

DI UPACARA PELANCARAN BULAN DAYA PENGELUARAN KEBANGSAAN
HOTEL DAYANG, PUSAT DAYA PENGELUARAN NEGARA, KUALA LUMPUR,

1 NOVEMBER 1983

Yang Berbahagia Dr. Nawawi Mat Awin, Pengerusi Majlis Daya
Pengeluaran Negara;
Dif-dif Kehormat;
Tuan-tuan dan Puan-puan para hadirin sekalian.

Terlebih dahulu saya mengucapkan terima kasih kepada Pusat
Daya Pengeluaran Negara kerana menjemput saya untuk berucap
di Upacara Pelancaran Bulan Daya Pengeluaran Kebangsaan
ini.

2. Apa yang saya akan perkatakan diharap akan menjadi punca
perbincangan dan asas tindakan pihak pengurusan terutamanya
dari sektor swasta. Peningkatan daya pengeluaran, sama ada
bagi sektor awam mahupun sektor swasta atau secara am,
telah banyak kali saya bangkitkan. Berbagai usaha telah
dijalankan, lebih-lebih lagi yang khusus bagi sektor awam.
Di antaranya ialah gerakan kepimpinan melalui teladan, kad
perakam waktu, fail meja, kumpulan mutu kerja (QCC), dan
perkhidmatan cemerlang. Semangat perubahan juga turut
mempengaruhi sektor swasta dan masyarakat umum, sama ada
dari segi pemikiran, mahupun dari segi usaha-usaha
tertentu.

Tuan-tuan dan puan-puan

3. Saya telah membuat penekanan terhadap masalah daya
pengeluaran, atau "productivity", semenjak beberapa waktu,
dan soal ini telah saya perkatakan dengan panjang lebar
ketika saya melancarkan Seminar Kebangsaan Mengenai Daya
Pnegeluaran pada bulan April yang lalu.

4. Sebagaimana dengan konsep-konsep lain, konsep daya
pengeluaran mempunyai sudut-sudut falsafah, teori, serta
penggunaannya. Dari sudut penggunaannya pula, ia mempunyai
aspek-aspek teknik dan kaedah serta peralatan dan
persekitaran. Mereka yang membincangkan masalah daya
pengeluaran, bergantung kepada latarbelakang disiplin atau
profesionnya, mungkin menelitinya dari sudut-sudut yang
khusus. Namun demikian, dari apa jua sudut perbincangan
mengenai daya pengeluaran dibuat, lebih-lebih lagi

perbincangan yang bertujuan untuk membawa kenyataan kepada hasrat peningkatan daya pengeluaran, adalah berguna dan berfaedah.

5. Saya telah membuat penekanan kepada soal daya pengeluaran bukan sahaja kerana kita sedang mengalami kesan kemelesetan ekonomi yang mana peningkatan daya pengeluaran menjadi strategi yang termesti, bahkan kerana daya pengeluaran merupakan kunci kepada kemajuan. Kalaulah semenjak kita merdeka 27 tahun yang lalu kita telah dapat menjadikan peningkatan daya pengeluaran sebagai asas keseluruhan hidup kita, saya percaya hari ini kita telah mencapai taraf sebuah negara yang maju. Dengan perbelanjaan yang dibuat dengan cermat, pembaziran dielakkan, cara-cara yang berkesan diamalkan, serta mutu dan hasil dipertingkatkan, tenaga dan kemampuan dapat disalurkan bagi mendatangkan setinggi-tinggi manfaat kepada kita. Tetapi ini adalah reaksi secara "hind-sight". Namun demikian, pengalaman kita ini haruslah membolehkan kita untuk mengatur langkah-langkah baru bagi menebus peluang-peluang yang mungkin tidak dapat kita gunakan dengan sebaik-baiknya kerana sebab tertentu di masa lalu.

Ladies and Gentlemen,

6. Productivity has been used in connection with the need for managers and workers to improve their performance, as a means to tide over the recession and promoting national economic growth through improving the quality of our products and services.

7. But let us see how much ahead we have moved since then. Many who were ignorant of its meaning have somewhat improved their vocabulary. I am aware that in some organisations memos have been sent to the staff urging increases in productivity. Often, the enthusiasm ended there. Some others either attended seminars on productivity and decided that they must give the subject serious thought some day, or bought books on the subject and promised themselves they would read them when time permitted. Of course, most did not find the time, and the books impressively decorate the book-shelves in their offices or in their homes.

