

**SPEECH BY MR ONG TENG CHEONG, DEPUTY PRIME MINISTER &  
SECRETARY-GENERAL OF NTUC AT THE INAUGURATION OF  
PRODUCTIVITY MONTH 1992, AT 4.00 P.M. ON 3 NOVEMBER  
1992, AT THE KALLANG THEATRE**

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**INTRODUCTION**

1 In the last eleven years, employers, unions and the Government have worked in unison to promote the Productivity Movement. Together, we have addressed many issues - training, quality improvement, skills upgrading, and future directions for Singapore. Without this tripartite effort, productivity improvements would have been much slower.

**EFFECTIVE TEAMWORK**

2 History and events in other countries teach us one lesson, and that is : teamwork is crucial for improving productivity.

3 The Massachusetts Institute of Technology ( MIT ) recently concluded a 5-year study on productivity in Japan, Europe and America. They found that a tightly knit team, where workers pool their ideas, skill and knowledge together, helps to eliminate waste in the production process and to produce quality products.

Through teamwork, the Japanese have, for example, halved the human effort in their factories, halved the manufacturing space required, halved their investment in

tools, and halved the engineering hours taken to develop a new product. The end-result has been a better quality product produced in a faster time.

#### TRAINING AND SKILLS UPGRADING

4 A team can be effective only if every member pulls his weight. Although each may be responsible for only part of a job, everyone is responsible for the success of the whole.

5 Good teamwork requires every member from various departments of the company - product planning, factory operations, marketing, and so on - to be highly skilled and knowledgeable in their own areas of specialisation. But to work really effectively as a team, members are taught a wide variety of skills, so that they can each perform as many of the jobs as possible in the team. In this way, tasks can be rotated and workers can fill in for each other.

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To build an effective team requires a strong commitment by the management and substantial investment in training. But the extra sum and hours spent on training is worthwhile because the pay-off can be large.

6 Henry Ford, American pioneer of mass production and assembly-line techniques, once said, "Cutting wages does not reduce costs - it increases them. The only way to get a low-cost product is to pay a high price for a

high grade of human service, and to see to it through management that you get the service."

7           Take for example, the Motorola plant at Boynton Beach, Florida. It now makes 200% more pagers than it did four years ago, with only 22% more manufacturing employees. The factory is not very much different from before. How did they do it? Simple. They did it through workers' training.

8           The MIT study team found Japanese automobile producers spending 380 hours training new production workers, while European producers spent 173 hours, and American producers spent merely 46 hours. It is their emphasis on skills training and multi-skilling that has propelled the Japanese into the first tier of the industrialised world.

#### WORKERS' ATTITUDES

9           Equally important is the work attitude of each individual - from the manager to the supervisor to the shop-floor production worker.

10          The reason is simple: work attitude is ultimately reflected in the quality of work done. In Switzerland, for example, one is struck instantly by just how clean the factories, offices and shops are. Unlike in Japan, there is hardly any slogan or poster in Swiss companies to extol the virtues of housekeeping or

quality. Yet cleanliness prevails. This is because managers and workers have such a strong sense of responsibility as if they own the work they are doing. Their pride in their work is ultimately reflected in the quality of their products and services. Therefore the label "Swiss made" symbolises quality and reliability.

11 Singaporeans must dare to chase their dreams and visions. Our desire to accomplish our jobs to the best of our ability must be strong. We would be on the right track to becoming a more quality-conscious and competent workforce when each one of us begins to feel a sense of pride in the work we do.

#### TOTAL FACTOR PRODUCTIVITY

12 I described three attributes earlier - teamwork, skills and good work attitude. These are easy enough to understand by themselves. Now, if we put all of them together, we get what the economists call "total factor productivity", or TFP in short. It is a term that describes the qualitative factors determining labour productivity growth.

13 As we all know, productivity growth comes from two important factors : capital per employee, and TFP. Between 1981 and 1986, Singapore's capital stock grew by 11.1% a year. In the subsequent 5-year period, it grew by 7.5% each year. It is not surprising therefore, that during the last decade, 86% of our productivity growth

came from capital investment. TFP accounted for only 14% of our productivity growth. This is very low, compared with the developed countries whose TFP contributions to productivity are as high as 50% to 60%.

