



Proceedings of the Fourth Asian Congress For Human Development

May 12 - 14, 1988
Melbourne, Australia

FOR HUMAN DEVELOPMENT FOURTH ASIAN CONGRESS FOR HUMAN DEVELOPMENT FOURTH
FOURTH ASIAN CONGRESS FOR HUMAN DEVELOPMENT FOURTH ASIAN CONGRESS FOR HUM
FOR HUMAN DEVELOPMENT FOURTH ASIAN CONGRESS FOR HUMAN DEVELOPMENT FOURTH
FOURTH ASIAN CONGRESS FOR HUMAN DEVELOPMENT FOURTH ASIAN CONGRESS FOR HUM
FOR HUMAN DEVELOPMENT FOURTH ASIAN CONGRESS FOR HUMAN DEVELOPMENT FOURTH
FOURTH ASIAN CONGRESS FOR HUMAN DEVELOPMENT FOURTH ASIAN CONGRESS FOR HUM
FOR HUMAN DEVELOPMENT FOURTH ASIAN CONGRESS FOR HUMAN DEVELOPMENT FOURTH
FOURTH ASIAN CONGRESS FOR HUMAN DEVELOPMENT FOURTH ASIAN CONGRESS FOR HUM
FOR HUMAN DEVELOPMENT FOURTH ASIAN CONGRESS FOR HUMAN DEVELOPMENT FOURTH
FOURTH ASIAN CONGRESS FOR HUMAN DEVELOPMENT FOURTH ASIAN CONGRESS FOR HUM
FOR HUMAN DEVELOPMENT FOURTH ASIAN CONGRESS FOR HUMAN DEVELOPMENT FOURTH
FOURTH ASIAN CONGRESS FOR HUMAN DEVELOPMENT FOURTH ASIAN CONGRESS FOR HUM
FOR HUMAN DEVELOPMENT FOURTH ASIAN CONGRESS FOR HUMAN DEVELOPMENT FOURTH
FOURTH ASIAN CONGRESS FOR HUMAN DEVELOPMENT FOURTH ASIAN CONGRESS FOR HUM
FOR HUMAN DEVELOPMENT FOURTH ASIAN CONGRESS FOR HUMAN DEVELOPMENT FOURTH
FOURTH ASIAN CONGRESS FOR HUMAN DEVELOPMENT FOURTH ASIAN CONGRESS FOR HUM
FOURTH ASIAN CONGRESS FOR HUMAN DEVELOPMENT FOURTH ASIAN CONGRESS FOR HUM

Editorial - June 2021

Michelle Nailon CSB
Editor *Proceedings 1988*

The year of 1988 is a long time ago when looking back from the year of 1921. It is thirty-three years - a whole lifespan in the view of a large proportion of the Asian population including Australia. Yet there is value in looking back at the visions and hopes of the people of that time.

The Fourth Asian Congress For Human Development was spear-headed by an accountant called John Roseman who believed that world development lay in the hands of business people. John had worked with Catholic agencies, such as Melbourne Overseas Mission, which was providing welfare payments to people and groups in Asian countries around Australia. Yet he insisted that if development was to go ahead in these countries, business people must be involved.

In his efforts to awaken business to this role, John linked in with Canon Lawrie Styles of the then Inter-Church Trade and Industry Mission (ITIM) and they formed a "Business Executives Group". (ITIM had been providing industrial chaplains to business since the start of the 1960's.) John also found out about and contacted an organisation called UNIAPAC. UNIAPAC, a global organisation, dates back to the time of *Rerum Novarum* (1891), a landmark Catholic social justice document.

UNIAPAC was likely to have put John into contact with a business movement in the Philippines which had gained momentum since the toppling of the

corrupt government of President Marcos in 1986. Some of the Filipino people involved with UNIAPAC and the 4th Asian Congress could give first hand accounts of the "people revolution" in the Philippines when over one million people took to the streets.

From the basis of the "Business Executives Group" in Melbourne, the proposal was formed to run a Fourth Asian Congress for Human Development. Of special help to John in following through this proposal was M.A.Teresa F. Nieva who worked from the office of Caritas in Manila. (Caritas is a worldwide, Catholic-based organisation in over 200 countries which helps "the poorest of the poor". It dates back to 1897.) Officially, Teresa F. Nieva, working from the Manila Caritas office, was the "Secretary General, Asian Business Congress for Human Development".

Of special support to John in his efforts to "do something" about business, morality and development, was Mr Barry Counsel. Mr Counsel was Chairman and Managing Director of Florsheim Australia Ltd (a Shoe Company). In the proposed Fourth Asian Congress for Human Development he was to become Chairman of the Australia Organizing Committee.

Of special "delight" to John and Barry was the acceptance by Mr. John Ralph to be Chairman of the Hosting Committee of the proposed Congress. John Ralph was a Director of BHP Billiton and he had other "high-level" roles as well. When the Congress did take place Mr Ralph said in his welcome address

We may have a vision for development. Translating it successfully and appropriately into action is something on which we all need to share our experiences and views. (Proceedings p.15).

In the years after the Fourth Asian Congress for Human Development (1988), there continued to be some momentum of sustaining a missionary outreach to business. Some people attended the next Asian Congress a few years later (in Thailand I think). Also some people continued to meet in Melbourne and they initiated a series of "business-persons" breakfasts which were supported by the ArchDiocese.

After Archbishop Pell took on the role of Archbishop in Melbourne 1996, he held a large, public meeting and business was invited. To an observer this appeared to be an attempt to "kick off" a structural outreach to business. However, by that time, in the mid-nineties, there were revelations emerging about the child abuse scandals which had been covered up by Church authorities. At that particular meeting there was a public challenge made about the qualifications and ability of the Catholic Church to talk about (any sort of) morality. Something however that did carry through around that time was that the Australian Catholic University (Melbourne) set up a Department relating to business. It was under the name of John Ralph and his wife.

At the university now (2021), a business department still exists. One hopes that within the limits of academic subjects, the topic of business ethics is being dealt with.

In the meantime the nature of ITIM's industry chaplaincy had began to shift and diminish.

From my own perspective in the 1990's (Michelle Nailon, editor of the *Proceedings*), there needed to be some sort of "program" which could be used by business. This would help people towards on-going reflection about the place of business in society and the need to continually upgrade business ethics. In fact I have been working on such a "program" ever since (cf. www.realitysearch.com.au). However at the time, in the continuing group, other people did not necessarily agree my view, even though I believe they have since developed very good programs themselves.

One of the key elements about a stagnation (?) in the missionary outreach to business that John Roseman had attempted to set in motion, was the failure (on my own part) to realise that Teresa Nieva, a main supporter of the 4th Asian Congress in Melbourne, was herself based from the Caritas Office in Manila. In the early 1990's when it seemed there needed to be an appropriate base for the Australian momentum to continue, Caritas did exist in Melbourne. However it was not set up as Caritas Australia until 1996. I could be wrong, but I doubt (in June 2021), they have ever seen the connection between what John was doing and their own role.

In the meantime, thirty plus years later, it seems that momentum in business outreach continues on in Manila. There is to be a 27th UNIAPAC World Congress to be held in Manila in 2023.

**Proceedings
of the
Fourth Asian Congress
For Human Development**

**May 12-14, 1988
Melbourne, Australia**

**2nd Edition
Melbourne, 2021**

**Fourth Asian Congress
For Human Development**

FOREWORD

The 4th Asian Business Congress for Human Development held in Melbourne, Australia, May 12-14, 1988 set for itself the following major objectives:

- * To explore the role of business as a catalyst for human development in Asia;
- * To discuss particular aspects of the social responsibility of business relevant to Asia;
- * To elucidate the role of values in determining business strategies in different cultures;
- * To discuss the maintenance of ethical standards by business people operating in diverse cultures and value systems;
- * To foster personal links among Asian and Australian business leaders.

Some two hundred high level decision makers from business and industry, academics and selected senior government officials from twelve Asian countries participated in the three day meet to address some of the major issues that confront decision managers amidst the social, economic and political changes and uncertainties in the Asian and world economics.

This publication contains the proceedings of the Congress which had for its over-all theme "Managing Business in Asia: A Vision of Development".

Part One consists of the major addresses delivered during the opening dinner and the plenary session on May 13, highlighted by the message of Philippine President Corazon C. Aquino, and read by Philippine Secretary of Trade and Industry Jose S. Concepcion, Jr. The opening addresses of Congress Hosting Committee chairman John Ralph AO and Asian Congress Chairman Secretary Vicente R. Jayme give a brief history of the Congress and the expectations of this fourth gathering of men and women of influence and goodwill in the Asian Region. Initiating the discussion of the Congress theme is the inaugural address of Jaime Cardinal L. Sin, Archbishop of Manila. His speech challenges the Congress participants to develop a vision of Asia premised on the total development of all without exception and to discover the process by which this goal is to be achieved.

Keynoter Dr. Frans Seda, general chairman of the National Association of Textile Producers, Manufacturers and Exporters of Indonesia, next presents a human centered paradigm where development enhances the preservation of life, human dignity, and freedom through the creation of jobs and wealth, empowering and enabling people, and building organizations. The concluding paper by Brian Healey, group chief executive of Nicholas Kiwi Pty. Ltd., expounds on the various ways by which foreign investments contribute to the development of the host country and the welfare of its people, citing the experience and corporate philosophy of his company, the Sara Lee Corporation.

Part Two focuses on the human face of regional business ventures as revealed by the responses of Australian and Asian partners to the challenges, problems and opportunities in various fields. The participants in this panel discussion are Will Bailey,

group managing director and CEO ANZ Banking Group Ltd. and Tomohiro Ishiguro, general manager of the Bank of Tokyo in Melbourne; Barry Counsel, chairman and managing director of Florsheim (Australia) Ltd. and Karam Bedi, representative of Bata India Ltd.; and Kevin Luscombe, chairman of Thai Dairy Industries.

Part Three features three case studies of the continuing Asian drama, in the context of the major political, social and economic developments in the region. The papers focus on 1) The Role of Business in the "People Power" Revolution of the Philippines, presented by Dante G. Santos, president of the Philippine Airlines; 2) The Growth of Multitech, a report on Taiwan's entry into the international arena in the computer industry, written by Simon Lin, assistant vice president of ACER International Corporation; and 3) Rural and Semi-Rural Development in India, a wide ranging paper prepared by Dr. Ram Tarneja, managing director of Bennet, Coleman and Co. Ltd. of India.

Part IV consists of the Congress workshops addressing ten key areas basic to human development in Asia. Papers discussing the main issues and problems of each area of concern were presented by the workshop chairmen and discussants as follows:

Workshop 1 - Business and Agricultural Development addresses such challenges as country policies favoring rural development, small farm holding vs. plantation type operations, upgrading the agricultural product mix, redistribution and improvement of farmer incomes, preserving the ecology, and the rights of tribal minorities.

