

**WORKSHOP NO. ONE**

**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

Participants

**ATTY. JOSE F.S. BENGZON, JR.**

**MR. BARRY COUNSEL**

**DR. WILLIAM DEMYER**

**MR. DEREK HAMPSON**

**MR. MURRAY PROCTOR**

**MR. EKAPOP SETABANDHU**

**MR. SYONANTO WIJAYA**

## WORKSHOP ONE:

# AGRIBUSINESS INVESTMENT OPPORTUNITIES IN INDONESIA

*Paper Presented by:* **MR. CHARLO MANORA**  
General Manager, PT ASTRA International Inc., Indonesia

*Prepared by:* **MR. WILLIAM SOERYADJAYA**  
PT ASTRA International Inc., Indonesia

It is indeed a great honour for us to meet with leading businessmen from neighboring Asian countries. On behalf of my Indonesian colleagues, allow me to express our heartfelt thanks to the organisers of the conference for giving us the opportunity to share with you significant developments in the Indonesian economy.

The growth of the Indonesian economy remains the single greatest concern of President Suharto's government. One way of attaining such goal is by increasing capital investment, both domestic and foreign. The agricultural sector, agribusiness in particular, leads the growth areas in the Indonesian economy, insofar as investment opportunities are concerned. We hope that our presentation will be of great interest and benefit to all of you.

### **Indonesian socio-economic environment**

First, we would like to apprise you of our country's socio-economic environment. Indonesia is an archipelago of approximately 13,000 islands, 5,000 to 6,000 of which are inhabited. Our total population is estimated at 174 million with a growth rate of 2.12 percent per annum. The soil is fertile and is therefore conducive to productive agriculture. Our lands are likewise rich in mineral resources. Indonesia is the second biggest oil producer in Asia. The total national labor force is estimated at 66 million and is increasing at the rate of 2.6 percent annually.

Under President Suharto's administration, four Five Year Development plans have been implemented with satisfactory results. Through pragmatic measures, political and economic stability have been achieved. Such favorable development has been largely bolstered by increased domestic and foreign capital investment.

Indonesia's economy is largely supported by the agricultural sector where around 74 percent of the population live in the rural areas and depend heavily on agriculture for livelihood. Agriculture gives employment to 55 percent of the total workforce. In 1983, the Gross Domestic Product of Indonesia, based on the constant price reached Rp. 73,697.6 trillion, Rp. 17,692.2 trillion (24 percent) of which came from the agricultural, cattle breeding, forestry and fishery sectors. In 1986, the Gross

Domestic Product, on the basis of the 1983 constant price increased to Rp. 82,274.5 trillion, Rp. 19,687.0 trillion (24 percent) of which was contributed by the agricultural, cattle breeding, forestry and fishery sectors. From 1983 up to 1986, the growth in these sectors averaged 3.6 percent annually, as indicated by the figures in Table 1.

**Table 1**

The growth in the agricultural, cattlebreeding, forestry and fishery sectors ( % )

Field	1984	1985	1986	Average Growth 1978 - 1979
Farm Food Crops	4.90	2.55	1.87	3.10
Farm Non-Food Crops	2.37	9.64	5.69	5.86
Estate Crops	18.70	14.66	0.20	10.89
Livestock	7.74	7.75	2.97	6.13
Forestry	-10.04	-4.89	-1.07	-5.40
Fishery	2.10	6.99	4.27	4.64

Source: Central Bureau of Statistics

The growth rate registered in the sectors identified in Table 1 - 3.10 percent in farm food crops, 5.86 percent in non farm food crops, and 10.89 percent in estate crops may be attributed to such factors as: (a) the intensification and diversification programs undertaken by government and supported by the farmers and the various cooperatives; (b) the activation of the Nucleus Estates; and (c) the extension of foreign aid, whether monetary or in the form of technical assistance.

### **The role of the agricultural sector in development**

The government is aiming for a balanced economic structure where we find an advanced industrial capability supported by a solid agricultural base. The desired balanced economic structure can be achieved through the implementation of a series of Repelitas. Previous Repelitas focused on capacitating the agricultural sector toward greater self sufficiency and sought the promotion of industries, particularly those in support of agriculture (e.g. processing of raw materials, manufacture of industrial equipment and machines).

In line with the thrust of increasing production in the agricultural sector and in view of future Repelitas, government intends to tap farmers' participation through farmers groups and village cooperatives and develop and implement a market system that would guarantee a reasonable margin of profit for the farmer-producer and a reasonable price for the consumer. Greater attention will also be given to the

preservation of critical natural resources such as soil, minerals, water and marine life, forests, etc.

The integrated approach of improved agriculture and industrialisation is aimed at generating more job opportunities, and therefore higher income, and to step up the volume of export.

