

COMMENTARY

Turnbull in for hard time even if he gets to form next Aussie government

WHATEVER happens next on the Australian political landscape after the cliffhanger election, it is clear that Prime Minister Malcolm Turnbull is going to be in for a hard time. Australia's preferential voting system means that the vote tally can take a considerable time, especially when results are close; last Saturday's election result for the House of Representatives will be known only in a week or two.

On current trends, Mr Turnbull's coalition may get over the line with a one-seat majority in the 150-member chamber and thus be able to form the government in its own right. Even if it falls short of the 76 seats needed, he is likely to have first dibs on working out a deal with independents to form a minority government. The count for Senate votes will take several weeks. Current trends suggest that the Nick Xenophon Team of three senators would hold the balance of power in that chamber. It is important to note that he is a tough politician who is going to be very demanding in negotiations for his support. He is against most free trade deals and has made it clear that he would use his numbers, if he has a chance, to get a review of the Trans-Pacific Partnership deal, a World Trade Organization procurement agreement, and other trade deals. The Senate is also likely to see the return of Pauline Hanson. Like Mr Xenophon, she seems to have captured an anti-establishment mood in their respective states. But on top of anger at the elite, her well-known hostility to Asian immigrants and other non-European races seems to have struck a chord among rural white folk. In this, she could also be riding the wave of nativist sentiment observed in several other Western countries such as support for America's Donald Trump and the Brexiters in Britain.

And all this means trouble for Mr Turnbull. His own party colleagues, especially those to his political right who favour previous leader Tony Abbott, can be expected to do everything to undermine his leadership of the Liberal Party and start working to restore Mr Abbott to the top job. Mr Turnbull deposed Mr Abbott in a party coup on the promise that he was better at selling the Liberal-National Party coalition's message. Now that the voters have given their verdict, Mr Turnbull may be forced to hand Mr Abbott a portfolio in his Cabinet – if only to keep his detractors in the party happy. And that means political instability with a divided Cabinet and endless speculation about when Mr Abbott will mount a counter-coup against him. Politics aside, the incoming government may also face economic headwinds. The economy may seem to be doing well in headline numbers, but it has been pointed out that other than the mining sector, "demand is sluggish, profits are weak and investments subdued". Indeed, the country's central bank has warned that the outlook for non-mining business investment will remain grey in the near term. Mr Turnbull hopes his economic agenda, including the free-trade pacts, a 10-year plan to cut the company tax rate to 25 per cent and changes to pension contributions, would keep the economy ticking; he also intends to cut taxes for middle-income earners.

It remains to be seen if he would be able to persuade the minor parties and independents in the Senate to pass the necessary legislation for his reforms. It was dubbed a boring election because, unlike the last poll when refugee boat arrivals were turned into an emblem of the threat to European pre-eminence in Australia, neither major party resorted to this sort of race-baiting this time. But Ms Hanson's expected return shows the depth at which such sentiments run in sections of the Australian community. Singaporean investors, students and visitors to Australia would do well to be wary.

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Minister for Trade and Industry (Industry) S Iswaran at The White Rabbit, a restaurant that uses a polishing machine to clean wine glasses – one of the examples of what companies in the food service industry can do to be more productive. PHOTO: WDA

Tackling unproductive productivity solutions

Firms need to avoid piece-meal approach and instead have a holistic view of the whole workflow process, or a clear understanding of where true bottlenecks lie. BY LINDA LOH

OVER the past few years, Singapore has focused on raising productivity to achieve quality economic growth. Several government financial assistance programmes have emerged to support companies on initiatives such as automation, workflow process improvements and manpower training.

Yet despite well-intended investments in new productivity systems, not all companies seem to be reaping the fruits of their efforts. Some companies even experienced a dip in operational efficiency after implementing productivity solutions.

Our research suggests that one of the key reasons is that many companies tend to have a piece-meal approach towards productivity. They focus on selected parts of their operations instead of having a holistic view of the whole workflow process, or a clear understanding of where the true bottlenecks lie.

For example, in the food services sector, it is increasingly common to see establishments embracing digital solutions such as e-menus (where food orders are entered on an iPad). While e-menus can be a great enabler for self-ordering, some establishments simply use the iPad as an electronic notepad.

The orders are still taken by the service staff, which means there is no reduction in manpower deployed. Accuracy in order-taking has not improved (it might be even worsened as service staff accidentally click on the wrong menu items).

In other instances, the productivity solutions were implemented only at the front-end, but not integrated with the back-end kitchen processes. Consequently, the surge in efficiency from faster order-taking actually resulted in chokepoints at the back-end, where the capacity has not been ramped up accordingly.

This leads to longer waiting time and, of course, more unhappy customers. Sometimes, the kitchen coordinator, whose role is to manage the activities between the kitchen and dining area, is overwhelmed by the flow of orders and becomes the bottleneck in the system.

Successful companies, on the other hand, were able to sync their order-taking with the kitchen operations, as well as point-of-sales systems. Orders are conveyed through the system to the kitchen, and are automatically sorted by common dishes/table number. This reduces the incidence of human errors and also enables establishments to better forecast the demand of ingredients and improve their menu offerings.

From this perspective, it is important to define the right type of productivity measurement. Many companies cited time savings as one of the most significant outcomes following the implementation of a productivity initiative. But the real impact lies in overall time saving – not just time saving for selected tasks.

Targeting the right step within the workflow will be critical. Most companies do not realise that it is the bottleneck that constrains the system's throughput. They also fail to realise that there are interdependencies across workflows which need to be accounted for.

