

International Business News

Pakistan leader to seek Saudi aid, might turn to IMF

AFP, Riyadh
Pakistani President Asif Ali Zardari said he will seek Saudi support for his cash-strapped country during a visit to the oil powerhouse this week and might turn to the International Monetary Fund for aid.

Zardari, who will meet King Abdullah during a two-day visit starting Tuesday, told the Saudi Gazette newspaper he will solicit Riyadh's support for the "Friends of Pakistan" initiative ahead of a meeting of the group in the United Arab Emirates on November 17.

"I sincerely hope that with the steadfast support of the Saudi government, it will achieve the desired objectives," he said.

The Friends of Pakistan will meet in the UAE capital Abu Dhabi to decide on economic aid for the country, an ally in the US "war on terror."

The group includes Britain, France, Germany, the United States, China, the UAE, Canada, Turkey, Australia and Italy plus the United Nations and the European Union.

Zardari said Saudi Arabia, which has close ties with Pakistan, had always provided assistance to Islamabad in difficult times. He said he would also seek support for an oil facility requested by Pakistan to defer payment on crude imports.

Microsoft chief urges growth through investment

AFP, Seoul
Microsoft chief Steve Ballmer said Monday that growth through investment is the key for companies struggling to ride out an economic slowdown.

"The best solution for tough business times is growth, not contraction," Ballmer told South Korean businessmen, adding that "now is not the time to forget that lesson."

He said the US software company would not cut back on investment despite an expected slowdown in the global economy.

"We may grow our investment slightly less, but we're not cutting our investment," he said at a breakfast meeting in Seoul, according to Yonhap news agency.

For years, Microsoft has been trying to expand its software dominance beyond offices and homes.

Last month it unveiled its new Windows software, Windows Azure, which can store and run user programmes and data on a remote server on the Internet. The move came as the firm tries to compete with similar services from search engine Google.

"Some people will say is this in Microsoft's best interest, I'll say its inevitable, so it had better be in our best interest. That's why you see us embracing this future, not resisting this future," Ballmer said.



AFP
Metal workers stage a warning strike in front of the plant of carmaker Ford in Saarlouis, Germany yesterday. The biggest German industrial trade union IG Metall is looking for an 8 percent rise in wages, the employers offered only 2.9 percent.

EU sees recession bearing down on Europe

AFP, Brussels
The worst financial crisis for generations has driven the EU economy into a recession and economic growth will come close to a standstill in 2009, the European Commission warned on Monday.

The 15 countries sharing the euro have slumped into the first technical recession, defined by economists of two or more quarters running of economic contraction, since the bloc was formed in 1999, the commission estimated.

"The economic horizon has now significantly darkened as the European Union economy is hit by the financial crisis that deepened during the autumn and is taking a toll on business and consumer confidence," said EU Economic Affairs Commissioner Joaquin Almunia.

In a broad downgrade of its estimates, the commission also forecast a short, shallow recession for the EU, predicting the bloc's combined economy would shrink by 0.1 percent in both the third and fourth quarters of 2008.

China's central bank relaxes loan restrictions

AFP, Shanghai
China's central bank will lift limits on commercial bank loans to support stable and fast economic growth amid the global financial crisis, state media reported.

Beijing is adjusting its monetary policy along with other measures to minimise the impact of the worldwide slowdown. People's Bank of China (PBoC) spokesman Li Chao told the Xinhua news agency at the weekend.

"In order to tackle the impact of the spreading international financial crisis flexibly and effectively, and maintain the stable and rapid growth in China's economy, the central bank is no longer imposing hard restrictions on bank lending," Li said.

The PBoC imposed strict loan controls last year and the first half of 2008 to rein in credit growth and prevent the economy from overheating.

INTERVIEW

Credit raters need protection

Says CEO of Credit Rating Information and Services

SAJJADUR RAHMAN

Recently there have been many talks on the role of the credit rating agencies after the meltdown that rattled the global financial system, especially the US and the EU. Many branded the credit rating agencies as one of the major culprits behind the crisis. They say financial institutions could not have done what they did without involvement of the rating agencies.

Nobel laureate economist Joseph Stiglitz says, "I view the rating agencies as one of the key culprits." Barack Obama, the democratic nominee for US presidential election, says: "There is a lot of work that has to be done in examining the degree in which rating agencies were involved in making some of this debt -- some of the leverage taken on -- that made it look as though it was much safer and less risky than it actually was."

Questions have been raised even over the ratings of the top firms, including S&P and Moody's that have built their reputations over generations. US regulators found that Moody's and S&P also did not have enough people and did not adequately monitor the thousands of fixed-income securities they were grading AAA.

