 2001 and 2007, a period of tremendous economic growth in the Asia-Pacific region, average annual real wages in a sample of economies in the region grew at a rate of 1.8 per cent, far below the average annual growth in labour productivity over the same period. A strong and fair institutional basis for sharing productivity gains, including through effective labour market institutions and social dialogue that generates a stronger link between productivity and wages is required in the region.

[Click here for Key Indicators of the Labour Market, Sixth Edition](#)

*The ILO's database **Key Indicators of the Labour Market (KILM)** reveals both the gains and the vast differences in labour productivity across Asia.*

**Output per worker 2000 and 2009 in selected economies  
(in constant 2009 US\$)**



The uneven distribution of productivity gains has also increased inequality across households and between regions. Incomes at the top of the distribution spectrum have grown faster than those in the middle or the bottom. More than one billion Asians and Pacific Islanders still work in the informal economy. There are also persistent gaps in earnings between men and women and between people in rural and urban areas. These gaps reflect social exclusion, lack of access to high-quality basic education and health care and the absence of employment opportunities – all of which serve to dampen

the poverty-reducing impact of growth. Rising inequality is not inevitable. It will reflect, to some extent, returns on effort, skills, investment and entrepreneurship. But the experience of countries, such as the Republic of Korea, has shown that high economic growth need not lead to greater inequality. Indeed, at some point, rising inequality becomes counterproductive because further productivity improvement largely depends on higher skill levels, which are not available in a country where there is considerable poverty. Further, high levels of inequality and social exclusion can lead to



More than 1 billion Asians and Pacific islanders work in the informal economy. ©ILO/M.Crozet, 2002.

instability and reduced prospects for future growth and development.

While rapid economic growth has created dynamism and wealth, it also has increased environmental stress across the Asia-Pacific region, as illustrated by the reduction of reserves in the water tables, poor air quality in urban areas and increasing volumes of waste. At the same time, the region has seen an unprecedented increase in the frequency and intensity of extreme weather events, with severe consequences on jobs and livelihoods, in particular for people who are poor. Increases in production, urbanization and populations are increasing pressure on natural resources at an unprecedented rate. Climate change and climate variability will affect labour markets, both in rural and urban areas, especially those most

exposed to sea-level increase. As to climate policy responses, measures for adapting and mitigating damage will lead to further shifts in the labour markets, with many skill sets transformed and the emergence of new ones linked to changing production and consumption patterns. In addition to efforts to increase labour productivity, there also will be efforts to improve resource and energy productivity in order to reduce direct and indirect emissions.

*Jointly with the United Nations Environment Programme and the International Trade Union Confederation, the ILO launched a **Green Jobs Initiative** to highlight the potential benefits for employment, incomes and poverty reduction through decent green jobs. Workers' and employers' organizations can help bring about a swift and equitable transition to green growth and eco-effectiveness.*

*[Click here for the Green jobs in Asia and the Pacific web site](#)*

Over the next decade, the Asia-Pacific region will face a multifold challenge: first, to create jobs for the millions of new entrants to the labour market while at the same time addressing climate change and reducing emissions of greenhouse gases; and second, to accelerate productivity

growth within responsible stewardship of the environment and distribute productivity gains more evenly. Addressing the various challenges is essential for ensuring decent work and sustainable development.

## Competitiveness and productivity

Competitiveness and productivity are closely related. The World Economic Forum defines competitiveness as the collection of factors, policies and institutions that determine an economy's productivity and thus its level of prosperity. The factors affecting productivity will differ from one country to another depending on their starting conditions or stages of development. The World Economic Forum's *Global Competitiveness Report* suggests that a nation's competitiveness rests on ten pillars:



Productive enterprises can create more jobs.  
©ILO/A.Mirza, 2007.

Competitiveness can be analysed at the regional, industry or enterprise levels in addition to nationally. For enterprises, the aim is to produce products and services effectively and efficiently and exceed the performance of competitors.

### Basic requirements

Institutions

Infrastructure

Macro economy

Health care and primary education

### Efficiency enhancers

Higher education and training

Market efficiency (goods, financial and labour markets)

Technological readiness

Market size

### Innovation factors

Business sophistication

Innovation

**Productivity** is a measure of the efficient and effective use of inputs, such as labour, capital, materials, energy or information. Of particular interest to policy-makers, economists, managers and the ILO is labour productivity, measured as output per worker or per hours worked. This directly relates to the returns on labour input, such as wages and income, and raises questions on how enterprises should share gains in productivity with employees.

