

## PRIVATE LAND PHONE IN DHAKA

# BTRC to reduce licence fee, govt royalty

### STAR BUSINESS REPORT

Bangladesh Telecommunication Regulatory Commission (BTRC) yesterday decided to reduce licence acquisition fee, annual government royalty and revenue sharing obligation for the private land phone operators for the central zone.

The telecom regulator held a pre-bid meeting with the prospective bidders at its office yesterday and decided to bring down licence acquisition fee to Tk 12 crore from Tk 15 crore for each operator.

According to an earlier decision, gross revenue sharing was fixed four percent but the commission yesterday

decided to bring it down at three percent. On the other hand, government annual royalty was reduced to Tk 300 from Tk 1,100 for each subscriber and the operators would be allowed to change their tariff rates after one year instead of three years, sources said.

The commission decided to award four licences for public-switched telecom network (PSTN) operation, inviting offers from the private operators on March 25.

A total of 13 land phone companies have so far bought applications for having land phone licences for the central zone -- Dhaka Multi

Exchange Area -- consisting of Dhaka city, Zinzira, Savar, Narayanganj, Gazipur and Tongi.

Of the 13, one is a Middle East based company while the remaining 12 are local. Presently, 16 private Bangladeshi companies hold licences to operate land phones in north-east, southeast, northwest and southwest zones of the country.

The last date for submitting the offers is May 8 and the BTRC will open those the same day at 12:30 pm.

Local companies apart, joint venture firms with local partners and 100 percent foreign owned enter-

prises are eligible to participate in the bidding, paying Tk 1 core non-refundable application fee.

The central zone accounts for about 60 percent of the total demand for fixed phones in the country. The demand for fixed phones in the capital is estimated to be around 10 lakh while the registered demand with the state-run Bangladesh Telegraph and Telephone Board (BTTB) is about two lakh, sources said.

The BTTB does not have the capability to meet the growing demand for land phones due to infrastructural inadequacy.

## 'Auditors can help reduce corruption'

### STAR BUSINESS REPORT

Auditors can play the pivotal role to reduce corruption and uphold the image of the country, Commerce Secretary M Abdul Karim observed.

He was speaking at a seminar titled 'Corporate Governance and the Auditors: Bangladesh Perspective' organised by the Institute of chartered Accountants of Bangladesh (ICAB) at the CA Bhaban in the capital on Sunday.

"Our auditors can do many things to build up the image of the country and the seminar will do a lot in this regard," the commerce secretary said.

As the auditing of the companies go through their hands, their transparent and accurate reports can make a positive change in corporate world, he felt.

ASM Nayeem FCA, president of ICAB, in his speech said corporate governance is the most important criteria in the modern world for smooth growth of economy.

He also emphasised the best practices of the corporate governance principles in different sectors.

ICAB council members M Humayun Kabir and Anwaruddin Chowdhury, and former president of the ICAB were, among others, present at the seminar.

## Road show on migration to SWIFT net held

A road show on migration to SWIFT net (phase-2) was organised by Syscom Ltd held at the head office of Oriental Bank Ltd in Dhaka recently.

CM Koyes Sami, managing director and chairperson of the SWIFT member group of Bangladesh, formally inaugurated the road show, says a press release.

Scandent, India, business partner for Syscom Ltd, conducted the programme where representatives from 32 schedule banks took part.

## 7 multinational, 3 local firms line up to buy Rupali bank

### BDNEWS, Dhaka

Seven multinational and three local financial institutions have lined up to buy the state-run Rupali Bank, the Privatisation Commission (PC) said yesterday.

"We have received 10 Expression of Interests (EoIs) from seven multinational companies and three local firms," PC Chairman Inam Ahmed Chowdhury said.

Of the 10 EoIs, three were submitted by local investors, two by investors from Oman and one each by the investors from the Netherlands, Saudi Arabia, Malaysia, India and the UK.

The PC had earlier called for submitting EoIs from both local and foreign buyers. Yesterday was the last date for submitting EoIs.

Investors from Oman are

SABRE Bank, Muscat Consortium and BankMuscat.

The Netherlands Development Finance Company (FMO), State Bank of India, MAA International Investment Ltd of Malaysia, JJ Finance of UK and Prince Bandar bin Mohammed bin Abdul Rahman Al-Saud also submitted the EoIs.