The Daily Star talked to one of the country's two credit rating agencies to make sense of the situation in Bangladesh. Local experts expressed that rating agencies here need to be monitored strictly to help the people understand the real situation of the market and avoid any crisis as well.

"Credit rating agencies are like judges, many people depend on their ratings for investment," says Muzaffar

Ahmed, president and chief executive officer of Credit Rating Information and Services Limited (CRISL).

Ahmed says monitoring is required to make the agencies transparent and accountable in Bangladesh, where many companies press firms to inflate their ratings unduly.

International Organisation of Securities Commissions (IOSCO), a platform of the securities and exchange commissions of 17 countries, also circulated a code of conduct of fundamentals for credit rating agencies in March for the agencies to follow.

The CRISL boss says, "The SEC can monitor whether the rating agencies follow the IOSCO fundamentals diligently or not."

A mere set of guidelines cannot ensure right ratings; rather, protection is badly needed for the agencies. "An employer can cancel the appointment of any credit rating firm if it does not comply with his advice," he remarked.

Rating agencies want that they would be protected from the threat of being cancelled by the appointees in case a dispute arises. He cited examples of audit firms that could not place fair reports as employers can cancel their appointment anytime.

"We have also expressed our concerns in this regard to the SEC," he adds saying the good news is that the central bank has initiated to recognise the credit rating agencies in Bangladesh formally.

"All scheduled banks will be required to nominate recognised External Credit Assessment Institutions for their own as well as their counterpart credit rating," the BB in



Muzaffar Ahmed

a circular issued in the last week of September this year, says.

The BB has also issued a set of guidelines, in recognition of the eligible Credit Assessment Institutions.

He says the SEC is also preparing guidelines for the credit rating agencies.

"Supervision is needed, no doubt," the CRISL MD says. "But the problems of the local market lies with the reluctance of the corporate bodies to grade their companies' ratings."

He says he could not initially encourage banks and insurance companies to obtain credit, despite continuous persuasion. However, banks started getting ratings after the central bank made it mandatory for them in 2006 and for the insurance companies in 2007.

"Credit rating agencies pretend to know everything,

institutes, have been asking the government to oversee the role of the local credit rating agencies.

"The performance of the credit rating agencies needs to be examined in the wake of the global financial crisis," Anis A Khan, managing director of IDLC Finance Limited says.

Muzaffar Ahmed illustrated the US crisis saying it has happened because the financial institutes have gone mad about IT-based and structured products. Banks and mortgage entities have securitised their products between seven to nine layers.

What happened ultimately is, a Tk 100 loan product has become Tk 10,000 because of its securitisation in many layers, he says.

Ahmed, a cost management accountant, says: "Operating as a new agency, we try to grade a company after examining all data seriously." He says, generally, they take six to eight weeks to rate a company, while an American firm takes only one week to do the same job and two weeks to conduct a

conceal real data and sometimes inflate the ratings of companies that insist as such," Ahmed says. "It may be true to some extent."

CRISL conducts ratings in three phases, under vigorous scrutiny, he claims. But the main problem lies in the reluctance of the companies to undergo the process of rating, blaming poor knowledge on the issue, he says.

"We have rated only 220 firms since our inception in 2002," he says. "There are 44 schedule banks in the country and if a bank even has 200 corporate clients, there are at least 8,000 companies who are worthy of credit ratings."

Moreover, there are 60 insurance companies in the private sector and a good number of leasing companies as well. "But most are reluctant to grade themselves," he adds.

Canada-funded Local Enterprise Investment Centre (LEIC) is a private sector development project, managed by IDLC Finance Limited, a non-bank financial institution of Bangladesh, has offered to bear 80 percent of the costs involved in being rated, worth Tk 2.75 lakh. Despite such moves, Muzaffar Ahmed says, firms are not willing to obtain credit ratings from professional bodies.

The US rating firms are also blamed for using secondary data to rate companies, without proper verification. "We also work on secondary information, but we try to check and crosscheck those," he notes.

Regarding the capacity of the local firms, he admitted a lack of experts in this field. "We develop a person by training him/her both home and abroad, but banks lure them away at much higher salaries," he says.

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COLUMN

MAMUN RASHID

Women's shifting roles

What do women do now? During the 1970s or 80s, may be teaching and nursing were largely female professions. Things have changed; women dominate several more occupations now a day, like lawyers, physicians, bankers, journalists, economists, psychologists, consultants, college/university professors and many more.

Even the share of IT professional and scientists is growing to some extent. Clearly, women have dramatically increased their representation in executive, professional and technical occupations as well.