**Productivity growth** is an essential contributor to competitiveness at all levels. It is also the ultimate source of growth in living standards and offers a sustainable route out of poverty, making more goods and services available at affordable prices to more people.

Productivity gains can be distributed to workers in the form of higher earnings or shorter working time, improved working conditions or investment in human resources, which could contribute to further improvements in productivity and competitiveness. However, this “virtuous circle” of higher productivity through improved working conditions and higher wages is not automatic. It largely depends on the quality of industrial relations. Where mechanisms for social dialogue exist that are based on the fundamental principles and rights at work, employers and workers

can find negotiated solutions to a broad range of issues while fostering creativity and innovation at the workplace.

Recent ILO analysis has brought new insights on how employment growth connects to competitiveness and productivity. Productivity improvements may lead to a loss of jobs in some sectors, for example, due to labour-saving technological changes. But in the longer term, there is no necessary trade-off between productivity growth and job creation. Enterprises that become more competitive by increasing productivity are also in a better position to create new jobs. Productivity gains can also work their way through the macro economy as job creation in expanding sectors offsets job losses in declining sectors. Whether this is the case or not depends largely on the environment in which enterprises operate.

[Click here for ILO's World of Work Report 2010](#)

*Increasing productivity is not an end in itself. If achieved through exploitation of the environment and unfairness to workers, it does not lead to sustainable improvements in welfare or the quality of life. It is important to consider the means used to achieve the end. Efforts to increase productivity and competitiveness must go hand in hand with social and environmental responsibility.*

## Accelerating productivity growth

There is no simple formula for improving competitiveness, productivity and job creation. Many factors shape the outcomes. Moreover, previous strategies might not work in the future: Asian and Pacific economies wanting to ensure competitiveness can no longer count on low-cost production and cheap exchange rates. Many have benefited from high levels of foreign and domestic investment, which have increased sector productivity. This strategy, too, may be reaching its limits. Compared with other parts of the world, many countries in the region already have very high investment shares. Nevertheless, there are still countries with lower rates of investment, such as Bangladesh, Cambodia, India, Indonesia, Pakistan and Philippines.

For some countries, the rise of major Asian manufacturing and trading nations, notably China and India, provides both opportunities and challenges: It may put entire industries under strong adjustment pressures, particularly in manufacturing, while there are benefits of larger markets and cheaper imports. Such opportunities and challenges underscore the importance of sustained productivity growth.



Productivity growth will require a more skilled workforce. ©ILO/A.Mirza, 2007.

*Consumer markets worldwide are increasingly demanding products and services that comply with international social and environmental standards. As part of their business strategies, many large enterprises are increasingly adopting corporate social responsibility through business-driven voluntary activities that exceed compliance with the law. There is evidence to suggest that those enterprises that take action on the environmental and social impact of their operations enhance their reputations, reduce the additional costs of doing business and improve productivity and competitiveness.*

Productivity levels in agriculture tend to be much lower than in industry and services, so the shift of workers from agriculture to industry and services has had a large and positive effect on overall labour productivity growth. Such structural shifts in employment will continue to be important for increasing labour productivity; thus, facilitating labour mobility across sectors remains a significant concern. For many developing economies, this will require increased investments in agriculture while at the same time supporting employment opportunities in higher productivity sectors. How enterprises in the region improve their competitiveness and productivity depends on how successfully they can integrate into national and global value chains. Enterprises need to make use of the technology, innovation and other new ideas contained in these value chains and enterprise clusters as a way of reducing costs and adding value. By upgrading their operations, they can become more productive and create a greater share of value locally – generating more jobs and income.

An important factor for accelerating productivity growth in Asia has been the availability of workers with the appropriate skills, including those in technology. Participants in ASEAN and APEC meetings

attribute improved productivity and long-term competitiveness to the significant role of training and skills development. However, a major challenge lies in employability skills and the reduction of skill shortages. Countries need to reform and re-orient national training policies and systems because the impact of education and training on productivity depends on their quality and relevance to labour market needs and their accessibility to all workers. This is also important for increasing productivity in the informal economy. It will mean linking informal with formal training, recognizing acquired skills and finding new ways to expand skills and entrepreneurship training, including in environmentally friendly sectors of the economy.

