

International Business News

Samsung to recruit 5,500 graduates amid crisis

AFP, Seoul
Samsung Group, South Korea's largest conglomerate, Wednesday announced plans to hire 5,500 college graduates this year despite the global economic downturn.
The company originally planned to recruit 4,000 full-time employees this year, compared with 7,500 last year.
"But this was revised upward to 5,500 in order to give greater opportunities to recent college graduates," it said in a statement, adding its affiliates would also recruit 2,000 interns.
But the conglomerate has not set a group-wide investment plan for 2009 due to concerns about the deepening global crisis.
In the final quarter of last year Samsung Electronics, the group's flagship business, reported its first-ever quarterly loss, which it said amounted to 20 billion won (13.8 million dollars).
For the full year the world's largest memory chip maker saw its net profit drop 25 percent from a year ago to 5.53 trillion won.
The country's unemployment rate stood at 3.6 percent in January, compared to 3.3 percent a month earlier, despite a government drive to save jobs by expanding fiscal and tax incentives to companies.

UBS says earnings 'at risk for some time to come'

AFP, Zurich
Troubled Swiss bank UBS issued a grim outlook Wednesday, saying that its earnings would be "at risk for some time to come" after it revised upwards its full-year loss for 2008 to 20.9 billion francs.
The new figure -- equivalent to 14.2 billion euros or 17.9 billion dollars -- reflects a charge of 1.19 billion francs to settle a tax fraud case with the US government.
UBS -- which initially disclosed a full-year loss of nearly 19.7 billion francs, the biggest in Swiss corporate history -- has been struggling to recover from billions of losses and writedowns incurred on the US subprime home loan crisis and the ensuing global financial fallout.
Last month, it admitted to abetting tax fraud in the United States and paid 780 million dollars to settle the case.
But the US government has since filed a lawsuit to force the firm to disclose the identities of as many as 52,000 US customers who allegedly evaded taxes.
UBS acknowledged Wednesday in its annual report that worsening financial conditions, as well as what it called problems unique to UBS, had "adversely affected our results," particularly in its investment banking operations.
It also issued an "extremely cautious" outlook for the near-term.



AFP
Thai workers fill in forms while applying for jobs at the Labour Ministry in Bangkok yesterday. Thailand's government think-tank National Economic and Social Development Board estimated that the country's unemployment rate will rise to 2.5-3.5 percent of the total workforce.

Fraud-hit Satyam's suitors may get financial data

AFP, New Delhi
India's fraud-hit Satyam may give prospective buyers financial statements for the two most recent quarters to help them decide whether to make an offer, a report said Wednesday.
The statements will include revenue figures, client additions and operating margins but will not give bidders an idea of liabilities that Satyam may face, the Business Standard newspaper reported, quoting an unidentified source.
A company spokesman was not immediately available for comment on the report, which said Satyam would give potential buyers financial statements for two quarters -- October to December 2008 and January to March 2009 -- to help them reach a decision on bidding.
Any bidder has to consider potential liabilities from at least 13 lawsuits filed in the US courts by defrauded shareholders.
Satyam has been battling for survival since January when its founder B. Ramalinga Raju, now in jail, declared he inflated the firm's balance sheet by more than one billion dollars and fudged its profits for years.

HSBC to expand in China despite crisis

AFP, Shanghai
Global banking giant HSBC said Wednesday it will continue expanding its China network, already the largest of any foreign lender, despite the financial crisis.
HSBC plans to boost its China outlets to around 100 from 82 at present, and increase its payroll in the country by almost one fifth to nearly 7,000 by the end of this year, according to a statement from the bank.
"China is at the centre of the HSBC Group's emerging markets strategy," Richard Yorke, president and chief executive of HSBC China, said in the statement.
"We have great confidence in China's ability to weather the financial crisis and achieve continued economic growth."
The bank said the pre-tax profit of its China operations jumped 85.2 percent to 2.19 billion yuan (320.3 million dollars) in 2008 despite the impact of the global downturn.

