

THE NATIONAL SEMINAR ON PRODUCTIVITY
HILTON HOTEL, KUALA LUMPUR,

5 APRIL 1982

Terlebih dahulu izinkan saya mengucapkan terima kasih kepada Pusat Daya Pengeluaran Negara (NPC) kerana sudi menjemput saya menyampaikan ucapan dasar kepada Seminar Kebangsaan berkenaan Daya Pengeluaran. Saya harap apa yang saya ucapkan ini akan menjadi sumbangan kepada Seminar yang ilmiah ini.

2. Since the late 1970's and early 1980's the world has been experiencing sluggish economic growth and escalating costs. Malaysia, though luckier than others, has not been spared. We have managed reasonably well to sustain growth, restrain price increases and curb inflation. Thanks to our rich natural resources and strong economic base, we have been able to register an average annual growth rate of 8%. But with the downturn in the world economy and consequently decreased demand for our produce, this growth will be hard to maintain.

3. On the other hand at home, our workers want a better quality of life, employers want more profits and the government wants to achieve the socio-economic objectives of the Fourth Malaysia Plan. The expectations then are many and the resources to meet them are limited.

4. In my New Year message to the nation I ventured to spell out some of the hopes and ambitions for the future where all our children receive a good education to enable them to take over from their parents when the time comes. Above all, I envisage a land that will set an example and earn the respect of all the other countries in the world.

5. It is not just a dream. It is entirely possible. But our task will be a formidable one. To fulfil this dream we will have to further develop our infrastructure. We will have to penetrate the more remote areas of the country with roads and transport facilities. We will need to expand our power generating capacity and extend distribution networks. We will need new water supply systems. We will need to establish new towns and communities and equip them with houses, hospitals, schools and other social amenities. We will need more technicians, engineers, medical personnel, teachers and community leaders. The list is endless.

6. Despite all the difficulties, I believe that it is within our power to come very close to the fulfilment of our hopes. I base my faith on the progress that we have made in the few short years since we emerged as an independent nation in full control of our own destiny. Under the guidance of my illustrious predecessors we have established a stable democratic government, a sound economy and the basis of an efficient national infrastructure. We are well endowed with natural resources, we are spared the horrors of some of the natural disasters that afflict some of our close neighbours; and our people, whatever their race, attach great importance to high spiritual and religious values. We, therefore, have very solid grounds for optimism for the future.

7. I will be the first to acknowledge the assistance that we have received from other countries. We have received material help, financial help, technical assistance and high calibre expertise.

8. But we must face the cold hard fact that many of our friends who helped us in the past will probably be in no position to do so in the future. They have their own problems and their priorities have changed. We must learn that we must face a future where we must stand on our own feet without the benefit of help from other sources.

10. We do not have to look very far for the evidence. It occurs in our offices, our factories and even in our homes. Lights are left burning in unoccupied rooms in broad daylight. Air-conditioning plant cooling the air that nobody is using. Water taps are left running after use or permanently dripping because the washers are defective. In our factories machines are often left running long after the operator has finished working with them. Frequently leakages of steam or other gases or vapour take place due to bad maintenance. Each of these occurrences results in a waste of materials or energy.

11. Our offices in both government and business sectors must, of necessity, consume an enormous volume of paper and other types of stationery. We say that we cannot avoid it. But can we honestly say there is no waste? I think not. With care much of the paper we use can be done without. Executives must learn not to insist on being extended copies of documents they will never look at. The savings through reduction of paper use will be considerable.

12. In the agricultural sector there is again considerable waste brought about by careless handling of crops and deterioration of crops through late and careless harvesting. Wastage of grains and other food items due to poor storage has resulted in the loss of millions of ringgit. took the lives of 364 people - one for each day of the year. In the first 45 days of 1982, 44 people were killed on the roads of Selangor. We are still keeping up the average! What a waste of good manpower! What a waste of good vehicles, of time, of the man-hours expended by the police and other personnel. The cost goes up for everyone as insurers demand higher premium.

14. In our factories and industrial installations the situation is no better. In 1981, a total of 65,898 accidents were reported. In these accidents 575 people lost \$16,000,000. All these are totally unnecessary for the purpose of production.

15. Road accidents are mainly caused by someone failing to obey the laws relating to safe driving or by failure to maintain vehicles in a roadworthy condition. Industrial accidents are caused by managements failure to take the precautions required by law or by workers refusal to obey instruction related to safety.

16. What about the shocking waste brought about by fires. Hardly a day passes without reports of serious outbreaks of fire somewhere in the country. Houses, business premises, factories and equipment that have taken years to build and wantonly disobeyed the law or safety regulations.