In addition to improving human capital, it is also important to institute progressive workplace practices that are based on good working conditions, innovations in work organization, continuous workplace learning, good labour-management relations and respect for workers' rights. At the enterprise level, innovation depends on managerial competence and on employee involvement. As greater regional integration reduces the influence of national macroeconomic policy, these micro sources of competitiveness are likely to increase in importance.

Policies to improve productivity and competitiveness need to recognize the region's diversity and reflect a country's level of development, available human resources and institutional capacity.

Accelerating productive growth requires a country-specific mix of policies aimed at:

- creating an environment conducive to sustainable enterprises;
- building human capital in basic education, and progressively increasing enrollment at the secondary and tertiary education levels;
- improving the attractiveness of technical and vocational education and training, enhancing the relevance of technical and core work skills and supporting employability through internships, apprenticeships and relevant assessment and certification;
- encouraging the application of decent and productive workplace practices;
- addressing sector-specific challenges through value chain and cluster upgrading, which is linked to skills development along the value chain; and
- promoting technology and ways of doing business that are environmentally friendly.

## 2. The ILO response

To address the challenges confronting competitiveness, productivity and creating new jobs, the ILO's social partners in the Asia-Pacific region need to include sustained improvements in their Decent Work Country Programme – the main mechanism for ILO cooperation with constituents throughout the world. The following illustrates the range and types of interventions that the ILO supports.

### Point of departure – the sustainable enterprise

In mid 2007, the ILO's tripartite constituency concluded at the International Labour Conference that “the promotion of sustainable enterprises is a major tool for achieving decent work, sustainable development and innovation that improves standards of living and social conditions over time”. Two months later, at the Asian Employment Forum in China, the constituents re-emphasized the importance of promoting sustainable enterprises in Asia and the Pacific and the ILO's vital role.

[Click here for Conclusions Concerning the Promotion of Sustainable Enterprises, International Labour Conference, 2007](#)



Sustainable enterprises earn profits and meet social aspirations. ©ILO/M.Crozet, 2005.

The ILO's point of departure is the sustainable enterprise, which goes beyond narrow input-output analysis in terms of minimizing costs and maximizing value. A sustainable enterprise operates a business to be viable, innovative and to earn profits; thus, it is constantly keen to raise productivity and ensure competitiveness. In addition, it recognizes the social aspirations of the people on whom it depends, both inside and outside the organization, as well as the impact of its operations, products and services on the natural environment. The International Labour Conference recognized the ILO as uniquely placed to promote sustainable enterprises and decent work.

This is because the social, economic and environmental dimensions of development come together in workplaces. Through its tripartite constituency, the ILO is in direct contact with employers and workers in enterprises and with the government officials who set the rules. With its demonstrated technical competence, the ILO has the means and experience to advise and assist countries in the Asia-Pacific region in their efforts to sustain productivity growth and competitiveness.

*An important ILO instrument for enterprise creation and development is the **Job Creation in Small and Medium-sized Enterprises Recommendation**, which aims to create a supportive environment conducive to the growth and development of SMEs.*

[Click here for ILO Recommendation No. 189 on job creation in SMEs](#)

## A conducive environment

To be sustainable and competitive, enterprises need conducive and enabling conditions that allow them to develop strategies for improving productivity and innovation. Policies, institutions and regulations that provide such an environment can make a substantial contribution to employment creation.

**The ILO's tripartite constituency agreed on basic conditions for a conducive environment for sustainable enterprises:**

- *Peace and political stability;*
- *Good governance;*
- *Social dialogue;*
- *Respect for universal human rights;*
- *Entrepreneurial culture;*
- *Sound and stable macroeconomic policy;*
- *Trade and sustainable economic integration;*
- *Enabling legal and regulatory environment;*
- *Rule of law and secure property rights;*
- *Fair competition;*
- *Access to financial services;*
- *Physical infrastructure;*
- *Information and communication technology;*
- *Education, training and lifelong learning;*
- *Social justice and social inclusion;*
- *Adequate social protection; and*
- *Responsible stewardship of the environment.*

The ILO supports the efforts of governments to establish and reform policies and

regulations that contribute to an enabling environment. For this purpose, it makes available to governments and other national partners a variety of policy assessment and planning tools and services.