Recent changes in the role of a working woman in Bangladesh and many other similar countries may deserve some attention. Greater educational and employment opportunities for women, influence of western mass media and particularly the growth of individualism combined with economic hardship have brought the discussion of 'challenges for working women' to the forefront.

In our country as well, traditionally, a woman's sphere of activities has been her home. But with women's increasing independence and autonomy due to their involvement in the job market raise issues relating to the traditional balance of norms and values. So how do we see women in our society addressing these serious concerns or how to bring a balance between work and family life?

For many women, combining work and family in an ever more competitive business world means an inevitable rise in both stress and guilt. For women, more time spent on the job inevitably means com-

promising time with family, creating a high level of stress and no small amount of guilt. In the present situation of urban Dhaka, a single income is no longer sufficient to run the family.

Wives' wages have also become essential. In this newly acquired role, the working wives face challenges differing from those of housewives, because in most cases the working wives' multiple role involvement disturbs other people's expectations and their great range of demands.

However, under inherited gender norms married working women find themselves torn and tired, and suffer from guilt when working outside, guilt that they may be neglecting their children and home. There is no doubt that wives often enter work, marriage or parenthood with fixed role expectations of themselves and others, but later fail to fulfill those expectations. This brings about a conflict between what they expect and experience. Role conflict links with many consequences.

Role conflict may also lead to substandard performance and a host of other behavioural outcomes. It is also negatively related to organisational commitment, job involvement, job satisfaction and participation in decision-making. In addition members of the family may feel the situation more stressful.

The bottom line is that it is very difficult for the Bangladeshi women in general to constantly communicate with their spouses. Because these women believe that Bangladeshi males are not or



do not want to be aware of the growing changes in the society. They also think their husbands have a hard time to view home and family work as "our work". Such view poses to threaten marital stability. That is why it is still rare for wives to have an equal role in domestic chores and decision-making.

On the other hand we find, when these situations arise, particularly as they have families, often women are found to suffer from a dilemma of whether to maintain the job or the family or to switch from full-time work to part-time, or at times even withdraw from the workforce. Women with

choices, who are economically quite solvent, may opt for part time work, or for full time homemaking. These women generally plan to return to the workplace at some point, but very often make a conscious choice to stay home with their children. So ultimately for these women, this may be the very definition of having it all, being educated, having good family incomes and the flexibility to choose a lifestyle that makes sense. But it could also reflect their sense of the available options given their family choices. Options to both have a reasonable family life, and a rewarding career may not

seem available, at least for a time. This lack of good options is the larger problem.

For all the real progress women have made in education, in their choice of career, and in their pay, a relatively small percentage ever make it to the top. Women make up a significant percentage of the overall labour force, but hold only insignificant percentage of top earning positions, and extremely negligible percent of power titles (if not quota filling), such as CEO or COO.

A critical element in making it to the top is being in the pipeline to do so - here women hold only few of the key line jobs that make up the pipeline in most corporations. Aside from being in the pipeline, women in our country also have to believe they can make it. Studies suggest, and my own experience confirms, that it is hard for women or for other minorities to believe they can progress if they cannot look up and see faces like their own at the top. We also find a lack of confidence in women to reach

at the top. So when highly educated women perceive a dearth of viable options and leave the workforce, the pipeline narrows even further. This creates the possibility of a vicious cycle - a cycle in which a woman's desire to make it to the top is sapped by the very paucity of other women who have done so.

So how do women balance careers with their responsibilities as mothers and wives? Often it takes energy, patience, hard work and creativity. It is often a curse for women whose job would require her to travel quite often. Even when a woman is given an opportu-

nity to pursue a fabulous job in a different country outside Bangladesh, she would think twice and place family priorities on top of career priorities while taking the decision.

On top of all the responsibilities, women often have to deal with the judgment of others. Therein lies the dilemma: can a woman work hard enough to succeed in her career without coming across as a negligent mother or a wife? But possibly no one would ever look at working husbands or fathers suspiciously relating to frequent travel. So considering all these factors, it is often the toughest decision for a working woman to decide on bringing a balance between her career and family. Millions of women around the world, however, somehow manage to do it all, often at the cost of their own personal time.

Perhaps this is nothing to worry about, since it reflects choices made by women clearly in advantageous positions. But the concern is over the best and brightest women, those future leaders, to leave - not just because it's not what PepsiCo global CEO, Indian-born Indra Nooyi, has done or other successful women leaders in other parts of the world but because of the ever increasing need for a highly skilled workforce.

It is in everyone's interest to redouble our efforts to help women and families deal with the delicate balance between work and childcare - and increasingly between work and family life.

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