17. I wonder how many of you have sweated in frustration in the traffic jams in the Federal Highway during the rush hour. Have you noticed the hold ups that result from the major construction work that is going on at various points along the highway. No sooner do you clear one bottleneck before you meet the next one. The effect is cumulative and what starts as a traffic crawl ends up as a complete traffic standstill. The end result is a large number of people arriving late at their places of work, frustrated and in no condition to work efficiently. To this we can add the waste of fuel and additional pollution resulting from vehicles running while stationary. I commend the speed with which these projects are being carried out, but would not better planning and phasing of each stage of the work result in a reduction in the disruption at present being caused?

18. We had the recent case in Penang of the high rise

19. Failures in projects of this sort are not confined to their construction. Our administrative and technical services are often equally at fault. There are a number of bureaucrats may be at fault, the builders or developers are not without blame. Yet with a little imagination matters can be simplified and developers can learn to comply with them.

20. You will, I am sure, have noticed the large number of their road tax; income tax offices and other departments and institutions which they are compelled to attend on occasions. Who are these people? Many of them are people who should rightly be in their offices or factories carrying out their daily work. How much less wasteful it would be if a system is used whereby such people are given appointments and the actual time required for the transactions carefully worked out and adhered to. Such appointments, of course, should be available to everyone so as to avoid accusations of discrimination. Those who drop in at random should be dealt with separately.

21. I have not come here today solely as a carping critic intent on finding fault. On the contrary I have already paid my tribute to the achievements of the past. That tribute was sincere. But we must not allow our pride in the past to blind us to the problems that face us in the future. I believe that we should recognise and face our shortcomings before we embark on the stupendous task that lies ahead of us. another word - productivity. Productivity is something positive and implies the utilisation of our resources efficiently. We must substantially improve our productivity on a national scale.

23. When we talk about productivity we are basically referring to the following issues:

- (1) Are our resources, many of which are not renewable, being used efficiently and with prudence?
- (2) How do Malaysians work? Are we getting the most out of their work?
- (3) What work attitudes has the average Malaysian?
- (4) How do the managers manage the company and the work force?
- (5) Has technological development been efficiently utilised for productivity?

(6) Have we made the best use of our income, both Government and non-Government for creating a better life for everyone?

(7) In the attempt to achieve a better quality of life, what cost do we pay?

24. As many of you will know our balance of payments situation deteriorated somewhat during 1981. From a position where our exports exceeded our imports by a substantial margin, we now have a situation where our imports exceed our export and in terms of balance of payment we are "in the red". We are spending more of our foreign currency than we earn. This is nothing to worry about at the moment but it will become very serious if we do not start to take action now to prevent further deterioration.

25. You will also be aware that we are now borrowing fairly large sums of money from foreign sources. We are doing this in order to develop our material infrastructure which will form the necessary foundation on which we will build our future development. Here again there is nothing wrong with this provided we remain well within our capacity to repay and to retain our rating in the world of finance.

26. Faced with these problems, we can resort to only one simple answer. Juggling with the currency, interest rates and money supplies will lead us nowhere. The only answer is greater productivity.

27. Our national wealth can be expressed, not just in terms of money, but more meaningfully in terms of the quantity of goods and services that we produce. This means firstly we must produce more goods and services to meet the requirements of the domestic market while reducing the amount of money on buying these products from abroad, and secondly, we must produce more goods and services for sale abroad. In simple words we must sell more and buy less from abroad.

28. Although we have a sizeable manufacturing industry, but if we analyse the situation, we will find that to a large extent we are no more than sub-contractors. Either we manufacture components or small sub-assemblies for export and incorporation into completed products, or we import components or sub-assemblies and merely assemble them here. We only have to look at such industries as motor vehicles certain that we have the talent necessary to tackle the problem but I am equally certain that we do not yet have the correct attitude to do so.

30. To export more we have to think of the requirements of the export market. Overseas customers insist on a number of things. First of all, the quality of our products must be standardised and as high as possible. Very stringent standards are set by these customers and anything that does not meet these standards will be rejected out of hand. Of course this is also a part of their non-tariff barrier. requirement of all. It will certainly not be met unless we do something quickly about the wasteful practices that currently exist.

31. What we need is a drastic change in attitude on the part of everybody concerned. Our designers and technicians must pay much greater attention to the quality of their design work. Their products must, without fail, give the performance for which our customers have paid.

32. Our managers and administrators must be highly motivated and must provide the leadership and direction for their enterprises. They must set a much better example to the people who work under them.

