

International Business News

Bankruptcy judge okays GM sale plan

AP, New York

A bankruptcy judge has ruled that General Motors Corp can sell the bulk of its assets to a new company, potentially clearing the way for the automaker to quickly emerge from bankruptcy protection.

US Judge Robert Gerber said in his 95-page ruling late Sunday that the sale was in the best interests of both GM and its creditors, whom he said would otherwise get nothing.

"As nobody can seriously dispute, the only alternative to an immediate sale is liquidation - a disastrous result for GM's creditors, its employees, the suppliers who depend on GM for their own existence, and the communities in which GM operates," Gerber wrote in his ruling.

The ruling comes after a three-day hearing that wrapped up Thursday, during which GM and government officials urged a quick approval of the sale, saying it was needed to keep the automaker from selling itself off piece by piece.

"This has been an especially challenging period, and we've had to make very difficult decisions to address some of the issues that have plagued our business for decades," GM President and CEO Fritz Henderson said in a statement early Monday. "Now it's our responsibility to fix this business and place the company on a clear path to success without delay."

S Korea unveils massive plan for green growth

AFP, Seoul

South Korea Monday unveiled an 84 billion dollar five-year plan to develop environmentally friendly industries and use them as a growth engine for the wider economy.

The plan, approved at a meeting chaired by President Lee Myung-Bak, aims to transform South Korea into one of the world's seven strongest nations in terms of energy efficiency and green technology investment by 2020.

The government will invest 107 trillion (84.4 billion dollars), or 2.0 percent of gross domestic product every year, over the next five years in an effort to reduce reliance on fossil fuels, Lee's office said.

The scheme will help create up to 1.81 million new jobs and generate about 206 trillion won in economic output, it said.

The government will also boost spending on green technology products such as solar-powered batteries and hybrid vehicles, it said.

Lee called for the public to rally behind the plan.

"Because it will have a great impact on the daily lives of the citizens, I believe every citizen must also participate in the move" towards a greener society, he said.



AFP

A stock dealer reacts during an intra-day trade at a brokerage house in Mumbai yesterday. Indian shares plunged 5.83 percent yesterday, as investors were spooked by a government budget that warned efforts to spur growth would result in a widening fiscal deficit. The benchmark 30-share Sensex fell 869.65 points to 14,043.40.

Britain new car sales fall 15.7pc in June

AFP, London

Sales of new cars in Britain dropped 15.7 percent in June from the figure 12 months earlier, the smallest fall for nearly a year, industry body the Society of Motor Manufacturers and Traders said on Monday.

"The new car market posted its smallest decline since July 2008," the SMMT said in a statement.

Sales of new cars in Britain had dropped 24.8 percent in May from a year earlier.

In a bid to kick-start Britain's ailing auto industry, the government has introduced a scheme whereby 10-year-old cars can be scrapped in return for a 2,000-pound (2,250-euro, 3,050-dollar) discount on a new model.

"We are now beginning to see the positive impact of the scrapping scheme translate into new vehicle registrations," said Paul Everitt, SMMT chief executive.

"SMMT expects the pace of improvement to increase in the coming months, but we can already see the industry making steady progress on the long road to recovery."

Japan to sign crisis loan pact with Indonesia

AFP, Tokyo

Japan is to agree to provide some 15.6 billion dollars in emergency loans to Indonesia in the event of a severe shortage of foreign currency, according to a report Monday.

The 1.5-trillion-yen deal, created under a new assistance scheme announced in May, was the first of a series of agreements that Tokyo planned to conclude with a number of Asian nations, the Nikkei business daily reported.

Officials from Indonesia's finance ministry would visit their Japanese counterparts in Tokyo as early as Monday to sign the deal, the newspaper said.

The emergency assistance would take the form of a currency swap and was aimed at helping Indonesia cope with a shortage of foreign currency in the event of a severe financial crisis, the Nikkei said.

GARMENT INDUSTRY

HR focus to the rescue

ARUN DEVNATH

It is not the quantum leap in technology that is crucial to business growth. It is the 'humanware' -- the core asset -- that drives business. Yet in Bangladesh's garment industry, human elements are on the back burner.

The latest industrial rioting that killed two workers in Ashulia on the outskirts of the capital threw into relief human resource management, or lack of it, in the largest export-earning sector.

Thanks to huge automation, the garment industry has grown manifold since the 1990s. Other reasons are preferential access of Bangladesh's garment exports to the major western markets; flexible exchange rate policy; and abundance of low-cost female labour. It is now a Tk 40,000 crore export oriented industry, which employs 30 lakh people directly.

But owners paid too little attention to the labour force that keeps the industrial wheels running and provides a lifeline to the economy.

It is the paradox of growth never to crack - at least not so soon.

HR (human resource) consultants emphasise that all organisations must acknowledge social responsibility towards their employees, particularly those involved in apparel manufacturing.

"It's a common misconception that investing in one's employees is unnecessary. However, it is people who drive the production and hence, a healthy organisational culture can help a company survive and prevail during the recession," says MTI Consulting Bangladesh, a strategy consultancy with special focus on human resources management.

Saima Mazhar, country manager of MTI for Bangladesh, suggests that managing 'humanware' requires a scientific approach to the entire value chain of HR functions -- from hiring to motivation.

"Overall, the HR function needs to be managed as a business that is providing a corporate solution function to make the business more competitive," she says.

The latest violence in Ashulia underlines the HR failure in the garment industry. It becomes evident when one takes stock of last week's bloody incident.

As the economic crisis spans across the world, wage cuts as deep as 30 percent by some local companies have become the latest in a long line of de-motivating factors for already low-paid workers.