It develops and applies new policy tools. And it works with national officials to assess the policy environment and to strengthen national and local capacities to design, implement and evaluate policy reform.

Current priorities in this area are:

- assisting policy-makers, researchers and evaluators in analysing how the current regulatory framework affects the ability of enterprises to create employment;
- exploring emerging good practice with regard to balancing the need to reduce the entrepreneur's regulatory burden and the costs for formalizing informal economy operators with the need to ensure adequate protection of workers and the environment;
- helping employers' and workers' organizations close the representational gap and improve their capacity to analyse the dynamics of their business and labour environments so that they can participate in policy reform and

advocate for the development of sustainable enterprises; and

- facilitating policy reform, providing technical assistance on national and local implementation and monitoring the effects of the reform.

[Click here for the inter-agency web site on the reform of the business environment](#)

**The ILO's International Training Centre in Turin, Italy, offers a set of training courses covering a variety of issues in enterprise development, all of which can be readily tailored to suit particular needs. One training package – *Creating an Enabling Environment for Small Enterprise Development* – aims to improve the skills of participants to analyse, design and implement programmes for reforming and improving the business environment for small enterprises. It has proved particularly popular and successful, both as a two-week programme delivered in Turin and as a shorter, customized training model delivered in situ in a number of countries engaged in reform activities.**

## Providing business development services

Business development services (BDS) help micro, small and medium enterprises and cooperatives overcome barriers to increased profitability by improving their productivity and their access to higher-value markets. BDS includes training, consultancy and advisory services, marketing assistance, information, technology support, business link promotion and links to finance and financial services.

A wide range of actors can deliver these, including: individuals, private businesses, NGOs, parastatals, national or subnational government agencies, and business and cooperative associations.



Small enterprises can benefit from business development services. ©ILO/Y.Rashmika, 2007.

The ILO has been involved for many years in improving access of enterprises to BDS, primarily through different levels of management training and media-based enterprise services.

The ILO helps strengthen the competency of intermediary service providers in the area of management training and provides training tools that cover the whole spectrum of target groups, from illiterate micro entrepreneurs to growth-oriented small- and medium-scale entrepreneurs. Media-based enterprise development programmes were developed in countries such as Viet Nam (through **radio**) and China (**television**) and aimed to improve the ways media markets support small and medium enterprises.

The ILO has developed considerable expertise, credibility, networks, tools and experiences. Many important BDS programmes have been developed and launched and continue to evolve. These include **Start and Improve Your Business (SIYB)**, **Know About Business (KAB)** and **Expand Your Business (EYB)**, together with applications targeted at particular groups, such as the **GET Ahead for Women in Enterprise Training Package and Resource Kit** for entrepreneurs and their service providers.

[Click here for Guide to BDS Market Assessment for Program Design](#)

China's Ministry of Labour and Social Security (MOLSS) initiated the **SIYB China project**, with technical support from the ILO. The project's objectives include strengthening the MOLSS's ability to implement a multicomponent, national employment promotion programme for business start-up training for laid-off workers and rural-urban migrants. The programme entails vocational and functional skills training, access to finance and policy support. The training component of the national employment promotion programme has evolved to become the largest national SIYB programme in the world, with more than 270,000 men and women trained in 2005 alone. According to an ILO evaluation, 39 per cent of trainees started their own business and created on average 1.7 new jobs, translating into almost half a million new employment opportunities.

## Value chains, clusters and industries

The ILO supports the development of strategies and action plans to address skills, productivity and participation issues within specific industries, along value chains and

within enterprise clusters. Such sector interventions can have greater outreach and impact as they address groups or networks of enterprises and the institutional environment in which they operate.

*A value chain is a sequence of combinations of production factors that create a marketable product or service, from its conception to the final consumption. This includes activities such as design, production, marketing, distribution and support services to the final consumer.*

The ILO assists in upgrading processes in value chains, enterprise clusters and sectors by playing three roles:

**Mediator** – The ILO's tripartite structure enables it to identify the main actors in a sector and encourage social dialogue among them. Activities to upgrade clusters, sectors and global value chains can only be successful and socially sustainable if they engage all major stakeholders.