Workshop 2 - Business and the Small and Medium Size Industry considers how more developed business organizations can accelerate and upgrade small and medium industries particularly, given a policy of dispersal towards the rural area and poverty pockets of Asia. Other considerations are creating market linkages, financing, product design and product quality, improving productivity, subcontracting strategies, and human development questions such as income sharing and the participation of women.

Workshop 3 - Business and Technology focuses on design and selection of appropriate technology, the impact of technology change, environmental protection, the acceleration of technology transfer and how the originators and receivers of technology transfers view the question of "fair price" for the technology.

Workshop 4 - Business, Politics, Ethics and Government discusses the question of "graft and corruption" and its influence not only in the favored treatment of "privileged" individuals/groups but also on the entire development and social fabric of the countries of Asia. The implications of business involvement in politics on the one hand and participation in the formulation and development of the country's economic and social strategies are also raised.

Workshop 5 - A Philosophy Towards Labor looks at the prevalence of poverty and unemployment in Asia, and on the rising consciousness among the peoples about human, political, economic and social rights, and asks: "What is our vision of the Asian working person whether he be in the factory, in the farm, in the service institutions or in his own micro business? How does this vision compare with his own? How do we communicate this vision to each other?"

Workshop 6 – Business and the Consumer defines the rights of the consumers, the relationship between business and the consumer, and the role of education in promoting the interests of both major players.

Workshop 7 – The Financial Structure and Human Development analyzes how the structures, policies, systems and procedures of financial institutions advance or retard social and economic development that is directed towards rural development, micro, small and medium industries.

Workshop 8 – The Managers of Asia studies the profile of the Asian Manager demanded by the times and how formal educational institutions can help in the shaping of the Asian Managers attuned to the human development needs of the Asian region.

Workshop 9 – Corporate Social Balance Sheet develops the thesis that the true measure of a corporation's achievements is not just the "profit" or "ROI" as contained in its financial profit and loss statement and the balance sheet but, even more importantly, by its corporate social balance sheet – a corporation's explicit and operational recognition of its social obligations to the society which nurtures it.

Workshop 10 – Business and Its Cultural Environment examines such issues as the impact of family ownership on the methods and styles of management, and how cultural differences and similarities affect various elements such as entrepreneurship, technology choices and participative decision making.

This section ends with the workshop reports summarizing the conclusions and recommended strategy and action programs of each group.

Part Four records the final phase of the Congress, with the adoption in principle of a consensus statement by the body. The statement was formulated by Mr. John Fletcher, chief executive officer, Commonwealth Development Bank of Australia, Dean Gaston Z. Ortigas, Dean, Asian Institute of Management and Mrs. Ma. Teresa F. Nieva, Secretary General, Asian Congress Council.

We wish to conclude with a sincere vote of thanks to all those who made this publication possible, particularly the hardworking Australian and Philippine secretaries, Ms. Myla Rae Santos who did the final editing, and Ms. Fely Aparis who supervised the printing.

SR. MICHELLE NAILON, CSB

MA. TERESA F. NIEVA

Editors

TABLE OF CONTENTS

FOREWORD

ACKNOWLEDGMENTS	1
PROGRAM	2
OFFICIAL CONGRESS DINNER ADDRESS OF PRESIDENT CORAZON C. AQUINO Republic of the Philippines	9
INVOCATION – Ma. Teresa F. Nieva	13
WELCOME ADDRESS – John T. Ralph	14
INTRODUCTORY ADDRESS – Vicente R. Jayme	16
INAUGURAL ADDRESS – Jaime Cardinal L. Sin	20
KEYNOTE ADDRESSES	
– <i>Dr. Frans Seda</i>	25
– <i>Mr. Brian Healey</i>	30
First Open Forum	38
LUNCH ADDRESS – Senator John Button	43
Second Open Forum	46
THE HUMAN FACE OF REGIONAL BUSINESS VENTURES	
Introduction – <i>Bob White</i>	48
Banking – <i>Will Bailey</i>	50
– <i>Tomihiro Ishiguro</i>	54
Third Open Forum	58
Footwear and Textiles – <i>Barry Counsel</i>	62
– <i>Karam Bedi</i>	67
Food and Milk Products – <i>Kevin Luscombe</i>	77

**PANEL DISCUSSION : THE CONTINUING ASIAN DRAMA
– STRATEGIES AND MAJOR DEVELOPMENTS**

Introduction – <i>Vicente R. Jayme</i>	87
The Role of Business in the "People Power" Revolution in the Philippines – <i>Dante G. Santos</i>	89
The Growth of Multitech – <i>Simon Lin</i>	94
Focus on Rural and Semi Rural Development – <i>Ram Tarneja</i>	97

WORKSHOP PAPERS AND REPORTS

Workshop 1 - BUSINESS AND AGRICULTURAL DEVELOPMENT

Paper: Agribusiness Investment Opportunities in Indonesia – <i>Charlo Manora</i>	114
Report	120

**Workshop 2 – BUSINESS AND THE SMALL AND
MEDIUM SIZE INDUSTRIES**

Paper: Strategies on Cooperation and Mutual Development – <i>Philip C. M. Wang</i>	123
Report	126

Workshop 3 – BUSINESS, TECHNOLOGY AND ECOLOGY

Papers: Business, Technology and Ecology – <i>Rogelio C. Salazar</i>	129
Business and Technology in Indonesia – <i>Indra Josepha and Suhardjo Sabar</i>	134
Report	137

Workshop 4 – BUSINESS, POLITICS, ETHICS AND GOVERNMENT

Papers: Business, Politics, Ethics and Government – <i>Sir Charles Court</i>	139
Report	141

ADDRESS – His Excellency, Sir Ninian Stephen, AK, GOMG, GCVO, KBE	211
VOTE OF THANKS	
– <i>John T. Ralph</i>	213
– <i>Vicente R. Jayme</i>	213
– <i>Jose S. Concepcion, Jr.</i>	214
CLOSING PRAYER – <i>John B. Roseman</i>	216
CONSENSUS STATEMENT	217
PARTICIPANTS	221
ASIAN CONGRESS COUNCIL	232
THE HOSTING COMMITTEE	233
AUSTRALIA ORGANIZING COMMITTEE	235
PHILIPPINE ORGANIZING COMMITTEE	236

ACKNOWLEDGMENTS

The Organizing Committee would like to thank the following sponsors:

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

COMMONWEALTH BANK OF AUSTRALIA

C R A LIMITED

NATIONAL AUSTRALIA BANK LTD

NICHOLAS KIWI AUSTRALI-ASIA LIMITED

WESTPAC BANKING CORPORATION

C S R LIMITED

PACIFIC DUNLOP LIMITED

AUSTRALIAN INTERNATIONAL DEVELOPMENT ASSISTANCE BUREAU

WORLD VISION

4th ASIAN BUSINESS CONGRESS FOR HUMAN DEVELOPMENT

May 12 - 14, 1988
Regent Hotel, Melbourne
Australia

PROGRAMME

THURSDAY, 12 MAY 1988

- 1:00 P.M.** Registration (1:00 pm to 7:00 pm)
2:00 Visit to Australian Factories
3:00 Welcome Cocktails
7:00 Sheep Shearing Exhibition
7:30 Official Congress Dinner in the Grand Ballroom of Regent Hotel
Dress: Lounge Suit

Address of Her Excellency, CORAZON C. AQUINO
President of the Republic of the Philippines

Delivered by the Honorable Secretary of Trade & Industry
JOSE S. CONCEPCION JR.

FRIDAY, 13 MAY 1988

- | | | |
|------------------|--------------------------------|--|
| 8:30 A.M. | REGISTRATION continues | <i>(Auditorium)</i> |
| 9:00 | OPENING PLENARY SESSION | MR. BARRY COUNSEL
Chairman, Organizing
Committee |
| | Invocation | MRS. TERESA F. NIEVA
Secretary-General
Asian Congress Council |
| 9:10 | Welcome Address | MR. JOHN RALPH, AO,
Chairman, Congress Hosting
Committee |
| 9:20 | Introductory Address | HON. VICENTE R. JAYME
Secretary of Finance
Philippine Chairman
Asian Congress Council |

9:30	Introduction of Country Delegations	MRS. TERESA F. NIEVA
9:40	Introduction of Inaugural Address Speaker	MR. ERNESTO ESCALER Chairman, Bacnotan Consolidated Industries
9:45	Inaugural Address	HIS EMINENCE JAIME CARDINAL L. SIN Archbishop of Manila
10:10	Vote of Thanks	SIR BERNARD CALLINAN AC, Kt, CBE, DSO, MC.
10:15	<i>MORNING TEA</i>	Compliments WORLD VISION
10:45	Introduction of Keynote Speaker	DR. ANUGERAH PEKERTI, Director Institute for Management Education and Development, Jakarta
10:50	Keynote Address	DR. FRANS SEDA, Chairman Fdn. of Atmajaya, Catholic Univ.; Chairman, Nat'l Assoc. of Textile Producers, Manufacturers and Exporters, Indonesia
11:10	Introduction of Keynote Speaker	MR. JOHN RALPH, AO
11:15	Keynote Address	MR. BRIAN HEALEY Group Chief Executive Nicholas Kiwi Pty. Ltd.
11:35	Open Forum	<i>Chaired by</i> HON. VICENTE R. JAYME
12:05 P.M.	Vote of Thanks	MR. ROBERT NORDLINGER, Chairman, Victorian Tourism Commis- sion and Chairman & Managing Director, Pace Leasing
12:10	Announcements	MR. BARRY COUNSEL
12:45	<i>LUNCH (Grand Ballroom)</i> Thanksgiving Prayer	REV. DR. PETER MARSHALL
12:48	Introduction of Main Speaker	MR. JOHN RALPH, AO

12:50	Speech	SEN. JOHN BUTTON Minister for Industry Technology and Commerce
1:15	Open Forum	
1:30	Vote of Thanks	SIR CHARLES COURT AK, KCMG, OBE
1:35	Announcements	MR. BARRY COUNSEL
2:00	PLENARY SESSION	
	THE HUMAN FACE OF REGIONAL BUSINESS VENTURES "Reflections on the People Element from the Experience of Both Partners in Successful Business Ventures - Challenges, Problems and Opportunities"	
	Introduction	MR. BOB WHITE, AO, Director Westpac Banking Corporation
2:10	Banking and Finance	MR. WILL BAILEY, Group Managing Director and Chief Executive Officer ANZ Banking Group Ltd., Melbourne
2:30		MR. TOMOHIRO ISHIGURO General Manager Bank of Tokyo, Melbourne
2:50	Forum on Banking and Finance	MR. BOB WHITE
3:25	<i>AFTERNOON TEA</i>	
3:50	Footwear and Textiles	MR. BARRY COUNSEL, Chairman and Managing Director, Florsheim (Australia) Ltd., Chairman, Organizing Committee Member, Congress Council
4:10		MR. KARAM BEDI, Representative Bata India Ltd.
4:30	Food and Milk Products	MR. KEVIN LUSCOMBE, Chairman Thai Dairy Industries, Bangkok
4:50	Announcements	MR. BARRY COUNSEL
4:55	Meeting of Workshops Chairpersons, Discussants, Rapporteurs	
5:25	Meeting of Asian Congress Council (including Observers)	
7:30	Home Hosting	

