

Good governance must to woo investment

Speakers observe at workshop

STAR BUSINESS REPORT

Speakers at a workshop here yesterday demanded establishment of good governance in Bangladesh corporate sector terming it a pre-requisite to augment domestic and foreign investments.

They made the demand at a session on general framework of corporate governance in the two-day workshop organised by the Securities and Exchange Commission (SEC) in collaboration with the Asian Development Bank (ADB).

The discussants pointed out family run company management, insufficient audit, non-influence of minority shareholders and delay in court in disposing of cases to be the main obstacles standing in way to establishing corporate governance.

Meanwhile, in another session of the workshop on corporate governance of Bangladesh the discussants called for protecting the interests of minority shareholders for development of Bangladesh capital market.

Alan G Rosenberg, team leader of Asian Development Bank (ADB) Technical Assistance Project presented the workshop with a keynote paper where he identified management serving interest of the families running businesses to hurting good governance.

He said unwillingness of professional managers to joint enterprises is another factor that matters. "In some companies age is the basis for promotion rather than talent," said Rosenberg.

"On the other hand, the auditors' institution Institute of Chartered Accountants of Bangladesh is not performing its duties to ensure

the standards of the professionals," Rosenberg said recommending establishment of an accounting board to oversee the tasks of ICAB.

Alan also pointed out the delay in disposal of cases and said, "Proceedings take years and are often too costly to justify as well as judges are often unfamiliar with company law."

"The wrongdoers should be punished to create an example as it has been done in the United States," he headed.

Arthur Sokolow, an international mutual fund specialist, laid emphasis on protecting the rights of minority shareholders. "These shareholders should be educated for increased participation in the corporations and any contract signed by the company should be disclosed before them," he suggested.

Muhammad Mohsen Rashid, advocate, Supreme Court, criticising the SEC said corporate governance should be established in the regulatory bodies first.

Investment Corporation of Bangladesh (ICB) Managing Director Md Ziaul Haque Khondker expressed concern over the accountability and transparency of the company directors as a number of companies don't hold their board meetings on time.

Managing directors of British American Tobacco Bangladesh Stephen Daintith also discussed on the issue while SEC Chairman Manir Uddin Ahmad chaired the session.

Call for protecting minority shareholders' right

In a separate technical session on minority shareholder protection, Alan G Rosenberg, team leader of

ADB Technical Assistant Project, expressed the view that rights of minority shareholders should be protected for development of Bangladesh capital market.

Presently in Bangladesh, most of the companies operate for the benefit of the majority shareholders neglecting the minor shareholders' right.

In his keynote paper, Rosenberg recommended several measures to establish corporate governance in Bangladesh.

His suggestions include ensuring transparency in information disclosure, shareholders' rights and dispute resolution by exchanges for protecting minority shareholders.

Anis-ud-Doula, sponsor director of ACI Limited, opposed the ADB recommendations saying the suggestion may not be effective as these have been formulated on theoretical basis and lacking direct interaction with the investors appropriate for Bangladesh.

Dr M Zahir, advocate of Supreme Court, said SEC should be empowered to file cases directly in the High Court to reduce the procedural delay.

In response, Commerce Secretary Suhel Ahmed said his ministry has already decided to form a committee to amend the company law in this regard.

Speakers of the session emphasised that minority shareholders should be educated and made aware for their rights.

Call for similar rules for listed, non-listed cos

The government should bring both the listed and non-listed companies under the purview of similar

regulations to enable them to compete with each other, speakers at another session of the workshop observed.

"If equal rules are made applicable to both the listed and non-listed companies, the non-listed companies will want to stay away from going public to avoid such legal obligations," Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) President Yussuf Abdullah Harun said.

Presiding over the technical session on ownership and board structure the FBCCI president said at first regulators like SEC must build their own capacity to apply rules and regulations on others.

Foreign Investors' Chamber of Commerce and Industry (FICCI) President Waliur Rahman Bhuiyan, Dhaka Chamber of Commerce and Industry (DCCI) Vice President Hossain Khaled, Supreme Court Advocate Nihat Kabir and International Mutual Fund Specialist Arthur Sokolow were panel discussants.

ADB Technical Assistant (TA) project Team Leader Alan G Rosenberg presented the keynote paper.

FICCI President Wali Bhuiyan underscored the need for improving the law and order situation. "It makes business difficult for the businessmen who are doing businesses according to country's rules and regulations," said Bhuiyan.

