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(PRIME MINISTER)

EVENT: AT THE OPENING ASIAN ASSOCIATION OF MANAGEMENT CONFERENCE

VENUE: RASA SAYANG HOTEL, PULAU PINANG

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TIME:

Mr. Chairman;
Ladies and Gentlemen;

I am greatly honoured to be asked to open this Conference of the Asian Association of Management Organisation, especially as it is being attended by so many distinguished managers and captains of industry. On behalf of the Malaysian Government, I would like to welcome all participants to this Conference, held in one of the most beautiful spots in Malaysia, the Island of Penang, otherwise known as the Pearl of the Orient. As a matter of historical interest, Penang was also called the Prince of Wales Island, but the three feathers in Penang's cap which signified this have recently been plucked to be replaced by a silhouette of the new Penang bridge on Penang's coat of arms, a physical symbol of union with the less British mainland.

2. So much for history and the tourist trade sales talk. To return to the Conference, this is indeed a momentous one for the the AAMO as it is for Penang and for Malaysia. The world, which has gone through one of the most traumatic recessions in its history, is now showing signs, positive signs of recovery. For Asia and Asians, which were emerging once again as important participants in world trade and industry after an eclipse of several centuries, the recession is particularly damaging. It had taken a long time for Asia to adapt to a world which no longer cared for their silks and brocades, and sandalwood boxes, lacquerware and bronzeware. Only in the last thirty years were they able to cope with modern manufacturing methods and modern technological products. But slowly they were once again gaining supremacy. Their manufactures are no longer regarded with contempt as inferior imitation. Instead their radios and cars, organs and ships were much sought after. Indeed such is their success that all kinds of artificial barriers have to be created by the western industrialised nations.

built recession and no less. I maybe wrong in my assumption. But the fact is that the rise in oil price actually stimulated world economic activities. On the other hand the increase in the interest rate brought on the much predicted recession. That increase was artificially

engineered.

4. Whatever the reason for the recession, the effect is to reduce to rubbles the poorest states and impoverish the others in the developing world. The slowdown of economic activities brought about by the increase in the cost of money resulted fairly quickly in an oil glut which in turn knocked out a number of economies dependent on oil production. Commodity producers like Malaysia suffered as well, some more than others. And the newly emerging manufacturing economies of Asia, labelled NICs suddenly found the carpet being pulled from under their feet. The prospect of becoming developed has now receded. It was all that managers, both private and public could do to keep their heads above water. But, praise be to God, the new manufacturing economies of Asia have not gone under. Even the producers of primary commodities of Asia have survived.

5. We have a lot to thank the managers of Asia, both in the Government as well as the private sector for the survival of the shaken economies of Asia. They have done well indeed, i.e. if the politicians do not stab them in the back. Now comes the time for managing for new growth. The objectives and targets that had to be shunted aside when recession hit us must be resurrected and we must once again apply ourselves to the task of recovering our ancient position as the premier source not only of exotic spices, but manufactured goods as well. The silks and the brocades and lacquer boxes must give way to machinery and cars and ships etc.

Ladies and Gentlemen,

6. Management is now a subject of much interest and discussion not only among managers but among the public as well. Indeed managers are beginning to rule the world. Presently they masquerade as economic advisers to Presidents and Prime Ministers. Before long they will want to be Presidents (of the executive variety of course) and Prime particularly those addicted to authoritarian rule. But I think they will do this world a lot of good. It is of that is going to be the problem. The best managers are not usually the most popular. On the other hand the most popular man seldom make good managers.

7. Management is no longer as simple as the casual wielding of authority. The days when a well-born person can be expected to run companies are over. Managers are now professionals who are usually trained for the job. Inherent business acumen or astuteness are assets but they are now no longer absolutely essential. Now we have instead scientific management with some art being thrown in. Both can be learnt by people of average intelligence in business schools and elsewhere. For further development of the capacity to manage, there are innumerable courses, seminars and conferences. Books on management now sell by the millions. And of course there are organisations like the AAMO, devoted

to continued improvement in management techniques.

8. This conversion of an inherent quality into a branch of knowledge available to the masses is one of the most beneficial developments in modern times. It has enabled massive commercial activities to take place and facilitated world trade. It has also been a boon to communities with no tradition of commerce or industry. They can now learn and master a mysterious subject, without which mastery they would always be exploited.

9. As time goes on we are definitely going to improve our knowledge of management. We are going to be better and better managers. The shrinking resources of the world will be better utilised and new discoveries by scientists and researchers put to the service of mankind. Hopefully the world would be a better place to live in as more managers are produced and management skills upgraded.