SATURDAY, 14 MAY, 1988

- 8:45 A.M. Announcements** MR. BARRY COUNSEL
- 8:50 The Continuing Asian Drama:
Strategies and Major
Developments - Case Studies**
- Introduction Chairman VICENTE R. JAYME
- 8:55 The Role of Business in the
"People Power" Revolution
in the Philippines** MR. DANTE G. SANTOS
President, Philippine Airlines
- 9:15 The Growth of Multitech** MR. SIMON LIN
Associate Vice President
ACER International Corp., Taiwan
- 9:35 Focus on Rural and Semi-
Rural Development** DR. RAM TARNEJA
Managing Director
Bennett, Coleman & Co. Ltd., India
- 9:55 Vote of Thanks** SIR GORDON JACKSON, AK
Chairman of Australian
Industry Development Corp.
- 9:58 Workshop Announcements** MRS. TERESA F. NIEVA
- 10:30 Workshops**
1. *Business and Agricultural Development*
- Chairman MR. CHOTE SOPHONPANICH
Senior Vice President
Bangkok Bank Company Ltd., Thailand
- Discussant MR. CHARLO MANORA
General Manager
PT Astra International Inc., Indonesia
- Rapporteur MR. IAN MACROW
Board Member
Australian Wheat Board
2. *Business and the Small and Medium Size Industries*
- Chairman MR. PHILIP C. M. WANG
Director General
Medium & Small Business Adm.
Ministry of Economic Affairs
Taiwan

Discussant DR. ALFONS DOODOH
Managing Director
P T Neptune (E S) Ltd., Indonesia

Rapporteur MR. M. L. BROWN
General Manager
National Australia Bank

3. *Business, Technology and Ecology*

Chairman MR. ROGELIO SALAZAR
President, Paper Industries
Corporation of the Philippines

Discussant MR. INDRA JOSEPHA
Human Resources Manager
Salim Group, Indonesia

Rapporteur MR. GEOFF MADDER
General Manager, Finance
I C I Australia Ltd.

4. *Business, Politics, Ethics and Government*

Chairman DR. ANUGERRAH PEKERTI
Director, Institute of Management for
Education & Development, Indonesia

Discussant SIR CHARLES COURT
AK, KCMG, OBE
West Australia

Rapporteur MR. H. V. T. HEATH
Group Manager, Marketing
Gas & Fuel Corporation, Melbourne

5. *A Philosophy Towards Labour*

Chairman DR. CHIRA HONGLADAROM, PHD
Exec. Director, Human Resources
Thammasat University, Thailand

Discussants DR. THOMAS HONGSOON HAN
Dean, College of Commerce and Economics
Hankuk University of Foreign Studies, Korea

MR. IAN SPICER, AM
Executive Director
Victorian Employers' Federation

MR. FRANCISCUS MINARTA
Chief Personnel Division
DOMPAS/GRAMEDIA Printing and
Publishing Group, Indonesia

Rapporteur : REV. J. B. BOWYER
Chairman of Federal Council
Inter-Church Trade and Industry Mission

6. *Business and the Consumer*

Chairman MR. LI KAI MING
Chief Research & Project Officer
Consumer Council, Hongkong

Discussant MR. BRUCE N. KAYE
Master New College and Director,
New College Institute, Australia

Rapporteur REV. DR. PETER MARSHALL
Director, Inter-Church Trade and
Industry Mission Victoria, Australia

7. *The Financial Structure and Human Development*

Chairman KHUNYING SASIMA SRIVIKORN
Managing Director
Thailand Carpet Mfg. Co. Ltd.

Discussant MR. K. A. FINNAN
State Manager, Victoria
Commonwealth Development Bank

Rapporteur MR. IAN HORE-LACEY
Principal Consultant
Education & Training, CRA

8. *Managers of Asia*

Chairman DR. GASTON Z. ORTIGAS
Dean, Asian Institute of
Management, Philippines

Discussant MR. BRIAN SHEEHAN
Head, School of Business
Phillip Institute of Technology, Australia

Rapporteur MR. R. CHEATLEY
General Manager, AESOP Ltd.

9. *Corporate Social Balance Sheet*

Chairman Commissioner BIENVENIDO TAN, JR.
President
Philippine Business for Social Progress

Discussant MR. C. L. LAING
President
C.E.D.A.R. Investments Ltd., Canada

Rapporteur MR. J. FLETCHER
Chief Executive Officer
Commonwealth Development Bank

10. *Business and Its Cultural Environment*

Chairman TAN SRI DATO ARSHAD AYUB
Chairman, Bapena Trading Sdn Bhd
Malaysia

Discussants MRS. PATRICIA SISON
President, Philippine Herbal Group
DR. JOHN A. PRAESETIO
General Manager, The S. V. G. Group, Indonesia

Rapporteur MR. J. L. ARMSTRONG
Vice President
General Counsel, CRA Limited, Australia

12:30 P.M. *BREAK*

12:45 *LUNCHEON (Grand Ballroom)*

1:00 **Thanksgiving Prayer** MOST REV. SIR THOMAS F. LITTLE
Archbishop of Melbourne, DD, KBE

1:30 **Introduction of Guest Speaker** MR. JOHN RALPH, AO

1:35 **Address** His Excellency The Right Honourable
SIR NINIAN STEPHEN
AK, GCMG, GCVO, KBE
Governor-General
Commonwealth of Australia

1:45 **Vote of Thanks** The Honourable
MARK PETRUSMA, MLC

1:50 **Vote of Thanks** MR. JOHN RALPH

1:55 **Report** Chairman VICENTE JAYME

2:00 **Workshop Reports**

3:55 **Consensus Statement Discussion**

4:15 **Vote of Thanks** HON. JOSE S. CONCEPCION JR.

Closing Prayer MR. JOHN B. ROSEMAN
Secretary
Australia Organizing Committee

4:28 **Announcements**

4:30 **Adjournment**

PRESIDENTIAL ADDRESS

Address of Her Excellency, CORAZON C. AQUINO, President of the Republic of the Philippines, delivered by the Honorable Secretary of Trade & Industry, Jose Concepcion Jr., on the occasion of the Fourth Asian Business Congress for Human Development, Regent Hotel, Melbourne, Australia on 12 May 1988.

Much to my regret, I am unable to attend this congress and be with all of you today, and so I have asked my Secretary of Trade and Industry to read to you my message.

In 1970, when Ninoy and I visited Australia, one of the things that captivated me was your Easter show. It was there that I saw the beauty of your country. I hope that someday I will have another chance to visit Australia.

Let me take this opportunity to convey the Filipino people's warmest greetings to the Australian people. We shall always remember that Australia was among the first countries to recognize my government right after our four-day revolution.

The growing importance of the Asia-Pacific Region — with its immense human and natural resources, and its vast potentials for accelerating the region's growth and development renders the theme of this conference — "Managing Business in Asia: A Vision of Development" — a most appropriate one.

While we must have the necessary strategy for managing business in our respective Asian countries, we cannot ignore the developmental imperative of removing the barriers that obstruct the total human development of our people. For it is in Asia where some 58 % of the world's population live, and along with this huge population thrive the massive and deeply-rooted problems of poverty, hunger, malnutrition, unemployment and other forms of social and economic injustice.

For this reason, it is only through a conscious and coordinated effort to achieve cooperation among Asian nations that we can look forward to a new and totally different Asia in the year 2000, where a majority of the population can truly live in the full dignity of a human being — liberated from the bondage of poverty.

I would therefore like to take this opportunity to share with this congress the steps that we are taking in the Philippines to remove the barriers to human development, as well as our future directions and aspirations.

Through a peaceful revolution, we were able to expel the dictatorship. This was a difficult task because the man who ruled for twenty years had awesome power at his disposal and command. This phenomenal revolution paved the way for the difficult transition to full democracy. During the last 24 months we made significant achievements:

We promulgated the Freedom Constitution to guide us in the transition from a revolutionary government to a constitutional government. The restoration of full constitutional government came 18 months after the revolution with the ratification of a new constitution drafted by a Constitutional Commission. The overwhelming margin of 76 % in favor of the new constitution, as well as the record-breaking turnout of 87% in the cleanest Philippine electoral exercise in recent memory, left no doubt about the people's massive support for the new government.

This new constitution restored to the people the freedoms and rights they knew before Martial Law. We also reasserted fully the principle and practice of supremacy of civilian authority over military.

With the basic democratic framework in place, we elected the members of our Bicameral Congress, an overwhelming majority of whom were candidates I campaigned for. Earlier this year, we completed the restoration of our democratic institutions with the election of our local government officials on the provincial and municipal levels. For the judiciary, we conducted a thorough revamp as a necessary means to restore the people's faith in the rule of law and in the administration of justice.

While undertaking these reforms in 1987, we also had to crush five coup attempts by rightist military officers, and to pursue more vigorously the all-out offensive against the communist insurgency.

Two years ago, in the last desperate months of the Marcos regime, we could only hope for *damage control*. A year ago, just after the revolution, we were beginning to talk of *recovery*. Today, the Philippines is at the threshold of an economic revolution that will see its economy emerge as the next economic miracle in Asia before the year 2000.

On the economic front, we have been pursuing massive reconstruction efforts. We have scuttled the network of crony capitalists, dismantled monopolies, gotten government out of business it has no business being in, and emphasized the role of the private sector as the engine of economic growth.

In the two years that followed our February revolution, we have achieved significant gains.

After declining by 7.2 % in 1984, and by 4.2 % in 1985, our GNP grew by 2 % in 1986, and last year, by 5.7%. Much of this growth was generated by the industrial sector which grew by 8.02 % in 1987 after declining by 2.7 % in 1986, 10.6 % in 1984. In fact, after occupying the last slot in the ASEAN in GNP over the last five years, last year we jumped to no. 2 slot next only to Thailand of 6.99 but ahead of Indonesia's 3.0, Malaysia's 1.76, and Singapore's -1.85.

Equity investments registered by our Board of Investments, after two consecutive years of decline — first by 23.1 % in 1985, and then by 33.1 % in 1986, grew by a significant 165.7 % in 1987 to reach some US\$ 420 million — the highest level for the last 20 years. And for the first quarter of 1988, we posted a staggering increase of 582 % over the same period last year. This reflects the renewed level of confidence of both Filipino and foreign investors in our new business climate.