He said there is no need to change the existing law on capital market as it is suggested by the ADB. "Existing law is enough if it could be implemented properly," said Bhuiyan.

DCCI Vice President Hossain Khaled rejected an ADB suggestion



PHOTO: STAR

International mutual fund specialist Arthur Sokolow speaks at a technical session of a workshop on corporate governance in Bangladesh jointly organised by the Asian Development Bank (ADB) and the Securities and Exchange Commission (SEC) at a local hotel yesterday. FBCCI President Yussuf Abdullah Harun, FICCI President Waliur Rahman Bhuiyan, DCCI Vice President Hossain Khaled and ADB Technical Assistant Team Leader Alan G Rosenberg are also seen in the picture.

to assign an independent director for every company and introducing cumulative voting system for electing board directors.

Khaled questioned who will employ the independent director and what will be the qualifications

for assigning such a director.

He however said a body should be formed for appointing audit committee in every company, as recommended by the ADB.

The DCCI vice president said given the Bangladesh perspectives

there is a possibility of making money by the appointed independent director.

Supreme Court advocate Nihat Kabir said maximum board of directors do not think about the shareholders' well-being and even

they do not know what are their responsibilities towards them.

"Training programme should be arranged for every company directors so that they can perform well," Kabir suggested.

Dutch Bangla Bank to collect DESCO bill

Dutch Bangla Bank Ltd will collect utility bills of Dhaka Electric Supply Company Limited (DESCO) through its branches located in DESCO operation area. An agreement to this effect was signed between the two sides on Tuesday in Dhaka, says a press release.

Mohammad Mominul Haque, executive vice president of the bank, and AHM Nurul Huda, company secretary of DESCO, signed the agreement on behalf of their organisations.

The utility bills of DESCO can be deposited in Gulshan, Banani, Mohakhali, Uttara and Mirpur branches of the bank.

Md Yeasin Ali, managing director of Dutch Bangla Bank, and Md Showkat Hossain, director (Finance) of DESCO, were also present at the signing ceremony.

Dutch Bangla Bank Limited also collects bills of Dhaka Electric Supply Company (DESA), Palli Bidyut and Titas Gas.

Repo auction

UNB, Dhaka

The Reverse Repo auction of Bangladesh Bank for commercial banks and financial institutions was held here yesterday.

Nine bids of one-day tenor amounting to Tk 590 crore were received, of which eight bids of amounting to Tk 565 crore were accepted.

The rates of interest against the accepted bids ranged from 3.75 per cent to 3.95 per cent per annum, a Bangladesh Bank press release said.

Oil prices edge higher on supply on nerves

AFP, New York

World oil prices edged higher Tuesday as traders fretted about the level of global energy supplies, overshadowing relief at the end of a strike in oil-rich Nigeria.

New York's benchmark light sweet crude August contract gained nine cents to close at 30.22 dollars.

In London, the price of Brent North Sea crude oil for August delivery rose 17 cents to 27.99 dollars.

"You are in that period of year when crude demand is high and crude oil and gas inventories are traditionally low," said market analyst Bill O'Grady.

"Seasonal factors really matter in the market," he said.

Traders had sold oil earlier in the day on news of the Nigerian strike collapsing, but they later scurried back for fear of having sold too much, O'Grady said.

Bangkok Agreement to be renamed as APTA

STAR BUSINESS REPORT

The Bangkok Agreement (BA) is likely to be renamed as the Asia-Pacific Trade Agreement (APTA) soon, sources said.

Representatives from five member countries of the BA -- Bangladesh, India, South Korea, Sri Lanka and China -- will sit for discussion on August 25 in Bangkok to finalise their position on the issue.

Organised by the Economic and Social Commission for Asia and the Pacific (ESCAP), the forthcoming meeting, 12th session of the standing committee of the BA, will continue for four days in the Thai capital.

The meeting is likely to okay the draft text for the APTA, common rules of origin under the proposed trade bloc and accession of

Pakistan to the APTA that will make it a six-nation pact, sources said.

Bangladesh will emphasise the inclusion of a clause in the proposed trade agreement to reap extra preferential benefit as a least developed country (LDC), sources in the commerce ministry said.

The meeting of the standing committee will also lay stress on reaching a consensus for common rules of origin to facilitate trade among the member countries, a high official in the Tariff Commission told The Daily Star.

Signed in 1975, the BA has now five members with insignificant achievement in trade and investment owing to complex rules of origin. The member countries from time to time give concession to each other in import duties under the agreement.

