Breakfast meeting: Vaal Triangle Branch

by A. de Souza*

On Thursday, 6th February, 1992, D. Jan Visser, the Executive Director, NPI (National Productivity Institute), addressed the Productivity Breakfast of the SAIMM–Vaal Triangle Branch in Vanderbijlpark.

The Breakfast was held at the Riverside Holiday Inn, and was attended by 50 senior and middle managers in organizations in and around the Vaal Triangle, as well as by Richard Beck, the President of the South African Institute of Mining and Metallurgy.

The organizations represented included the Vaal Triangle Technikon, Dorbyl Structural Engineering, African Cables Limited, Vereeniging Refractories, Dorbyl Heavy Engineering, Heckett SA (Pty) Ltd, Sigma Colliery, De Beers Premier Mine, Iscor Limited, Western Deep Levels, and Afrox.

DR VISSER'S ADDRESS

Dr Visser spoke of productivity as the process by which inputs are converted to outputs that have a use in the marketplace. The process is illustrated in the diagram below.

Within the ranks of developing countries and by all the measures available, South Africa's productivity record is abysmal. This has been accompanied by rapidly increasing unit labour costs and, inevitably, spiralling inflation. Having priced themselves out of the market, South Africans made things worse by allowing the rand to devalue, increasing the cost of essential imports and providing a further kick to inflation. A short-term approach to the problem was the increase in interest rates, leading to lower investment and low economic activity.

Economic growth comes when improvements in productivity give rise to competitive market positions. The new jobs that are then created can be defined as wealth-creating, unlike those in government departments and financial institutions.

A key is to link salary and wage increases to labour productivity, as determined by measurement the quantities of outputs and inputs for which workers can be held responsible. In mining, particularly, relating wages to 'ability to pay' is putting the worker into the hands of foreign monetary speculators.

A firm's profitability determines its ability to survive and grow. By extrapolation, a nation's growth depends on the profitability of its business enterprises. Profitability is essentially a function of productivity and market price, and productivity is the one element that a firm can control.

Productivity of both capital and labour can really be improved only if it can be measured scientifically and unambiguously. Certainly, productivity bargaining must be based on agreed measurements and, once decided, the parties must adhere to these for at least three years. Productivity improvement is not short-term and there is no quick fix. In the long term, sustained attention to productivity rewards everybody.

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