**Researcher and advisor** – The ILO initiates research and analysis to identify sectors that can create decent employment and then develops strategies to take advantage of the opportunities. ILO experts act as

*Interventions on value chains for pro-poor growth – The ILO project Enterprise for Pro-poor Growth (known as Enter-Growth), focused on micro and small enterprise development in the north-west and north-central provinces of Sri Lanka. The project worked in several sectors of the local economy that showed significant potential for productivity improvements and income generation for poor people – such as ornamental fish breeding, cashew nuts and coir. To analyse how micro and small enterprises were integrated into markets and the problems they encountered, the project organized a series of workshops with local participants and interviews with value-chain partners outside the local economy. Based on this analysis, they developed proposals on how to promote particular sector steering groups of stakeholders and then followed through.*

[Click here for Enter-Growth web site](#)

facilitators in bringing stakeholders together and providing them with the information needed to find locally relevant solutions. Working within an international network, ILO experts provide information on and access to good practices from other countries and regions.

**Service provider** – The ILO assists governments and social partners in their efforts to assess problems and opportunities in certain sectors. In doing so, it concentrates on high-road sector and value chain-upgrading strategies that match competitiveness with improved working conditions, earnings and job creation. Service providers can draw on years of ILO experience and a continuously updated collection of tools that address specific needs at different levels.

[Click here for the ILO Guide for Value Chain Analysis and Upgrading, 2009](#)

International experts can support the implementation of the tools.

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## Decent and productive workplace practices

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Experiences across enterprises show that promoting decent workplace practices increases productivity and improves financial performance. Crucial in this is building up the competencies and productivity of employees through the appropriate organization of the workplace.

Improving labour productivity and strengthening the innovativeness and competitiveness of enterprises depends on

[Click here for Value Chain Development – for Decent Work: A Guide for Development Practitioners, Government and Private Sector Initiatives](#)



Decent workplace practices  
boost productivity.  
©ILO/M.Crozet, 2002.

good working conditions and open communication channels that are conducive to empowerment and employee involvement.

There are many ways to facilitate employee involvement, but the principal foundations for effective enterprise-level employer-worker relations are social dialogue and industrial relations.

Programmes such as quality circles are more likely to succeed if there is an open and honest dialogue between employers and workers that enables them to work together to realize the mutual benefits of productivity growth.

An integral element of the ILO's support for sustainable enterprises is the promotion of decent and productive workplace practices, also known as “high-performance workplace practices”.

*As a strategy for enhancing the productivity and environmental performance of an enterprise, the Asian Productivity Organization promotes the concept of “**green productivity**”, which aims to support environmentally sustainable business practices. Techniques for improving productivity and better environmental outcomes include waste prevention, resource and energy conservation, pollution control, process modification and product design.*

The ILO support involves a three-part strategy:

- 1. Research and analysis** – The ILO collects and analyses examples of good policies and practice at national, sector and enterprise levels.
- 2. Awareness raising and policy advice** – This focus is on disseminating good

[Click here for APO's web site with manuals and publications on green productivity](#)

**Meeting workplace needs through a diverse workforce** – In today's global economy, a major factor in a company's efficiency, productivity and overall business success is "managing diversity". Many multinational companies, along with small and medium enterprises, have discovered the potential of people with disabilities to make significant contributions to the workplace. Disabled employees perform on par or better than their non-disabled staff and are more likely to stay in their jobs. They also have better insight into the overlooked multibillion-dollar market of disabled customers.

[Click here for ILO's web site on disability](#)

practices, case studies and demonstration workplaces to raise people's understanding of the relationship between skills development, job quality and productivity. The ILO fosters discussion and other means to raise awareness on the role of workplace learning for productivity improvement. Other programmes focus on corporate social responsibility among constituents and other actors. The ILO advises on what policy-makers, business associations and unions can do to improve productivity and job quality.

The Government of New Zealand follows a tripartite approach in seeking to raise workplace productivity. In 2004, it established a **Workplace Productivity Working Group**, which identified seven drivers: leadership/management, skills/knowledge, technology/innovation, network/collaboration, work organization, workplace cultures and measurement. The Government set up a web site where employers can find practical information, tools and case studies to help them improve their productivity.

**A Workplace Productivity Starter Toolkit** includes a questionnaire and case studies on exemplary workplaces, designed to show others how to achieve performance benefits. New Zealand's National Workplace Productivity Programme was designed to reach a large number of workplaces and provides practical support for employers and workers to raise performance, the value of the work done and the rewards for both employers and workers.

