

4 SEP 1982

**PRESS RELEASE**

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12-2/82/08/28

SPEECH BY DR WONG KWEI CHEONG, MINISTER OF STATE (LABOUR) AND CHAIRMAN, NATIONAL PRODUCTIVITY BOARD, AT THE 9TH ANNUAL DINNER OF THE MARKETING INSTITUTE OF SINGAPORE AT THE ISLAND BALLROOM, SHANGRI-LA HOTEL ON SATURDAY, 28 AUGUST 1982 AT 8.00 PM

Introduction

Trade has always dominated the Singapore economy. In 1981, our total trade (import and export) amounted to S\$102.5 billion, and contributed to 23.3 per cent of our gross domestic product (GDP). Unfortunately, we are not immune to the effects of the prolonged world recession. In the second quarter of 1982, our trade only grew by three per cent, which is half the rate of growth of six per cent achieved in the second quarter of 1981. Our trade is indeed slowing down.

Under present sluggish trade conditions, our industries should refine their marketing strategies. In a depressed market, it is ever so tempting to sell products at reduced prices. Smaller manufacturers in particular are constantly under pressure to dispose off their products in order to pay their workers and their creditors. Product quality drops. Customers lose confidence. Eventually, such manufacturers go bankrupt.

Manufacturers should not fall into this low quality trap. In order to survive the current recession, we must emphasise on the marketing of quality products at competitive prices. This can only be achieved by increasing productivity so as to reduce the unit cost of production. Then only can manufacturers reduce their sales price without reducing their profitability.

Productivity

How then can we increase productivity? Manufacturers should

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consider the following factors, viz:

- (a) Product innovation
- (b) Production technology
- (c) Human relations
- (d) Management

These are the four main factors. Let me explain.

Productivity depends very much on the product design. In the electronics industry, for example, the tendency is to replace discrete components like resistors and condensers with integrated circuits. If you have recently bought a TV, take a look at the electronic circuitry. You will be surprised to find the small number of electronic components compared to those of an old TV set. Fewer components means more TV sets can be produced by the same number of workers. Productivity increases.

The introduction of automated equipment to improve production technology is a further means to increase productivity. Coming back to the production of TV sets, electronic components are now inserted into the printed circuit boards by automated insertion machines instead of by hand.

As we continue to automate and mechanise, good human relationship becomes increasingly important. Workers must be willing to accept technological changes and go for retraining for more skilled jobs. Management must know how to motivate workers when new machinery is introduced. Labour-management relationships must never be strained.

Finally, proper management systems must be introduced. The role of management is analogous to the control of signals in a traffic system. Product innovation and production technology gave rise to the cars. The promotion of good human relationships will lead to better road courtesy. If traffic signals are properly controlled, it is possible for a driver to go from one end of the road to the other without encountering a single red traffic light. That to the driver is high productivity. Likewise, with proper management systems, coupled with good products, production technology and good labour-management relationships, productivity increases.

## Marketing

Once manufacturers are able to produce good quality products at competitive prices, marketing is a very simple process. This is the strategy of all manufacturers with good brand names, be it Sony, General Electric or Thomson. In order to be successful in the world markets, manufacturers spend millions of dollars building up the quality image of their products.

Advertising is only one aspect of marketing. After sales service is another. Why do you buy a branded product like Philips? It is because you are confident that the Philips repairman will always be around whenever something goes wrong with your product. Confidence builds up. Sales increase. Productivity rises.

You are marketing experts. I am not qualified to talk about marketing. I can only urge you to spread the message that marketing can only be successful if you have good quality products at competitive prices.

## Conclusion

Please carry this message to your workers. It is vital that they manufacture quality products and increase their productivity so that you can market at competitive prices.

This is the only way that we can ride out this recession. On this note, it is my pleasure to end my message and wish you a very happy evening.

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