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Americans keen to develop gas-based power projects: Tofail

Industries Minister Tofail Ahmed asserted that US President Bill Clinton's visit has opened the avenue for billion-dollar western investment in Bangladesh, reports UNB.

Talking to UNB yesterday, the minister said the American investment in Bangladesh is already \$750 million and it would be billions with implementation of the ongoing power and telecommunication projects.

Investment in the gas blocks would also raise the investment figure substantially, he added.

Besides these known investment areas, the US businessmen who visited Dhaka during Clinton's visit, have shown keen interest to develop gas-based power projects.

"As we are not going to export gas before ascertaining our reserves and ensuring 50 years reserve, they showed interest to invest in export-oriented gas-based power projects."

Referring to the agreement to set up the marine cable to link Bangladesh with Singapore, the Industries Minister said with this, the era of setting up a huge number of software developing industries would start.

There are US computer companies who are also interested in setting up joint venture software industries in Bangladesh.

Besides, Bangladesh software developers will find it an emerging sector.

ASEAN facing tough investment competition from India, China

HONOLULU (HAWAII), Mar 22: Southeast Asian nations face the prospect of lower growth because of heightened competition for investment from China and India, a senior Indonesian official warned here yesterday, reports AFP.

"China and India are presenting themselves as very serious competitor for ASEAN (the Association of Southeast Asian Nations)," Laksmiana Sukardi, Indonesian state minister in the ministry of foreign investment, told Pacific basin business executives.

"Both countries have huge and cheap labour pools and large potential markets, the easy days for Southeast Asia are gone and won't be coming back."

"We have no choice but to get leaner and meaner than we were in the past as pressure is greater than ever for us to create an excellent climate for production and trade."

ICMAB team meets commerce secretary

A delegation headed by M Abul Kalam Mazumdar FCMA, President of the Institute of Cost and Management Accountants of Bangladesh (ICMAB), met Golam Rahman, Secretary of the Ministry of Commerce, at his office on Tuesday, says a press release.

During the meeting, the President of the Institute appraised the Secretary of the activities of ICMAB and the role played by the cost and management accountants (CMAs) in the national economy.

Mazumdar said that the CMAs presently serving in responsible positions at different private, public sector organisations and industries in both home and abroad, were playing pivotal role in their respective fields.

Mazumdar also gave emphasis on implementation of "Cost Audit" by the CMAs in different industrial enterprises to reduce cost and increase efficiency, considering the condition of the national economy and resource constraints.

Secretary of the Ministry of Commerce Golam Rahman showed his keen interest in the profession of Cost and Management Accountancy and assured of all help in introducing Cost Audit under Companies Act, 1994.

Other members of the delegation present at the meeting were MA Matin FCMA, Md. Mujaibur Rahman FCMA, ABM Shamuddin FCMA, AKM Delwer Hussain FCMA and Saleh Ahmed Bhuiyan FCMA.

Russian trade surplus up

MOSCOW, Mar 22: Russia's foreign trade surplus rose to \$4.0 billion in January 2000 from \$1.7 billion in January 1999, but was down compared to \$5.1 billion in December last year, the State Statistics Committee said today, reports Reuters.

Exports rose to \$6.4 billion in January 2000 from \$4.6 billion in January 1999 and compared with \$9.3 billion in December last year. Imports fell to \$2.4 billion from \$2.9 billion in January 1999 and from \$4.2 billion in December.

Japan vows increased support to Bangladesh's development

Reaffirming its common stand to work with Bangladesh in regional and international fora for mutual benefits, Japan has assured of increased support to the development initiatives of Bangladesh, reports UNB.

"We'll do our best to overcome the challenges for mutual economic cooperation," said visiting Acting Chairman of Japan-Bangladesh Parliamentary League Shin Shakurai when he called on Industries Minister Tofail Ahmed at his office yesterday.

Identifying Japan as a very important development partner

of Bangladesh, the industries minister said Japan has emerged as the single largest donor of Bangladesh over the years.