"Due to complex rules of origin

criteria, it is difficult to reap benefit for a country like Bangladesh from such duty concession," said an official concerned.

The ensuing meeting will discuss the simplification of the rules and common origin regulations for facilitating exports among the member countries. It may agree to include Pakistan in APTA to further accelerate the forum.

Besides Pakistan, countries like Fiji, Iran, Nepal, Vietnam, Japan and New Zealand have shown their interests to join the proposed trade bloc, sources said.

Once the member countries are agreed to rename the 28-year-old BA as APTA, it has to be endorsed by the World Trade Organisation (WTO), which is a mandatory condition, they added.

Lawyers decry mandatory tax return submission

STAR BUSINESS REPORT

Lawyers yesterday demanded of the government to withdraw the provision of mandatory submission of income tax return for them.

Terming the decision 'irrational' and 'discriminatory', Bangladesh Bar Council leaders said the decision will affect young lawyers as in most of the time they do not earn taxable income.

They also said Tk 90,000 ceiling for paying income tax is 'irrational' and it should be re-fixed at Tk 2,00,000.

Speaking at a press conference, Barrister Amir-ul-Islam, vice-chairman of Bangladesh Bar Council, said lawyers who have taxable income have already been paying taxes, but the new provision for all lawyers will affect those who do not have taxable income.

He said lawyers are ready to pay tax but they are not willing to face 'harassment' at the tax department.

Replying to a question, he said there should be a provision to bring a lawyer under tax net after seven years of his/her practice.

Among others, M Israfil, Sudangsu Shekhar Haldar, Abdul Baset Majumder and Subrata Chowdhury were present at the conference.

SAFE, FIRST Initiative sign TA deal

South Asian Federation of Exchange (SAFE) has signed a technical assistance (TA) agreement with the Financial Sector Reform and Strengthening Initiative (FIRST Initiative) to strengthen stock exchange listing regulations in SAFE member countries.

Under the deal, FIRST Initiatives will fund SAFE's project -- 'Strengthening Stock Exchange Listing Regulations in Member Countries.'

The project will assess the member country's listing regulations in line with international and regional practice, says a press release.

BSHRM holds training course

Bangladesh Society for Human Resource Management (BSHRM) held a daylong training course on "Effective Recruitment and Selection Process" in Dhaka recently.

Twenty participants from different national and multinational organisations took part in the course, says a press release.

Mehboobur Rahman, president of the BSHRM, inaugurated the training course.

HP-TV Bundle draw held

The second draw of HP-TV Bundle promotion was held in Dhaka yesterday.

Customers who bought HP Desk Jet printers got coupons during the promotion, which run from April 14 to June 15.

DSE chairman vows to discipline members

NAZRATUN NAYEEM MONALISA

The Dhaka Stock Exchange (DSE) will take appropriate measures against members of the bourse who were engaged in malpractice, DSE Chairman Ahmed Iqbal Hasan informed the Securities and Exchange Commission (SEC) yesterday.

In response to the SEC letter advising DSE to initiate necessary steps against four members found guilty of misconduct, the DSE chairman said the surveillance

team is still inspecting activities of some other brokerage houses which will be reported to the SEC in due time.

The letter also said that the exchange was in dark on the issue that some brokers were misappropriating investors' fund.

"It is surprising that the respective department of SEC did not suspend licenses of the brokers or take any action against them if the commission had evidence of misconduct by DSE members," the chairman wrote.

Regarding the vacant position for chief executive officer, the letter said due to some legal complications, the exchange could not appoint a CEO during the first six to seven months and despite several initiatives, no candidate was found suitable for the position.

"Failure in appointing an honest and suitable person as CEO will help re-emerge the previous mismanagement in the capital market," the letter added.

Experts to suggest further opening up of telecom

STAR BUSINESS REPORT

With a view to further opening up the telecommunications sector, the government has hired international consultants who will recommend on strengthening the regulatory framework, licensing framework and interconnection issues.

Bangladesh Telecommunications Regulatory Commission (BTRC) Chairman Syed Marghub Murshed said this while addressing a workshop on telecom regulatory issues held at a city hotel yesterday.

He said the recommendations will be submitted by July 31.

The consultants will make recommendations on the basis of Bangladeshi law focusing on achieving the National Telecommunications and ICT Policy objectives.

