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Labour Productivity: A Key Driver of Economic Growth & Competitiveness

Saint Lucia's economy in recent years has demonstrated sluggish growth which is indicative of our vulnerable and fragile main economic sectors. As such, for the last five years GDP growth has averaged at -0.4 percent. Therefore the question is- How can we improve the economic conditions of the local economy that will lead to more jobs, better prices and upward social mobility.

The answer therefore lies in productivity however more specifically- labour productivity. Former Prime Minister of Trinidad and Tobago Dr. Eric Williams in an Independence Day speech highlighted the importance of labour and its impact on the national economy. He stated that high absenteeism and turnover, shortage of skilled workers, poor customer service, low levels of technological innovation and transfer can contribute to a poor labour market and thus a weak economy.

Within Saint Lucia's context, there is a general inability of our labour force to compete in the international market. This means that not all international investors are able to set up sophisticated businesses within our shores because of a shortage of skilled labour. Alternatively, local businesses exporting their services may be unable to bid for certain jobs because of a lack of skills within their firms.

The inaugural Productivity Assessment for Saint Lucia underscored a number of factors which have contributed to the low levels of productivity of our workforce. Some of these issues include: poor work

ethic, worker absenteeism, high turnover rates and low levels of skills including soft skills. It is therefore critical that we transform our workers to become more innovative, solutions oriented to drive Saint Lucia towards economic prosperity.

Conversely, countries which are characterized by high labour productivity are therefore able to transform the economy towards sustained social and economic transformation. Increased labour productivity raises the power of an economy to satisfy the needs of the citizenry. As such, these countries benefit from a larger pool of tax revenue in which there is greater fiscal space to generate the necessary social services such as health care, education, welfare, public transportation etc.

A country's labour force is therefore vital to its level of economic growth as workers are the driving force behind every product or service produced. For this reason, we must ensure that our labour force is competitive and competent in promoting economic growth. Hence, the cornerstones of a policy framework for developing a highly skilled and competitive workforce are: broad availability of good quality education as a foundation for future training; a close matching of skills to the needs of businesses and the labour market; enabling workers and enterprises to adjust to developments in technology and markets and preparing for the skills needs of the future.

When applied successfully, these approaches cultivate a virtuous cycle of better education and training which enables workers to be innovative, become creative entrepreneurs which fuels economic diversification and competitiveness. A well trained labour force promotes social and occupational mobility- and thus the creation of more productive and rewarding jobs, whereby they are able to increase living standards and thus collectively enhance country competitiveness.

Policy makers must therefore understand the role of labour in transforming our economy into a highly competitive society. And so to promote a more productive and competitive Saint Lucia, it all starts with every worker. Every teacher, business owner, contractor, athlete- plays a pivotal role by collectively adopting the right attitude that promotes excellence. That is, in order to stimulate a more prosperous Saint Lucia, the economy needs more educated, skilled and highly trained individuals who are disciplined, self-driven and productive workers who will help build our nation.

In other words we need to put labour at the centre of our development. We must create a conducive environment to encourage productivity otherwise people are not going to produce at their maximum. As

a country, there must be an effort to create the right environment to encourage productivity. The following are changes which may be adopted to encourage increased labour productivity:

- Effective laws concerning workers must be enacted- The absence of any labour market regulations could lead to high turnover and poor worker morale, which could also diminish labour productivity.
- Create a culture of pay performance- There is a lot of talent hidden amongst workers, which will not be maximized unless we adopt the model of rewarding performance. Also tax and welfare reforms to improve work incentives and increase the incomes from people working more productively can be adopted.
- Incorporate education and skills training plans into our economic and national objectives. Improving the quality and affordability of education and training will increase its effectiveness at raising productivity - for example an expanded program of apprenticeship schemes, better management quality and investment in STEM subjects etc.
- Measures to boost business start-ups and research and innovation can all lead to higher productivity in the long run.

Enhancing productivity is essential in making Saint Lucia's economic recovery durable and will ensure that the benefits are shared by the citizenry. This requires efforts to improve and transform our labour force as they are at the heart of our socio-economic transformation. Therefore, when looking at what makes an economy grow in the long run, it is imperative to begin by examining how output is created. Output is produced by the workers who produce, manage, and process production. As such at the cornerstone of economic growth is the need to transform our labour force into a highly productive one.

About the National Competitiveness and Productivity Council (NCPC)

Established in October 2013, The National Competitiveness and Productivity Council (NCPC) is responsible for the identification of key issues related to competitiveness and productivity in Saint Lucia.

The NCPC and its Technical Secretariat is committed to providing the necessary advocacy and research to produce timely and effective recommendations to policymakers on issues that affect both competitiveness and productivity on island. For more information about productivity or on the NCPC, visit www.stluciancpc.org; www.facebook.com/stluciancpc, call 468-5571/5576 or send an e-mail to stluciancpc@gmail.com