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Maintaining our competitive edge

THE Prime Minister has asked Malaysian workers not to demand the higher wages or shorter working hours that their counterparts in the developed countries enjoy. As Dr Mahathir pointed out, Malaysia is still a developing country and Malaysians have to work hard to catch up with the developed world.

If wage increases faster than productivity, unit labour costs will increase, and it will become more expensive to produce goods or services. This will erode the country's competitive edge.

As the Prime Minister said, since Malaysia depends on foreign investment and international trade, it needs to maintain its competitiveness to ensure economic development and growth in employment opportunities.

Wage increases should be commensurate with productivity. Despite challenging conditions, Malaysia's growth in productivity in the 1996-2001 period surpassed that of some OECD countries. It is vital that Malaysia continues to remain competitive and maintain the relatively low costs of doing business.

The economic recovery from the 1997 crisis has been made possible partly because there has been no undue pressure on wages. The economic growth that has been recorded since then has led to better labour market conditions and improved employment prospects.

Malaysia's competitive edge lies in a highly skilled, educated and trainable labour force. Human resource development remains a national priority.

As Dr Mahathir said, employers must enhance the efficiency, knowledge and skills of their workforce. The partnership between government, employers and workers should continue to focus on productivity and quality increases, optimal use of resources, increases in operational and cost effectiveness, improved systems and processes, the encouragement of innovation and creativity, and greater investment in R&D.

Employers and unions should work together to promote harmonious industrial relations, a culture of excellence in the workplace, and greater job satisfaction to motivate more productive and committed workers.