10. Organisations such as AAMO will be doing society a good deed. The interchange of ideas that must take place within such organisations will enable us to make innovations and rid ourselves of the fallacies and mistakes without everyone of us having to learn from painful experience.

11. Of late, there has been much talk about Corporate Philosophy. Asians should have an advantage here. We always tend to be more philosophical. Developing a corporate philosophy should be easy for us. Indeed we always have some corporate philosophy without calling it by that name.

12. Now Malaysia as a whole has adopted and is refining and redefining its own corporate philosophy. Ever since the Malay states adopted a modern administrative system it was thought that the Government and the business people were enemies. The Government thought that business was and the Government. How else could businesses make money if they didn't cheat. Consequently Government officers must regard business people with suspicion and do everything possible to frustrate them.

13. This assumption is not altogether without reason. Cheating was a widespread practice in the past. Short weights and short change, sub-standard goods etc. were accepted by the consumers as part of the game. You can complain but it would mean so much trouble with so little gain. If the measurement was short, well that was to be expected considering how much you had succeeded in knocking down the prices. Consumers were fair game and there was no consumers association to cry foul. The attitude of the public and the Government towards business was therefore quite justified.

14. But it is now possible to have some ethics in business. Indeed public limited companies are much more subjected to scrutiny than the little family-owned shops. Besides goods are no longer sold or services rendered purely on a basis of

low price. Quality counts now and commands a premium. If you care for designer or personalized products than you accept the need to pay an unreasonable price. You get exactly what you ask for if you are prepared to pay the price. Cheating has become honourable and the gains are as much subjected to taxes as all your other proceeds.

15. This being largely so, there is no longer a need to regard businessman and traders as crooks. Since these people also contribute to economic growth and pay into the coffers of the Government they should be regarded as partners of the administration of the country. This partnership between the Government and the business people in the economic development of the nation is no different from the partnerships that are to be found in business establishments. Hence the corporate philosophy of Malaysia maybe labelled as the Malaysia Incorporated Philosophy.

16. Admittedly this is not a new idea. Japan Incorporated was a derogatory term coined by western business because, when dealing or competing with Japanese firms, they have perforce to take on the Japanese Government as well. The Japanese private sector, particularly the big corporations seems to work hand in glove with the Japanese Government, to the extent that they seem to belong to one organisation -- Japan Incorporated.

17. Japan Incorporated maybe bad for competing foregin corporations, but obviously it was good for Japan. It has enabled Japan to become the second biggest economic power in the world in less than 30 years after her defeat in the Pacific War.

18. If the Japan Incorporated philosophy can achieve that miracle for Japan, could it not do the same for others? We in Malaysia think it could. Of course we will never be as economically advanced as Japan but we would be satisfied with a modest rise in our per capita income. Hence our adoption of the Japan Incorporated concept as the basis of our national corporation philosophy -- that is Malaysia Incorporated concept.

19. It is not going to be easy to change the attitude of civil servants and business executives. The whole thing seems either artificial or even far fetched. But then, Malaysia is used to having people tell her that she is wrong and that Malaysia is about to mess things up. Indeed at the time when we achieved independence we were told from then on Malaysia would retrogress for all kinds of business. In 1969 when race riots broke out we were told that was the end of Malaysia. But we have and again proved the critics and cynics wrong. And we feel sure we can once again prove them wrong over the Malaysia Incorporated concept. It is not going to be easy, but then nothing is easy in this world. Everything has to be worked at.

20. As managers you must know this. Success is a result of

hardwork, and meticulous planning and conscientious application. Malaysia intends to do this. If Malaysia succeeds it will also be contributing to the success of Asia and the Asians. If we succeed we think it will give hope and encouragement to other developing countries. As the developing countries prosper, they can buy more from the developed countries. Clearly no one will lose, not even the critics and the know-all from the developed countries.

21. I have been talking a lot about Malaysia. This is because it is a subject I know best. Certainly I know it better and I know management. But I have a vague feeling that Malaysia can provide the managers gathered here a nice case study. We in Malaysia are anxious to learn and if possible to contribute. I feel sure that there will be a lot to be gained from your deliberation, for you and for us. We therefore welcome this Conference, and we in Malaysia hope that you will not only learn much but your stay in Malaysia will be an enjoyable one.

22. Now it is my pleasant duty to declare this Conference of the AAMO open.