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STATE DEPARTMENT FOR LABOUR AND SKILLS DEVELOPMENT
NATIONAL PRODUCTIVITY AND COMPETITIVENESS CENTRE**

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To All MDAs

REF: PRODUCTIVITY MAINSTREAMING IN MDAs

Reference is made to the 20th Cycle Performance Contracting Guidelines 2023/2024 FY) on Productivity Mainstreaming in the Public Sector.

1.0 Background

Productivity is defined as a ratio between output and input. It is the efficient and effective utilization of resource in production of high quality and cost effective goods and services in an environmentally sustainable manner.

Public Sector Productivity entails optimizing the delivery of services through efficient and effective use of public funds resulting in increased citizen satisfaction, public trust, accountability, cost reduction, competitiveness and high quality of life.

The significance of productivity measurement to inform on policy directives on efficient resource allocation and utilization cannot be overemphasized. Measures of productivity are useful for tracking changes in efficiency and for determining the effects of technological change. Productivity analysis provides information to assess the impact of policy changes or external shocks on industries, public service and the resulting effect on economic growth in a country.

2.0 Productivity Mainstreaming

Productivity Mainstreaming entails development, implementation and adoption of strategies and interventions that enable organizations to measure, manage and improve productivity and ultimately entrench a culture of productivity. This involves interventions on productivity awareness creation, measurement and improvement. In the public sector, productivity measurement is a deliberate assessment of the efficiency and efficacy of delivering Government services. The aim of the indicator is to enable MDAs to measure the efficiency and effectiveness of resources (labour, capital, technology and systems) utilization in converting inputs into quality outputs. This is undertaken under three broad areas namely: Operational Performance; Labour Performance; and Citizen Participation.

3.0 Enabling Environment for Productivity Mainstreaming In MDAs

For successful implementation of Productivity Management (Measurement and Improvement) in the Public Sector and effective implementation of the Performance Indicator, MDAs are expected to create an enabling environment by ensuring the following:

- (i) Establish and operationalize a Productivity Mainstreaming Committee;
- (ii) Train Productivity Champions; and
- (iii) Create awareness/sensitization on productivity mainstreaming for all staff.

NOTE:

NPCC will assist MDAs create the enabling environment by undertaking awareness creation and training of Productivity Mainstreaming Committee and or Champions of the respective MDAs.

All activities undertaken during establishment of enabling environment for Productivity Mainstreaming are not scored.

4.0 MDAs Performance Indicator and Targets

The Performance indicator for **ALL** MDAs is **Productivity Mainstreaming**

In order to achieve implementation of this indicator, all MDAs are expected to achieve the following **targets**:

(I) Develop Productivity Metrics (30%); - 2nd Quarter

MDAs Productivity Metrics will be derived from their respective Strategic Plans and are developed using the Objective Matrix (OMAX) Productivity Measurement Method.

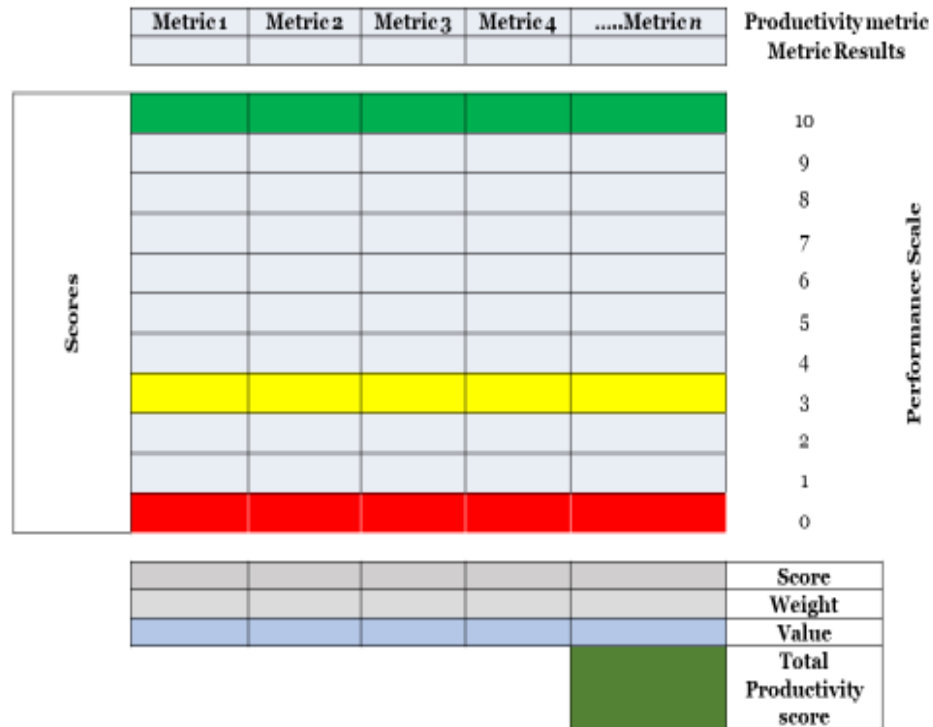
NOTE:

