

International Business News

Tesco rings up record results despite recession

AFP, London

Britain's leading retailer, supermarket giant Tesco, on Tuesday announced record-beating annual profits and sales despite a spreading global recession and deepening losses at its US division.

Tesco said in a results statement that pre-tax profits jumped 14.9 percent to a record 3.21 billion pounds (3.60 billion euros, 4.65 billion dollars) in the 12 months to February 28.

Group sales also soared 14.9 percent to a record 54.3 billion pounds, marking the first time they have climbed above 1.0 billion pounds per week despite recession in home market Britain.

In reaction, Tesco's share price jumped 4.88 percent to 348.30 pence in afternoon deals, bucking London's FTSE 100 index of leading companies which was 1.32 percent lower at 3,938.32 points.

"We have delivered a solid sales and profit performance, both in the UK and internationally, whilst continuing to invest in our long-term strategy for growth," chief executive Terry Leahy said in the statement.

"We have made a good start to the new financial year and I am confident Tesco will continue to make good progress even in the current global economic environment."

Thai economy counts toll of political unrest

AFP, Bangkok

Thai Prime Minister Abhisit Vejjajiva admitted Tuesday that the economy could shrink by as much as five percent as the kingdom counted the cost of its latest bout of political unrest.

With a state of emergency in the capital ongoing after violent street protests that laid bare the kingdom's deep social divide, the premier also announced a series of measures to combat falling tourism revenue.

"It's likely that our GDP will be even lower and contract by two to five percent," Abhisit told reporters after a weekly cabinet meeting.

Thailand could lose 190 billion baht (5.35 billion dollars) in tourism revenue and 3.2 million visitors as a result of the recent troubles, according to the Tourism Council of Thailand.

In response, the kingdom will extend tourism incentives such as the reduction of visa fees, flight landing charges and national park entrance fees for another year.

The country's tourism industry accounts for five percent of gross domestic product and employs two million people, or up to seven percent of the total workforce.

The tourism council forecast revenue for the industry this year could drop 35 percent to only 350 billion baht in 2008.



A new Ford model is displayed at the Auto Shanghai 2009, China's largest auto show in Shanghai. Carmakers from China and around the world unveiled their latest products at the show yesterday in a burst of glitz and glamour that contrasted with recent, more sober US exhibitions.

HSBC lays off 100 private bankers

AFP, Hong Kong

Global banking giant HSBC said Tuesday it had laid off 100 private bankers in Hong Kong as demand for their services has shrunk amid the economic downturn.

"Changing market conditions have affected business volumes and have led private banking to review its business to ensure it remains competitive and well-placed to serve its clients," a spokesman for the bank told AFP.

The spokesman said the layoffs represented eight percent of their 1,200 private banking staff in Hong Kong.

Asked if there would be more layoffs, he said: "No employer can give a cast-iron guarantee in the current economic climate."

The London-based bank said it had completed its 17-billion-US dollars rights issues earlier this month after posting a 70 percent plunge in its 2008 profits in March.

The cuts were the latest in a wave of layoffs in the finance sector.

Last week, embattled Swiss banking giant UBS AG (UBS) said it would cut 240 jobs, about eight percent of the workforce, at its wealth management group in the Asia Pacific, as part of efforts to save costs, according to Dow Jones Newswires.

Morgan Stanley eyeing regional US banks

AFP, Tokyo

Wall Street giant Morgan Stanley is considering buying a regional bank in the United States to expand its retail banking business, a report said Tuesday.

"Now that we're a bank holding company, deposits are important to us," Morgan Stanley CEO John Mack was quoted as telling Japan's Nikkei business daily in an interview, according to its English language website.

"We are looking for potential opportunities to buy a bank that has a presence in an important market in the United States."

Morgan Stanley, which lost 2.29 billion dollars in the quarter to November, announced in January a deal to merge its global wealth management business with that of troubled rival Citigroup.

Last month it announced plans to merge its securities operations in Japan with those of Japanese megabank Mitsubishi UFJ Financial Group, which owns a 21 percent stake in Morgan Stanley.

TRAINING

A ray of hope for workers

REFAYET ULLAH MIRDHA

BKMEA's Rangpur Training Institute has trained Ferdousi Begum well. She now works in a factory, Southern Knitwear Ltd in Gazipur, as a quality controller.

Upon completion of a month-long training session from the institute at the Begum Rokeya Smriti Kendra, Payrabond in Mithapukur, Rangpur, Ferdousi got her first job as an entry-level operator with a salary of Tk 2,000.

