

## Country expects immediate release of DU detainees

However, responding to the questions of reporters on the ongoing protests at Dhaka University for unconditional release of teachers and students, Major General (Retd) M.A. Matin, who has just assumed office as adviser to the home affairs ministry, requested DU teachers and students not to take any tougher agitation programmes as, the government was also eager to solve the case immediately and was working on it. In a talk show on a satellite TV channel in Bangladesh, the chief of Bangladesh Army, General Moeen U Ahmed, described the teachers as respected personalities and the students as being dear to everyone, and hoped that the government would work out a solution to the Dhaka University issue.

RIPAN KUMAR BISWAS

ACCORDING to their decision on January 15, with full support of general students, regarding the release of teachers and students in connection with violating Emergency Power Rules (EPR) on August 20-22, 2007, Dhaka University Teachers' Association (DUTA) decided not to hold any admission tests at the University until all the arrested Dhaka University (DU) teachers and students were freed. Two of the four admission tests for nine DU faculties have been held, while two admission tests of Kha and Gha units are scheduled for February 1 and 8, 2008.

Apart from the announced programme of not holding admission tests, the teachers will go for a three-hour token hunger strike at Aparajeya Bangla on January 21, a solidarity rally of teachers, students and guardians on January 23, and

the hoisting of black flags if all the detainees are not released by January 23. They will also raise funds for the treatment of injured students, and send a letter to the Bangladesh Medical and Dental Council to cancel the registration of a jail physician who assaulted a student when he sought treatment.

However, responding to the questions of reporters on the ongoing protests at Dhaka University for unconditional release of teachers and students, Major General (Retd) M.A. Matin, who has just assumed office as adviser to the home affairs ministry, requested DU teachers and students not to take any tougher agitation programmes as, according to him, the government was also eager to solve the case immediately and was working on it. In a talk show on a satellite TV channel in Bangladesh, the chief of Bangladesh Army, General Moeen U Ahmed, described the teachers as respected personalities and the

students as being dear to everyone, and hoped that the government would work out a solution to the Dhaka University issue.

Even though the government is repeatedly giving assurance and sympathy, and showing respect towards all of the detainees and their families, well wishers, friends and colleagues by saying that initiatives have already been taken for a graceful solution, there was no sign of a government move to release the DU detainees till writing of this article.

The recent comment made by Education Adviser Hossain Zillur Rahman at a media briefing that the detainees would be freed "within the next few days, whatever the court verdict might be" was not clear enough about how they would be freed, whereas Law Adviser AF Hassan Ariff told journalists on January 15 that they would not be released before the completion of the trial.

After such comments from the

advisers, former president of Duta, Prof A.A.M.S. Arefin Siddique, said that nobody was feeling assured that the detainees would be freed in a dignified manner any time soon. "A repetition of the Rajshahi University incident, where the detained Rajshahi University teachers were freed after conviction by a court followed by a presidential pardon for them, might make the situation more complicated and might not be acceptable to all," said Arefin. He urged the government to withdraw all the cases against them, which would be dignified for the government and the detainees too, leading to easing of the tension between the government and the university.

According to his son, Sanjeeb Hossain, detained Prof Anwar Hossain, who is the general secretary of Duta, categorically protested the education adviser's statement and expressed deep apprehension that the incident of Rajshahi University was about to be repeated in Dhaka. Pointing at the contradiction embedded in the newly appointed education adviser's statement, the detained professor told the court that the adviser was in "contempt of court" by making such a statement. He further added that he would go for legal action if the court verdict went against him, rather than asking for mercy from the government.

Expressing deep concern over the issue, US Senator Edward M Kennedy, in a letter to the government through the Bangladesh ambassador in Washington on October 26, urged the caretaker government to release all teachers, students and employees of Dhaka University and Rajshahi University detained in connection with student protests in August 21-22, 2007. Their arrests were made in connection with student protests and they have not been charged with any crime.

An immediate, and unconditional gesture should now be coming from the government to release all those detained in connection with the DU incident, and all cases relating to that incident must be withdrawn if normalcy is to be restored on the campus.

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## Management control in multinational firms

From the above discussion it is apparent that management control in a multinational operation is a complex and demanding task. It is not enough to transfer domestic practices and programs abroad. New concepts, techniques, and approaches are needed to establish an effective management control system for multinational operations. There are two ways whereby corporate headquarters can evaluate the performance of each foreign affiliate: (a) by examining each unit against its own standards and goals and (b) by assessing each affiliate against the others.

