CIMA looks to capitalise on growing private sector

Noel Tagoe, executive director of CIMA Education, explains what career as a management account holds out for the youth

SUMAN SAHA

THE Chartered Institute of Management Accountants (CIMA), a UK-based professional body that entered Bangladesh in 2011, aims to strengthen its foothold here due to the promising signs the economy has shown, said a senior official.

"Bangladesh is a very promising market as its economy is picking up fast. The demand for professional accountants will rise significantly to support the growth. So, we want to increase our presence in the market," Noel Tagoe, executive director of CIMA Education, told The Daily Star in an interview.

For that end, the professional body for management accountants is seeking partnership with universities, organisations and the government.

"We want to sponsor research projects here and we plan to introduce diplomas and advanced diplomas in Islamic finance soon."

Noel Tagoe

When asked what differentiates a CIMA-qualification from other accountancy degrees, he said: "We train accountants solely for businesses."

Unlike chartered accountants, who focus on audit, taxation and financial reporting, management accountants do "a lot of planning, controlling, performance management and forecasting".

"Businesses always try to balance three things such as opportunities, values and costs. Most financial reporting, however, fails to address these issues, but management accountants can. There is a common misconception that the functions of a chartered accountant and management accountant are identical."

A degree from CIMA, Tagoe insists, is akin to a "career passport" as it is recognised the world over. A CIMA-qualified person can work in developed countries including the UK, Australia and South Africa.

"Not only that, it empowers students to compete globally, secure a better pay, climb up the professional ladder and gain points during migration."

In the UK, a CIMA qualification is equivalent to a master's degree for emigration purpose. "So, a CIMA-qualified person will get higher points if he/she wants to migrate to the UK."

Tagoe predicts the demand for certified management accountants would rise as the country's private sector expands.

The professional body takes computer-based exams with one syllabuse in May and another in November on the same date and time all around the world.

Students can start studying towards a CIMA degree right after completion of HSC and A-Levels. Those students will have to start at the foundation level comprising 5 CBA papers, irrespective of backgrounds, while professionals can enter the CIMA Certification in Business Accounting course at any stage in their career.

The certified course has five modules and is designed to educate in accounting fundamentals and how they are related to the business world, said Tagoe, who holds a degree from the University of Oxford.

READ MORE ON B3

Election winner Abe faces Japan jobs challenge

AFP, *Tokyo*

ECONOMIC reforms aimed at reanimating Japan's sagging economy will be top of premier Shinzo Abe's to-do list after his weekend victory in upper house polls tightened his grip on power.

With control over both legislative chambers, Abe now has a strengthened hand to face down vested interests in his often factional Liberal Democratic Party at a time when the Japanese labour market is ripe for change.

But where one camp sees a need for greater job security in a country of nervous and spendthrift consumers, another says too much worker protection is the root of much of the malaise that has beset Japan for the last two decades.

"When I heard Abe talking about 'decent work', I thought it was a joke," said Makoto Kawazoe, an official of the General Union of Young Workers in Tokyo.

"What he's trying to do is exactly the opposite of decent work, something that will increase insecurity among workers," he said.

As Japan's economy roared to life after World War II, its companies struck a bargain with their staff: you commit to working hard for us and we will give you a job until retirement.

Lifetime employment served Japan well; it produced wealth, powered growth and provided a large measure of order in a place that prizes stability and harmony.

A raft of protections grew up around the concept, guaranteeing the rights of workers.

But, say economists, since Japan's economy stopped its upward march at the end of the 1980s, firms that are no longer world beaters have been left bloated with un-needed staff.

"In a greying society where demand for goods is weak, Japan needs to shift its industry from manufacturing to services," said Yoshimasa Maruyama, chief economist at major trading house Itochu.

However, under current sclerotic labour rules, it is hard to shift workers, he said.

Abe says the key is helping firms make the transition.

"We will provide money for job training that would prompt greater labour mobility from mature sectors into growing sectors," Abe told journalists earlier this month.

Advocates of a labour rules rejig say as well as benefiting companies, this will be a boon for workers.

They say that if a company knows it has some wiggle room once someone is in a job, they will be more likely to take on new employees on a permanent basis, reversing the trend of recent decades.