Our merchandise exports have similarly recovered significantly. From a decline of 14 % in 1985 and a modest increase of 5 % in 1986, our exports posted a dramatic increase of 18 % last year amounting to \$ 5.7 billion. And for the first three months of 1988, our exports are at a record 33 % higher than for the same period last year.

The Philippine peso has stabilized since we took over the reins of government. We have kept the inflation rate for the entire country to a minimal 3.5 % in 1987, compared to the 40-50 % of three years ago.

As far as industrial peace is concerned, on October 20 last year, I made clear my resolve to enforce the letter of the labor laws which, for your information, protect both management and labor. Cases of abuse of the rights of both sides dropped to almost zero.

From a high figure of 147 work stoppages during the first quarter of 1987, the figure dropped drastically to only 44 — a decrease of 70 percent. We are not a strike-free country. I hope we never become one. The only countries that are strike-free are those that are candidates for violent social revolutions.

We prefer long-term stability even if marked by occasional turmoil, to a slow, silent and unattended buildup of social and political grievances.

In spite of these spectacular gains, I must have to admit we are still faced with the reality of over 60 % of our families living below the poverty line, high unemployment, highly inequitable income distribution, massive foreign debt, and the high level of expectations of our people in trying to solve the problems that have plagued our country for over 40 years.

Aside from our domestic problems, we, like other developing countries, also have to contend with trade barriers and protectionism imposed by developed countries, which curtail the potential foreign exchange earnings that could have gone a long way towards sustaining the livelihood of many Filipino families.

Over 45 % of our projected merchandise export earnings will go towards servicing our foreign debt consisting of principal and interest payments thus making it difficult for us to achieve the growth that we are seeking.

But we are determined to hurdle these obstacles, in order to give our democracy a chance to prosper. We are confident that before the end of this century, we shall have drastically reduced levels of poverty and unemployment.

We will vigorously promote investments — both foreign and local — in areas that are labor-intensive, small and medium enterprises, and export-oriented activities particularly in the rural areas. We are developing the infrastructure for industrial estates in each of the 13 regions throughout the country to spread the benefits of industrial development in the countryside, and thus decongest our national capital region.

In Asia today, there are a handful of countries that have long joined the ranks of the industrialized nations. There are also those who have recently succeeded in overcoming the barriers of their people's human development and joined the ranks of the first world. But there are also many countries that still belong to the third, and worse, the fourth world of least developing countries.

Precisely because of these disparities and gaps, there should be a concerted move among Asian nations and brothers to join hands in overcoming these barriers to the human development of the Asian peoples.

A case in point is Australia and the Philippines. There are vast potentials for expanding trade, investment, technology transfer and training programs between Australia and the Philippines.

More than aid, we need access to your markets during this period of reconstruction, because we cannot create as many jobs as needed unless we have access to developed country markets. As the purchasing power of our people increases, our capacity to import will grow and lead to greater trade with your country.

For example, the record of Australia-Philippine trade relations over the past ten years from 1978 to 1987 indicates a trade imbalance in favor of Australia by US\$ 1 billion.

Looking at our share of the Australian import market in fiscal year 1986-1987, we note that out of Australia's total imports of US\$ 27.1 billion, Australia imported from the Philippines only US\$ 113 million worth of products, or 3/10 of one percent.

In investments, we see the same picture. Historically, the Philippine share of total Australian direct overseas investments has been just above one percent.

All these and many other factors add up to suggest that there are many things our two nations can do for each other to bridge the gap between the differing levels of human development of our two peoples.

Given the international dimension of the human development issue, it is imperative that we give substance and put into practice the provisions of the GATT agreement signed by both developed and developing countries, an agreement that binds developed countries to give developing countries a share in the growth of international trade and increased access to markets under favorable conditions, and thus provide them the opportunity to grow and build a new economic order.

But even this is a feeble response to the fundamental issue of development raised by Pope John Paul II when he said on the occasion of the 20th anniversary of "Populorum Progressio" in his latest encyclical letter, *Sollicitudo Rei Socialis*:

"With the series of negative consequences for individuals and for society the world over, ranging from humiliation to the loss of that self-respect which every man and woman should have, we are compelled to question seriously the type of development which we have been following over the past 20 years.

"Collaboration in the development of the whole person and of every human being is in fact a duty of all towards all, and must be shared by the four parts of the world: East and West, North and South; or, as we say today, by the different "worlds." If, on the contrary, people try to achieve it in only one part, or only one world, they do so at the expense of the others; and, precisely because the others are ignored, their own development becomes exaggerated and misdirected.

"Therefore, political leaders, and citizens of rich countries considered as individuals, especially if they are Christians, have the moral obligation, according to the degree of each one's responsibility, to take into consideration, in personal decisions of government, this relationship of universality, this interdependence which exists between their conduct and the poverty and underdevelopment of so many millions of people.

"On the contrary, in a different world, ruled by concern for the common good of all humanity, or by the concern of all instead of by the quest for individual profit, peace would be possible as the result of a more perfect justice among people.

If we are faithful to the theme of this conference of managing business in Asia with a vision of true development, we will indeed have a different world, ruled by concern for the common good of all humanity, where prosperity, peace and perfect justice among people will prevail.

Thank you.

INVOCATION

Mrs. MA. TERESA F. NIEVA

Secretary General

Asian Business Congress for Human Development

Almighty God, we are gathered here today in your presence, men and women of diverse creed and cultures, but united in a common commitment to seek a better understanding of our responsibilities in directing business enterprise towards meeting the basic human needs and improving the quality of life of the peoples of Asia.

You have created the world and all its riches for the benefit of all men, and every man. And you have created man in your image and likeness. Yet today close to 800 million of our brothers and sisters in Asia still live in abject poverty, victims of hunger, malnutrition, ignorance and exploitation.

We humbly ask that you give us the wisdom and the power to respond in meaningful and positive ways to the challenge of human development — to utilize the financial and technical resources and managerial skills you have blessed us with to ensure not only company profitability and economic growth, but also the total human development of our people.

Lord, we thank you for those who have worked so long and so hard to bring about this significant gathering of men and women of influence and goodwill from 14 nations. And we praise you because we are confident that you will bless the 4th Asian Business Congress for Human Development so that it may bear fruit to the end and that all your sons and daughters may live in freedom, justice and peace.

WELCOME ADDRESS

Mr. JOHN RALPH, AO

Chairman, Congress Hosting Committee

I would like to extend a formal welcome to all delegates to the Fourth Asian Business Congress for Human Development and to declare open the formal business sessions of the Congress.

We were able to begin our proceedings well last night with an interesting and thoughtful address delivered on behalf of President Aquino. We had a pleasant dinner and a chance to meet other delegates. We also heard from three delegates on their expectations in attending this Congress.

All of our expectations are high and for good reason. This is an event which, in my experience, is unique. At the time of the previous three Congresses I was not aware of the organisation - and I doubt that many Australians would have been. I am particularly pleased therefore that the Congress has drawn so many Australian and Asian business people together to consider the human and social impact of business activities in this part of the world.

We who are engaged in business, know the creative role which the private sector plays and the contribution to community well-being that it makes. Unfortunately this is not universally understood. It is not always appreciated that the freedom of choice in economic activity which the private enterprise embodies is inextricably linked with other personal freedoms we enjoy, including the freedom of religion and of the press. One is not possible without the other. It is also necessary to appreciate that wealth must be created before it can be distributed. Once wealth is created it can then flow through to the stakeholders in enterprises, that is to the country, the government, society to the shareholders, to the managers and workers, to the suppliers and financiers.

Yet that description is simplistic and misleading, because it implies one makes wealth somehow, anyhow, and then the benefits flow. In fact, we know that the process of creating the wealth, the means and methods we employ in our businesses, the level of integrity and the standards of behaviour also have a direct impact on our societies and on our people.

It is encouraging that the importance of the human resource in business and the relationships which need to exist is being increasingly recognised globally, certainly in Australia and in my own company. We are very concerned to make people's jobs challenging and expanding - to make it possible for people to realise more of their potential - to give them real responsibility and a chance for creativity - to increase their skills and use them better, to interest them in the future and well-being of their enterprise, to have them understand some of the constraints and imperatives of the enterprise or the country which prescribe certain boundaries on behaviour. Australia has to lift economic performance to maintain our own standard of living, our social cohesion, and to contribute to the world.

We have a very strong view in my company that such things are of overwhelming importance in determining our productivity and competitiveness. I heard a senior

manager from Volvo say something similar recently with respect to his industry in Sweden. He said that with technologies now able to be purchased on a global basis, being competitive and successful all came down to one's people and how they performed. Only by allowing them to contribute better, by training them better, motivating them better and thus having a more productive team than another company, gave one a sustainable competitive edge. This sort of realisation should make it clear that there is no sustainable gulf between business goals and social goals, between human values and business imperatives.

Finding the means of making one's own people more motivated, productive, creative and satisfied is of course not necessarily easy.

And for those engaged in business across political, social, cultural and religious boundaries it can be much more of a challenge.

We may have a "vision" for development. Translating it successfully and appropriately into action is something on which we all need to share our experiences and views. Now, I should like to introduce to you the Hon. Vicente Jayme who is the Chairman of the Asian Congress Council which has its base in Manila. Minister Jayme is the Chairman of this Fourth Congress.

He is the Philippines' Secretary of Finance. He has a long and distinguished career as a businessman on which to draw for practical experience, having been Chairman or Director of many business enterprises in shipping, insurance, consulting, chemicals, steel and utilities. He is former President of the Private Development Corporation of the Philippines, and of the Philippine National Bank, and has also served as Secretary of the Department of Public Works and Highways.

He currently sits in numerous boards and advisory bodies that have to do with the national economy and is equally active in educational and societal organisations.

We are indeed fortunate to have him with us today.

INTRODUCTORY ADDRESS

Honourable VICENTE R. JAYME

Secretary of Finance, Philippines and Chairman, Asian Congress Council

Allow me to welcome all participants and guests of this Fourth Asian Business Congress For Human Development. I also wish to extend my thanks and appreciation to all the members of the Melbourne Hosting Committee headed by the energetic Mr. John Ralph as Chairman for providing the venue and for making all the arrangements for our Congress. It is a great pleasure and privilege for me to address this gathering of eminent business leaders brought together by a common desire to give business a meaningful vision of development and growth. We first embarked on our mission nine years ago to seek and foster a better understanding of our social responsibilities in directing our business enterprises to admitting the challenge of human development in Asia, to improving the quality of life of the peoples in this part of the world. Despite cultural diversities and differences in beliefs and philosophy, we have journeyed through the years as pilgrims bound by a common objective and resolve in quest of solutions for the problems that have hounded and continue to hound the Asian world of today, such as poverty, hunger and social justice.