She has been on the job for a year and draws about Tk 6,000 a month. Such a jump in salary was only possible because of her acquired expertise.

Prior to joining the workforce, she faced a sorry life with dim prospect for the future. She used to live in a remote village in Mithapukur, which is immensely affected by Monga, a near-famine situation.

Ferdousi approached the BKMEA Training Institute with a dream of freeing her family from hunger. She now brings joy to her family by being able to meet their basic needs.

She is now more confident and believes she will be able to earn more in the future by gradually increasing her skills.

Hundreds of success stories stem from the efforts of the training institute.

Atikur Rahman and his wife Lily Begum are from Burigong in Rangpur. They also completed a training session at the institute and are currently employed by Knit Zone Fashion Ltd in Savar.

They began work in May last year with Atikur drawing Tk 1,740 and Lily drawing Tk 1,720 per month, in the knitting section of the factory. Last July, Atikur's salary rose to Tk 6,810 and Lily began to receive Tk 6,330, as the factory follows a "piece-rate".

Before this job, they were dependent upon the little they could earn from a small piece of land they owned.

The institute aims to create a platform for these people in remote areas to gain confidence



Trainees take part in a session conducted by an instructor at BKMEA Training Institute in Rangpur.

and contribute to the national economy.

The success stories give evidence that the capacity of the workers in the RMG sector is increasing. Often, international buyers complain about low worker productivity, despite years of phenomenal growth in the sector.

Their performance over the years has increased manifold even though they had no formal education or know-how on operating machinery.

Women in the workforce are the driver of the RMG sector, the highest export-earning sector of the country. Industry insiders say women are easily trainable and adopt all instructions religiously. The garment sector employs three million people.

Still, the sector runs a 25 percent shortage of skilled workers and another 25 percent shortage of mid-level officials.

Recently, both Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) have taken the initiative to train workers to fulfil the labour requirements of the 4,740 garment factories.

Of the total factories, 40 percent are knitwear and the remaining are woven garment factories in the fiscal year 2007-08, according to BKMEA statistics.

The BKMEA started its "training institute" in March 2008, equipped with high quality training resources to educate workers and maximise their potentials.

The BKMEA establishes this training centre to support the underprivileged communities of the country, especially the Monga-prone people, with jobs, under its own initiative.

BKMEA deems that this training institute will help reduce pov-

erty and unemployment in the northern region and bring people into the mainstream economy as a skilled labour force.

Since inception, nine batches have been completed and all trainees are now employed. Each batch consists of 85 trainees, 70 percent of whom are women. BKMEA arranges jobs and accommodation for the women trainees in Dhaka.

The trainees are from rural areas and unknowing about city life. BKMEA takes responsibility to ensure a smooth transition and quick adaptation to the mega city.

Trainees take training in sewing, cutting, sweater linking, quality control and basic knowledge on labour rights, work safety measures, their duties and responsibilities and healthcare.

BKMEA provides accommodation in the institution's dormitory and serves daily meals, free of cost. The trainees are awarded a

certificate after successful completion of the course.

Applicants must be eighth graders and be above 18 years of age to be eligible to apply. But HSC and even graduate-level students are signing up for this session too.

BKMEA set up the institute at a cost of Tk 50 lakh.

BKMEA wishes to bring a positive change to the knitwear sector and will continue its development initiatives until demand for skilled employees is met, BKMEA President Fazlul Hoque said.

Hoque said he plans to increase the number of trainees to 200 for each batch, introduce basic English and Bangla reading and writing programmes, and inaugurate five new training institutes in the north and in Narayanganj, Rajshahi, Mirpur, Gazipur and Savar.