33. The workers must take a much greater pride in the work that they do and develop a much greater sense of responsibility to themselves, their employers and to the nation.

34. Everybody has an important part to play and we should all realise this. We cannot all be bosses or managers directing great enterprises. Leaders, of course, are an essential part of the scheme of things. But the more humble tasks are just as important and just as essential. No one is indispensable because everyone is indispensable. This may sound odd but if you reflect a little you will realise the truth of this. Now the instant I say this there will be people from M.D's to janitors who will say that if they are so indispensable how come they are not compensated the way they think they should. Well, if compensation is to be increased in proportion to increased productivity then there is really no increase in productivity, that is in terms of returns on cost. Productivity means increased output without an equal increase in monetary input. Input costs must be lower than the value of output before productivity can be considered to have increased. Mere increase in production does not constitute increased productivity.

35. So the message is "Take pride in your work and do not underestimate its importance".

Ladies and gentlemen.

36. In my view, WORK should be enjoyed in the same way that we enjoy playing. When a player plays very often he ends up exhausted. But he will insist he enjoyed playing despite the energy he expended, money even and the resultant exhaustion. This is because he gets a thrill in facing challenges to his skills and stamina. Similarly everyone should get satisfaction if not thrill from the challenges to his skills and speed imposed by his work. There is a price in terms of time and energy but as in games these are accepted for the satisfaction or thrills derived. Work can therefore be enjoyable as games are enjoyed if our attitude towards work is correct. However, if work is regarded as a chore, to be got through for the purpose of earning an income, then boredom results. A bored worker is as bad as a bored player. He does not win. A bored worker does not produce. He merely marks time. He is a wage slave.

37. Everybody, the world over, is impressed by the economic miracles that have been performed by Japan and the Republic of Korea. Both of these nations have emerged from the ashes of disastrous wars to develop economies that are the envy of the rest of the world. Japan in particular, has developed new sophisticated technologies both in the production of consumer goods and in the technic of production itself. They have consequently captured markets which were once regarded as the sole monopoly of the developed countries of the west.

38. How has all this been brought about. I believe that this miracle has been achieved, not so much by scientific developments but more by the attitude of the working population. The Japanese first decided on their objectives and then with a singleness of purpose devote their lives to the achievement of these objectives. The average Japanese worker is not simply a wage slave concerned only with his own personal interests. He works first of all in the interest of his employer who in turn works in the interest of the nation. The Japanese worker can be relied upon to take great pride in his work and to diligently give a fair day's work for a fair day's pay. By not thinking too much of self he now enjoys a high living standard and unprecedented job security in the form of life-long employment.

39. Japanese productivity, both at the individual and the national level is very high. For many years the Japanese growth rate was 12% per annum, well above the average annual world growth rate of 2.6%. The success of the Japanese is due to a host of factors, but, high above everything is their work ethics

and a social system that extends the extended family concept to the place of employment. Hence the seniority system and life-long employment that characterises Japanese businesses. Simply put, Japan's greatest asset is human resource in the form of disciplined, hard working people.

40. What the effect of this resource is can be gauged by the motorcar industry. Toyota can produce up to 49 cars per man-year of labour, double that of the European car workers. Of course automation, robotics and systems of working play a big role but in the final analysis it is the Japanese workers who enable all these to work efficiently. The European workers would probably demand that savings from innovations be given to them. In any case they will resist the introduction of machines that may reduce their own roles. In other words even if all the mechanical and systematic improvements are applied productivity in other countries would not be as good as in Japan.

41. If we in Malaysia want to achieve our goals we must emulate the Japanese. I do not suggest for one moment that we should slavishly copy everything they do. I am fully aware that our climate is different, our environment is different, our culture is different. I do suggest, though, that we could learn a lot from the Japanese particularly the work ethics that contribute to high productivity.

42. Some people believe there are two possible ways of grappling with our problems. One is to attempt compulsion. We can introduce new laws, new regulations and new controls and then punish everybody who refuses to conform. We are very fond of doing this in Malaysia. But I don't think it will work. as a nation dedicated to the achievement of its aspirations. Everyone should be gainfully employed. Everyone should enjoy his work and take pride in it. Everyone should instill in himself a sense of responsibility both to himself and to his country. Work should not be regarded as a burden or simply as a means of getting pay cheques.

44. In other words we should improve our work ethics. We can do it if we try! Look at the example set by such people as our security forces, the police, the fire services, the medical services. They work long hours often in conditions of great danger simply to serve their fellow men. They effort and often their personal possessions in order to help the unfortunate victims. Why cannot we introduce a bit more of this spirit into our daily working lives?