During the first Asian Businessmen's Congress convened in Manila in October of 1979 we focused on the theme "Economic Performance and Human Development" and posed the challenge to private enterprise to reorient its traditional role in society from being solely profit-motivated to one that is also concerned and committed to provide the basic needs of man and uplifting the humanity of man. We called upon private enterprise to harness its capabilities and resources towards the attainment not only of economic growth but more importantly of total human development.

Two years later in November 1981 we met in Hongkong for the second Congress on the theme "Social Dimensions of Economic Growth" and dwelt on the impact of economic growth on human development. We shared experiences and exchanged insights on five basic social dimensions of economic growth such as:

- the relationship between the immediate need for economic survival and the long-term goal of human development;
- the role of business enterprises in reducing the disparity between rural and urban development;
- redirecting the industrialisation process towards the attainment of the goal of human development;
- harmonisation of government and business objectives in promoting social progress and;
- harnessing the culture of a people as a catalyst in human development.

The Congress concluded with the adoption of concrete country action programs which sought to directly address the basic issue of economic growth and its impact on

human development within the differing works of the social dimensions of economic growth which I have just mentioned.

The last time we convened five years ago in Bombay, India we dwelt on the theme "Business and Human Development." We affirmed our recognition of the interdependence of business goals and human development as borne out by our difficult experiences in the recession years. We have come to accept, albeit painfully, that economic aspirations cannot be pursued in isolation from the greater social, cultural and political concerns of humanity. For business to be able to play a more meaningful role in development it must address itself not only to the material needs of man but to the needs of the total human being. The Bombay Congress took stock of several issues, particularly to the pursuit of economic welfare and actualisation of human potential in modern-day Asia such as:

- the centralisation and dispersion of economic activity
- rural development and self-sufficiency
- choice of appropriate technology
- unemployment;
- labour relations and industrial peace
- improving the quality of education and health services
- improving the supply and quality of food
- housing
- involvement of business in industry and in social and economic activities and
- the role of voluntary organisations in social change

Specific recommendations and action programmes in these areas of concern were formulated and adopted for country level implementation with the underlying objective of redirecting business activity towards the service of man.

Since our last meeting in Bombay in November 1983, our noble pursuit of human development continued to face new challenges as a result of drastic changes taking place in the international economic and financial community which have seriously strained the operations of many of our business enterprises, especially those in the developing countries. Suddenly, we found our nations and economies confronted with the destabilizing effects of the international debt crisis which no doubt has narrowed the path of development. Aside from squarely facing the realities of recent experiences and lessons we have had on the matter, we now have to tackle the urgent task of reconciling external debt service requirements, not only with the growing development needs of developing countries but also with the socio-economic imperatives of change in these countries.

A Challenge for Asian Managers

Amidst this scenario of a global debt crisis, we meet here today in this beautiful city of Melbourne for this *Fourth Asian Business Congress for Human Development*. This gathering could not have been more propitious as it comes at a time when the

prevailing consensus on the state of the world economy remains not exactly encouraging and pleasant to perceive. Although there are some indications of a gradual recovery of the industrialised countries with, perhaps, the exception of the United States, the dark clouds of uncertainty hover above the international economic arena. Most of the developing countries of the world continue to experience the unsettling effects of the international debt crisis.

And be that as it may, one thing is sure that the times ahead, the times in which our business enterprises will have to operate and perform, will not be less trying than the experience of recent years. Amidst this challenging environment, it is therefore but timely and relevant that we now take stock - in the spirit of sharing and cooperation - of our mission and role in the development process in the years to come, particularly in the pursuit of our goal of fostering total human development in our business activities.

Surely, there could not have been a better and more appropriate theme for this 4th Congress than what we have chosen, which is "*Managing Business In Asia: A Vision of Development.*" And if I may define that vision, it is where man's full potential as a human being is developed by making possible for him to achieve justice and dignity. And on this vision rests the greatest challenge for the Asian Manager's own fulfillment and self-actualisation. The management policies and practices of business enterprise must therefore be imbued with this vision if total human development is to take place.

This vision might as well serve as the main framework for the plenary and workshop discussions which we will be having in the next two days. And as we strive to seek Asian solutions to Asian problems, we hope to address in this Congress some of the major issues confronting Asia's business managers amidst the economic and political changes and uncertainties in the international and regional environments. Issues like how can business contribute meaningfully to the development of peoples in Asia, examining the realities of comparative advantage, building synergies among different nations, cultural strengths as a catalyst for the growth and development of people and business. The workshops will tackle such topics as:

- How business may contribute meaningfully in the development of peoples in Asia and the issues involved
- Examining the realities of comparative advantage
- Building synergies among differing nations
- Cultural strength as a catalyst for the growth and development of the people in business
- Business and agricultural development
- Business and small, medium size industries
- Business, technology and ecology
- Business, politics, ethics and government
- A philosophy toward labour, business and the consumer

Other subjects will center on our concept of the Asian Manager within the context of the continuing Asian drama i.e., what his role should be in the development process in Asia and how he is to be developed. Another topic will be business and its cultural environment. We will also consider business and the consumer, values and lifestyles and the corporate social balance sheet.

On the whole, despite seemingly insurmountable problems being experienced by business enterprises in the developing countries in these difficult times, corporate strain on their operations is not altogether irreversible. It should be viewed as a source of challenge, not only for business managers but for all sectors concerned with human development, allowing business enterprises to discover their fullest potential through creativity and innovation if they manifestly contribute to economic and human development in Asia and therefore improve the quality of life for the people in their respective countries and in the region as a whole.

I would like to think that we have all come to this forum with a single purpose - to share and contribute our insights and experiences and participate in the collective effort to realise our vision for development, a vision which is answered in the philosophy that all economic development activity must ultimately redound to the benefit of humanity.

I enjoin each and every one of you to actively participate in the discussions so that through the sharing of our insights, knowledge and experiences in business knowledge and development we may be able to achieve a clearer appreciation of the pressing issues in business and human development and hopefully arrive at a common stand in resolving such issues. It is also my belief that this forum affords all of us the rare opportunity to have a deeper appreciation of the needs and aspirations of the different peoples represented in this gathering, with due respect to their values, cultures and traditions. It is a learning process that brings us closer to the noble goal of cooperation in spite of diversity. For in the final analysis the ultimate measure of the success of this forum lies not only in the ventilation of the critical issues confronting our institutions but also in the degree and extent of understanding and cooperation that will be achieved among ourselves to resolve the issues at hand. If only for this, this forum would have been well worth our efforts.

INAUGURAL ADDRESS

His Eminence JAIME CARDINAL L. SIN

Archbishop of Manila

Please allow me to begin by telling you how greatly honored I am to be with you today. I stand here before you, more than 4,000 miles from my home in the Philippines - honored, inspired, and assured.

- Honored, because though not a businessman, I have been given the opportunity to share my humble thought with distinguished business leaders of Asia;
- Inspired, because you have given a brother in the Church sector the opportunity to be with you, our brothers in the business sector, and to be for you a bearer of God's special blessing during this Congress;
- Assured, because knowing your keen interest in human development and of the important roles you play, I am certain that the conduct of business in Asia, in the years ahead, will focus more meaningfully on the human being.

Allow me to congratulate you on the theme you have chosen for this Congress: **"Managing Business in Asia: A Vision of Development."** From these few words alone, one can already infer that from this Congress will emanate major resolutions which will influence business in Asia, in the short, as well as in the longer, term. I will also venture to predict with confidence, that by the end of your discussions and working sessions, you will go forth from here with a much strengthened commitment to working for true and lasting development. The cause of development will be well-served by you: business executives, managers, HRD professionals. For development - whether national or regional, whether social or economic - is, in fact, truly meaningful only when based on the development of the human being; only when intrinsically linked to the nature and the ultimate end of man.

Man: Called to Share in the Activity of the Creator

The Bible tells us, in the Book of Genesis, that God created man "in His image and likeness." God gave man not only life, He also gave him a gift which He did not give to His other creatures: the gift of free will, of free choice. God placed man above all creation, instructing him to "fill the earth and subdue it . . . to have dominion over the fish of the sea, the birds of the air, the cattle, and all the animals that crawl on earth." God placed the whole of creation at man's disposal, for him to use, and to make fruitful.

Looking back to the time of Creation, we see three elements in the nature of man, which, I propose, must be considered as basic premises in any attempt to plot a true vision of development:

First, **man is created in God's image**. God is love. Man is created to love, to care about God, to care about other men, to care about God's other creatures;

Second, **man is endowed with free will**. Man's actions are to be determined by his conscious choice among various options;

Third, **man is to use and harness nature** - everything in the created world - in service of man, in service of his Maker.

It is in these that man's true vocation lies. It is in these that the keys to true development are to be found.

The late Pope Paul VI has said that "Development is the other name for Peace." A world which is searching for peace, which is striving for development, will succeed in its quest only if and when every man is helped to live up to his vocation. God created man to share His kingdom - in heaven, as well as on earth. He gave to man, uniquely, the task of molding society, of developing the material universe to full. He has called man to share in His activity as Creator. To every man is given this mission: That he contribute to the betterment of the world: **that he leave the world a better place than when he came into it**. For a man to be true to this task, he must seek to grow to the fullness of his own potentials; he must put to good use all the talents that God has given him, and all the resources available to him; he must serve God and neighbor.

Allow me to propose here, therefore, my friends, that a true vision of development **must necessarily be premised on individual contribution to the common good**. A true vision of development must be one which requires, guides, enables, and empowers individuals:

- to develop their talents;
- to serve as many as they can, in whatever ways they can;
- to harness nature towards this end; and to help others do the same.

Towards a Vision of Development

When I think of the phrase "vision of development", two distinct notions come to my mind: development as an end and development as a process. If this is correct, then, I believe, that this Congress will be seeking to provide answers to three basic questions: What is it that you envision as a "developed Asia?" What is the process that must be put in place for development to proceed towards this end? What must each one of you here, and the companies and institutions you represent, do as participants in this process?

Given the wealth and diversity of the experiences and personal capabilities that you bring to this Congress, I am certain that the Asia which you will be working towards will be one similarly rich and diverse. Mindful of your business orientation, I have no doubt that your vision of continuing development for Asia will include the harnessing of her natural resources, the production and provision of goods and services, rising productivity in her agriculture, the humming of her factories and industries, innovations in communications and electronics, the generation of power, advances in research and technology. Mindful that human development is your special field of interest and expertise, I have no doubt that your vision of development will be one which confirms the principle that business and government, institutions and structures, are set up to serve man, and not vice versa; one which calls for businesses to set-up management

systems and build corporate cultures which will enable the individual worker to use and develop his skills, and be aptly rewarded for his work. I am confident that your vision of development for Asia will be one that focuses on the Asian as a human being; one where all Asians meet their basic needs, have adequate access to education and health care; where those in the labour force are gainfully employed; where all who are employed are assured of a living wage for themselves and their families; one where every individual is able to participate in building society in the present and in laying the foundations for the future of their children and those who will come after them.