The credit crunch is just another issue that has highlighted the income discrimination against RMG workers.

Compared to other garment workers regionally, those in Bangladesh are paid the least. Some would explain it away as the low-labour cost that gives Bangladesh a competitive edge over its rivals.

In addition to being at the bottom of the pyramid, with the least bargaining power, their wages are not being paid in time.



SYED ZAKIR HOSSAIN

The latest industrial rioting that killed two workers in Ashulia throws into relief human resource management, or lack of it, in the largest export-earning sector.

By one estimate, 122 factories out of the 825 recently surveyed in Bangladesh, that is 14.7 percent of all garment factories between January and May, did not pay staff in time.

To make things worse, managers with no skills in human resource management mishandle the situation.

What is mostly needed is matured managers who are able to handle workers with care and understanding, industry leaders say.

"The organisation a worker works for should come forward to help him with counselling," says Anwar-ul-Alam Chowdhury Parvez, former president of Bangladesh Garment Manufacturers and Exporters Association.

RECESSION

G8 days numbered?

AFP, Paris

The Group of Eight industrialised powers, ineffectual in the face of the worldwide finance crisis, is slowly losing its grip on the global economy and now faces calls for its abolition.

The G8 -- Britain, Canada, France, Germany, Italy, Japan, Russia and the United States -- has done little more than issue statements of principle since the start of the crisis last September, leaving the heavy-lifting to the broader Group of 20.

It was the G20, which in addition to the G8 includes such emerging market powerhouses as Argentina, Brazil, China, India and South Africa, which confronted the crisis head on at an April summit in London.

"As far as we can tell, no substantive results have come out of the G7-G8 meetings for many years," said Richard Portes, a researcher at the London School of Economics.

The G8, whose leaders are to meet July 8-10 in Italy, began as an informal grouping in 1975, when it was known as the G7 before the inclusion of Russia.

Portes said the G8 has now "become irrelevant to most of the major issues."

"It cannot deal with the environment, trade, international finance without bringing in China, India, Brazil or South Africa."

Added Barry Echengreen of the University of California at Berkeley: "It's silly to imagine that there could be a durable reform of the international monetary system that did not involve the largest reserve holder," a reference to China.

German Chancellor Angela Merkel has also questioned the G8 format.

"The problems we are confronting can no longer be resolved by the industrialised countries alone," she said last week.

One of the relatively few remaining defenders of the G8, John Kirton of the University of Toronto, has argued that the group does have "an essential role to play."

"The G20 summit basically followed the principles and guidelines set down first by



Members of aid agency Oxfam are dressed like ancient Romans and wear masks of the Group of Eight (G8) leaders as they eat grapes and recite ancient poems while huge flames in the background symbolise the destruction of Rome at the Circo Massimo in Rome yesterday, two days before a G8 summit in the Italian city of L'Aquila. The stunt action was organised by Oxfam to show that G8 leaders are like Emperor Nero, ignoring the flaming crisis engulfing the world around them.

the G7 and G8," he said.

But most international affairs experts believe the G8's days are numbered.

"If they want the G20 to survive and to be functional, the two (G8 and G20) cannot stay together," maintained Rajiv Kumar of the Indian Council for Research on International Economic Relations.

His position was echoed by Charles Wyplosz of the Institut de Hautes Etudes Internationales in Geneva.

"The end of the G8 must be prepared. There is a fundamental contradiction in

maintaining this small team when it itself has turned over the big issues to the G20."

At Cornell University in the United States, Eswar Prasad said "the G20 is increasingly taking the role as the agenda-setting body for the world."

But Prasad also acknowledged that the G20, which rose to prominence in response to the finance crisis, might not survive the return of better times "because there are some very big tensions inside the G20" among emerging and developed nations on the question of (economic) regulation.

"It's the motivation that works wonders for workers."

The former BGMEA chief stressed that institutions should be in place to help professionals to build skills.

"If human resource is built up, 90 percent of the problems facing the garment industry will be solved," he says.

Chowdhury admitted that the staffers who moved up the ranks to mid-level managers are mostly incapable of handling worker grievances.

To add to the point, Chowdhury said workers' complaints are not always against the owners, but mostly against the mid-level managers.

"We need industry-specific diploma holders with technical know-how for the garment sector, who could be better at handling worker grievances and any crisis," he said.

Chowdhury dismissed a common perception that garment owners do not want to run the industry with professionals -- a hurdle that sets back the sector.

"It's not that company owners don't want to employ professionals. The problem is, university graduates with a management degree don't want to stay long in the industry and tend to move on to other areas for higher pay," he said.

Jahangir Kabir, managing director of Insights & Ideas Ltd, a management and research consultant, says managers should be able to anticipate any future problem, as it is a high-speed, deadline-bound industry.

"A good manager must consider if he should have a line of communication with workers," he says.

HR management is not all about disbursing salaries, but also about making the staff proud of what they do every day and feel they are part of the company and, by extension, the country, Kabir says.

Managers in the garment industry should make the workers feel that they are helping the country's economy in their own ways, he suggests.

Kabir points to a long-running setback in the garment industry: mismanagement. Owners are bogged down in everyday operational decisions and get little time to engage in strategic thinking.

He suggests managers should be given a degree of freedom to make decisions on their own. "Then again, there should be a check and balance to avoid abuse of power by the managers," he says.

For managers, part of the job is to help create a sense of belonging among workers, he suggests.

This is something missing in the garment sector.

A sense of belonging is the feeling that what you do on a daily basis is shipped to the developed world by way of export and earns the country huge revenue that drives the economy.

"And you are part of it," Kabir says. An effort to create a sense of belonging among workers pays off, really.

"So invest in people."

AFP