A.B.M.S. ZAHUR

GENERALLY, management control is defined as the process by which managers ensure that resources are obtained and used effectively in the accomplishment of the organisation's objectives. It has three key elements, (a) it is carried out by managers, (b) it takes place in the context of objectives and policies that have been arrived at in the strategic planning process, and (c) the criteria for judging the actions taken in this process are effectiveness and efficiency.

The basic control process involves three steps:

- Establishing standards;
  - Measuring performance against the standards; and
  - Correcting deviations from standards and plans.
- Management control is very difficult in multinational firms for the following reasons:
- Corporate headquarters find it necessary to delegate much of the day-to-day decisions to local management;
  - Multinational operations are usually vulnerable to the emergence of sub-goals among various foreign affiliates, which are not consistent with the overall goals of the corporations. This is caused by the difficulty involved in the process of communication. It is particularly serious when foreign affiliates are managed by local personnel. The management of foreign affiliates are not only isolated from corporate headquarters, but must also work in operations of day-to-day nature;
  - The physical isolation and the absence of stimulus gained from frequent personal contacts with other executives

often lead to complacency;

- Unlike a purely domestic firm, a multinational company operates in widely diverse environments. The performance is obviously affected by the differences in environmental factors. Thus, corporate management must take environmental variables into consideration in evaluating each affiliate. The performance of a firm is influenced by socioeconomic and political constraints. Determining the degree of controllability of the environmental variables is another problem;
- Performance of a foreign affiliate can also be affected by intra-firm decisions that are beyond the control of local management. Company-wide logistic decisions can only be made at the headquarters. Such decisions affect profitability of foreign units;
- International business can be conducted in three basic ways -- exporting, licensing, and direct investments -- with almost endless variation within each of the methods;
- There is an element of cultural differences, which affects managerial control in several ways;
  - (i) Culture prescribes the standard of achievement and dictates the concomitant system of rewards to a large degree. In an advanced industrial society, productive achievement is rewarded. In some traditional cultures reward is given for loyalty, devotion and contribution to the group. Thus, a system of motivation and incentive must be meaningful in terms of the particular cultural environment;
  - (ii) Culture affects an organisation's superior-subordinate relations. Some cultures are prone to producing inter-

personal relationships characterised by distance, distrust, and hostility; while others are more conducive to group-oriented, collaborative, interpersonal relationships.

From the above discussion it is apparent that management control in a multinational operation is a complex and demanding task. It is not enough to transfer domestic practices and programs abroad. New concepts, techniques, and approaches are needed to establish an effective management control system for multinational operations. There are two ways whereby corporate headquarters can evaluate the performance of each foreign affiliate: (a) by examining each unit against its own standards and goals and (b) by assessing each affiliate against the others.

In setting performance standards, management may find it useful to group the firm's foreign affiliates according to similarities in key operating variables. This enables management to set common performance standards for all affiliates. Similarly, in setting productivity standards, management can classify countries according to similarities in the factors that are believed to determine worker productivity.

The need for evaluating each affiliate against its own goals and standards is obvious, and there are several reasons why affiliate appraisal comparison is advantageous. They are, (a) affiliate appraisal against its goal alone is insufficient, (b) the comparative analysis of past performance provides a useful guideline for future decisions on the allocation of corporate resources, (c) comparison of foreign affiliates with similar standards of perfor-

mance is more equitable to those being evaluated, and, thus, more likely to be received by them as meaningful.

A further advantage of the comparative approach is that it might help management to suggest corrective measures. It will aid management in diagnosing the causes of deviations and in viewing them in perspective, and the comparative evaluation of foreign affiliates will provide an incentive for improved performance when affiliate managers know that their contributions are compared against those of others in similar conditions.

Initially, the executive did not accept application of the concept of comparative framework for managerial control. Comparative analysis for control has remained limited to intra-unit comparison against either the past performance or the goals of the particular operation. Regardless of the criteria or rigour of measurement of performance, very little inter-affiliate comparison was evident.

There was little demonstrated evidence of systematic approaches for transmission of information among the various units of a company. Informal provisions for information transmission are missing. One common method is through personal visits of top management and headquarters staff. Other methods of communication, such as correspondence, newsletters etc. also serve this purpose. There is an increasing degree of exchange of personnel between corporate headquarters and foreign affiliates.

Despite a certain apathy toward application of a framework of comparative analysis as discussed above, multinational firms are showing greater interest in such an approach. With the passage of time more multinational firms will opt for management control because of the revolution in communication, growing interaction among different cultures, and rapid progress of international trade.