I trust that the vision for Asia that will evolve from this Congress will be one whereby there shall be in Asia a social order in which every individual is able to develop to the fullest of his potential: physically, mentally, emotionally and spiritually; economically, politically, and culturally. It will be one where the common good is the shared aspiration of everyone. Permit me, please, to say here that by "common good" we do not mean "the general welfare" or "the greatest good for the greatest number." By "common good," we mean the "well-being of all members of society" without exception. The common good is not served where any one is neglected; where the welfare of the minority is forgotten as the majority pursues its interest. Development premised on the principle of "common good" requires that there be positive change, growth and improvement, in the well-being of each individual - particularly of those who do not enjoy the basic amenities of life.

I am certain that you and I are one in the hope that - in this part of the globe, in each of our individual countries, in all nations of the world, - there shall come to be someday, a society marked by mutual respect, civilized and pluralistic interaction, and a continuing sense of oneness among individuals. That ours will be a society in which citizens are assured of humane living conditions, where violence is minimized, and where the rights of the individual are upheld.

The Reality of Deprivation and the Need for Liberation

Today, sadly, for many of our fellow-Asians, this vision is very different from the reality of their everyday lives. Countless of our brothers and sisters suffer from the oppression of poverty, of deprivation in body, mind and spirit. There are many who are hungry, many who are homeless. There are those who suffer tyranny and torture. There are those who are unable to exercise their freedom of conscience. A vision of development for Asia must recognize these, and similar realities - and must work towards the liberation of those who continue to suffer from these various forms of bondage and violation of human dignity.

The Role of Business

Since this is a gathering of business leaders, let me try to focus on the role of business in bringing about this liberation. Let me cite, specifically, the example of liberation from poverty.

The fight against poverty requires the creation of an environment where human beings find the opportunities which will enable them to improve their lot in life. It requires the removal of conditions, of social structures, that perpetuate poverty. Businessmen,

in whatever undertaking, can and must strive to create these opportunities and establish the correct social structures. They can and must seek to promote the welfare of the poorer members of society. They can and must be at the forefront in manifesting "a preferential option for the poor," as our Holy Father John Paul II has repeatedly called for. The fight against poverty requires that the preferential option for the poor be demonstrated in concrete terms. For example, in the matter of providing employment.

Our Holy Father said during his visit to the Philippines in 1981:

"...Providing employment must not be taken lightly, or considered a secondary aspect of the economic order and of development. It should be a central element in the aims of economic theory and practice. But it is not only employment that justice requires. For to be so poorly paid that you can hardly support yourself and your families, that you become slaves rather than free and responsible workers - this, too, is not just. This is not the will of God."

He went on further to say that justice requires:

"... That working conditions should be as worthy as possible; that social security should be so perfected so as to enable everyone...to face up to risks, difficult situations, and social burdens; that wages should be regulated in their various and complementary forms; that workers should have a real and just share in the wealth (that) they help (to) produce in enterprises, in professions, and in the national economy..."

I think, you will agree, that here are pointed out some tasks which business leaders must set themselves to.

In addition, business and corporate executives can help in uplifting the lot of the poor by providing goods and services that meet basic needs at the lowest possible prices. Rank-and-file workers must be helped to meet the threshold family income. In developing their strategies, business should seek ways for sourcing some of their raw material requirements from small producers, providing them technology, financing, and various forms of marketing assistance, encouragement, inspiration and hope.

Furthermore, businesses can help improve the living conditions of the poor, particularly those in the areas where they operate, by helping to improve access to basic services. A corporation, for instance, could build a small hospital to serve the needs of employees and their families, and of the community.

Man: Beneficiary and Basic Resource in Development

There are many things that the business sector can do to help bring about the development of society and of the individual. As you proceed with your discussions, many of these means and measures will come to light. I am certain that working together, you will choose the best among them and collectively, commit yourselves to pursuing these. I am equally certain that as you discuss the various issues relevant to the theme of this Congress, that the importance of the human being will come to be more clearly recognized and properly emphasized. As a distinguished theologian Michael Novak has said: "**The primary form of wealth lies in the human mind.**" The work of development must be based, first and foremost, always and everywhere, on the minds and spirits of men.

Development for man, and by man. This is a notion which I believe, you, my friends, distinguished business leaders of Asia, must have at the core of your vision of the development for our region. I believe, there can be no other way.

Allow me to share with you a few thoughts from a speech written by Pope John Paul II on the social teaching of the Catholic Church. I share these with you trusting that you will find these useful as you proceed with this Congress:

The "object" of the social teaching of the Catholic Church "is, and always remains, the sacred dignity of man" created in the image of God, and "the protection of his inalienable rights." Its "purpose" is "the realization of justice, understood as the advancement and complete liberation of the human being in his earthly and transcendent dimension...Its foundation, the truth about human nature itself. Its propelling power, love as the Gospel commandment, and norm of action..."

My brothers and sisters, development as a process requires that man - created in the image and likeness of God who is Love - reach out to one another in love: feeding the hungry, sheltering the homeless, teaching the ignorant, helping and enabling each to live true to his human dignity. The task of development will continue for as long as there are among us, brothers and sisters who do not enjoy the dignity of human beings. Development, as an end, requires that there be no one who is hungry and cannot eat; who is sick and cannot be attended to ; who is homeless and cannot be helped to have a home; who wishes to learn and cannot be taught; who is sorrowing and is not comforted. This is a vision, a task, a dream which, I am certain, you and I share; one which you and I will happily continue to commit ourselves to for the rest of our lives.

A vision of true development, with all its facets and details, may be easily defined. It will not be easily achieved. **But it can be achieved:** by man in partnership with God - man's good will and best effort, God's goodness and grace.

May the blessing of Almighty God, the Father, the Son, and the Holy Spirit, descend upon us all, and on this Congress, remain with us always, and enable us to fulfill our dream.

KEYNOTE ADDRESS

Dr. FRANS SEDA

*Chairman, Foundation of Atmajaya, Catholic University
and General Chairman of National Association of Textile
Producers, Manufacturers and Exporters, Indonesia*

MANAGING BUSINESS IN ASIA: A VISION OF DEVELOPMENT

It is indeed a great honor to be invited, for the second time, as keynote speaker to the Asian Business Congress for Human Development. I would like to thank the Congress Organizing Council for giving me the privilege and opportunity to be here today.

Since the theme of this fourth Congress is *Managing Business in Asia: A Vision of Development*, I would like to share my thoughts with you about the role of business in human-centered development with specific reference to the Asian context. I would like to begin by contrasting two paradigms of development: production-centered and human-centered development.

Production-Centered Development

The dominant paradigm of most national development efforts is the production paradigm, and its dominant goals are production-centered. Its value systems, and methods are geared to the exploitation of natural resources to mass produce goods and services and the creation of a consumer's society to absorb them.

In such a system, societies are organized into functional efficient production units and these units are nationally and globally linked by a trading and financial system. Its management systems are designed to maximize rates of increases of systems input, process, and output. People and the environment are externalized. The results of development are judged primarily by indicators of output increases on the premise that they will automatically translate into corresponding improvement in human well being.

This paradigm has been internalized in individual value systems, institutional structures, and theoretical frameworks and methodologies. The production paradigm has dominated our perception, thinking, and action about development for the past few decades. It has been instrumental in producing remarkable human accomplishment particularly in the advancement of technology and the production of material wealth. However, it has not been successful in eradicating hunger and poverty, war and injustice, and enslavement of the majority of the world population. In the developing countries, the application of this paradigm has created mindsets, social structures and institutions which hamper the achievement of, what I regard, the three main desired values of development: the preservation of life, human dignity, and freedom. Let me say a few words about these three desired values.

Life, Dignity and Freedom

Life is the most precious and irreplaceable human property that we all should try to preserve. No society can claim progress unless it is able to provide sufficient food, shelter, health and safety for all its members. However, human life is meaningful only when it is lived in dignity.

Dignity is guaranteed and enhanced when a society provides all its members opportunities to have a sense of identity, pride, honor, and recognition as human beings. Human dignity is attainable only when people are free.

Freedom means freedom from enslavement by other people, nature, institutions, and ideologies. But it should also mean freedom to achieve human progress through association and collaboration with other human beings.

The full realization of these desired values requires a paradigm shift. Actors and students of development observe that a human-centered approach of development is emerging as an offspring of the production paradigm. This new paradigm, they hope, will pro-create more prosperous and equitable societies.

Human-Centered Development

The dominant logic of human-centered development is balanced human ecology and its dominant goal is human growth in terms of greater realization of human potentials. Its dominant bases are the inexhaustible resources of information and creative initiative. In this paradigm, people are regarded as actors, not objects of development. They define the goals, control the resources, and direct the processes affecting their lives.

It favors self-organizing systems around human scale organizations (not large bureaucracies) and self-reliant communities. Its production and consumption systems are organized with a territorial perspective not a functional one. It also internalizes people and the environment in its production choices and performance. In fact it makes people and the environment the foundations of its analytical process for development.

If our vision of development is the human-centered paradigm, how will we manage our business in the developing countries of Asia? To answer this question, we will have to start by understanding the business context of these developing countries.

In my view the following characteristics are the main features of the developing countries of Asia which are pertinent to managing business and human development: an entrepreneurial economy, poverty and unemployment, and undermanaged and unskilled workforce.

Entrepreneurial Economy

In the developing countries of Asia we have very few really large national firms and multinationals. What we have are small and medium size family companies. Take Indonesia for example. Out of 9.3 million business enterprises only 1.46 percent are legally registered. The remaining are small and very small enterprises that belong to the "informal" sector of the economy.

And what we have most are opportunities that are just waiting to be turned into reality. One can almost define a developing country as one in which too many opportunities go unexploited, undeveloped, and unrealized.

Poverty and Unemployment

The majority of the people are material and knowledgepoor. Many are unemployed. Let me take Indonesia as an example. Twenty years of centrally planned economic development have produced remarkable results in creating economic well-being and advancement in education. However, the majority of the people still live in poverty. Annual per capita income in Indonesia is around US \$500. But with most of the wealth accumulated among a small percentage of the population, 35 million or 21.6 percent of the people still live below the poverty line.