8. A few others even visited Japan and South Korea and many made speeches, but their initial enthusiasm very quickly dissolved. All these efforts to join the 'band wagon' are indeed a strong characteristic of many Malaysians today. This initial interest is heartening, but unfortunately many do not appear to have the stamina to pursue productivity with diligence and conviction, and so this seemingly strong spirit soon fizzles out.

9. Productivity is the only practical means towards progress. I would have expected managers and workers, by now, to have developed methods and techniques, as well as work habits and ethics that are capable of positive results. Without being too blunt I must say that, where productivity is concerned, the room for improvement remains vast, irrespective whether it is in private sector or the public sector.

10. We must be productive. For that to happen we certainly have to change our attitudes, work ethics, work habits as well as production output in order to get better value for our money, effort and time, irrespective of what we do. While the 'how' of it is important, we cannot spend all the valuable time and energy that we have on discussing the 'how', but instead what is important is to attempt to do with whatever little knowledge that we have.

11. Many have criticised our move at Looking East, privatisation and so on. The moment the government proposed to do something they immediately become the prophets of doom. The reasons for their opposition are literally limitless and range from the usual economic, cultural, socio religious ethnic psychological diversity and so on. Truly it is a reflection of a serious crisis of self confidence among the majority of Malaysians. And certainly we cannot get far as a nation if such a mentality persist.

12. The productivity that we are advocating is not meant to be an academic exercise. It is, I reiterate, to be practised. It has to be worked on and nurtured for results and it has to be a continuous exercise. Let me give you an example from Japan.

13. Nippon Steel was facing a cost problem and in order to meet international competition it had to reduce costs. About 8,400 quality circles made up of small groups employees working in the same area were formed. They were told of the cost problem and were requested to come up with ideas on ways of reducing cost. Of the thousands of ideas generated, 15,900 ideas were put into effect. Consequently, the retail price of Nippon Steel reduced by \$15/- a ton. That made competitors nervous.

14. You will note that productivity is possible only if we work at it honestly, continuously and sincerely. Should we then start at the bottom and start to rediscover old fundamentals, or do we pick up from the developments that are currently available? My contention is that we should go for current technology, when and if possible. It is with that in mind that the 'Look East Policy' emerged.

15. Today, even the Americans learn valuable lessons from Japan. For instance, three years ago, Hank Lenoz, Chief of Ford Engine Division's Manufacturing and Plant Engineering Planning Section decided to visit Japan at a time when there was a sharp decline in auto production in the U.S., to investigate reported 'new methods' of improving productivity. The team returned from Japan shaken up by what they saw and decided that Ford's policies were out of date and there was a need for an overhaul.

16. I do not for a moment doubt that greater prosperity, and better quality of life through improved economic growth is within our reach. Malaysia with its natural wealth, diverse people, strategic location and political stability can achieve much more. Yet, when we examine our economic performance, we find much to our dismay, that our performance is relatively low.

17. Our growth rate of the GNP has been between 7 and 9% per annum in the past, but this year it is expected to be 2.8%. We may comfort ourselves by attributing the cause to the low prices or low demand for our primary products and the effects of recession in the international scene. But a question for which the answer must come from deep within us is, "Could we have done better, despite external conditions?" My answer is, "Yes, we could have, but we did not".

18. When I address the National Seminar on Productivity last year, I refer to the wastage of manpower, time, materials and other resources due to managers, workers and individuals being indifferent to their responsibilities. Since then there has been some positive changes in certain areas. For example, there were 56,698 industrial accidents in 1982 as compared to 65,898 reported in 1981; and in the manufacturing and processing sectors alone, the man-days lost was 56,027. Can you imagine the lost in production?. To add to the seriousness, in 1982, 9,621 man-days were lost as a result of strikes. No doubt these are reductions over the previous year and is comforting. But what is not comforting is the fact that there are still losses which could have been avoided.

20. Even housewives and students are not entirely innocent of water, power, time, money and opportunity. Sad still, some literally waste their lives through dadah addiction, and through accidents which can be avoided.

21. Take the private sector: houses are built with sub-quality materials in order to save cost or increase the developers' profits. The result is, the consumers have to stump out money to repair these houses. For the consumers this is both a waste of time and money arising from the greed of some irresponsible businessmen.

