

PM calls for rethink on rewards system

7 JAN 1992

By ZULKIFLI ALWI

PRIME Minister Datuk Seri Dr Mahathir Mohamad has called for a rethink of the basis of paying rewards for services rendered. The present practice will lead to inflation and regression of the national economy, he said.

Workers, executives and others, he said, should discard the conventional thinking on income and instead strive for long-term gains. "It is fine to follow a system that seems to promise unlimited reward, but in the long term, the whole system will turn sour," he said when officiating at the opening of an executive programme in Kuala Lumpur yesterday.

The three-week programme on project appraisal and risk analysis is jointly organised by the Harvard Club, the Institute of Banks Malaysia and the Harvard Institute for International Development.

Datuk Seri Dr Mahathir contrasted the reward systems of countries such as Japan which have been economically successful and others which have stagnated.

In countries which seem incapable of getting out of recession and becoming competitive, the workers, executives and shareholders go for short-term gains at the expense of the longer-term fate of the business.

Top executives enjoy ridiculously high pay and focus on quarterly profitability while ignoring matters such as research and development, enhancing facilities and promotional activities. "Executives and workers literally rob the company blind," he said.

Japanese firms, on the other hand, give perks designed to promote the venture's interests and bonuses paid are the same for executives and other employees. Shareholders, who get little by way of dividends, profit in terms of their appreciating assets.

Relating this to the domestic scene, the Prime Minister said higher wages alone will be meaningless if prices of goods rise proportionately as it cuts consumers' purchasing power. "It is obvious that more money which buys the same amount of goods as less money is quite meaningless. Worse still is more money which buys a lesser amount of goods."

To remain competitive amid rising competition for scarce capital, he said, Malaysia must devote more effort to develop a productive and quality labour force. The workforce must be inculcated with positive attitudes, right ethics, the willingness to work hard, and the motivation to serve.

He stressed the importance of "spirit-building" courses to develop the resilience and perseverance needed for hard work and to give workers the confidence to face challenges at their workplace.

Quality is another area which needs attention. Having moved from product quality to total quality, he emphasised, the next step must be maximal national quality, in which the public and private sectors must optimise quality.