Shinzo Abe

Temporary workers now account for around 35 percent of the entire national workforce.

As well as having little security, they also have less money. On average, a temporary worker earns 3.1 million yen ($31,000) a year in salary and bonuses, less than two-thirds what someone on a permanent contract is paid, according to figures from Japan's National Tax Agency.

With more money in their pockets, workers will have more to spend, giving Japan's companies more customers. That will raise the tax take and help Japanese government finances.

"We will seek to realise decent work, that is, the creation of jobs that have humane working conditions and are rewarding," Abe's cabinet declared last month.

Time to get used to a weak rupee

AFP

A car park attendant counts Indian rupee notes in New Delhi.

DH PAI PANANDIKER, *for Reuters*

THE fall of the rupee has become politically embarrassing. When the rupee crossed 60 to the dollar, the government and the Reserve Bank of India (RBI) thought it was time to act. The RBI tried to suppress speculation that had exaggerated the rupee's fall and the government sought to increase foreign resources to fund the current account deficit (CAD).

The RBI complied half-heartedly. "We let our exchange rate be largely market determined, but intervene in the market to smooth excess volatility and/or to prevent disruptions to macroeconomic stability," Governor Duvvuri Subbarao said in a speech in London.

The RBI raised the cost of borrowing under the marginal standing facility (MSF), narrowed the window for banks wanting to borrow from it, and issued bonds to raise dollar funds –although that missed the target completely. The rupee did harden against the dollar but too little for any comfort.

The government focused on foreign direct investment. That's how it's been all along. Foreign assistance and FDI increase the current account deficit and finance it as well. That's not the case with FII investment. It does not increase CAD and is available to cover it. The current account has almost always been in deficit mainly due to insufficient exports and was funded from FII portfolio investment and external commercial borrowings apart from foreign investment.

What hit the rupee in June-July was the huge increase in deficit and the declared intention of the US Federal Reserve to taper quantitative easing. The latter prompted FIIs to pull out. During the same period, there was an outflow of $10 billion that forced the RBI to draw down foreign exchange reserves.

The only options for the government were to borrow overseas, which would have affected India's credit rating, and to encourage foreign investment. Under pressure like in 1991, the government raised equity holdings by foreign companies to make investment attractive. Thirteen sectors, principally telecom and defence, would benefit.

But will foreign investors jump in?

Only 48 hours after the government's announcement, two major companies have pulled out. ArcelorMittal and POSCO had planned steel projects with a total investment of 800 billion rupees. Agreements were signed three years ago but even today, there is no land to set up industry and no licence to extract ore. These are not exceptions.

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GSK says senior executives appear to have broken Chinese law

REUTERS, *London/Shanghai*

Glaxosmithkline said on Monday that some of its executives in China appeared to have broken the law as part of a major bribery scandal that has ensnared the British drugmaker.

The company also said that proposed changes to its operations would result in lower prices of its medicines in China.

"Certain senior executives of GSK China, who know our systems well, appear to have acted outside of our processes and controls which breaches Chinese law," the firm's head of emerging markets, Abbas Hussain, said in a statement.

Hussain, sent to China last week to lead GSK's response to the crisis, held a meeting with the Ministry of Public Security at which he also promised to review GSK's business model.

"Savings made as a result of proposed changes to our operational model will be passed on in the form of price reductions, ensuring our medicines are more affordable to Chinese patients," Hussain added.

Police last week accused GSK of bribing officials and doctors to boost sales and raise the price of its medicines in China. They said GSK transferred up to 3 billion yuan ($489 million) to 700 travel agencies and consultancies over six years to facilitate the bribes. Four senior Chinese executives from GSK have been detained.

GSK has said it was deeply concerned by the allegations, which it called "shameful".

In a statement, China's Ministry of Public Security said Hussain apologised for the scandal during the meeting.

Hussain was dispatched to China by Chief Executive Andrew Witty, along with the group's global head of internal audit and a senior legal official, a person familiar with the matter said on Friday.

Small businesses are priced off Hong Kong's streets

BBC NEWS, *Hong Kong*

WELCOME to Russell Street - the world's most expensive shopping district.