22. If I may make a conservative estimate of wastes at a mere 3% of the total national expenditure, the waste will be \$519 million, an amount which is enough to somewhat meet our import bill for rice, wheat and raw sugar.

23. The consequence of this indifference towards productivity of course, can be far reaching and extremely serious, especially under existing economic conditions. The implications are quite clear. There will be fewer improved services and much equipment and machinery will not be replaced. Consequently, we will fall short of our own expectations in economic and social developments.

24. Even right now, such adverse effects are taking place but many do not feel them because the prudent measures taken by the Government have cushioned the impact of the recession in Malaysia. However, reducing the impact of the recession is not for the Government alone. It is the responsibility, and in fact, the duty of everyone, at all levels and in all sectors of the economy.

25. The question to ask is "What can I do to improve my performance?" Such a question emerges from the positive attitude one has towards whatever one does. It is this kind of attitude that we should emulate from the Japanese and others who excel in their fields. Let us not be labour on their negative qualities. We must develop the attitude to produce the best and to service the market needs with the courage and determination to face other competitors in the world.

26. In order to acquire such spirit of adventure and excellence, it is imperative that we develop the will to progress and learn all that is necessary to achieve the best. We must acquire a hunger for technology that is modern and pursue the development of that technology.

27. In Malaysia, in most cases, we have been using borrowed low level technology that is out of date and rendered obsolete through lack of research and development. In the US, I understand, 1% of the total sales revenue is devoted to research and development; in Japan, it is 6%; in Malaysia, it is closer to nil. You can judge for yourselves who is likely to move ahead in the market.

28. I am inclined to believe that this lack of interest in research is not just due to the fact that it costs money and it takes time and energy, but more importantly because of the lack of innovative and pioneering spirit. Many managers while being ill-equipped in skills lack the motivation to upgrade their skills and to explore their self potentials.

29. That does not mean all our managers are backward. We do have some good managers whose broad and progressive outlook has contributed immensely to growth and development of their organisations and the country. The secret is that these managers allow themselves to be exposed to new techniques of management and generating higher productivity.

30. However, a lot can be said for many managers who seem to be good paper shufflers. They may be better in paper management rather than the management of people and resources. Some of them with tertiary qualifications feel that they are destined for respectable positions in the organisations. They become arrogant even though they are

lacking experience in many things -- production, marketing, handling people -- and most of all of getting the best out of limited resources.

31. On the other hand, many workers believe that improving productivity will only contribute towards management's coffers. So long as they continue to think so, they are not likely to either work hard or work smart. A productive worker not only helps to increase the performance of the organisation he works for but, in so doing, improves his own market value, and self-worth.

32. Managers and workers must promote teamwork, loyalty, and productivity enhancing practices. Efforts must be directed at reducing waste and defects and improving basic skills through training as a matter of routine. These values must be inculcated. A basic requirement for the development of such values obviously is a need for drastic re-orientation in the employer-employee relationship. This relationship must be based on a foundation of the consciousness that both are members of the same team and that both stand to gain by the collaboration. Each person or a group must set precisely a productivity improvement target rather than mere increases in production, and work on it with sincerity and diligence. Large amounts of sub-quality work is not a source of pride to anybody.

33. Currently, the Government offers protection to certain new industries as a temporary advantage in order to tide over the cost disadvantages in the initial stages. While some even make profits during the first year, many which might have become vigorous and dynamic under competition instead continue to enjoy a sort of monopoly and are very passive in marketing and in other areas as well. They should instead develop product or service innovations and improve the quality of marketing and operations. If the industries are to become strong and management a dynamic force, they must learn to expose themselves to the world of risks and competition. Producers cannot cushion themselves from competition and expect to succeed in the international market.

34. In Malaysia, the Government tends to be paternalistic towards our business community. The Government encourages people to go into business and facilities for financing their business are provided. It provides a series of incentives from allowances to tax cuts and even protection

from foreign competition. All these are done with the hope that their performance and their profitability would increase. Despite this the businessmen perennially complain of high costs, elimination of import duty, sales tax and so on. The Government has submitted to many of the requests, but in return we have often felt let down.

35. I am very suspicious of the causes. I tend to feel that the cost increases may be due to their own mismanagement and inefficiency. Their wastes are high, time is lost and consequently they incur higher costs. In the usual fashion, they want compensation from the Government, and at the same time pass on these costs to the consumers.