Indonesia has leapt forward in educating its people. Still, by 1985, 27 percent of the population have had no formal education, 60 percent had primary education, 12 percent had secondary education, and only 1 percent had university education. These statistics indicate a population still poor in terms of knowledge and skills. Many of those in the working-age bracket are unemployed. Officially, according to the Indonesian Central Bureau of Statistics, unemployment rate is around 2 percent. However, if calculations are based on American standards, the unemployment rate runs as high as 52 percent. And the labor force is growing by 2.3 million annually.

This large pool of poor and unemployed people are often regarded as a source of cheap labour that provides a comparative advantage for a developing country. This may be true if the labour force is highly productive. However, people's productivity depends on knowledge and skills.

Undermanaged, Unskilled Workforce

One of the key success factors of development is the creative application of human knowledge which, in practice, means mastery of technical and managerial skills. Peter Drucker, the management guru, observes that developing countries are not underdeveloped but undermanaged. This reasoning may explain both the case of less-developed resource-rich Indonesia and the more developed resource-poor Japan, Korea, Taiwan, Singapore, and Hongkong.

In running my business, I found that I have to depend on a very limited supply of skilled workers and managers. As a result, in managing business, I have to cope with over-all low workers' productivity and constant costly competition of acquiring competent workers. Hijacking of managers and executives has become quite a problem.

Considering the context of the developing countries of Asia as described in the previous sections, managing a business may have to focus on the following three action modes.

Creating Jobs and Wealth

In the developing countries of Asia, what is sorely needed is not so much administrative management that optimizes the use of resources, but entrepreneurial

management — a management that creates jobs by exploiting opportunities and marshals resources in a new configuration to create wealth.

The business manager that the developing countries of Asia needs is one who can spot an opportunity, gather the requisite resources to take advantage of it, and organize a viable enterprise to capitalize on it. Subsequently, nurture the enterprise, solve its problems, and maintain its ability to respond to emerging opportunities while keeping it prosperous and productive. The person must be both an entrepreneur and a manager.

The entrepreneurial manager may even have a role in training would be entrepreneurs intentionally or inadvertently. He may want to help other entrepreneurs so that the whole industry may grow or his company may be used as an incubator by would be entrepreneurs.

Creating jobs is sustainable only if the enterprise remains productive and organizationally healthy.

Empowering and Enabling People

An enterprise is productive if its people are empowered and able. Where unemployment is high the workers, particularly the least skilled, have a very weak bargaining position. In such a situation, empowering workers may mean uncoupling our employees from the supply and demand mechanism of the labour market. People may accept sub-subsistence salaries for want of any work. But managing business in a human-centered paradigm would mandate the manager to pay a decent living wage regardless of what the market dictates. Efficiency should be achieved through other economies, not diminishing human dignity.

Empowering workers also may be enhanced through ownership participation.

In managing a business, frequently, we have to make the choice between man and machine to improve productivity and gain a competitive edge. Most of the time our choices favored machines to the prejudice of the unemployed. In a developing society, adoption of the human-centered paradigm would suggest that we should first consider improving productivity by employing and enabling people.

However, training and enabling people is costly and risky. We are never sure that the people we trained will remain working for us. There is always a chance that they will leave, and even work for a competitor. However, in a developing society, enabling people is a social responsibility that business cannot afford to shirk. Ignorance and incompetence are two kinds of "poverty" that we all should try to eradicate.

Empowered and able people are necessary but not sufficient to sustain a productive enterprise. They need to be synergized and their knowledge and experience need to be perpetuated in institutions for learning purposes. We need to build organizations. What does it take to sustain and develop an organization in a developing society? The answer is to develop an "ethical learning organization."

Building Organizations

As a member of the Board of Directors, I have observed the birth and growth of two remarkable enterprises in Indonesia: the daily newspaper KOMPAS, and the

Institute for Management Education and Development (IPPM). The development of these two organizations embodied key characteristics of what I would call an ethically oriented learning organization, a way of organizing that is consistent with the human-centered paradigm.

Both organizations have excellent performance in the business in which they are operating. KOMPAS is the largest newspaper and IPPM the largest management training institute in Indonesia. Although they operate in entirely different businesses, they have in common, a set of characteristics which epitomize the ethically oriented learning organizations.

Both organizations are strongly guided by a set of shared moral values. Honesty, for example, is firmly practiced in both organizations. In applying their moral convictions they are neither rigid nor situational. They are responsive to the environment without compromising their moral stands.

Members of both organizations are keen learners and get their satisfaction from high performance. They learn from others and their own experience. Learning implies openness and respect for others. Such an environment is conducive for people to advance and to develop to become competent performers.

In learning organizations people are not afraid to change and to produce innovations. They are keen to try new things or ideas. However, this propensity to change is anchored in consistency of operations. They are persistent to produce the best possible products or services.

Finally, members of the organization share clear visions about their common intentions. They have clear images of what they want to be and of what they want to achieve.

In summary, I should say, these two organizations made their members feel that they are in control of their own destiny and that they are able to cooperate with other people to achieve results greater than what each individual can possibly achieve.

Ladies and gentlemen, I have shared with you my thoughts about the human-centered vision of managing business in Asia that may enhance the preservation of life, human dignity, and freedom. The key modes of actions are, I repeat, creating jobs and wealth, empowering and enabling people, and building organizations.

Thank you.

KEYNOTE ADDRESS

Mr. BRIAN HEALEY

Group Chief Executive, Nicholas Kiwi, Pty. Ltd.

I believe that foreign investment, and specifically foreign investment in Asia is intrinsically good and produces a human benefit. I further believe that private, as opposed to government investment, with all its faults and shortcomings is the most efficient form of investment and that it is the most likely to produce the maximum people benefit. I have therefore no doubt that all investment has a human face and the major issue I believe we should consider is the degree to which that human face is given support and recognition.

So, having told you what my position is, let me tell you how I intend to use the time available to me this morning.

First of all I should like to tell you a little about myself and my company. Following that commercial, I should like to review the case for Investment in Asia. Then, while in no way pulling back from the basic proposition I have put, i.e. that foreign investment is intrinsically good, I should like to tell you something of our company's basic philosophy on public responsibility: Finally, I shall address the cultural issues associated with investment in Asia.

Let me tell you something of ourselves. I am a senior vice president of the Sara Lee Corporation of the USA, a US\$ 10 billion Chicago based international corporation. Sara Lee is a diversified company with a number of core businesses including frozen baked goods, Douwe Egbert Coffee, food services as well as my own area of personal care and household products. The second hat I wear, and the one that is most relevant to my talk today, is as chief executive of Nicholas Kiwi. The half of that name best known to this audience will undoubtedly be the Kiwi name associated with shoe care and household products throughout Asia. The Nicholas name is less well known in the region but encompasses our OTC medicine and personal care business.

Nicholas Kiwi, formed by the merger of the Nicholas and Kiwi companies in 1981, is a rare if not unique company in that it is an Australian consumer goods multinational with a presence throughout the world. Indeed, like the British empire of Queen Victoria, the sun never sets on a NK factory. It is a true multinational with operations and a physical presence (not just exports) on every continent and most particularly in Asia. While there are now other Australian multinationals, few if any, have grown and developed in the way that NK has. NK as a consumer goods multinational was built by individuals, essentially two, one from Nicholas and one from Kiwi. Both were the second generation of the founders and investors/developers of the original products of the respective companies.

Furthermore, while acquisition in later years played a significant part in the growth of our company, the businesses were built primarily by internal development, essentially one product on either side, Kiwi shoe polish and Aspro analgesic. Indeed, for many years and certainly during the early period of international development they were both single product companies.

Our involvement in Asia dates back to the 30's and we have had a physical presence, i.e. manufacturing bases, in the region since 1952. We now have a manufacturing presence in Pakistan, India, Indonesia, Philippines, Thailand, Singapore and Malaysia and a physical but not manufacturing presence in Hongkong and Japan. We employ approximately 2,000 people throughout the region and while this is not large by the region's standards, it does represent 40 percent of our worldwide work force. Our businesses are a mixture of wholly owned and joint venture operations. Almost all started from nothing — that is, we did not acquire existing businesses but built from the ground up.

I have been chief executive of that business for five years and prior to that, for a number of years, was area president of the Asia Pacific for Nabisco Brands Inc.

I think the above experience gives us and me some knowledge of investing and working within the region and, let me emphasize, at a grassroots level of investment rather than merely through acquisition.

Now let me return to my basic proposition that foreign investment in Asia is intrinsically good for the people of the region.

The major and overall benefit of foreign investment is that it raises the standard of living of the country where the investment is made, and as private investment is the most efficient form of investment, then it will raise the standard of living of most.

This is not a new phenomenon. It was true of the Roman investment in Britain in the first century A. D., as it was true of European investment in the USA in the 18th century, as it was true of the British investment in Australia in the 19th and 20th century, as it was true of American investment in Europe after the 1939-45 war, as it is true of Australian investment in Asia at the present time and as it will increasingly be true of Asian investment in other parts of the world over the next 50 years.

Dare I say it but one group in this audience, that is our friends from Japan, may well be the major capital exporting country of the next two decades. The time is coming, if it is not here already, that Asians will be defending foreign investment.

I do not think there is any doubt that foreign investment raises the standard of living of the country where the investment is made. I think even its opponents would concede that. If the benefits of this increased standard of living do not always flow through and down to the poorer members of the country where the investment is made, I would put it to you, ladies and gentlemen, then that is a matter for the government and authorities of the relevant country. And I use the word in the broadest sense to include all influential bodies in the community not least of all the church, rather than being the responsibility of the investor.

I think this is a crucial issue for this audience and it is absolutely vital that people understand what are the responsibilities and obligations of each constituent involved in business ventures and investment in Asia. This is not to say the investor, the multinational, can wash his hands on this issue - I will return to this later when I discuss my own company's attitude and philosophy - but rather he is one of the lesser players in ensuring the wealth he is helping to create is fairly spread throughout the community. Indeed, it can be counter productive to his aim of being a good citizen to play too influential a role. It is almost a case of being damned if you do and damned if you don't.

However, let me return to the benefits of foreign investment in Asia. In so doing, I may well be covering ground with which this sort of audience will be familiar.

However, I make no apologies for this, as I believe it is important that we take the opportunity to tell ourselves and others of the benefits that do flow from and are provided by transnational companies. Certainly we take our share of criticism. First of all, we provide capital for development that is usually not available locally.

Sometimes, as in our case where we have built businesses from the ground up rather than taking acquisitions, there is considerable risk in the investment, and therefore requires a faith in the long term worthwhileness and potential of the country or region in which we invest. I think that Cardinal Sin will be interested to know that we continued investment in the Philippines during the period December '83 just after the assassination of Mr. Aquino to March '85. I don't think I need to tell his Eminence of the traumatic time his country was going through during that period with interest rates at 35 percent plus and no real guarantee of the future strength and stability of the currency. Not everyone was happy to invest in the Philippines at that time. Indeed, there was a real danger of a flight of capital from the country. The fact that we stayed there and put our money there has contributed, I would hope, in some small way to the relative stability and improved conditions that the country has enjoyed over the past two years.