Crammed with umbrella-wielding shoppers after a humid afternoon downpour, the 150-yard stretch of luxury stores is Hong Kong's answer to Bond Street or Fifth Avenue.

The designer brands that cluster along this street and those nearby cater to free-spending tourists from mainland China that have - in little more than a decade -transformed Causeway Bay and other shopping areas in the former British colony.

Gone are many of the grocers, tea houses and noodle vendors that give the city its unique character.

They have been squeezed out by rents that are twice as high as New York and four times higher than London.

And the city is beginning to ask whether the loss of these small businesses will alter the fabric of Hong Kong's streets and stifle entrepreneurship in the city.

"The local businesses that cater for local tastes - that's the real Hong Kong," says Andrew Sheng, president of the Fung Global Institute, a Hong Kong-based think tank.

"That's what Hong Kong people feel attached to, emotionally and culturally."

One victim of the eye-watering rents is Ho Hung Kee, located just a short walk away from Russell Street.

For 39 years, customers sat cheek-by-jowl in the restaurant's tiny booths and tables slurping wonton noodles and congee infused with ginger and spring onions.

But at the end of May, the owners, Patty Ho and her husband, served their last bowl of wonton noodles on the premises. They could not afford the monthly rent of Hong Kong $350,000 ($45,000; £30,000) sought by a new landlord.

"In Hong Kong, the rents are just crazy," says Ho.

BBC

Jennifer Cheung shuts down her business after her landlord demanded a 60 percent rent increase.

She believes the new tenant will be a pharmacy, selling medicine and baby milk formula that are often purchased by Chinese tourists.

Not far away, another traditional noodle joint that shut its doors in February is now a branch of Swiss watch retailer Rado.

In the days before its closure, the shop attracted hour-long queues of tourists and residents eager for a last meal.

In many respects, rising rents are nothing new in Hong Kong. The city has long been one of the world's most expensive real estate markets.

Yet other Asian cities facing similar constraints manage to preserve mom-and-pop shops, says Sheng of the Fung Global Institute.

He says that landlords in Tokyo want to have ramen and sushi makers in their property and in Singapore, planning laws ensure that even the ritziest districts usually feature a "hawker centre" where tasty local food can be bought cheaply.

"The key question we need to ask is, is this inevitable or is this something we need as a community deal with?" he says.

Jennifer Cheung, who closed her business selling customised leather shoes in January after more than eight years in operation, says high rents combined with short leases will discourage young people from starting up their own businesses.

A two or three-year lease is the norm, compared to five to 10 year tenancies in the UK.

"It's very discouraging for entrepreneurship," says Cheung.

"I had good timing. When I started out my rent was less than HK$30,000 a month. Now you sign a contract and it's a million a year."

Faced with a 60 percent jump in rent and staffing problems, Cheung has decided to relaunch her business online.

"It will be a test but I have a strong niche and customer base."

Joe Lin, senior director of Hong Kong Retail Services at CBRE Group, believes the tide of luxury brands filling up the city's streets is slowing.

In the first three months of this year, prime retail rents were up 8.8 percent from a year earlier but down from the double digit increases seen in the past three years.

The Chinese government is discouraging open displays of wealth among officials and this has made top tier luxury goods companies more cautious in their expansion plans, he says.

"The retail market is a little bit different. Starting from the second half of last year, they [Chinese tourists] have started to buy more mid-range products. The consumption pattern is changing."

Perhaps evidence that the city's landlords might be getting too greedy is the fact that the sugary pink shop front of Shoegirl - Cheung's business - is still unaltered.

The premises remain vacant months after her departure.

But Lin says that the city's high rents are unlikely to change in the short term and smaller, independent businesses will continue to be displaced.

The next generation

Ho Hung Kee won't disappear altogether.

The owners' son has opened a fancier restaurant bearing the same name on the 12th floor of a nearby shopping centre, hoping to cash in on the restaurant's recent inclusion in the city's Michelin Guide.

Ms Ho says she is looking forward to handing the reins to the next generation after years of working 12-hour days, seven days a week, but without a street-level shop front she doesn't know whether it will be a success.