14 For Singapore to continue to be competitive, we must continue to be productive. We have already achieved significant productivity gains from capital investment. Higher productivity growth in the future will have to come from qualitative improvements - in work attitudes, in innovations, in skills and in teamwork. These are what the 1992 World Competitiveness Report terms the "human dimension of competitiveness".

#### LEADERSHIP ROLE OF MANAGEMENT

15 Managements of companies have a vital leadership role to play in nurturing and realising higher total factor productivity. The MIT study on productivity also concludes that people in the management are the ones who can make the most substantial difference in the amount of improvements that can be achieved.

16 The 1992 National Productivity Awards winners offer some good examples of the leadership role by the management.

17 At Motorola Electronics (Singapore), the prevalent team environment is the result of management's strong belief in their people. Two in three employees

are QCC members. Weekly tea-talks, daily briefing sessions on the state of the business – these are some of the many ways used by Motorola's management to encourage group participation. Such commitment to staff has led to large cost-savings – US\$4.4 million in the first quarter of 1992 alone. All these happened because the CEO and top management put quality and productivity at the top of their agenda.

18 Similar results have been reaped by Jurong Shipyard, where the management philosophy is to build a strong corporate culture centred around the core values of hard work, teamwork and loyalty. Stable and good leadership in Jurong Shipyard's house union has contributed to a culture of openness between management and workers. The employees are encouraged by management to form informal work groups to solve work-related problems. In 1989, the shipyard's cost of rejects as a percentage of turnover amounted to 6%. Last year, this had been slashed to 1.2%.

19 The CEOs of the National Productivity award winners believe not only in training but also in setting specific corporate targets for their managers. At Motorola, for example, the CEO insists that every employee spends an equivalent of five days a year on training. Managers are monitored and assessed on this.

20 Glaxo has a training and development committee,

with the General Manager as its Chairman. It conducts an analysis on training needs every six months to ensure that the right types of training are provided to all staff.

21 The low employee turnover rate among the award winners reflects the commitment of their staff to the company. This is what you get when management takes the

lead to build an organisational culture where workers are encouraged to excel and to take pride in their work and their company.

22 At Great Eastern, for example, the absenteeism rate is only 1.3%. A distinctive feature in Great Eastern is its quarterly "Meet the Insurance Agents" session, where the CEO personally briefs the agents on the performance of the company.

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23 At Robinson, the CEO and senior management hold regular discussions with their staff to review their performance and to identify areas for improvement. Despite a highly volatile retail industry, Robinson has kept its turnover rate at a low of 3%.

24 These are concrete examples of the difference that management leadership can make. In the past, our productivity campaigns have been directed at the entire workforce. I am pleased that the National Productivity

Council has finally decided that the campaign should now be addressed at managers so as to make them more aware of their leadership role. This is what NTUC and the unions have been stressing all these years.

26 Although the emphasis this year will be on management leadership in productivity improvement, skills upgrading for workers remains an important goal. The NTUC Skills and Productivity Day to be held on 15 November this year will bring together 8,000 workers and managers. This will help to create a greater awareness of the need for workers to improve their skills and to work as a team with managers taking the lead.

#### CONCLUSION

27 The shaping of attitudes that make for a productive workforce not only takes a long time, but also requires substantial investment from both Government and employers. It may take years before we can reap the harvest of any human investment we make today. But if we make the mistake of not investing now, it will take many more years to correct the damage done. Our 11-year history of productivity promotion is a relatively brief one. But some gains have been made. Sustained productivity growth in the last eleven years has enabled our workers to enjoy increases in real earnings year after year.

28 To live well today and better tomorrow depends on



each and every one of us pulling our weight. We cannot expect to increase our standard of living if we cannot increase the value of what we produce.

29        How much and how fast we progress in our standard of living will depend on future productivity gains which can be realised only if we have effective teamwork involving enlightened management, responsible unions and dedicated workers. We must continually improve our skills and work attitude. Only then will the campaign slogan of "*Quality Work. Quality Life.*" become a reality.

30        On this note, it is my pleasure to launch Productivity Month 1992.

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