
USAID LATEST HEADLINES

Hope Despite Grim Assessments on Productivity

Letter to the Editor
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On Monday, September 3rd the Cambodia Daily reported on the ILO study which found that Cambodia's productivity growth was second lowest in South East Asia ("Cambodia's productivity Logging: ILO," page1). Unfortunately, this analysis is consistent with a 2005 USAID study that found 70% of Cambodia's garment factories performed at levels significantly below world class standards rendering the sector less competitive and risking precious jobs.

However, there is hope behind these grim assessments. The experience of USAID shows that Cambodia's garment factories are capable of increasing their productivity and competing successfully with better management-worker collaboration and the implementation of modern productivity techniques backed by a government that enforces laws.

In 2005, USAID committed \$3.4 million over 3 years to create The Garment Industry Productivity Center (GIPC) for training and consulting. Since January 2006, GIPC engineers and technicians have succeeded in boosting productivity in client factories by 20-100% within a few short months and at minimal cost. However, surprisingly not all factory managers and workers are committed and ready for the changes required. It is often easier to assign blame for low productivity to others, when the solutions require collaboration between managers, unions and government.

There is no single cause of low productivity, but the solutions are often simple and inexpensive. Managers need to accept new techniques, invest in worker training and provide fair incentives; union leaders and members need to be open to changes that reflect greater cohesion and are backed by thorough analysis of costs and benefits to factories and unions; and understand that their enhanced productivity can not only increases their personal incomes and job security, but also contribute to the overall economic prosperity of Cambodia. Finally, the government needs to continue to enforce laws equitably that govern commerce and labor, encourage judges to adjudicate fairly and with integrity; and reduce corruption that increases costs and inhibits productive foreign investment.

The GIPC is designed to be a Cambodian-led, sustainable center for industrial excellence that not only helps garment factories boost productivity, but also prepares Cambodia for an expanded manufacturing sector. GIPC is bringing together progressive members of GMAC, labor unions, and key Ministries who appreciate the link between productivity, competitiveness and sustainable economic growth. With their engagement GIPC will be a meaningful contributor to Cambodia's industrial development. As Prime Minister Hun Sen described in the Private Sector Forum yesterday, all the stakeholders of the garment industry are eating from the same pot and if they cannot work together, everyone will go hungry and the Cambodian people will lose out.

Erin Soto
Mission Director
U.S. Agency for International Development
Phnom Penh, Cambodia