

International Business News

Dell net profit down 23pc

AFP, New York

US personal computer giant Dell reported a 23-percent decline in quarterly net profit on Thursday but surpassed the expectations of Wall Street analysts, sending its shares sharply higher.

The Texas-based company said net profit fell to 472 million dollars in the second quarter of its fiscal year compared with 616 million dollars a year ago.

Earnings per share were 24 cents compared with the 23 cents per share expected by analysts.

Dell said revenue declined by 22 percent in the quarter to 12.8 billion dollars.

"We have been reducing complexity in our organization and significantly lowering operating costs, in anticipation of improvement in the global economy and IT spending," chairman and chief executive Michael Dell said.

"If current demand trends continue, we expect revenue for the second half of the year to be stronger than the first half," he added in a statement.

Brian Gladden, Dell's chief financial officer, said the "best path for Dell remains one focused on profitable growth, lower costs and smart use of working capital."

Looking ahead, Dell said it expects seasonal demand improvements from the consumer and US federal government businesses in the third quarter, although demand from large commercial customers in the United States and Europe is expected to slow.

London investors await G20 meeting

AFP, London

Investors in the British stock market, which hit a 10-month high this week, will next week look forward to the Group of 20 finance ministers' meeting in London amid a dearth of company results.

The benchmark FTSE-100 index of leading shares ended the week up 58.01 points, or 1.20 percent, to 4,908.9 points from the previous Friday.

On Tuesday it had closed at a 10-month high of 4,916.80 points following the release of better-than-expected data on the US housing market and US consumer confidence, which raised hopes of an economic recovery.

The London market will begin trading next week on Tuesday owing to a long holiday weekend in Britain.

"This coming week sees the trading week cut short by a bank holiday," said Hargreaves Lansdown equities analyst Keith Bowman.

"On the economic front, the focus is likely to turn to the latest G20 meeting," he added.

The G20 finance meeting, held before a summit of the Group of 20 biggest economies in September, will discuss the crucial issue of bankers' bonuses. The two-day London gathering kicks off next Friday.



A model displays a creation by a local Sri Lankan designer at a clothing store in Colombo on Friday. Clothing accounts for over half of Sri Lanka's 7.5 billion dollar export earnings and is a vital line for the economy.

Over 90,000 jobs at risk in German car industry

AFP, Berlin

More than 90,000 jobs are in danger in Germany's automobile industry as the government's "cash-for-clunkers" scheme comes to an end, a report showed on Friday.

The study, by Roland Berger consultancy, said that the very successful programme, which gives people 2,500 euros off a new car if they scrap their old one, has only deferred problems for the industry until next year.

The scheme has brought "some relief in 2009 to the makers of economy and midsize cars but the incentives will only push the sales problem forward into 2010, unless the real economy takes off again," the study said.

"In Germany alone, more than 90,000 jobs are at risk in the country's automotive industry."

Last month, the government said it would not extend the programme, which has been copied in Britain and the United States, once the five billion euros (seven billion dollars) set aside has been used up.

It has already been extended once and figures on the website of the government agency managing the programme show that fewer than 100,000 applications out of an original two million can still be made.

Japan's Hitachi, NEC, Casio in phone merger talks

AFP, Tokyo

Hitachi Ltd., NEC Corp and Casio Computer Co are in talks about a possible merger of their mobile phone businesses in a bid to improve profitability, reports said Friday.

NEC is negotiating to take a stake of more than 50 percent in Casio Hitachi Mobile Communications Co., a joint venture which was founded in 2004 by Casio and Hitachi, Kyodo News reported, citing unnamed sources.

Together the three would have the second-largest share in the Japanese mobile phone handset market, behind Sharp Corp.

The three companies declined to confirm the report.

Most Japanese already own a mobile telephone and operators and handset manufacturers are facing growing challenges to boost revenue in a crowded market, particularly given the weak economy and shrinking population.

EMPLOYMENT

Japan's jobless rate hits record high



Unemployed Japanese people search through job vacancies at an employment bureau in Tokyo on Friday. Japan's unemployment rate is at a record high, data showed, raising doubts about an economic recovery and piling pressure on embattled Prime Minister Taro Aso ahead of an election.

