

06 MAY 1996

Mahathir-Productivity

SKILLS, CAPITAL, TECHNOLOGY, THE THRUST OF ECONOMIC TRANSFORMATION

KUALA LUMPUR, May 6 (Bernama) -- Datuk Seri Dr Mahathir Mohamad said today skills upgrading, capital deepening, technological development and organisational improvements will underpin the transformation of the Malaysian economy towards productivity-driven growth.

The prime minister said the increase in productivity was crucial for Malaysia to target the world market for its industrial products.

"I must stress that a productivity-driven economy will require higher levels of professional and skilled manpower as well as administrative and managerial expertise," he said when tabling the Seventh Malaysia Plan (7MP) in the Dewan Rakyat, here.

He said the upgrading of labour force skills and knowledge, the promotion of improved managerial competence and initiative as well as the advancement of scientific and technological know-how would be pursued actively and jointly by both the government and the private sector.

Greater private sector participation and initiative would be encouraged in the provision of tertiary education as well as skills training and retraining.

The prime minister said the focus would be on science and technology and skills training up to master craftsman level which would be suitable in higher and sophisticated industries.

"There is no doubt that given the right kind of training, Malaysian workers and managers will be able to master the required skills and expertise," he said.

Dr Mahathir said Malaysia's reliance on foreign labour would ease following the government's policy to encourage more firms venturing into capital- and technology-intensive production methods and processes.

"I believe that as the firms increasingly adopt labour-saving technologies, the need for foreign labour will gradually diminish," he said.

However, he gave an assurance that the government would not be totally uncaring for the needs of the foreign workers.

"If their governments permit us, we will invest in labour-intensive industries in their countries and relocate our labour-intensive industries," he added.

At the same time, the greater utilisation of local labour would be enhanced by increasing their supply through raising the female labour force participation rate and employing retirees and handicapped persons for appropriate jobs.

Dr Mahathir said the government was currently reviewing the Employment Act 1955 with a view to amending the rules relating to part-time employment to permit women to be gainfully employed as part-time workers.

"I would also like to encourage firms to facilitate greater entry of females into the labour force by adopting flexible work practices, such as career breaks, job sharing and flexi-time for full-time women workers," he said.

The prime minister said the favourable employment situation during the last few years had benefited Malaysian workers through higher wages.

However, he said, wage increases which did not reflect productivity gains would, in the long term, result in inflationary pressures, erode competitiveness and subsequently worsen the standard of living of those same workers.

"With regard to this, I would like to urge the trade unions to shift away from solely fighting for higher rates, irrespective of productivity increases.

"Premature demands and agitations by the workers will merely lead to the failure of our industrialisation programme," he said.

The prime minister said an accelerated privatisation programme would be pursued under the 7MP, particularly in the infrastructure, utilities and transport sectors, to enhance efficiency and productivity of the producers and providers.

The programme, he said, would be extended to the services sector such as education and training, health services and research and development (R&D).

At the same time, the interests of consumers would be protected by the establishment of relevant regulatory bodies, he added.

Dr Mahathir said that in consonance with the emphasis on productivity-driven growth, efforts would be taken to enhance the nation's capability to adopt, adapt and improve imported technology as well as promote the development of indigenous technology.

The R&D expenditure as a percentage of the Gross National Product (GNP) would have to be doubled to accelerate the building up of in country R&D and technological capability.

In this regard, the government would increase direct R&D funding for research agencies and universities to RM1.2billion and increased efforts would be made to sensitise public sector R&D to meet market needs and generate economic spin-offs.

The private sector, he added, would be encouraged to specialise in new and promising technologies in the move towards the establishment of technologically-sophisticated industries producing better quality and competitive products. -- BERNAMA

AH JK