He said the financial support from Japan Bank for International Cooperation to various development projects of Bangladesh, including Bangladesh Bridge and Karnaphuli Fertilizer Company, has got much impact on the country economy.

Tofail said, "We are negotiating with the Japanese government many more projects, including setting up a Diammonium Phosphate plant, aug-

mentation of Chittagong Urea Fertiliser Factory and BMRE of Ghorashal Urea Factory."

About the KAFCO project where JBIC is one of the main lenders, he said the issue would be resolved soon. "We consider it as a flagship project as far as Japanese investment in Bangladesh is concerned, although the whole project was not properly handled at the time of signing the agreement in 1990," Tofail said.

He said International Finance Corporation (IFC) has already submitted its report on commercial and technical feasibility of KAFCO and "we are

working on the report to reach an amicable settlement in or before August next."

He said KAFCO is now running with 105 per cent production capacity as its machinery has been replaced. "So, we will be able to term it into a viable project."

Offering his personal efforts in resolving KAFCO issue, Shakurai, a close aide of the Japanese prime minister, said it would help attract Japanese business people to expand their investments in Bangladesh.

Japan considers Bangladesh as a most important partner in South Asia, Shakurai said adding that Japan is happy to see Bangladesh elected as a member of the UN Security Council. "We are working closely with UNSC under the present chairmanship of Bangladesh," he said.

Japanese ambassador to Bangladesh Kazuishi Urabe was present on the occasion.



C M Alam, FCA, Vice-President of Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI), delivers the inaugural address at a three-day training course on "Strategic Management Planning" organised by MCCI under its Management Development Programme at the Chamber conference hall on Tuesday. Santosh Kumar Dutta, Deputy Secretary of MCCI, is also seen in the picture. —MCCI photo

Pacific Basin Economic Council meet Malaysian delegate challenges value of globalisation

HONOLULU, Hawaii, Mar 22: A senior Malaysian banker yesterday challenged the value of economic globalisation, arguing that until now the free flow of capital had increased inequality among nations and opened poor countries to plunder by multinational corporations, reports AFP.

In a sharply worded address to Pacific basin business leaders gathered here, Tan Sri Azman Hashim, Chairman of the Arab Malaysian Banking Group, took aim at some of their most cherished notions about globalisation.

His message to members of the Pacific Basin Economic Council (PBEC) was starkly at variance with the organisation's cherished contention that trade and investment liberalisation leads inexorably to economic growth and higher living standards.

"Globalisation is about breaking down national boundaries and barriers to the flow of goods, services and in-

vestment to wherever they can make the most profits," Tan Sri Azman said.

As a result, some countries benefit more than others and the world has seen "greater marginalisation as a result of the globalisation process."

"The current belief by the global community that countries must embrace liberalisation and adopt global rules and development would then follow have not proven true."

"It would seem that the current practices in trade and investment have difficulties in distributing wealth equitably."

The 1997-1998 financial crisis in east Asia, he said, was directly connected to the unfettered flow of capital across national borders in a globalised economy.

Rapid outflows of short-term capital, used by investors interested in immediate gains, undermined national economies and financial markets, leaving them vulnerable to multinational corporations.

Developing countries, reeling from financial crisis, become "prime targets of multinational corporations who sweep in to gobble up the easy pickings of weakened corporations at cheap and bargain prices," according to Tan Sri Azman.

Already, he said, some multinationals are financially more powerful than even medium sized countries, comparing Microsoft's 500 billion-dollar market capitalisation to Malaysia's total reserves of 30 billion dollars.

Despite such concerns, Tan Sri Azman said, Malaysia remains committed to globalisation — but on condition that developing countries themselves are allowed to manage its "pace and direction."

With international financial institutions, where globalisation is actively promoted, "developing countries must be allowed to effectively participate in the decision-making process."