I think the second major benefit of foreign investment is that it provides scarce foreign exchange.

In this day and age not all Asian countries have a foreign exchange problem. On the contrary, some have substantial surpluses. Unfortunately, I would say in parenthesis and with a wry smile on my face that Australia is not one of them. However, may also say to Australia's credit that there has been no suggestion of any foreign exchange controls. But I think we are all aware of those important countries in the region where there are and always have been a shortage of foreign currency. Investment from overseas helps alleviate the problem and provides funds which can be used to improve the standard of living further. Investment and particularly foreign investment has a multiplier effect, and produces a benefit for people. Usually, a country that has a foreign currency problem also has a problem with maintaining its exchange rate. This adds to the investment risk for the investing company.

Through the provision of development capital for business ventures we provide employment. Employment is probably the most tangible and meaningful obvious form of human benefit arising out of investment in business ventures in Asia, particularly in those countries which have a large and endemic unemployment problem. In our small way as NK, we provide employment for approximately 2,000 people in the Asian region who in turn are responsible for some 12,000-15,000 more people. Therefore, what we do and what we pay affects a good many lives. It is also true and worth mentioning in this context that almost certainly everywhere we provide pay and conditions, including a fully funded pension scheme, at a level well above the average of the community in which we are operating. Over the years, it has been my experience, not just in developing countries, but in developed, high per capita income countries that multinational employers lift the level of pay and benefits provided to the work force.

Foreign investment brings to developing countries technology that almost certainly would not otherwise be available.

As experts in shoe care and toilet bowl cleaners, it would be very wrong of me to claim that major technology benefits flow to a country from our investing there. However, there are efficient and inefficient ways to produce these products and we certainly have as much knowhow as anyone in these product categories which have

been made freely available to host countries. On a more significant note, I am sure you are all conscious of the contribution made to developing economies through investment in high technology areas such as computers, oil exploration, pharmaceuticals. While that investment raises the standard of living in a general sense in host countries, it also improves the quality of life in the broadest sense for many people in the community.

Training of Management

I think it is generally accepted that the countries which produce multinationals, until recently at any rate, provide the best industrial managers and the best industrial management training. Each time a company from one of these countries invests in an Asian country, they bring to that host country a management quality, style and training that would not otherwise be available. In the case of NK, not only do we provide that management but we provide training for local management not just in management skills but in language training and give them exposure to other businesses throughout the world.

Finally, the taxation paid to the host country. There is a misconception that all profits made by a foreign investor somehow get repatriated. In fact of course, notwithstanding tax holidays, a significant proportion of earnings from businesses remain in the host country through taxation, and a further significant proportion of the balance remains in the country through reinvestment. In both cases, this retention of money helps further development of the economy and the quality of life of people in the country.

Before returning to a brief review of my own company's attitude to foreign business ventures and our public responsibility to the communities in which we operate and to round out my defense of foreign investment, let me address some of the more consistent criticisms of multinationals:

1. Multinationals are solely concerned with profit and as a consequence merely exploit developing countries;
2. Multinationals are not interested in individual countries, only in their own global ambitions;
3. Multinationals want to impose foreign values and practices;
4. Multinationals are extensions of their own governments which remain colonial in outlook.

I hope I have in the main, answered most of these criticisms either directly or indirectly in my previous comments.

However, let me make a couple of points. I do not apologise for the multinationals' concern with profit, as that is the motive that drives private investment, and I believe that private investment ensures the most efficient use of resources. However, what I do not accept is that support for the profit motive is in any way irreconcilable with providing benefits for others.

Indeed, as I have tried to show, the latter flows from the former. Further, as I shall show shortly when talking about my own company, we believe that business has a role beyond the generation of profits, and I know of no multinational company or multinational employee in the last quarter of the 20th century who does not believe this.

As for imposing foreign values and practices, again I must say that in many ways I do not regard that as the criticism it is intended to be. In fact, as I have tried to say, the transfer of technology, management, training, and the exposure to western business organizational practices are in fact some of the benefits that flow from foreign investment. As far as foreign values are concerned, this is a very subjective issue. But in the main, I feel no reason to apologise for any of the values that we hold within our company and try to bring to business ventures we are involved in throughout the world.

Because of the possibly sensitive nature of discussing the values we would like to bring to our Asian ventures, perhaps I could best make my point by talking about another part of the world. We may all have our different views on the merits of foreign investment in South Africa, and the part it does and does not play in supporting apartheid. However, I state quite categorically that the business and employee values brought to that country, and given expression in the Sullivan principles, by multinationals have done much to improve conditions for workers there. Without exception, multinational companies have been the leaders in breaking down the worst excesses of apartheid within the work place. You may well argue, and I may well agree, that much remains to be done there. But that fact alone should not be allowed to obscure what has been accomplished.

Finally, I should say in addressing the last question, in my experience foreign companies are the best of citizens in their host country and are so conscious of criticism that they go to great lengths to avoid controversy. Politics is their last interest.

I should like now to talk about the Sara Lee Corporation and discuss with you our corporation's basic philosophy on being a good citizen. In fact, to talk about this merely as in a philosophy is in some way to understate the importance we give it. Included in our corporate mission statement published in our annual report is the paragraph:

Our primary goal is to maximise the long term financial performance of the corporation, enabling us to better serve our employees, stockholders and the communities in which we do business. I should like to emphasize that we state quite categorically that financial performance is not an end in itself, but is the means by which we serve our constituents which includes the communities in which we operate. This commitment is given expression in our published management priorities. The first three refer to profit, management and growth goals, the fourth deals with our commitment to people and expressly states: Sara Lee Corporation management must use high standards of responsibility in relating to our employees and the public.

We define high standards of responsibility as the criteria above the minimal or ordinary which managers use in exercising accountability for goals not directly related to the profit and loss potential of a given business. Employees are all those who work for Sara Lee Corporation.

The public includes others on whom the company has an impact - most importantly, our employees, stockholders, customers, suppliers, consumers and the communities in which we operate.

The basic principles are:

1. Business has a role beyond the generation of profits. Corporations are social institutions, sustained by the system in which they operate. By investing their goodwill, time and money, companies can and should serve as catalysts in helping deal with significant social issues.

Sensitivity to such issues includes the important commitment to a superior quality of work life for all employees.

2. Integrity is an essential quality of good management. It is, in fact, an absolute requirement at Sara Lee Corporation. In their business dealings, managers consistently respect the truth, the rights of others and the need to honor commitments. Integrity has a further meaning at Sara Lee Corporation. Decisions are based not on politics or expediency, and not on what managers view as best for themselves. Decisions are based on an understanding of the right thing to do, considering what's best for employees and for the enterprise as a whole. In the area of social objectives, integrity demands a similarly scrupulous approach. Public responsibility programs must be thoughtfully conceived, carefully monitored and sincerely supported.
3. Employee and public responsibility has a positive impact on the success of the corporation as a whole. The long-term viability of any business rests on a network of trust relationships established with employees, stockholders, consumers and the community at large. Therefore, well-directed efforts to address the needs and concerns of these groups are absolutely necessary if a company wishes to survive and prosper.

Let me assure you the foregoing are not just a collection of words but is a principle against which our managers around the world are judged, and are expressed in the community projects in which we involve ourselves. I can assure you there is a human face at SLC.

Finally, before I sum up, I should like to deal with one other crucial issue associated with Australian/European business investment in Asia, the issue of cultural difference.

First of all, let me say that I think these differences are exaggerated or at least their impact is. I would put it out to you that between us there are many, many more similarities than there are differences, and where differences do occur, it may well be no bad thing.

Generally speaking, where cultural differences are referred to, it is usually in the context of criticism of the way Australian, American and Europeans operate within Asia. We are at best accused of being clumsy and unthinking or at worst of being ill mannered and vulgar. Certainly, there are things we must learn about doing business in Asia. We cannot act as upfront or aggressive in dealing with Asians as we are in dealing with each other. However, I put it to you if we bring to the association or business venture a management style/organisation and training which the Asian partner wants there is little point if we change all this to meet an Asian perspective. In our relationship we must avoid being like the woman who falls in love with a man because he has certain characteristics, marries him and proceeds to change him and then does not like what she finishes up with.

I remember some years ago discussing the question of cultural differences with an irate Japanese joint venture partner following the visit of a particularly aggressive American from head office. I said to my friend Iijimasan: You expect me to be very polite when I speak with you. You expect me to understand the slowness of the internal decision making process within the organisation. You expect me to know and pay deference to the need to spend time gaining consensus at all levels before a decision is reached. You expect me to know that when you continually say yes to my comments you are not necessarily agreeing but telling me you understand what I am saying. You expect me to understand that we can't put up prices even though our profit is down until the market is ready to accept the price increase. You expect me to understand that the fixed interest rate we agreed with the bank is going to be increased because all interest rates are going up. You expect me to know and recognise all these as the Japanese way of doing business, i.e. the Japanese culture. You would be offended, and rightly so, if I described the Japanese way of doing things as tedious, time consuming and totally unnecessary and inconsistent. And if I did describe it so, you would say I was being rude and I would be. You must understand therefore, that if an American or Australian or European gets quickly to the point and does not necessarily involve everyone in the decision making process nor worry about the sensitivity of a particular individual, he is not being rude. He is reflecting the training he has had. Therefore, if you want us to understand you, then you must try to understand us. This is not to say we should not respect each other and pay due deference to the ways of doing business in a new country, but I really believe if we are to maximise the benefits of foreign investment in joint business ventures, we must ensure we get the best of both worlds by understanding each other and not being offended too readily by apparent - and I emphasise the word apparent - lapses of good manners.

I think it is now time to summarise the points I have tried to make this morning.

First of all, I believe that foreign investment in Asian business ventures is intrinsically good and produces of itself considerable human benefit.

I believe that private investment produces the most efficient allocation of resources and therefore provides the greatest benefit.

If the benefits of investment in Asian countries do not always flow down to the poorer people in the community, that is not the fault of the investing company. It is primarily the responsibility of government and the establishments of that country in all its forms. In all cases, this at least includes the church and in some cases, the church will be the most important part of the establishment.

I think cultural differences between us are exaggerated, or at least the effects of these are. Where there are cultural differences, I believe we all have a responsibility to work towards understanding each other's needs, aspirations and character. Much needs to be done in this area both from the Asian side as in the Australian/European side.

In closing, I want to say I have avoided until now putting to you what is, I believe, that which manifests best the human face of foreign investment in Asia because

wanted it to be my final point. Business brings us together, and in being together we learn more about each other; and in learning about each other, we come to understand and respect each other. This group in Melbourne this week is the best example of this at work. I thank you for listening to me this morning.