refayet@thedailystar.net

COLUMN

DURREEN SHAHNAZ

Creating Social Stock Exchange Asia

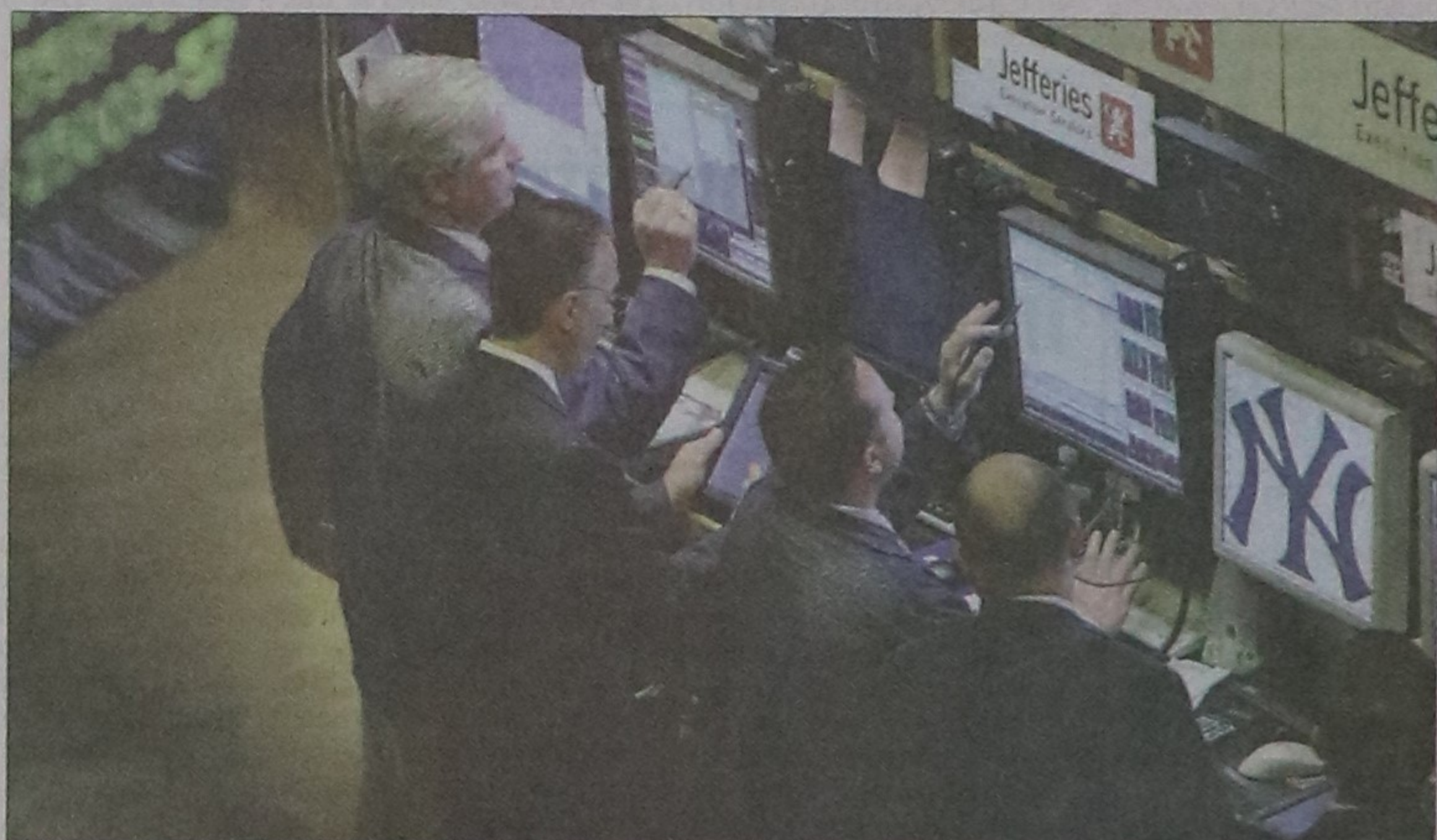
My phone beeps. I forgot to put my mobile phone in silent mode. I am thoroughly embarrassed because I am sitting in the first of hopefully many important meetings with the officials of the Monetary Authority of Singapore. We are discussing the merits of situating a Social Stock Exchange in Singapore. I cannot resist -- I look at my phone under the table and see that the text message is from the company registration board telling me that the registration of Social Stock Exchange Asia (SSXA) has been approved.

I am ecstatic. I have been on pins and needles because the registration took several weeks to process (as opposed to the 24 hours it usually takes to register a company in Singapore). I had worried that this was because the only other exchange in the country is the Singapore Stock Exchange, partly owned by the government. Needless to say, even the mere registration of SSXA had the potential to raise a few eyebrows.

Raised eyebrows aside, the fact remains that on March 20, 2009 SSXA was created to provide a capital market for social good. This indeed is the start of a new era and an apt response to the financial greed that gripped most parts of the developed world for the past several decades. The best part is that SSXA has the potential to be the sensible Asian response to the Western mayhem and bring social consciousness to the forefront of global financial markets.