ECONOMIC GLOOM

Airline industry buffeted

AFP, Frankfurt
The world finance crisis has sent leading airlines into a tailspin, figures revealed Wednesday, while more bleak data from Europe, China and Japan left analysts sceptical about prospects for a turnaround.
European and Asian stock markets were nevertheless mostly higher after a Wall Street surge overnight on upbeat projections from ailing US banking power Citigroup.
In late morning European trade, London's FTSE 100 index of leading shares gained 0.17 percent, Frankfurt's DAX 30 jumped 1.51 percent and in Paris the CAC 40 rose 1.17 percent.
After a tough start to the week that saw new 26-year lows, Japan's Nikkei-225 index bounced back to finish the day up 4.55 percent. There were also solid advances at the close in Hong Kong, Seoul, Sydney and Taipei.
"Rallies in equity markets overnight are being extended in Asia and are a valid reason for investor cheer when good news has been hard to come by of late," said Societe Generale strategist Patrick Bennett.
But he cautioned: "We don't believe the last couple of sessions will have marked a turning point. The global economy is far from out of the woods."
Added VTB Capital analyst Ivan Ivanchenko: "However tired we all are of the crisis and the enormous uncertainty, however much we want happy times back, we remain sceptical of the current episode of risk appetite."
The scope and depth of the current downturn was all too apparent in the financial results of several leading air carriers Wednesday, each of them stung by eroding demand.
After Hong Kong's Cathay Pacific and US giant Delta Air Lines posted heavy losses, German carrier Lufthansa said its profits nosedived by nearly two-thirds last year and expected things to get even worse in 2009.
Cathay Pacific reported a 1.1 billion dollar loss in 2008, reversing profits of 0.9 billion in 2007.
"Cathay Pacific expects an extremely challenging year in 2009. Passenger and cargo demand are expected to remain weak and, if fuel prices remain at their present levels, further loss on fuel hedging contracts will be incurred," chairman Christopher Pratt said in a statement.
Delta chief executive Richard Anderson said his airline would cut a further 10 percent of international flight capacity this year due to the slump and the company forecast a 14 percent fall in revenue in the first quarter.
Lufthansa meanwhile said its 2008 net profit fell 64 percent to 599 million euros (760 million dollars) and that it expected a further drop this year.
The German flag carrier warned the 2009 figure would also "be clearly below the previous year's result."
Crumbling demand has taken a heavy toll on other sectors of the German economy.
Industrial orders in January fell 8.0 percent, according to an initial estimate from the economy ministry, accelerating from a downwardly revised 7.6 percent in December.
Economists had expected the downturn to ease, pencilling in a much more modest drop of 2.4 percent for January. A statement from the economy ministry warned that prospects for German industrial groups in the coming months remained "really weak."
Elsewhere in Europe, Hungary, the beneficiary of a 20-billion-euro (25.5-billion-dollar) loan from the IMF, was reported to have entered recession in the fourth quarter of 2008 when its economy contracted 1.2 percent.
In Bulgaria official data showed that momentum slowed sharply in the fourth quarter. Gross domestic product expanded by an annualised 3.5 percent against 6.8 percent in the preceding three months.
Latvia, which fell into recession last year and has sought an IMF bailout, reported a record 10.3 percent shrinkage in the fourth quarter of 2008 on a 12-month comparison.
For the full year, the economy contracted by 4.6 percent last year compared with 2007, slightly lower than the forecast 5.0 percent.
There was also evidence of further slippage in Japan, where core machinery orders, a key gauge of corporate capital spending, fell for a fourth straight month, the longest losing streak on record.
"Honestly, this month's result is so bad," a Japanese government official told reporters. "We couldn't find any positive factors anywhere."
China's trade surplus meanwhile shrivelled to 4.84 billion dollars in February from 39 billion dollars a month earlier as exports fell by a quarter, representing an unexpectedly big hit from the global downturn.



AFP
Wolfgang Mayrhuber (R), chairman of German flag carrier Lufthansa, and Stephan Gemkow, chief financial officer, give a press conference yesterday in Frankfurt, Germany. Lufthansa said its 2008 net profit fell 64 percent to \$760 million and expected a further drop this year.