[Click here for New Zealand's national workplace productivity programme](#)

**The ILO's SCORE project**, building on the previous work of the *Factory Improvement Programme*, helps participating enterprises increase productivity, improve working conditions and strengthen collaboration and communication between managers and workers. The programme shows that better labour practices and working conditions lead to measurably improved enterprise performance. A set of *case studies* and *tools* for learning are available. An independent evaluation of a typical cycle of the programme demonstrated the positive results from this action-focused approach:

- *Worker-management improvement teams established in each participating factory continued to operate some 14 months after the programme ended.*
- *End-line production defects were, on average, reduced by 67 per cent. Some workshops achieved reductions of more than 90 per cent.*
- *Awareness was raised on quality and productivity issues across all levels of the factories – as demonstrated by the widespread continuing use of tools and techniques introduced.*
- *Working areas were reconfigured to increase production efficiency, enhance worker safety and improve the overall working environment.*
- *People in the participating factories became much more aware of occupational safety and health issues and acted to reduce hazards by, for example, providing safety equipment and establishing accident-response procedures.*

**3. Implementing and training** – To demonstrate workplace productivity gains as well as provide a platform for research, the ILO provides technical assistance to enterprises and intermediary institutions involved in enterprise development through such projects as the Sustaining Competitive and Responsible Enterprises (SCORE) project in China, India, Indonesia and Viet Nam or

the Better Factories project in Cambodia. Relying on the capacities of its training centre, the ILO offers its social partners, local institutions and organizations a variety of training programmes and resources on how to improve productivity and job quality through good workplace practices and the better management of people.

[Click here for the web site of the Better Factories Cambodia project](#)



The ILO International Training Centre in Turin, Italy.  
©ILO/J.Maillard.

**The ILO's Enterprise Department** and the training centre in Turin, Italy, offer a course on *sustainable enterprise promotion through good workplace practices and human resource management*. The training exposes participants to modern concepts and practices for the purpose of raising productivity and improving enterprise performance. Within this context, the course specifically examines the “what and how” of a range of practical tools and approaches. Through its modular design the Turin centre can deliver the training as a two-week residential course or as a shorter off-campus course with a tailored thematic focus.

## Building skills for productivity growth

The ILO's Recommendation Concerning Human Resource Development: Education, Training and Lifelong Learning guides member States as they seek to develop the knowledge and skills of their workforces and thus achieve higher productivity while promoting social inclusion. It also constitutes the policy framework for the ILO's work on skills development.

Within the regional priority area of competitiveness, productivity and jobs, the ILO's support for skills development focuses on three cross-cutting issues: i) the reform of national skills strategies and policies; ii) the role of the private sector in skills development; and iii) changing patterns of work organization.

The first issue addresses the critical need for reform and re-orientation of national training policies and systems. A conducive enterprise environment requires that managers and workers be equipped with the right skills. The ILO provides policy advice on how to develop the necessary national skills strategies and reform training systems.

[Click here for ILO Recommendation No.195 on human resource development](#)

[Click here for Developing National Skills Strategies: Report of ILO/SKILLS-AP/Japan Regional Technical Meeting on Developing National Skills Strategies, Chiba, Japan, 27-30 March 2007](#)

This includes direct advisory services to policy-makers and training. In addition, the ILO works with specific training institutions to improve the quality, efficiency and effectiveness of training.

The Regional Skills and Employability Programme for Asia and the Pacific brings together skills development partner organizations from some 30 countries.

*In response to a request from the Government of Pakistan and together with the United Nations Development Programme, the ILO assessed the capacity of 79 training institutions. In addition, the ILO provided direct advisory services to the Government's drafting of a national skills strategy: Skilling Pakistan. Supporting the Government's sector approach to skills development, the ILO is now providing assistance to strengthen the construction, hospitality/tourism and dairy sectors by developing competency standards, supported by a centre of excellence for each sector.*

*The Government of the Philippines, with the participation of employers' and workers' organizations and other interested parties, organized a National Human Resource Conference in April 2007 to identify good practices in workforce productivity and competitiveness and address constraints in education and training in selected occupations and sectors with potential for job growth.*

**The Singapore Workforce Development Agency (WDA)** was set up in 2003 under the Ministry of Manpower to enhance the employability and competitiveness of employees and job seekers. The WDA is responsible for developing skills frameworks, national training programmes, employment placement services and industry human resource plans. Its approach is to define skill needs and link them to the occupational structure of an industry. The framework incorporates occupational, industry and employability skills. One strategy for forward-looking skills development has been to invest in upgrading core skills, especially of low-skilled workers, to enable them to learn new skills as technologies and industries evolve.