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## The invisible hand of globalisation

Greenspan and other Federal Reserve economists recognised the global intricacy behind any crisis in 1997-98, after Russia defaulted on its dollar debt. That crisis, triggered by a drop in the price of oil, had the potential to wreak global havoc, according to Greenspan, and prompted "major rethinking" at the Federal Reserve, along with the recognition that financial pressures were global in scale and "the effort to contain them would have to be global, too." He embarked on a series of speeches that rejected US exceptionalism. "It is not credible that the United States can remain an oasis of prosperity unaffected by a world that is experiencing greatly increased stress," Greenspan said in a 1998 speech. Countries that rely on trade must worry about the standard of living for any of their trading partners.

SUSAN FROETSCHEL

EVERY time global financial markets go into turmoil, most recently thanks to the US sub-prime mortgage fiasco, voices rise to demand global regulation. But then the question emerges -- can central bankers of the world tame the global financial markets?

In his recent book, "The Age of Turbulence: Adventures in a New World," Alan Greenspan makes a compelling case for why global regulation of the financial markets would offer no relief.

The global markets, huge in size, with billions of transactions, move with too great speed for meaningful intervention by regulators. But that does not preclude international cooperation. Regarding globalisation, two strands -- almost contradictory -- emerge in the book by the former chairman of the US Federal Reserve: first, the increasing irrelevance of central bankers in monitoring the markets, let alone controlling them, and second, the power of cooperation.

For Greenspan, the stress of international competition is not much different from that of domestic competition, except for greater speed and size. Regulation is supposed to order the markets, prevent panics, present a fair

playing field and prevent fraud. It cannot protect consumers or businesses from bad decisions. Global markets expand the number of competitors for any job, contract or product; consumers and producers have unprecedented access to information on prices, conditions and quality.

Thus, Greenspan warns that international trade can be brutally unkind to the inefficient that waste resources. Consumers and politicians, worried about the speed of change and the potential for any crisis spreading via intricate linkages, may see chaos in global markets, but Greenspan sees balancing forces. "Even in crisis, economies seem inevitably to right themselves, though the process sometimes takes considerable time," he writes. Crisis for one becomes an opportunity for another. "The scramble by market participants to seize those opportunities presses prices, exchange rates, and interest rates back to market-appropriate level," Greenspan writes.

Yet as imbalances develop in any area -- defaults, dropping currencies, trade deficits -- politicians and consumers expect immediate solutions from regulators.

Greenspan urges limited regulation for several reasons. Often, regulators don't know the source

of a problem until long after the crisis is underway. Greenspan's book repeatedly relies on words like "puzzling," "surprising," "mystery," "conundrum" and "irrational" to describe events that emerge for no reason or don't respond to economic intervention. "Unexplainable market episodes are something Fed policymakers have to deal with all the time," said Greenspan, adding that the central bankers have a limited set of tools. For those who demand that financial policy rigidly conform to benchmarks, he urges flexibility: "Too often we have to deal with incomplete and faulty data, unreasoning human fear, and inadequate legal clarity," he writes. "As elegant as modern-day econometrics has become, it is not up to the task of delivering policy prescriptions. The world economy has become too complex and interlinked."

Economic history warns against attempts to provide rescue for every problem. If regulators assist every industry that takes on more debt than it can handle, or makes bad business decisions, the intervention can encourage more reckless risk-taking. "Since markets have become too complex for effective human intervention, the most promising anti-crisis policies are those that maintain maxi-

mum market flexibility -- freedom of action for key market participants such as hedge funds, private equity funds, and investment banks," Greenspan writes.

Regulators cannot possibly monitor every cross-border transaction. No nation can hope to rein in the forces of globalisation. "Regulators can still pretend to provide oversight, but their capabilities are much diminished and declining," admits Greenspan. Innovative financial tools increase risk, speed and complexity, but also provide targeted investment and increased efficiency and liquidity, particularly in new fields. For example, the speed of modern transactions would make a global reporting system of hedge-fund positions futile, he explains, adding "No wonder this global behemoth stretches beyond the full comprehension of even the most sophisticated market participants."

Reinforcing the success of free-market capitalism was the break-up of the Soviet bloc in 1991, Greenspan suggests. Yet that development left Western central bankers feeling "impotent" about imbalances building for four decades and a crumbling infrastructure that lacked institutions for handling basic financial transactions. Developing nations, once communist, turned to market capitalism with enthusiasm, and globalisation pushed forward in a great wave of momentum as multinational firms discovered locales with low wages and skilled workers. Prices declined and inflation vanished temporarily as central bankers' leading concern.

But globalisation's most recent wave, with all its gains, will eventually slow. "It is difficult to determine how long today's globalisation dynamic will take to play out," writes Greenspan. "And even then we have to be careful

not to fall into the trap of equating the leveling-off of globalisation with the exhaustion of new opportunities for investment."