Table 2

Major Crops Production

Item	1982	1983	1984	1985	1986
Paddy	33.584	35.303	38.136	39.033	39.727
Corn	3.235	5.087	5.288	4.330	5.920
Cassava	12.988	12.103	14.167	14.057	13.312
Sweet Potatoes	1.676	2.213	2.157	2.161	2.091
Soybeans	521	536	769	870	1.227
Peanuts	437	460	535	528	642

Source: Department of Agriculture

The table shows that major crops production increased satisfactorily during the last five years (except for cassava). The rapid increase in food production has resulted to the gradual decrease in imports. In the case of rice, which has accounted for the bulk of the country's imports, importation dropped from US\$ 690.4 million in 1980 to less than US\$ 40 million in 1985.

Still, it must be noted that improved agricultural production faces a daunting challenge of increased demand in the face of a population growing at an average rate of 2.12 percent annually and greater purchasing power among Indonesian consumers. Given the growing domestic demand, the agribusiness sector offers bright prospects for profitable investment. The sector likewise has the potential to meet demands for agricultural products and commodities in the international market.

At this time, prodded by the steep decrease in foreign exchange from oil exports, government is giving priority to the development of the agribusiness sectors and the various agro-industries. The main targets of the government therefore in the agricultural and rural sectors are:

One, to generate more employment opportunities so as to increase the income especially of rural populations.

Two, to increase the domestic food production and supply to meet the growing demand.

Three, to promote the export of agricultural products, especially small holder tree crops.

Four, to enforce a more efficient and effective utilisation of the country's natural resources.

### **Regulations and foreign capital investment in the agribusiness field**

Several regulations govern foreign capital investment in agribusiness. I would like to focus on two key areas in the agricultural sector which have been identified as priority areas for development and investment in Priority List 1982 — food crops production and plantation production (See Appendix B and Appendix C).

The regulations for the acquisition of priority in the food crops production are:

One. Production for needs and/or consumption, processing and/or integrated agro-based business must be covered.

Two. Capital investment should not compete with the farmer's initiative.

Three. The government expects the participation and cooperation of farmers and cooperatives.

Four. The utilisation of foreign expertise must be adopted to the training as identified by the Department of Manpower and Transmigration.

Five. The use of fertilizers, chemicals, seeds, etc. must correspond to prevailing needs and prevailing regulations.

Six. The products can be sold locally as substitutes for imported goods or may be exported in accordance with regulations.

Seven. Every application for investment must comply with a feasibility study in such technical areas as the opening of the area for agriculture, the staging of annual production, agroclimate, land, topography and resource preservation.

Eight. The field of work along with the top priority should comply with the requirements of the size of the area as made up before. In case this is not done, the priority will be suspended.

Nine. The pattern of nucleus food estate for all commodities must be complied with.

The regulations governing foreign capital in the plantation production program as stipulated by Priority List 1982 are as follows:

One. Plantation includes soil preparation, nurseries, planting, farming, processing and integrated agribusiness.

Two. For every application should be attached a feasibility study on the following items:

- a. Suitability of land/soil, agroclimate, infrastructure, environment and local social conditions;
- b. Project design, layout and project components (land area, plant capacity and infrastructure);
- c. Project implementation must be conducted in stages;
- d. Project organization includes total labour investment and recruitment;
- e. Financing includes sources and allocation of funds;
- f. Financial analysis and project benefit;

Three. Advanced technology will be utilized (high grade variety seeds and equipment, etc.) without reducing employment or manpower.

Four. Importation of seeds, agrochemicals, equipment, etc. should comply with prevailing procedures.

Five. Employment of expatriates shall comply with existing regulations on the limitation of foreign labour.

For foreign investors in general, Presidential Decree No. 23 (1980) is a handicap to participation in full agricultural enterprise. This is because the decree says that the Right of Land Use for Business Purposes cannot be granted to a joint venture company, but to the Indonesian partner. The willingness to invest in full agricultural enterprise must, therefore, be based on trust on the Indonesian partner that the right of land use acquired from government is not misused.

Another possibility for joint venture is in the selected/limited agricultural operations (in case it is permitted). This kind of joint venture requires less capital commitment compared to investment in full agricultural enterprise. The work pattern between foreign and domestic investors will be as follows: The investment part will be handled by the domestic investor in the form of PMDN venture. For processing and marketing a joint enterprise will be created, in which the foreign investor has majority shares. An agreement between PMDN and the joint venture company will be signed stating that the foreign investor will send agricultural expertise to the PMDN company. Further, during the period of existence, the joint venture (PMDN) company is obliged to hand over all the products to its partner at a reasonable price.

