

- 4 DEC 1981

Singapore Government

PRESS RELEASE

Information Division, Ministry of Culture, City Hall, Singapore 0617 • tel: 3378191 ext. 352, 353, 354/3362207/3362271

Acc No.	NARC
81 0068	93

12-2/81/11/27

SPEECH BY DR WONG KWEI CHEONG, MINISTER OF STATE (LABOUR) AND
CHAIRMAN, NATIONAL PRODUCTIVITY BOARD, AT THE 8TH ANNUAL
REPORT AWARD PRESENTATION DINNER AT SHANGRI-LA HOTEL
ON FRIDAY 27 NOVEMBER 1981 AT 8.00 PM

Moral Duty To Investors

The persistent effort by the Singapore Society of Accountants (SSA), and the Singapore Institute of Management (SIM) to upgrade the standards of annual reports published by Singapore companies is to be complimented on. You have successfully organised the Annual Report Award (ARA) Competition for the 8th consecutive year. Your effort to continually promote company business ethics and to protect the interest of the investing public deserves commendation and support.

It is the moral duty of all publicly listed companies to educate the investing public on how to invest wisely and safely. Small investors in particular tend to be tempted by hopes of quick profits and put their savings on unknown companies. This creates an unhealthy investment climate in the stock market. Companies should assume greater responsibility to keep the public better informed of their activities and performance. This is not an easy task.

Mandatory Rules

The Chairman of your Award (ARA) Committee, Mr Keith Tay, has lamented on the fact that only about one-tenth of the 268 publicly listed companies in Singapore disclose information which is materially in excess of the minimum statutory requirements. This is not surprising. Most companies would consider the publication of the Annual Report as a necessary burden.

How do we resolve this problem? One way is by imposing additional rules. I believe your Singapore Society of Accountants (SSA) will make

it mandatory, next year, for company accounts to disclose sales or other operating revenues. May I suggest that you also consider productivity growth as another item for public disclosure.

Productivity

After all, value added statements are one of the marking criteria for the Annual Report Award (ARA). Productivity growth of a company could easily be evaluated, as productivity is defined as the value added per worker.

The continued growth of our economy will depend on how efficiently our companies make use of our limited human resources. Companies should be encouraged to mechanise and computerise in order to reduce the use of manpower. Workers should be upgraded through better manpower training and development. Such activities will lead to increases in output using the same number of workers.

Productivity growth follows.

Companies are usually judged by their profit growth. This may not be realistic as profit can be attributed to many factors. A company which uses labour inefficiently can still show large profits.

A better measure of a company's performance lies in its productivity growth.

Let me cite you an example. Several years ago, the manufacture of electronic calculators was a lucrative business in Singapore. Many local industrialists started their factories. They made their money as profit margins were large. Instead of ploughing back some of their profits to buy more machinery and increase their productivity, most factories chose the easy way out by employing more workers. With more workers, output increased. But the output per worker was not increased and productivity stagnated.

Today in view of the world economic recession, prices of calculators have fallen drastically. Many of these factories have retrenched their workers to cut down the production. Some have even gone bankrupt. Only the more efficient and automated companies are still operating.

Companies that emphasise productivity growth will do well in good times as well as in a recession.

Conclusions

World economic growth is still sluggish and will remain so for 1982. OECD economies are expected to grow only by two per cent. Singapore cannot escape from the uncertainties ahead. Professional organisations like yours should help your members to prepare for the difficult future.

Productivity should be emphasised. The National Productivity Board plans to promote productivity through the introduction of more courses in personnel management, supervisory training and the training of QC facilitators. We look forward to your support.

In conclusion, it is my pleasure to congratulate the winners of the various awards tonight.