Creating a Social Stock Exchange is indeed a lofty goal, but I cannot aim at anything less lofty. Exactly ten years ago, I created my first social purpose company, oneNest. It was an idea that germinated from my time at Grameen Bank when I saw many micro-entrepreneurs struggling due to a lack of market access for their products. These entrepreneurs needed more than access to credit, they needed help managing the supply chain. Grameen Bank ultimately recognised this and eventually responded by creating Grameen Check and Grameen Shamogri.

A few years later when the



Traders work on the floor of the New York Stock Exchange recently. An exchange like Social Stock Exchange Asia will increase access to capital for enterprises with a social mission.

twists and turns of life gave me the opportunity to start a company, I reached back to my Grameen days and created a marketplace where I brought together, on the one hand, thousands of microcredit borrowers and cooperatives creating beautiful handmade personal and household products with, on the other hand, luxury catalogue companies, boutiques and department stores in the Western market. I ran and grew oneNest and eventually sold it (granted I had a very little control of the company by the end -- but that is another story). However the thought always nagged me that I could not do enough for the disadvantaged millions of the world. I had to do more. Now is my second chance.

What will SSXA do? Simply put, it will increase access to capital for enterprises with a social mission. On a bigger scale, it will help social enterprises further develop the professionalism of their operations and create a whole ecosystem around them to support social enterprises -- some of which are already in the works. SSXA will be the Asia's first social stock exchange, providing a trading

platform and an efficient capital raising mechanism for Asian Social Enterprises (SEs), including both for-profit and not-for-profit entities with a social mission. SSXA will connect these SEs with impact investors seeking to achieve both a social return and an economic return on their investment while providing capital to fund innovative social businesses. This platform will also enable philanthropic donations.

Such an exchange will bring all the relevant players in the ecosystem together, speaking the same language and assisting one another in creating greater social good. It will encourage the governments, civil societies, academics, investment banks, research companies, auditing bodies and social enterprises to agree on a framework to measure social value, common terminology, transparency, and social and financial goals.

Social enterprises seeking to list shares or bonds on the exchange will go through proper social and financial auditing (third party validation) and report regularly to investors on both their social and financial results. Investors pur-

chasing shares and bonds on the exchange will be attracted by the transparent disclosure of social returns and will evaluate companies based on both their social and financial returns. They will understand that a social enterprise may not maximise its earnings due to the cost associated with fulfilling its social mission. And they will be willing to accept a limited financial return in order to support this mission. Of course, given the current dismal state of the market for profit-maximising businesses, any economic return topped with a social return may feel like a windfall to an investor.

Social investors are an emerging group of investors in the financial market. In Europe, and especially in the UK, they are a rapidly growing group, which initially focused on Socially Responsible Investing (SRI) but now includes many investors focused on investing in social enterprises and social purpose businesses. These investors comprise of private investors, high net worth individuals, family offices, investment funds and charitable foundations with the common thread being that they seek double bottom-line returns

(i.e. social and financial returns) from their investments. Given the current financial climate, more and more charities are leaning towards 'mission-related investment' as well. In the UK alone, there are now over 25 billion pounds dedicated to socially responsible investment.

In Asia the social investor pool is smaller, but growing. Bodies such as UNPRI (United Nations Principles for Responsible Investing) and ASRIA (Association for Socially Responsible Investing in Asia) are actively promoting the notion of socially responsible investing. A number of family offices and wealthy individuals in Asia are also focused on social investment. Much of the interest so far has been focused on microfinance institutions. In addition, Islamic banking has been very active in Southeast Asia in promoting its unique brand of responsible investing. SSXA will push the envelope on the existing socially responsible investing, bring forward social enterprises and social purposes companies (in addition to microfinance) in energy, water/sanitation, media, fair-trade, health, education, and cottage industry and bring to the attention of these investors a whole new set of enterprises that would not have been noticed otherwise.

Such a platform or exchange cannot be created overnight. It will take years before SSXA is a robust trading platform. However, with the proper assistance and support from other members of the social investing ecosystem, it can become the cornerstone of a potentially very large social enterprise economy. Given the current economic climate, I have to say, organisations and government bodies are ready to pause and listen. I thank them for that. As more players embrace the idea of SSXA, each will become a crucial part of a peaceful revolution in the making.

The author is founder of Social Stock Exchange Asia and head of Programme on Social Innovation and Change at Lee Kuan Yew School of Public Policy, National University of Singapore.