AFP, Tokyo

Japan announced Friday its jobless rate hit a record high last month, raising doubts about prospects for an economic recovery and dealing a blow to Prime Minister Taro Aso ahead of a weekend election.

Worries about deflation also deepened after consumer prices fell at the steepest ever pace and consumer spending declined, highlighting the economy's fragile state despite its return to positive growth in the second quarter.

The jobless rate rose to a worse than expected 5.7 percent in July, up from 5.4 percent in June, the government said.

The total number of unemployed people rose by about one million from a year earlier to 3.59 million as companies slashed costs to cope with the worst recession in decades.

It is yet another setback to Aso's long-ruling Liberal Democratic Party (LDP), which is trailing far behind the main opposition Democratic Party of Japan (DPJ) in opinion polls ahead of Sunday's general election.

"There's no doubt the job situation is worsening," said Chief Cabinet Secretary Takeo Kawamura, the top government spokesman. "The economy is still in a

recovery phase. But we must pay close attention to the job situation."

Official figures last week showed the world's second largest economy grew in April-June for the first time in five quarters, limping out of recession, but many ordinary people say they are not feeling the recovery.

Japanese companies are also struggling. Toyota Motor said Friday it was abandoning a plant in California that it jointly owned with General Motors -- the first time the Japanese firm has ever pulled the plug on a factory.

"The overall economic picture in Japan remains weak," Societe Generale analysts wrote in a research note. "We expect unemployment to continue rising through the third quarter of this year before any real recovery occurs."

There are also fears that the economy could stumble again as the effects of the government's massive economic stimulus packages fade.

Consumer spending remains weak in Japan, leaving the economy highly dependent on exports. Household spending fell 2.0 percent in July from a year earlier, sharply reversing a 0.2 percent rise in June, data showed.

"The recent growth was mainly due to government spending and was not a self-

sustaining recovery in the Japanese economy," said Hiroshi Watanabe, economist at Daiwa Institute of Research.

"We're unlikely to see a swift recovery for the time being."

Deflation also deepened last month with the core consumer price index (CPI) dropping 2.2 percent from a year earlier -- the fastest pace on record.

Core prices, which exclude those of volatile fresh food, fell for a fifth straight month after a 1.7 percent decline in June, pushed down by lower energy costs and weak domestic demand.

"The deteriorating job market may depress consumer sentiment and lead to a vicious circle" of weak growth leading to more layoffs, said Naoko Ogata, senior economist at the Japan Research Institute.

"Domestic demand is pretty weak. We expect deflationary pressure to increase."

Japan was stuck in a deflationary spiral for years after its asset price bubble burst in the early 1990s, prompting consumers to put off purchases in the hope of further price drops and reducing corporate earnings.

Investors, however, took the gloomy data in their stride, with the Nikkei stock index rising 0.57 percent by the close, tracking gains on Wall Street.