Dollar up against others on Fed rate hike

NEW YORK, Mar 22: The dollar rose slightly against other currencies Tuesday after the Federal Reserve raised a key short-term interest rate by a quarter-point, reports AP.

The euro was quoted at 96.41 cents in late New York trading, down from 97.34 cents late Monday. The dollar also was quoted at 106.93 Japanese yen, up from 106.36 yen.

While the increase in federal funds rate to 6 per cent was in line with what markets were expecting, the fact that it did not upset the stock market was a positive factor for the dollar, said Hillel Waxman, chief foreign exchange trader for Bank Leumi USA.

With plenty of advance warning for the rate increase, stocks took the Fed's move in stride, which helped the dollar keep its ground against other currencies. The Dow Jones industrial average rose 227.10 points to close at 10,907.34.

The move by the Fed narrows the gap between short-term interest rates in the United States and Europe following a rate increase last week by the European Central Bank.

"The dollar is now on an even footing with the euro, so it's harder for the euro to find a bounce," Waxman said. "Now we have a chance for the dollar to go higher against the euro."

The dollar also was quoted at 1.6721 Swiss francs, up from 1.6561; and 1.4684 Canadian dollars, down from 1.4694. The British pound rose to \$1.5733 from \$1.5699.

Currencies of the 11 countries participating in the euro are no longer traded separately and are tied to the euro by a fixed rate. Based on Tuesday's euro rate, the dollar was worth: 2.0285 German marks, up from 2.0093; 6.8031 French francs, up from 6.7388; and 2,008.18 Italian lire, up from 1,989.18.



N N Khorana, General Manager of IBM Learning Service, describes the programmes of IBM-ACE computer education centre, which will be launched today at Gulshan in the city. Also seen in the picture (from L to R) are Momtaj Faruqi, Centre Head, M Tajul Islam, Director of Public Affairs and Communications, and Nazirul Islam, Marketing Manager of IBM Bangladesh. —Star photo

Programme learning centre opens today BRAC gets into IT edn fray

Star Business Report

As Information Technology (IT) has brought unprecedented development opportunities for the economy, BRAC — the largest NGO in the country — has taken initiatives to launch a computer programme learning centre at city's Gulshan.

The centre named IBM-ACE will be inaugurated at a ceremony at BRAC Centre by Industries Minister Tofail Ahmed, while US Ambassador John C Holzman will be present.

BRAC has teamed up with the world's largest IT company, IBM, to offer IT education to learners, ranging from new graduates to professionals and home and office PC users, who are keen to utilise the power of personal computers or upgrade

their skills, officials of the centre said at a press briefing yesterday.

The Advanced Computer Education (ACE) centre offers seven curricula including PC, User, System and Network Administration, AS/400, Basic IT, Programming Core, Advanced C++ and Advanced Java.

"We are sure that the students will receive the best standard education as our curricula and courseware have been devised and updated by IBM with assistance from the world's leading universities and educational institutions," said N N Khorana, General Manager of IBM Learning Service.

"The students will receive

IBM certification for every course, which is recognised all over the world," said centre head Momtaj Faruqi.

The press briefing was also addressed, among others, by Md. Sahool Afzal, Director, IT BRAC, M Tajul Islam, Director of Public Affairs and Communications of BRAC, while Nazirul Islam, Marketing Manager of IBM, Bangladesh, and Bindoo Subbarao of IBM Learning Service were present.

Momtaz Faruqi said that final examinations of all the courses would be administered through a unique real-time online testing service, maintained and managed by Global Learning Services in Brussels, Belgium.



Engineer Anwar Hossain, General Manager of Ericsson Bangladesh, Schezade A K Khan, Director, A K Khan & Co, and S Anwar Ali, Service Engineer of Ericsson Bangladesh, attended the opening ceremony of Ericsson-certified Service Point (After Sales Servicing) for mobile phones under A K Khan & Co. (Telecom Division) at the 1st floor of HBFC Building, Purana Paltan, Dhaka. —Ericsson photo

CEO's paradigm and growth of private commercial banks

By M Khairul Alam

A good number of private commercial banks (PCBs) have started functioning over the years with the web of open market competition under a conflicting socio-economic-political environment in Bangladesh where development of corporate culture is still a far cry.

