SPEECH BY PRIME MINISTER LEE KUAN YEW

AT THE OPENING OF PRODUCTIVITY MONTH

AT THE SINGAPORE CONFERENCE HALL

ON FRIDAY, 31 OCTOBER 1986 AT 2.30 PM

To find something arresting to present every year for Productivity Month is difficult. My basic thought have been expressed in the first two speeches. Thereafter, I have to work to find something new, or to present old ideas in a new light.

So I was pleasantly surprised when, on the 26 September 1986, I met the President of the Japan Productivity Centre (JPC), Mr Miyai. He handed me a letter from Mr Kohei Goshi. Goshi had retired last June as Chairman and President of the JPC. He is 86 and he retired because he has become weaker and now uses a wheelchair. When I read the letter, I was struck by his economy of words. I met him five years ago. He told me then that as he grew older he became more of an ascetic. He was especially loathe to use unnecessary works. In the first paragraph of his letter, he wished me good health and offered his congratulations on the progress of the National Productivity Board (NPB). In the second paragraph, he recounted his observations of the enthusiasms I had

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displayed in promoting the productivity movement, and rejoiced in the improvements that my efforts have made. In the third paragraph, he got down to productivity. I quote: “the transformation of mankind’s way of thinking can be compared to a marathon with no finish line. The key to winning this ‘marathon’ is a combination of inexhaustible energy and the balanced allocation of resources. In the words of the European Productivity Agency in their “Concept of Productivity and the Aims of the National Centres”: ‘productivity is .... the mentality of progress, of the constant improvement of that which exists. It is the certainty of being able to do better today than yesterday, and less well than tomorrow. It is the will to improve on the present situation, no matter how good it may seem, no matter how good it may really be .... It is the faith in human progress’. Although this declaration was made in Rome in 1958, it is still the ideal which guides and inspires us”.

At 86, Goshi lives and writes, as guided by his precepts of productivity. In this letter, he did not waste any paper or the effort of putting works on paper. he sent me a message worth receiving, and I believe worth repeating.

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In my discussions with his successor, Mr Miyai, I asked whether the quest for productivity means ultimately a change in the culture of a people. That, when productivity and all its aspects is part of the like of a people, a part of their work habits and thought patterns, then it is a part of their culture. After a moment's reflection, Mr Miyai agreed. If that is so, I said, Singapore faced special difficulties. We have multiracial, multireligious, multicultural, and multilingual workforce. Gradually, it can become component in one working language, although it may never be a 100 per cent. Gradually, we may share more attributes in our habits of thinking and working, but again it will never be a 100 per cent. Furthermore, our management come from a broad spread of Americans, Japanese, West Europeans, besides our own Chinese, Indians and Malays. Their management practices vary with their different cultures and traditions. Therefore, it was not possible to reproduce in Singapore the uniform principles and practices that prevailed between all managements and all workers in Japan, uniform across companies, across industries, across the whole nation.

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Mr Miyai confronted me with the thought that the Singapore synthesis from all these different cultures may well be stronger than if it were homogeneous. He hinted that there was strength in synergism, like different strands of fibre woven into a strong cord. I hope so. We have no other choice.

But one factor helps us enormously in getting workers and management and the government to work together for higher productivity. Unlike big countries which can shut out imports and sell to themselves. We must export. We must compete, worldwide. Every factory, every service unit, knows that it has to compete against a similar factory or service unit in Hong Kong, Taiwan, Korea, Spain , Portugal, Greece, or Ireland. And now even Britain is competing against the Newly Industrialising Countries (NICs) for Japanese and American investments to re-industrialise her society. Because Singapore workers and management are conscious of this external competition, there is this unity in objective. And we have no class divisions between workers and management to divide us. Every Singaporean knows that either produce a product better, with less defects, or we shall not make a living.

The Productivity Movement is in its sixth year. The NPB began by arousing an awareness of productivity. They helped our workers and managers to understand the need of working smarter and better and of improving without end. Their efforts were not in vain. In 1986, a Productivity Attitudes Survey showed that 93 per cent of respondents said productivity was important.

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This year, NPB took a total approach to productivity. This involves:

(i) positive work attitudes at all levels;

(ii) education and training;

(iii) management skills and overall business efficiency; and

(iv) good labour-management relations.

An overriding need is to link performance with wages. We must have a more flexible approach to wages so as to reward those who put in that extra effort and achieve better results. Without this productivity to-wage linkage, workers' commitment to improve productivity without and cannot be sustained.

This is a total approach to integrate the key elements for sustained productivity in a well-balanced way.

To propagate this total approach, NPB will concentrate on three main areas:-

(i) promotion of productivity;

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(ii) assistance to companies; and

(iii) measurement of productivity.

Promotion sustains people's awareness of and conviction in productivity. Then NPB can come in to assist companies translate this awareness into measurable

productivity improvements. When progress is made, NPB can help companies measure how well they have performed.

They have mounted a special effort to help small and medium enterprises. The Economic Committee had identified a problem with smaller companies over productivity. Foreign-owned companies do consistently better in productivity than Singaporean ones of the same size and type.

NPB's consultancy assistance has made a difference. For example, a 4-month project led to a reduction in one Singaporean company's production downtime by 41 per cent, plus an increase in daily output by 24 per cent. With this increased capacity, the company met additional orders amounting to 1.3 million for that period. In another company, the overall defect rate was reduced by six per cent, and production output increased by 82 per cent.

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NPB is actively promoting management consultancy services. They will start a course for this in January 1987. They will also show companies how to restructure their wages to link them to productivity, and to implement gain sharing, so that gains from productivity improvement will be shared with workers.

NPB has to continue the training of more managers and supervisors, and to encourage the increase of QC circles. Nearly 8,000 managers and supervisors have been trained so far this year, more than for the same period last year, despite the recession. The demand for training has increased as senior managers recognise its value. Companies*, employer organisations** and the National Trades Union Congress have also increased their training.

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* Companies include Tien Wah Press, Cycle & Carriage, Singapore Aircraft Industries, Singatronics, Texas Instruments, Hewlett Packard, PUB, Telecoms, NTUC-Fairprice, UOB and Metro.

** Employer organisations include Singapore National Employer's Federation, Singapore Manufacturers' Association Singapore Institute of Management, and the Chambers of Commerce.

NPB has now taken charge of the Skills Development Fund (SDF). It has also taken over responsibility for post-employment training of workers. They will have to decide on the areas of training and types of vocational skills required. They have decided on a Core Skills for Effectiveness and Change (COSEC) programme. They aim to use the SDF to train 100,000 workers in this programme over the next four years. This is ambitious, but it is worth trying. The facilities and infrastructure at the new NPB Building will help them achieve this.

I am optimistic of progress. The question is how much? Our workers are keen to improve, and our unions want to cooperate and not to obstruct, in increasing productivity. In their 1986 May Day resolution, our labour movement reaffirmed its willingness to work positively with employers and with the Government on policies to get the economy to recover. They were willing to accept all the necessary sacrifices. It took us over 20 years to shake off old attitudes of animosity, distrust, and suspicious, between workers and management. They once poisoned our society. Workers were made to believe that employers were imperialists, or colonialists or exploiters. It was only after we proved that worker-management-government cooperation can and will lead to economic growth, can and will raise profits and that better profits lead to better wages, that these suspicions were dissipated. We have now improved our lives

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beyond our original expectations. We have increased our cohesion and unity in spite of our multiracial population. Concentrating on productivity will make today better than yesterday. And tomorrow better than today. This is the way to prosperity and security.

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