COLUMN

SARWAR AHMED

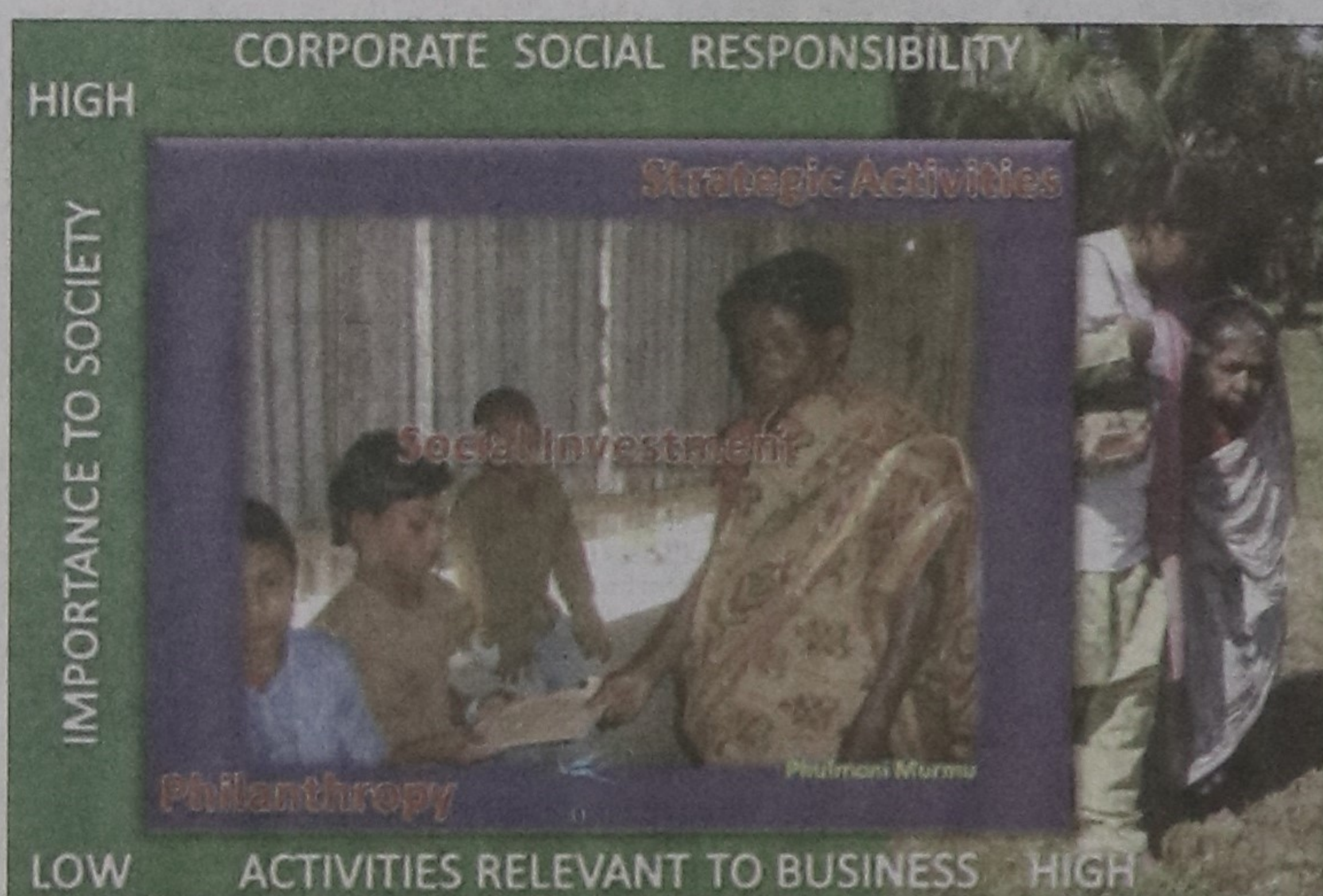
People, planet, profit

It was the first time we attended an international workshop held at our Bogra Learning and Development Centre on Corporate Social Responsibility (CSR), a phrase used interchangeably with Corporate Responsibility or Corporate Affairs. Until then, I viewed CSR as a do-good, generosity laden activity in support of hapless organisations struggling to make ends meet, as they provided wherewithal to the society's ignored and down-trodden.

The European Commission defines corporate social responsibility as a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment by integrating social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.

As the workshop began to roll, we began to understand that every society has social objectives. In democratic societies, these are election pledges made by political parties. An elected government through its policies, programmes and legislation try to bring these objectives to fruition. Within this framework, businesses need to align and operate so that there is a convergence of actions to achieve these social objectives.

Much as businesses need to make reasonable profit, they need to align themselves to expectations of people, their employees and community at large, as well as the planet, which requires a conscious consideration of the impact of their products, services and activities on the environment. If these three 'P's are carefully balanced, a business will earn trust and enhance its reputation with



stakeholders, which will lead to further business growth.

Business is a part of the community and cannot operate in isolation. To guarantee the freedom to operate, we need to have a clear long-term strategic plan to find a fit between the organisation's corporate activities and society's expectations.

To begin with, we jotted down the CSR activities we are doing today, one each, on a post-it. As we scratched our heads and combined our ideas, a clearer picture emerged. Bangladesh's top agenda is food security. Beyond seeds and crop protection products that we provide for agricultural produce, a sure path to food

security is improving agricultural productivity.

We realised that our farmers have no dearth of will to improve their lot. They simply lack the knowledge that will help them to be more productive. But then, how can we reach out to millions of farmers, to share knowledge?