COLUMN

HABIBULLAH N KARIM

IT in graft battle

Corruption means moral decay, according to Webster's dictionary. In that vein, the fight against corruption can be viewed as a fight against moral decay. Seen from this broad perspective, the role of information technology (IT) in the fight against corruption can be both as a tool and as a medium.
In the UN anti-corruption toolkit, 41 instruments have been identified as effective tools in the fight against corruption. These range from operational techniques such as transparency in government budgets to institutional arrangements such as the office of the ombudsman.
Fight against corruption today is not only a moral issue but an ugly economic issue. According to World Bank estimates, the global cost of corruption exceeds \$1500 billion, which is nearly 20 times the size of our economy. Imagine what that means if we can extract even a 10 percent reduction of corruption through any means; it would add twice the economic output of Bangladesh to the world GDP.
On a localised perspective, if we can reduce corruption by half, our GDP will grow by 1 percent or more. Without investing another dollar, without doing any more work, we will grow the economy by one percent simply by halving the prevalence of corruption.
You do not have to be a math whiz to see the economics of this. We then have to ask our public officials, politicians and government administrators why are they not jumping the gun on this.
Of course, the reason is obvious, as long as the public officials and administrators enjoy the benefits of corruption with impunity, they will be under no compulsion to reduce corrupt practices.
That is where the social and state institutions of integrity need to be nurtured and strengthened for the larger interest of the



While family, religion and personal ethics form the pillars of social integrity, the state has many formal and informal institutions in this regard such as auditors, ombudsmen, parliamentary oversights, judiciary, press and media, civil society and others.
A national integrity system thus can sustain itself on the strength of core values prevalent in society, various formal and informal institutions and fundamental 'rule of law'. In order to uphold the national integrity system we must continuously and consciously fight against corruption at all times. The means of such a fight are transparency, accountability and awareness.

Transparency can generally be ensured only through access to information and rule/criteria-based decision-making. Accountability on the other hand can be ensured through continuous vigilance, recognition for good deeds and redemption for bad ones. For mass awareness on the fight against corruption, the role of education, media and civil society is of paramount importance.
IT can be a vital tool for all of the above. It can ensure transparency through enabling readily available information and enable on-line scrutiny of public decisions by the citizens in general and journalists in particular.
In case of accountability, IT can enable continuous monitoring of performance by public

officials either in closed-user-groups (such as immediate supervisors and auditors) or through institutional intermediaries (such as recognised civil society organs); score-keeping of rewards and penalties for good and bad deeds; and perpetual archiving of public records and documents.
For better awareness, IT can facilitate effortless dissemination of public information to the media and civil society; ensure mandatory disclosures regarding public procurements and decisions; and routinely remind all oversight organisations on important disclosures.
IT can also help fight corruption by strengthening public institutions through computer-

based dispensation of administrative and judicial functions, online citizen-services delivery and on-line tracking/monitoring of public services and compliance requirements.
We need to take on the fight against corruption and the use of IT to do so as a national priority. Bangladesh has ranked in the bottom five of all countries surveyed by Transparency International for the last 15 years. The use of IT through local software and IT service firms is by far the most cost-effective way to curb corruption.
In the last two decades IT has helped reduce corruption and enhance efficiency in Bangladesh through piecemeal e-governance initiatives. If these are done in a more planned manner the results can be much more beneficial. And such planning must take into account the use of local software and IT services because building any e-government application is like building a large multi-storied building. The tools of the trade are the same everywhere whether we use local or foreign workers and materials.
However, with foreign materials and workers the costs are obviously very high and the risk of non-delivery all too great. Crores of taxpayers' money and years of civil service toil went nowhere in modernising many government departments where such IT projects exclusively depended on foreign sources like those at the judiciary and the finance ministry. For unlocking the national economic output hidden underneath corrupt practices let's unleash the power of IT in combating corruption. And let's do that with our own IT resources.
The writer is the founder CEO of Technohaven Company Ltd and president of Bangladesh Association of Software and Information Services (BASIS). He welcomes feedback at hnkann@gmail.com.