36. In such cases, price increases are not justified and consumers are penalised for the failings of those businessmen. This should not be allowed to go on or else we might be encouraging the emergence of culturally unproductive and unscrupulous management. It would be counter productive to continue protecting inefficient domestic producers from deserved competition. Ladies and Gentlemen.

37. If we have to prosper and grow we must look at the world as our market place. Therefore, we must be prepared to compete amongst the giants of the world. But, to do this, everyone must play his designated role well. On the part of the Government our role is simple. We are committed to expanding the economic pie, by providing full support to the growth of industry. The concept of Malaysia Incorporated is the manifestation of this commitment.

38. The Government encourages more capital formation because without funds for investment, productivity and growth is impossible. We are also committed to encourage foreign trade, and if necessary further incentives and regulation to achieve this will be introduced.

39. The Government also places high priority on technology and innovation since they form the backbone of many advanced economy like Japan and the USA. If necessary, the Government may review its policy on tax credits to business investments on research and development.

40. The Government also places high priority on human resources development to man the expanding industry, and since any decision on manpower planning will be felt

approximately 5-10 years later, it is imperative that we start now to plan for our future manpower requirement. To encourage the private sector to invest more substantially in its manpower requirement for productivity growth, the Government may have to set up a Productivity Enhancement Fund, for use by the private sector, and contributable by the private sector.

41. This Fund could be used for the needs of skills development of the human resources of an organisation as well as the upgrading of technology or modernisation of its productive assets. It could also be used to assist in the establishment of training institutes of industry sectors. The quantum of contribution could be based on a percentage of payroll.

42. Whilst these are some thoughts as to what the Government is doing and may do, the onus and responsibility of productivity enhancement must lie squarely on the shoulders of the Malaysian managers. In the final analysis, it is the management that decides how well we use our human, technical and financial resources to achieve the set objectives.

43. As I see it, how well the productivity enhancement efforts are achieved depend on how well management adjusts to the following thoughts:

(i) Long range planning is the main job of the top management and therefore decisions of top management must be based on longer time horizon. Owners and Board of Directors must see to it that top management have incentives that are linked to long run gains as well as short ones.

(ii) A greater commitment to employees and the genuine desire to have a long term human resources development plan. In the same spirit, the unions must realise that conflicts and confrontations are out of date, and that they should bargain more for job security and profit sharing based on performance rather than on fringe benefits and more pay.

(iii) Make full use of new technology but without necessarily having to resort to retrenchment. Make use of the opportunity technology creates to re-equip our workers for meeting future challenges.

(iv) Management must be committed to a long term programme for quality products and services, bearing in mind that this is the hallmark of the successful nations.

Ladies and Gentlemen,

44. Here is where the National Productivity Centre, whose primary function should be looked upon as a catalyst "to improve productivity" obviously had these problems in mind. To strike at the groups that are often ignored, the programmes that have been drawn up are directed, among others, at workers, students, and housewives. Productivity should be inculcated at an early age and the family can contribute significantly towards the inculcation of these values.

45. The organisation of the productivity month has, I am sure, been tedious and time consuming, but it has been done with one objective -- to encourage increase in productivity through practice. We need to see productivity in action! Concrete images are important to us Malaysians. That is why the NPC has selected a visual symbol -- SANG SEMUT -- as our PRODUCTIVITY MASCOT. It cuts across all social strata.

46. Sang Semut instantly communicate major productivity attributes like loyalty, efficiency, self-discipline, teamwork, concern for each other, and endurance. Every time Malaysians see Sang Semut on TV or in posters they will think of Productivity. Sang Semut will always remind us of our simile "RAJIN MACAM SEMUT" and that productivity is the key to prosperity.

47. Being productive is a life-long process. If we want a better Malaysia for ourselves and our children, we will have to start right now and pursue with determination every endeavour to be productive, not just during the productivity month, but every day of our life.

48. Ladies and gentlemen, we must form the will to accommodate the changes. We have to develop creative approaches to the social and economic problems to overcome the low productivity that has affected our economic growth, contributed to inflation, stunted the growth of the economic cake, and affected the quality of our lives.

49. Let us not look back. Let us forge ahead. Let us achieve more. What we do today is more important than what we say. Productivity is the Key to Prosperity, and let us make it a way of life.

50. With these worlds, I have much pleasure to launch this National Productivity Month.

Thank You.