Any research will tell you, for every two farmers visiting an agricultural inputs retailer, one will ask for a crop solution. If we train these retailers, they will then pass on this knowledge to farmers. So a key corporate activity to enhance agricultural productivity is to enhance retailer knowledge.

We built the Bogra Learning

and Development Centre to impart a three-day residential training programme for our retailers. Without knowing it, we were doing things right, CSR wise. This is an example of how strategic corporate activities blend with the social objectives of the country.

Organisations tend to equate CSR activities with philanthropic support or social causes. These compassionate activities may not be relevant to the over-arching social objectives in the continuum of CSR activities.

However, it does not mean one should not contribute to these events. Our country does not have the social safety net to support the downtrodden. At times it is dis-

Islamic bank assets up sharply despite turmoil

AFP, Singapore

Assets held by the world's 100 biggest Islamic banks grew 66 percent in 2008 from the previous year despite the financial turmoil that clobbered mainstream lenders, a report said Friday.

The top 100 Islamic banks held assets totalling 580 billion US dollars last year, up from 350 billion dollars in 2007, according to an annual report by The Asian Banker, a magazine for financial professionals.

In the same period, Asia's 300 biggest banks saw their assets rise by a much slower 13.4 percent, it said.

A financial storm sparked by a crisis in the US housing market swept across the world late last year. Its impact spilled over into the general economy and sent several countries into recession.

Prominent US investment bank Lehman Brothers collapsed into bankruptcy, while several other major Western banks suffered massive losses.

"Despite the financial turmoil in late 2008 that crippled so many large Western institutions, Islamic banks have continued to grow in prominence and size," the magazine said in a press statement.

Emmanuel Daniel, the magazine's president and chief executive, added: "Islamic finance has seen an incredible surge in popularity, based on stronger regulatory regimes and a better international understanding of its dynamics."

Islamic banking fuses principles of sharia or Islamic law and modern banking. Islamic funds are banned from investing in companies associated with tobacco, alcohol or gambling.

Iranian banks were the biggest players in the global Islamic banking sector, holding seven out of the top 10 rankings and 12 out of the 100, but Saudi Arabian lenders were more profitable, the report said.

Saudi Arabia's Al Rajhi Bank had the highest net income of 1.74 billion dollars, which is more than five times the earnings of Bank Tejarat, Iran's most profitable lender.

Iranian banks also took up 40 percent of the total assets of the top 100 banks, with the UAE, Malaysia, Saudi Arabia and Kuwait accounting for a combined 40 percent. Smaller banks in 10 other markets accounted for the rest.

Outside of the Middle East, two Islamic banks in Britain made it to the top 100, according to the report.

Asian and North African banks "are still very small" compared with the Middle Eastern players, it said, adding that "only Malaysian and Bangladeshi Islamic banks have a significant amount of assets".

Indonesia, the world's most populous Muslim nation, had only two banks on the list. Pakistan had three, while regional financial centre Singapore and the Malay Islamic kingdom of Brunei had one each.

trekking to see how the rich, just by giving a donation, treat people with disrespect and condescension. There are ego-inflated organisations that like to decorate their CSR publications with photo sessions proving their handouts. Sad to say, their publicity noise is far louder and expensive than the total amount they dole out on philanthropic activities.

There are also activities undertaken by organisations that are social investments, like education. These activities may not be directly related to social objectives, but they help to build social capacities. As we placed the individual activity based post-it notes on the wall, we realised how our activities balanced out between the philanthropic, social investment and strategic objectives.

How do you measure the success of CSR activities? One of the ways is to use the Logical Framework Analysis, a comprehensive, transparent action packed, date lined plan that track activities completed.

As part of the workshop, we drove down to see the activities of Syngenta Foundation in a Dinajpur village, where we are working with the Santals. The most selfless CSR activity I have experienced is that of a Santal widow, Phulmoni Murmu, who lives on the borderline of poverty. She donated her handkerchief-sized piece of land, on which we built a tin shed, primary school for her village children. As much as she humbles and inspires us, she shames us for how little we truly do to bring positive change in society.

The writer is the managing director of Syngenta Bangladesh Ltd.