

## **PRODUCTIVITY SHARING – JAPANESE MODELS**

'Organisation' is recognised as an entity where investors, managers and labour get together, supply 'provinces' (goods or services) to customers and thereby share the generated surpluses. For the betterment of the surpluses productivity must be established and promoted.

Technology management efficiency and good labour attitude favour productivity. Productivity can be enhanced by sharing the fruits with employees, customers and management by means of creating a stake to each party. And share can be enhanced, in turn, by higher productivity levels. Best results accrue if the productivity and sharing go hand-in-hand and in balance.

Raising and sharing productivity can be healthy and effective if the following guidelines are observed:

- Ψ Share are linked to gains, intimately and immediately
- Ψ Improvements due to cooperation and sharing devoid of any confrontation
- Ψ Improvements are brought about through participation of one and all, consciously
- Ψ Employees' put forth physical and intellectual efforts and support management's developmental schemes fully.
- Ψ Sharing must take care of short, medium and long terms
- Ψ Sharing must be related not only to pay but also to facilities, work life, personal life and security

Since we know Japanese productivity and prosperity are among the highest, it is worthwhile to study their system so that Japanese nation may be emulated on good points. Work is said to be innate to the very nature of the Japanese people. Sense of achievement and belonging to organisation is cultivated in them. Compensation to work has been amply demonstrated to fulfill physical and security needs. All these are properly exploited to motivate positive attitude to productivity enhancement in the long run.

The pay system is based on productivity and social justice. Social justice is in fact, enabled by and large by productivity .

Pay depends on not only rank, but also length of service and family size.

Pay, bonus and retirement benefits are linked to productivity.

This has resulted in strong commitment to productivity.

The pay is sometimes associated with wage incentives. Wage increments or total wages are often linked to productivity. Bonus is quite substantial and are invariably linked to productivity 8-10 months bonus are quite common.

For the purpose of gain sharing the following performance measures are used singly or in various combinations:

- α Value added
- α Output value or volume
- α Sales, etc.

Value added productivity is the most favoured measure.

Likewise, the gains are distributed in various combinations of :

- ♠ Wage increases,
- ♠ Bonus
- ♠ Adhoc awards
- ♠ Incentive wages
- ♠ Annuities
- ♠ Stock purchase options, etc.,

National Productivity index, inflation index, etc., are sometimes included in the sharing formula.

The following is a summary of gain-sharing schemes of some of the Japanese organisations.

Company Code	Basis	Payment
A	1. Profit to expenses ratio 2. Natl. Eco. Prody. 3. VA Prody. 4. Consumer Price	Bonus Wage increase
B	PBT per Employee	Bonus
C	VA	
D	1. Profit 2. VA	Bonus
E	1. Gross VA per Employee 2. Net PAT per Employee	Bonus
F	VA	Bonus
G	VA	Incentive Wage
H	VA	Total Wage

It is worthwhile to note that improvement may be brought about through changes in the numerator and/or denominator as –

- ♣ Output (or Sales) increase
- ♣ Price increase through quality
- ♣ Input conservation (Labour, mtl. Etc.)
- ♣ Work force reduction
- ♣ Technology (operating cost reduction, waste eliminations etc.)
- ♣ Stock reduction
- ♣ Utilisation improvement
- ♣ And so on .....

The approaches followed may be such as TQM , Kaizen, TPM, IT, SCM, .....etc. duly integrated into a PLRS system.

The forward march of productivity linked results is so sure in Japanese industry that it has become characteristic to integrate every year's *incentive* and/or *bonus* into next year's regular *wages*. Then higher productivity levels are attained by collective contribution and additional rewards earned ..... The process is regular and progressive. The PLRS plan becomes an integrated PLWS plan in effect.

However, for all we know the Japanese may not be using terms PLIS, PLBS, PLRS, and PLWS at all.