The Productivity metrics developed should address the sub- factors enumerated below:

Sub- Factor	Metrics (developed by MDAs with assistance of NPCC)	Weight to be assigned to the respective metrics with assistance by NPCC using a Scientific Formulae.
Operational Efficiency	a) b) c)	
Labour Performance	a) b) c)	
Citizen Participation	a) b) c)	

NPCC will guide and assist MDAs develop **Productivity Indicators, Metrics and Targets** using the tool below:

THE OBJECTIVE MATRIX MODEL



NOTE:

- a) MDA's Productivity Metrics should be at **least eight but not more than fifteen**.
- b) The weights assigned to each metric will differ from one organization to another depending on the Core Mandate of each organization.
- c) The **pair-wise** comparison matrix and the **Saaty Scale** below will be used:

Magnitude of Importance/ Significance	Numerical Rating	Inverse Rating
Extreme	9	1/9
Very Strong	7	1/7
Strong	5	1/5
Moderate	3	1/3
Equal	1	
Intermediate	2,4,6,8	½, 1/4, 1/6, 1/8

(ii) **Collect productivity measurement data (20%);**
 MDAs shall collect and report on Productivity Measurement Data during the **3rd Quarter**. **NOTE: Data collected during this phase is for the respective Metrics and will be applied during the Computation of the MDA's Productivity Index.**

(iii) Compute Productivity Index (25%);

NPCC in collaboration with the respective MDA will compute The MDA's productivity Index during the 4th Quarter

(iv) Develop Workplace Productivity Improvement Strategy (20%);

The goal of a productivity improvement strategy/program is to move beyond measurement to a strategy for implementing counter measures in the work processes and systems. Various productivity improvement tools such as Value Stream Mapping, Lean Management System, Labour Management Cooperation and Business Process re-engineering among others shall be deployed. Productivity improvement shall entail-

- ❖ Onsite Diagnostic studies and identification of areas for improvement;
- ❖ Undertake root cause analysis and identify Opportunities for Improvement (OFI);
- ❖ Productivity improvement implementation plan - Set goals, select and deploy counter measures on Identified areas for improvement;
- ❖ Evaluation of impact of Productivity Improvement Programme (PIP) carried out;
- ❖ Roll out Productivity Management and On Job Training to the rest of staff and departments; Implementation of new process.

All MDAs will Develop workplace productivity Improvement strategy during the 4th Quarter.

(v) Submit quarterly performance reports to NPCC using the prescribed format (5%).

Prescribed reporting format/s are found under the download session; Productivity mainstreaming in MDAs on the ministry of Labour and Social Protection website.

MDAs are encouraged to seek further clarification and guidance by contacting **Office of the Secretary Productivity via; email: productivitycentre@labour.go.ke . All official correspondence between MDAs and NPCC will only be through this official email.**

Minor clarifications can be sought via phone call through the following officers; Mr. Mulei vid Tel No: 0722378231, Mr. Mutembei vid Tel No: 0712585942, Mr. Kariuki vid Tel.No:0733446830, Mr. Owenga vid Tel No: 0722781991.

NOTE

All written correspondence to NPCC should be addressed to the Principal Secretary State department for Labour and Skills development and Attention Secretary Productivity.



Dr. N. L. Moitalel, PhD.
SECRETARY PRODUCTIVITY