With the inevitable slowdown, some groups can't help but feel deprived about the end of a spending spree. "History warns us that globalisation is reversible," Greenspan writes. "A worldwide debate is under way on the future of globalisation and capitalism, and its resolution will define the world markets and the way we live for decades to come."

Globalisation comes in many forms, and international cooperation on financial matters can smooth out the imbalances, rough edges or lurching reversals that stem from natural disasters, major defaults, panics or creative destruction as new inventions make some businesses obsolete. Members of groups like the G8, the International Monetary Fund and the World Trade Organisation benefit from a lively exchange of ideas, accounting standards that provide accurate data and coordination of strategy in responding to crises.

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Building on cooperation, governments can devote surpluses to purchasing "greater civility," as Greenspan puts it, building infrastructure, improving education or protecting the environment. Governments and consumers can set priorities and reveal values with spending.

Political cooperation -- legislation that establishes strong property rights, state-of-the-art education and systems of fair play, with transparent rules -- also contributes to sustained prosperity. Government can do more to combat fraud. "I am coming around to the conclusion that the success of five- and ten-year economic forecasts is as much dependent on a forecast of the degree of the rule of law as on our most sophisticated econometrics," Greenspan comments in a footnote.

Citizens of democracies may disagree about how to achieve the common good, yet Greenspan urges that "compromise on public issues is the price of civilisation."

The economist concludes that education, the rule of law, democracy and other forms of social cooperation offer greater protection from fast-moving global markets than regulation. Like economics, globalisation is yet another invisible hand, the sum total of billions of daily economic decisions from entrepreneurs, consumers and investors. How global citizens reflect their exuberance, fears and hope is a force beyond the control of any group of regulators.

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## Middle East peace

MOHAMMAD AMJAD HOSSAIN

THERE appears to be a green signal at the end of the tunnel as President George W. Bush calls for an end to Israel's 41 years occupation of Palestinian lands and states a commitment to forge a peace agreement before the end of his term in office, which expires in January, 2009. The announcement came when President Bush, the first American president to visit Ramallah, went to the headquarters of the Palestinian authority on January 9.

For almost seven and a half years, the Bush administration has paid little attention to the Arab-Israeli conflict. Only last year, in November, the Bush administration organised international meeting on Palestinian issue where both the Israeli prime minister and president of Palestinian authority jointly pledged to end "bloodshed, suffering and decades of conflict between our people" although violence has escalated over territorial disputes and security concerns after the meeting.

Having meeting with the President of the Palestinian authority Mahmoud Abbas President Bush pointed out that there should be an end to the occupation that began in 1967 and an agreement must establish Palestine as a homeland for the Palestinian people, just as Israel is a homeland for the Jewish people. Earlier, he had frank discussion with Israel Prime Minister Ehud Olmert in Jerusalem.

It is the occupation that stands at the crux of the conflict, and which exacted a terrible price on the side of the Palestinians. Today, there is a generation of Palestinians who know nothing about the episode that took place in 1948.

President Bush has spoken about the requirement by both sides to abide by their agreement as enunciated in the road map, including halt to any Israeli expansion of settlements, and recognised that a future Palestine state must be viable, contiguous and sovereign. This position of the president deserves applause. It is true that the President has

changed rhetoric by saying that Palestine state must be viable and contiguous, whereas, the eight mile long corridor between Gaza strip and the West Bank belongs to Israel. Without connecting Gaza strip with the West Bank a Palestinian state would be unstable and vulnerable. The size of Gaza strip is like that of District of Columbia, the capital of the United States. If the corridor is handed over to the Palestinian, Palestine will be contiguous in that case. There is no agreement between Israel and Palestinian authority for sharing water and electricity. Both Gaza strip and West Bank have scarce resources.

The continued presence of some 220,000 Jewish settlers in much-coveted West Bank remains a big question. The segregation wall, 425 miles long (longer than Berlin Wall), covering some Palestinian lands, particularly best cultivable lands, is another tactic of the Israeli government to grab Palestinian lands in the name of Israeli security.

Another good point that has been raised by the president is that Palestinian refugees should be compensated for the loss of homes when they fled during establishment of Israel. According to Washington Post of January 11, until now Bush has resisted the Clinton administration position that the refugees should receive compensation for their losses and sufferings. King Abdullah of Saudi Arabia had also placed a comprehensive peace plan in March last year, which speaks for return or compensation in line with UN General Assembly resolution 194.

Possibly two considerations might have prompted the president to push forward the stalled peace process. That the image of the United States is tied with the conflict between Israel and Palestinians, and that the president might have realised that finding a solution of the Israel and Palestine problem as a part of his legacy would improve the image of the United States in the Middle East.

Mohammad Amjad Hossain, former Bangladesh diplomat writes from Virginia.