Three local enterprises are Domestic Investors Consortium, National Housing Finance & Investment Ltd and Summit Industrial & Mercantile Ltd.

"We will make a shortlist after examining legal aspects and merit of the EoIs submitted for purchasing the Rupali Bank," Chowdhury said.

He said the PC will make the list in 10 days.

The prospective buyers will have to collect tender documents between April 30 and May 4 by

depositing a non-refundable fee of \$ 2,000.

The PC organised road shows in five countries from March 13 to 25 to attract multinational buyers. PC officials said 10 multinational buyers expressed interest during the road shows.

Chowdhury said the PC is expected to announce the list of the selected bidders on August 31.

He also said there will be no provision for golden handshake for downsizing the existing manpower of the bank.

He, however, said 37 percent of employees above 50 are now working in the bank. "Provision for voluntary retirement scheme (VRS) will be kept open to the employees," he said.

## ASA rated best micro-finance institution in the world

Microfinance Information Exchange (MIX), a US based international rating agency, has selected Association for Social Advancement (ASA), a local NGO (non-governmental organisation) as the best microfinance institution in the world for its microcredit programme, says a press release.

After analysing the achievement of 518 microfinance institutions (MFIs) around the world, MIX has mentioned the ASA's achievement in their 'Micro Banking Bulletin' as the highest in the world.

MIX in its report mentioned that ASA's micro-finance growth rate was 29 percent and it registered six lakh new borrowers in 2004.

According to the MIX report, ASA spends \$6 to provide its assistance for a single client while other MFI's spend almost \$98 for the same purpose, the release added.



PHOTO: BLFCA

Faruq Ahmad Siddiqi (C), chairman of Securities and Exchange Commission (SEC), speaks at the quarterly luncheon meeting of Bangladesh Leasing and Finance Companies Association (BLFCA) in Dhaka recently. BLFCA Chairman A Quadir Choudhury (R) and Vice-chairman Anis A Khan (L) are also seen.

## SHARE PURCHASE ORDERS

# SEC lifts directive on making full payment

### BDNEWS, Dhaka

The Securities and Exchange Commission (SEC) yesterday withdrew an earlier directive for investors to make full payment against share purchase orders before their execution.

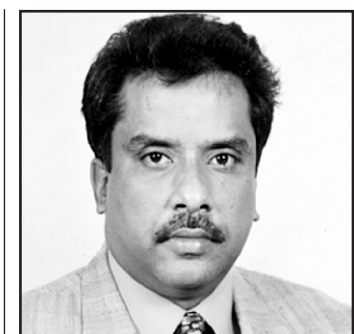
The latest SEC directive followed an appeal by the Dhaka Stock Exchange (DSE) for postponement of an earlier directive, making its mandatory for the investors to make full payment against the share purchase orders to the brokers before settlement of trading.

Explaining, the DSE said the institutional investors are usually reluctant to make payment before

trade confirmation and that SEC's November 2004 directive led to decline in cash flow in the capital market.

"The latest SEC directive will help increase the volume of trade in the market," Salahuddin Ahmed Khan, chief executive officer of the DSE, told the news agency.

He said institutional investors were reluctant to deposit money with the brokers before trade confirmation. "Now they will be allowed to make payment after execution of the purchase orders," he said.



Fazlul Haque

## New BKMEA office-bearers

### STAR BUSINESS REPORT

Incumbent President of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) Fazlul Haque has been re-elected the president of the association for the year 2006-07.

Besides, Abdur Rashed (Rashu), Dr Bahauddin Mohammad Yousuf and AKM Zahidul Haque Bhuiyan (Dipu) have been elected first, second and third vice-presidents, while Kashem Jamal has been elected vice-president (finance).

The newly elected directors of the BKMEA yesterday elected them as new office-bearers.

Knit Oikyo Parishad (KOP) led by Fazlul Haque swept the election to the executive committee of BKMEA on Saturday, bagging 22 out of 27 posts.

Five other directors were elected from Muhammad Hatem-led Sammlito Knit Forum (SKF).

The new committee will take over on April 16.

# Corporate governance: Does human resources have a role?

### MAMUN RASHID

Human Resources (HR)'s role has often been seen as peripheral when it comes to corporate governance. But in fact HR can also make a meaningful and more strategic contribution to corporate governance within organizations.