45. If we can improve our attitudes and regard waste in all its forms as an unforgiveable crime directed against ourselves, then we will achieve that high level of productivity so essential to our national development.

46. The workers' earning capacity can be increased through education, training and retraining. We should build up a work force that is skilled, knowledgeable and has better work attitudes.

47. In this context, the National Productivity Centre, the organiser of this Seminar, is readily available to assist trade and industry in the upgrading of supervisory, and management skills through courses, seminars and productivity programmes.

48. While we cannot imitate the Japanese life-long employment system, it is prudent for companies to adopt a responsible attitude towards their employees. More effort should be made to increase the employee's involvement with the company. Management must therefore strive not only for efficiency but also a sense of participation among the work force. Employees must be able to see how they have contributed to the overall company's productivity not only in terms of profits gained but also the general soundness of the company, its capacity to expand and its standing in the business world. Management should then respond to this by reasonable profit sharing and by caring for the welfare of their employees. The profit-sharing can be based on the criteria of output, quality of work, cooperation, and productivity improving ideas. But central to all these is the need for the company to grow and to be prepared for the challenges it must inevitably face in the market.

49. Productivity improvement is not the sole responsibility of any one section of the community, government or industry, management or workers. Everybody must be involved. It is for this reason that a wide cross section of our national

50. A little while ago, I brought up the question of the costs of national development. Apart from the social and economic costs we pay for development, as can be seen in pollution and wastage of all kinds, it is important for us to consider the spiritual aspects linked with development. In our endeavour to satisfy needs, people have become more and more materialistic in their mental outlook and conduct of daily affairs. The ringgit assumes undue importance and everyday considerations are linked to how to get more ringgit. If this goes on it is likely that the individual will forget or lose the human values of

affection, kindness, consideration and love for God. Before the 'ugly and money-minded Malaysian' image comes to us, our schools, colleges and religious institutions must play a decisive role in moulding Malaysians to be disciplined morally and spiritually. National development must have as its parallel, spiritual and moral development.

51. I would like to say a few special words to the Trade Unions. You are the accredited representatives of the workers and your main responsibility is to promote the well-being and look after the interests of your members. I suggest to you that one of the best ways of doing this is to collaborate with the government and with managements in promoting all-round development. I am quite sure that you will receive a warm welcome if you can bring constructive suggestions that will help us all in our task. In the end you will gain much more than that obtained from the narrow confines of your trade. A prosperous stable nation has more to offer than one that is racked by worker-management dissension.

52. To the managements I would say this "Why not take a good look at your relationships with your workers?". To many people, good industrial relations simply means the avoidance of disputes and strikes. This is nothing like problems faced by managements.

53. I would like to appeal to everybody present today to help in this all-important effort to increase productivity. I hope that from your deliberations here you will be able to develop policies and strategies upon which we can base the work that lies ahead of us. You may rest assured that the government is ready to play its part and will carefully consider each and every recommendation or suggestion that you may care to make. I would like you to feel free to discuss any proposal that you may consider relevant and approach the problem with an entirely open mind, without fear or favour.

54. Purely as a suggestion you might like to consider such things as: - Special training courses for managements and supervisors.

55. Perhaps, I could also suggest we take a look at the working days and working hours. On an average, we enjoy 17 days of public holidays and coupled with the average annual leave of 21 days, plus 78 days of weekends, the average Malaysian enjoys 116 off-days and works only 249 days per year! It is worthwhile to consider how effective the 249 working days are.

56. The government attaches so much importance to productivity improvement that we have decided to mount a long term campaign aimed at achieving that improvement. This Seminar marks the launching of that campaign. We aim to do three things. First we want everybody of all ages and in all walks of life to be made aware of the importance of high productivity and of the part they must play in achieving it. Secondly, we hope to unite the nation into one team dedicated to the achievement of higher productivity. Thirdly, we hope to see an early improvement in our national productivity which will steadily contribute to a highly efficient economy.

57. I believe that our national productivity level could be raised by as much as 15% or even 20%. During the year 1980 our Gross Domestic Product amounted to \$26,118,000,000. Our manufacturing, mining, quarrying and agricultural industries alone produced \$12,419,000,000.

58. I leave you with this sobering thought. If we could increase our productivity by only 5% we would inject an additional \$621,000,000 into the economy at no cost to ourselves. Just think what we could do with this sort of money.

59. With that thought, I have the greatest of pleasure to officially launch this National Seminar on Productivity and