A bank thrives mainly on public money and cannot be managed and operated like that of any other business organisation registered under the same Act. A bank is also required to function and operate within the purview of Bank Company Act, 1991 and government directives as per Bangladesh Bank Order, 1972.

In an open market environment, the growth of a PCB depends on its reasonable freedom to operate outside over-controlling measures and bureaucratic tangles, besides the development of corporate culture within itself. The main focus of this write-up shall remain on the style and aptitude of a CEO (Chief Executive Officer), which, as I strongly believe, despite various limitations, can lead a bank to sustainable growth.

CEO, who is also an ex-officio member of the Board, is appointed by the Board of a bank with prior permission of Bangladesh Bank as per clause 15 of the Bank Company Act, 1991. Thereby, the functioning areas of a CEO in all practical purposes also fall under the direct supervision and control of the central bank and even his administrative decisions like transfer, posting, appointment and promotion of the staff can be questioned. Moreover, to prevent detrimental activities,

ensure proper management of the bank or to safeguard the interest of the public, the chairman/director/chief executive officer, other than the government-appointed chairman/director/CEO can be removed by Bangladesh Bank under Clause 46 of the Bank Company Act, 1991. Again, as per Clause 47 of the Act BB is empowered to dissolve without discrimination the Board of a bank for reasons stipulated under Clause 46.

The Bank Company Act does not contain any clause regarding the accountability of the chairman/director/CEO. For effective and efficient management, the functioning of a Bank requires additions, modifications of conflicting rules and regulations so that transparency and accountability can be established equitably and without any discrimination, at least to an acceptable level.

The progress and growth of a PCB fundamentally calls for clear and straight policies and supportive role from the regulatory and controlling bodies (the term 'controlling bodies' should preferably be replaced by 'supporting bodies' as I consider the intrinsic meaning of the word 'control' is negative). In an open market environment and for a participative and result-oriented management, the CEO should enjoy sufficient freedom to lead and manage a Bank within the basic principles of the banking sector norms being practiced internationally. This should match our local environment i.e. a convenient check and balance at macro level is

necessary to secure the interest of the depositors leaving CEOs free from micro-level issues. But the CEO should be accountable for broad-based issues that affect the interest of the Bank and its depositors.

While Bangladesh is adopting international banking norms and aims to restore banking discipline, issues not in conformity with international rules and regulations should also be addressed properly and objectively so that major purposes do not get defeated in the end. To match the need of the day, it is necessary to bring modifications and changes in our existing banking rules and regulations so that active participation of a larger segment of work force can be ensured without fear of unnecessary prosecution in the name of rule-bound discipline under traditionally-controlled management structure. Obviously rules are framed, modified, and altered for a greater purpose and therefore, these demand timely review and constant adjustment to remain in the market race.

In an open market situation, market forces should determine the policy guidelines. A bank executive should remain flexible and adaptable to the changes to stay fit as an effective market player. But a defensive person generally prefers to take shelter of a traditional and conflicting environment. Bangladesh possibly hasn't reached its expected level of growth till date despite the availability of huge foreign credits since its independence mainly due to the non-partici-

pation and non-committal approach in traditional and controlled management system. Under such system, nobody remains accountable for the decisions and actions which comply with the rules and regulations in spite of any resource drainage. But a person is likely to be harassed for any action which does not comply with the set rules and yet, yields good results. So, our present corporate governance encourages one to remain dedicated to rules and save his skin.