Now that the dust has settled from the corporate governance crises of the past few years, government and business have had some time to try and address the underlying problems that often lead to corporate governance problems. While these initiatives are well meaning, some organizations still regard them as 'tick the box' exercises and fail to gain any traction both at the management and broader workforce levels.

Much has been said and written

about cultural change of late. After the corporate governance disasters of companies such as Enron, a strong correlation was found between a failure to embrace the spirit of corporate governance and deep-seated organizational culture problems.

It is true that CEO's and executive's behavior, attitudes and values determine organizational culture no matter how many mission or value statements HR plasters on the walls. Mention cultural change to the leaders of such organizations and you will be met with blank stares, folded arms or rolling eyes. This resistance to change is probably the biggest chink in an organization's corporate governance armour. Corporate governance is an issue that encompasses an entire

organization, but without a supportive executive, HR will most likely be sidelined.

### HR's role in corporate governance

The leading Corporate Governance Guidelines deal implicitly and explicitly with a number of HR issues, such as transparent and thorough appointment process for senior executives, executive remuneration structure and public reporting of reward policies. I think that HR has a "terrific opportunity" to get closer to boards with these guidelines.

The objectives of corporate governance should be embedded in the organization and be reflected all through out in its processes. It is the sole responsibility of the HR to share the management views with

the members of the organization on its extent of adherence to corporate governance. The HR shall boldly identify the type of actions or deals that the management ideally wishes to avoid, such as insider trading, kickbacks, etc. due to franchise risk, operational risk, financial risk and also to ensure governance compliance. Training is one source that HR may use to disseminate such information very effectively amongst the members of the organization. The idea is to have unison amongst the members and adapt themselves to the beliefs of the organization.

Since human resources add organizational values, HR function play a major role in helping companies manage a cultural transformation to higher levels of transparency and fiscal accountability. People costs usually represent an organization's largest expenditure and there is constant pressure to make processes more consistent, reliable and efficient for sound internal control.

A strong HR function is critical to lead cultural change related to corporate governance via communication and training. This is important because corporate governance requires the company to set a tone of responsibility and establish a reporting structure and a set of rules to follow. HR can play a key role in this effort. It should communicate policies and procedures about integrity to all employees and establish a code of conduct for the company. It should also implement management and employee training programs for control and accountability.

There are also a number of important HR controls that operate outside the system, which includes practices such as background checks in hiring, issuance of personnel policies to ensure consistency and training.

**Business-focused HR**  
Historically, boards have not seen HR as essential players in corporate governance, questioning their overall value to the organization. The problem is exacerbated by HR executives who see themselves as HR people first and business people second.

HR needs to ensure that it understands the business in its entirety and is placed within that holistic model.

HR unfortunately still suffers from a reputation of being more of a cost centre and more of the softer area of the business.

If a HR specialist is to broaden the opportunities they have in their career, it is imperative they pursue other forms of education and training in business and corporate governance.

HR needs to be aware of the business strategies that a company has in place and develop human resource strategies that are aligned to the business strategies. I think one of the issues is that sometimes HR sets about implementing a number of best practices, without actually thinking through the key people or organizational issues that need to be focused on to deliver the strategy. HR sometimes takes a process perspective rather than a strategic perspective, but if HR is going to help when it comes to governance it needs to develop a people strategy that's aligned to the business strategy.

If you look at finance as a profession, it has become much more critical to the executive team over the past ten to fifteen years. Concerns about capital management and a number of the issues that finance directors worry about today really weren't on the agenda fifteen years ago. The finance function was more about counting the money. That's changed, and I think over the next ten years people will realize that the HR profession needs to change in the same way.

A critical area of improvement for HR is in the area of people metrics. This is not about headcount, turnover and the like, but detailed data on performance management, succession planning, developing high potential people and moreover drive changes for growth, transparency and accountability. And that can only come from- 1) CEO's trust on the HR function and ensuring required impendence to them and 2) HR function's acceptance to the global standards re: running a business as well as stakeholders' vision keeping people at the centre of everything they do.

The writer is a banker. The paper was presented at a seminar organized by Bangladesh Society for Human Resource Management (BSHRM) in Dhaka.