The private sector has to invest in the skills of its workers. ©ILO/T.Falaise, 2007.

The second issue concerns the greater involvement of the private sector in skills development. This refers to the privatizing of training delivery as well as promoting more workplace learning in enterprises. But government policy plays a pivotal role in providing incentives to the business sector to invest more in the training of their workers and for individuals to take advantage of opportunities for lifelong learning and career development. Recorded experiences of forward-looking skills development reflect this type of approach.

[Click here for Supporting Workplace Learning for High Performance Working](#)

The third issue – the changing patterns of work – relates to new forms of work organization and the use of new technology that demands new skills. The best way to make employees and managers more productive is to offer continuous formal and informal skill formation in the workplace. The ILO works with governments, employers and unions to promote workplace learning as a means of enhancing both work performance and the quality of working life.

*In the developing countries of the Asia-Pacific region, young people are at least three times more likely to be unemployed than adults. It is vital therefore to enable young people to develop the right skills and achieve decent work early in their working life. This is not just crucial from an economic point of view, but it also helps to avoid a vicious cycle of unemployment or underemployment, poor working conditions and social exclusion. For the ILO in the Asia-Pacific region, youth employment is another priority area.*

## 3. Knowledge sharing and partnerships

Asian and Pacific countries want to expand their productivity, competitiveness and jobs and support balanced and sustainable development. To do so they need the latest and most relevant statistical information, analysis of recent trends in labour and productivity and reports on good practices and lessons learned. The ILO is continuously strengthening its knowledge base on the links between growth, productivity and job creation and making efforts to improve its capacity to share information, experiences and knowledge between ILO staff based in headquarters and offices and projects around the world as well as with its constituents in the region.

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### Research and statistics

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At the 2006 Asian Regional Meeting, which launched the Asian Decent Work Decade, the tripartite constituents requested the ILO to promote “the development of up-to-date and reliable statistics and data-gathering to assist in fact-based research, comparison and decision-making”. They invited regional

and international organizations, including ASEAN, to collaborate with the ILO in support of these and other efforts.

The ILO monitors labour and social trends in the Asia-Pacific region and provides a range of statistics through such resources as the Laborsta database and the Key Indicators of the Labour Market. The **KILM** database includes data on productivity per worker and per hour worked, productivity by economic sector as well as unit labour costs, which are an important determinant of competitiveness. In addition, the ILO, through the European Commission-supported Monitoring and Assessing Progress on Decent Work project, is developing a regional Decent Work Indicators (DWI) database that will have data from the late 1990s onwards on more than 40 indicators covering the four central areas of decent work – rights at work, employment, social protection and social dialogue.

The ILO also helps strengthen the capacity of member States to collect and analyse data on decent work and monitor progress on competitiveness, productivity and job

*In Indonesia, regional workshops have allowed the Ministry of Manpower to consult with social partners on the National Plan of Action and to identify and incorporate relevant DWI for monitoring and evaluation. In Sri Lanka, participants in a tripartite workshop discussed methods for collecting DWI and agreed on a medium-term strategy for closing data gaps. In Bangladesh, participants in a tripartite consultation workshop discussed the availability and gaps in the national statistical system in terms of measuring decent work and identified a priority list of DWI for national monitoring.*

creation. For example, it has provided technical assistance to Bangladesh, Cambodia, India, Indonesia, the Islamic Republic of Iran, Pakistan, Sri Lanka and Viet Nam for building competencies in collecting and compiling decent work indicators.