A PCB in an open market cannot sustain with the defensive mentality of its officers. Neither the depositors' money nor shareholders' funds can be protected unless the officers are trained and built to go for taking calculative risks. This needs distinct and positive role from the top. Hence the CEO's aptitude is vital to determine whether a problem is direct, indirect or serious in nature. The CEO should be professionally sound and developed to read the situation correctly — he should be driven by values and not feelings. By providing sincere, honest and effective leadership, I strongly feel, even within the existing conflicting environment, the whole business can be run differently to push the profit and growth of the bank to an enviable position.

It is needed that the CEO should be toughminded, pragmatic, and energetic to get to the problem and fix it. He should get the facts out on the table and modestly allow reason to speak itself.

A creative CEO demonstrates in his behaviour a powerful symbol of communication to his colleagues down the line, telling them what he really cares about and keeps on motivating others to pursue the objective. The CEO should not hesitate to press his colleagues, but at the same time he should allow them to come around to a point of view in their own way which will create a healthy climate and win their acceptance. Thereby, the CEO can desert himself from giving orders to his subordinates.

The CEO may sometimes get caught in management paradigm, thinking of the control efficiency, and rules instead of direction, purpose, and fellow-feelings. He may also remain busy without being effective. Keeping himself engaged in talking and managing position for self-interest may also develop cancerous cell down the line of the organisation.

Moreover, there might be a tendency to depend too much on the CEO or the Board, which may reflect that the institution's management is not functioning properly — the executives either prefer to be on the defensive or are professionally incapable. Sharing or effective participation in the decision-making process should be cultivated to reduce dependency, which is also required to deliver quick personalised service to the customers. Attraction and retention of the good customers depend largely on teamwork. The delivery system of a bank should develop on the strong belief of the customer

that his banker can not cheat him knowing and the officers should be trained and driven towards fulfilling the customers' need.

The branch managers and departmental heads at the Head Office should not always think of taking approvals from the CEO for minor operational issues. The executives should exchange opinions and ideas freely regardless of their ranks and relationships. For this, periodical management seminars and meetings should be held where professional criticism may be encouraged. This may also help spot talents within the ranks and put the right man in the right place.

Since result is the criteria for recognition, the performers should be promoted to key posts even over this seniors (performance should not be sacrificed to seniority). The CEO in particular should keep in mind that the organisation cannot adopt a paternal attitude towards its falling organs (non-performers) and subsidise them years together. Negative elements develop negative values and create obstacles in business growth. The CEO should preach and demonstrate in style that bribery is unethical as this has not been earned. Drawing money from the bank by its officials without productivity should also be considered unethical.

The writer is the Chief Executive of Eastern Bank Ltd (EBL) and the views expressed in this write-up are strictly personal.

(To be continued)

DaimlerChrysler, Mitsubishi near alliance deal

TOKYO, Mar 22: DaimlerChrysler and Japan's Mitsubishi Motors moved closer to a deal today that is expected to give the German-US automaker effective control of Mitsubishi and create the world's third-largest carmaking group, reports Reuters.

Mitsubishi Motors Corp President Katsuhiko Kawasoe was authorised by the board on Wednesday to decide on an alliance with a foreign company, which is widely expected to give DaimlerChrysler AG at least a 33.4 per cent stake in Mitsubishi and veto power over its board decisions.

The effective takeover would provide DaimlerChrysler with a much-needed Asian base and small car expertise while helping the Japanese automaker with its heavy debt burden, which totalled 1.75 trillion yen (\$16.4 billion) on a consolidated basis as of the end of September.

DaimlerChrysler and Mitsubishi make a combined 6.5 million vehicles annually, equivalent to the world's third-largest automotive group behind US giants General Motors Corp and Ford Motor Co.

A deal would also take the last available Japanese carmaker out of the pool of potential partners in the global auto industry's rush to consolidate. Only Toyota Motor Corp and Honda Motor Co remain as strong independent firms.

In negotiations with a foreign automaker, the board has entrusted the president with decisions on an alliance partner and the contents of the alliance," a Mitsubishi spokesman said on Wednesday.