Such recommendations will be made in consultation with stakeholders, said Mark Williams, team leader of Frontier Economics, an international telecommunications consultancy firm, at the workshop.

He lauded Bangladesh for opening up its telecommunications sector.

"Bangladesh has been a pioneer in telecom reform... the first country in South Asia to introduce private participation in the telecommunications sector," Williams said while presenting a paper on Strengthening Telecommunications Regulatory Framework.

He said Bangladesh's mobile phone subscription recently increased dramatically but the penetration rates still continues to below.

Currently, there are over 15 lakh cellular phones in Bangladesh in addition to around 8.5 lakh fixed phones, BTRC officials said.

Earlier, Minister for Posts and Telecommunications Barrister Aminul Huq inaugurated the workshop. He underscored the need for bringing more competition in the sector by allowing more private operators and ensuring a level playing field for all.

Telecommunication Ministry Secretary Faruk Ahmed Siddique stressed the need for empowering the BTRC through strengthening and capacity building of the telecom regulator. "The creation of BTRC is not enough if it could not act properly," he said.

Headhunting heading for intensity

SHAHNILA AZHER

Recruitment has always been a serious business, and considering the salary and training packages of key management positions these days, mistakes made in selecting the 'perfect' candidate for a job can prove to be very expensive over time. Experts who can be a corporate recruiter's best friend during this difficult process is the headhunter -- also known as an executive search firm.

Interestingly, even though the concept has been around in this country for the last 30 years, headhunting still remains a niche business in Bangladesh.

The first headhunting firm in the country was Rapport Bangladesh, a management ser-

vices company incorporated in 1972 that now provides a range of management and economic consulting, training and conference management services. The other major players in this arena are Monower Associates, Eshna and ConsuMark Limited - all started operating in the 1990s, with multinational company executives at the helm.

Over the years, demand for this service has reportedly grown by many times but the increase has definitely not been commensurate with the growth of the general industry. The reason is because the momentum is limited to one specific area - the multinational and foreign companies.

"The use of headhunters in Bangladesh has increased primar-

ily with the internationalisation of the corporate world when international managers are placed in Bangladesh, they bring with them their established practice of using headhunting firms. Over time, local companies have begun to follow suit but still do so in a very limited scale," said Monower Ahmed of Monower Associates.

But, for all practical purposes, why should a corporate recruiter pay out money to an outside party just to recruit people in this market where unemployment is extremely high? Because, as Emad ul Ameen of Eshna explained, "Being a third party, the headhunter often can find the right person for the job in situations where the employer cannot."

"This is especially true of mid-

level and senior positions, positions for which headhunters are mostly used. Owing to confidentiality issues, veteran and sought-after managers do not risk their present jobs by replying to newspaper advertisements. Moreover, companies increasingly want to avoid the hassle of dealing with pressure groups who try to influence recruiting" he said.

Entities best served by headhunting firms are medium-sized companies, since these companies often do not have the required people and processes.

The techniques used by headhunters have not changed much over time they either rely on their own database of resumes or directly approach suitable people informally. It is a plus point on the

part of the headhunter if ancillary services are offered along with executive search.

For instance, Rapport runs regular training programmes which are attended by over 5,000 people annually; Eshna offers a range of business and management services including financial management, corporate governance, legal and statutory guidance, and IT. Monower Associates has human resources services like job evaluation, executive salary surveys, and employee handbook services while ConsuMark essentially is a marketing consultancy firm that moved to headhunting because of client requests.

But still headhunting remains a slow business. According to Mosharraf Hossain of Rapport,

headhunting contributes only 30 per cent of his total revenue.

Trends observed by the headhunters in today's employment market are a handful: they have increasingly experienced rising demand for more skilled, contemporary styled managers, booming knowledge industry and automation, and emergence of new jobs like shop management.

Habib Sattar of ConsuMark said, "Employers are increasingly comparing the cost and value of human resources available here with those of India, proving to be a very tangible threat. They perceive a mismatch between the compensation package and skill set of potential candidates in Bangladesh."

The dream job of a headhunter

is the recruitment of a CEO, not surprisingly since the headhunter is paid a percentage of the candidate's salary. It is true that the headhunting business in the country has gone beyond basic post-office activities of resume collection but the industry today seems to have reached a plateau.

There does not appear to be room for accommodating any more players since true managerial talent is in short supply in today's market. The only positive signal is that the overwhelming global trend of outsourcing will catch on in Bangladesh and local companies will increasingly consider shifting out their basic human resources activities.