The above-mentioned issues can be observed across different industries and value chain steps – from manufacturing, supply chain management and service delivery. In summary, productivity investments can help to drive better operational performance, but one needs to go beyond the confines of the "solution", and consider the integration and suitability of the solution to the larger workflow.

The solution does not necessarily need to be technologically enabled; it could be tweaking the workflow process (for example, changing batch sizes) or a reallocation of resources (for example, off-loading work from bottleneck resources).

Before jumping to a solution, companies should ask the following questions:

- What is the problem that the solution is looking to solve?
- What are the interdependent steps in the system? Where are the bottlenecks?
- How would the implementation of the solution translate across the workflow?
- Would the implementation give rise to new issues and bottlenecks?
- Is there a good fit, given the scale and current set-up of our business?

There needs to be clarity in thinking through the overall impact – rather than to view the solution as a Band-Aid or silver bullet to operational issues.

■ The writer is head of Ipsos Business Consulting (Singapore).

THE BOTTOM LINE

America's politics is broken



By Robert J Samuelson

"On this July Fourth, American politics seem stuck. Ironically, many 'reforms' that aim to make the political system more accountable and responsive have had the opposite effect."

Washington
On this July Fourth, Americans are deeply disillusioned with politics and government. A Pew poll late last year found that only 19 per cent of people trust the government all or most of the time.

It was not always so. In 1964, fully 77 per cent of Americans answered the question positively. Disenchantment extends to Hillary Clinton and Donald Trump, their parties' presumptive nominees. Both have "unfavourable" ratings exceeding 50 per cent, reports Real Clear Politics. For millions of Americans, the election is a choice between lesser evils. Politics and government seem broken. There is a palpable sense of betrayal. Voters are said to be angry. The sour climate suggests people believe the country isn't living up to its potential or worse, that potential is declining. Despite many proposals from the presidential candidates, there is no real consensus about what to do. The contest for the White House is, so far, more about character than ideas.

The onset of this disillusion is usually thought to have started in the 1960s and 70s, to the war in Vietnam, Watergate and double-digit inflation. All discredited national leaders.

More recently, broad economic and social forces have been blamed. A partial list would include income inequality, globalisation (trade and its impact on jobs and wages), resentment of "elites" in both parties, immigration and its alleged threat

to traditional American values. There is something to this standard indictment. No doubt, these economic discontents, amplified by the hangover from the Great Recession, have fuelled fears that the country is dangerously adrift. Indeed, they may have spawned a populist uprising on a global scale. Witness Brexit – Britain's vote to leave the European Union. Still, this widespread view of America's political predicament is incomplete.

What's omitted is the capacity of government and the political system to deal with new conflicts. Remember: Politics is about conflict. If everyone agreed on everything, we wouldn't need politics or democracy. A "dictatorship of experts" would implement a universally accepted agenda. Obviously, this is not the case. America is awash in new conflicts that the political system has struggled to contain.

To see what has happened, go back to 1960. American society was then highly compartmentalised. Men and women had rigid gender roles: men as breadwinners; women as homemakers. African-Americans were restricted by legal segregation (the South) and informal segregation (almost everywhere else). Homosexuality was not discussed. There was little environmental regulation. Immigration was not an issue. The federal government, despite the creation of Social Security (1935) and the Interstate Highway programme (1956), was still dominated by defence. In 1960, it

accounted for 52 per cent of government spending.

Although mostly undesirable, these compartments had one virtue: They suppressed conflict. Once the compartments began crumbling, conflicts multiplied. Women took paying jobs by the millions. Racial segregation was outlawed. Gay rights were established. Environmental regulation exploded. Immigration, legal and illegal, increased. Social spending soared; by 2015, defence was only 16 per cent of the federal Budget. There was a need to come to grips with the resulting conflicts.

WEAKENED POLITICAL PARTIES

The trouble is that the country was less capable of dealing with them, because – for decades – we systematically weakened the political parties, a crucial mediating institution, writes Jonathan Rauch in a powerful essay in *The Atlantic* magazine. The stalemates on the Budget, immigration and global warming exemplify the political deadlock.

Political leaders have less power "than ever before" to reward and protect party loyalists "who take a tough congressional vote ... or who dare cross single-issue voters and interests", he wrote. Once, those powers were considerable. Parties selected candidates for office and funded their campaigns; in Congress, committee chairmen could

fashion controversial legislation behind closed doors.

All these powers have been curbed. Candidates nominate themselves by running in primaries; they become free agents. Contributions to candidates and parties are limited by law; this has inspired "independent" groups, outside the candidates' and parties' direct control, that provide substantial campaign funding. Committee meetings must generally be open.

The new political system favours ideological extremes. Rauch argued: "Inside their gerrymandered districts, incumbents are insulated from general-election challenges that might pull them toward the political centre, but they are perpetually vulnerable to primary challenges from extremists who pull them toward the fringes." Ideological "purity" trumps pragmatism. Technology reinforces the bias. In the Internet and cable-news era, politicians constantly need to reassure their constituents that they haven't sold out.

On this July Fourth, American politics seem stuck. Too many conflicts collide with too little conciliation. Ironically, many "reforms" that aim to make the political system more accountable and responsive have had the opposite effect. There are centrist proposals to deal with our problems that would probably help and seem to enjoy majority support. But they're doomed by opposition from the political extremes. The centre says and paralysis prevails.