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## Knowledge sharing

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Countries in the region experience many challenges to improving their competitiveness and productivity. Sometimes, they find it difficult to identify and implement the right strategies. They

*ILO constituents and the Regional Skills and Employability Programme have been engaged in a regional network to exchange innovative ideas and good practices on skills development. The Regional Skills and Employability Network consists of focal points in all ILO member States of the region and 164 partner organizations, which include national training and research institutions and workers' and employers' organizations. The network facilitates seminars and technical meetings, fellowships, staff exchanges and pilot projects at the regional, subregional and country levels as ways of sharing knowledge and solving common problems. The recently introduced **Community of Practice on Skills and Employability** builds on this network and provides a platform to ensure that all participants have access to information from a variety of sources on relevant events, comparative data, new research and publications, international good practices and case studies, training packages and material, competency standards, skill recognition and certification of migrant workers, and technical resources, including experts and consultants.*

may not know how to obtain the latest information on the labour market or innovative approaches, practices and policies. Although there are good examples across the region of successful approaches, there are few networks for sharing such good experiences, information and advice.

During the Asian Forum on Growth, Employment and Decent Work (in Beijing in 2007), constituents expressed support for a regional initiative that improves access to knowledge, tools and guidelines related to achieving the decent work goals. In response, the Regional Office devised and put into motion a **regional knowledge sharing strategy** to guide its work in the area of knowledge management. Communities of Practice form the core of this strategy, and two of the five created so far have particular relevance to this booklet: *Skills and Employability* and *Green Jobs-AP*.

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## Partnerships

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Working towards increased competitiveness, productivity and job creation requires full involvement of ILO constituents in the Decent Work Country Programmes as well as partnerships with national and international actors and institutions.

A natural partner for collaboration on productivity-related issues is the **Asian Productivity Organization** and its national member organizations, which have engaged in joint events and produced publications, such as *Socially Sensitive Enterprise Restructuring in Asia*.

The ILO recognizes the expertise and comparative advantages of other development agencies, whether national, regional or international. Over the years, it has cooperated with a wide range of partners such as ADB, APEC, ASEAN, GTZ, OECD, UNDP, UNEP and the World Bank in partnerships that have complemented ILO expertise and enabled coordination of more coherent development efforts.

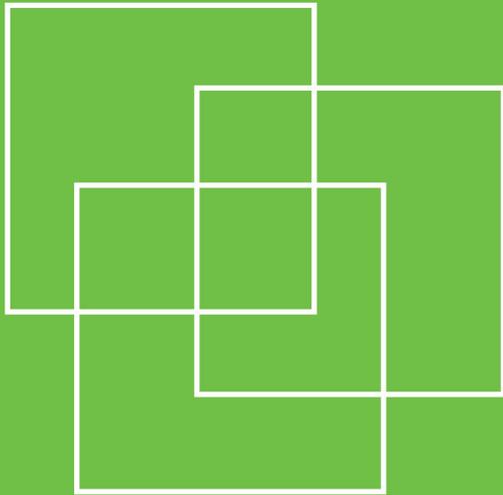
*In 2006, the UN Economic and Social Council approved a Ministerial Declaration encouraging the UN system to develop a toolkit to promote decent work. Since then, the ILO has worked closely with other agencies through the Chief Executives Board (CEB), chaired by Secretary-General Ban Ki-moon. The final product, a **CEB Toolkit for Mainstreaming Employment and Decent Work**, was designed to help organizations throughout the multilateral system assess and*

*improve the employment and decent work outcomes of their own policies, programmes and activities.*

*In recent years, the Asian Development Bank increased its emphasis on employment-related issues. Jointly with the ILO, it recently published, **Core Labour Standards Handbook** and in 2005 published **Labor Markets in Asia: Promoting Full, Productive and Decent Employment**.*

***Better Work** is a partnership between the ILO and the International Finance Corporation, the private sector-financing arm of the World Bank. Launched in August 2006, the programme works to improve labour practices and competitiveness in global supply chains. Better Work helps enterprises improve their labour standards, based on core ILO labour standards and national labour law. This increases quality and productivity and helps enterprises compete in global markets where many buyers demand their suppliers comply with labour standards. Better Work Viet Nam was established in 2009 and offers sustainable solutions to the challenges of improving labour standards and competitiveness in the apparel industry.*

*[Click here for CEB Toolkit for Mainstreaming Employment and Decent Work](#)*



The Resource Kit brings together the ILO's expertise, knowledge and tools as they relate to Decent Work and the goals of the Asian Decent Work Decade (2006-2015) in a single, accessible package. It has been created to help workers, employers, governments and other interested parties learn more about the priority areas, the key challenges and the resources available to meet them.

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