As the Department of Agriculture estimated, the funds required for the selected/limited agricultural enterprise are relatively small in comparison with the full agricultural enterprise — only one third in the oil and 15 to 20 percent in the rubber sector

#### **ASTRA as joint venture partner**

On February 20, 1957 we established PT ASTRA INTERNATIONAL, INC. for general trade export and import, including agricultural products. We are also now active in the field of automotive, heavy equipment, electronic and information processing, financial service, construction and real estate, agribusiness and woodbased industry (See Appendix D).

ASTRA remains to this day bullish about the potentials of Indonesian agribusiness which we have steadily nurtured and developed for the past 17 years. Agribusiness will be a major growth area in the coming years.

As for the automotive industry, 19 years ago, we never thought ourselves capable of manufacturing, as we are now doing, major components of cars and motorcycles.

#### **Conclusions and recommendations**

Allow me to conclude with the following insights on the Indonesian agribusiness sector:

1. Agribusiness is a century old industry in Indonesia. We have still in our minds "Java Tea" and "De Deli Tobacco" which enjoyed good standing in

the international market. Activities in this sector, however, decreased due to political and economic instability in the fifties through the sixties, after the takeover of foreign plantations by the Indonesian government.

2. The New Order recognizes the vital role of agribusiness in Indonesia's economy. Improved production in the agribusiness sectors, among others will: increase food production and supply and therefore meet growing domestic demand; increase foreign exchange earnings through the export of agricultural commodities; accelerate the generation of employment opportunities; stimulate the dispersal of populations to the countryside. Also, any improvement in the Indonesian economy will rule out social unrest.
3. Although Presidential Decree No. 23 (1980) does not encourage foreign investors to invest their capital in full agricultural enterprise, we are still convinced that interest of foreign investors will increase in the future, at least in the selected/limited agricultural enterprise. Our conviction is based on the fact that Indonesia's soil is fertile and extensive, labour is cheap and the demand for agricultural commodities is on the rise.

To those investors interested in working with us, you may contact Indonesian Investment Offices in Paris, Frankfurt and New York, the Indonesian Chamber of Commerce or PT ASTRA INTERNATIONAL, INC.

## WORKSHOP REPORT

### Points raised

1. Assistance can be provided to both big business and small farms in agricultural development in three areas.
  - a. *Education*  
Technical advisors, seminars and demonstration farms all have a role.
  - b. *Finance*  
There is a need for banks to be more liberal with finance and to reduce the high interest rates applying at present to the rural sector where there is evidence provided of skills training. This may be achieved by rural banks development syndicates, and private suppliers working closely with agricultural companies.
  - c. *Marketing*  
The present marketer (middleman) may act as a financier in some instances but it was recognised that significant gains could be achieved by better marketing systems. There is a need for some price stability.
2. The failure of governments to provide effective extension services to agriculture needs to be corrected. Assistance and support in this area may be provided by big agribusiness companies and financial institutions either individually or as a joint venture.

### Points agreed to by consensus

1. Business can help agriculture by going into the development of agribusiness in the plantation or small contract farm situation. Business has the capital, management skills and overall capability to effect success in the agricultural sector.
2. There is a need to design and develop a financial planning and budget program and to provide knowledge of marketing and/or marketing systems for small and medium size farms.
3. Business should explore ways with which to assist government in improving extension services.
4. Business should not lose sight of the potential agricultural productivity to produce surpluses. The resultant population drift to the urban areas is a natural phenomena which needs to be addressed by providing jobs, housing and ancillary services in new urban areas.
5. Business should not be shy in publicising its involvement in the development of agriculture in poorer areas and in assisting them to manage their economic and social development as this would dispel the selfish image of big business and motivate others to do likewise.

6. It was recognised that the development of agriculture in poorer countries is being retarded by the subsidised export price strategies of the United States and the EEC resulting in low world prices for agricultural commodities.

### **Summary**

The basic problem of agriculture in Asia is rural poverty which could be helped by providing poor farmers extension services, either by business supplementing government efforts or by assisting government extension services. We recognise that in the long term, development of new towns where manufacturing and services could be more profitably undertaken, is the solution for better income. We also recognise the need to improve education and to encourage business to engage in agribusiness where attractive return is available.

**WORKSHOP NO. TWO**

**BUSINESS AND THE SMALL AND  
MEDIUM SIZE INDUSTRIES**

Chairman	MR. PHILIP C. M. WANG Director General Medium & Small Business Administration Ministry of Economic Affairs Taiwan
Discussant	DR. ALFONS DOODOH Managing Director P.T. Neptune (ES) Ltd. Indonesia
Rapporteur	MR. M.L. BROWN General Manager National Australia Bank
Participants	MR. KARAM BEDI MRS. NELLIE BENGZON MR. JULIAN COUNSEL ATTY. RICARDO GUEVARA MR. JOHN ROSEMAN

## WORKSHOP TWO

# STRATEGIES ON COOPERATION AND MUTUAL DEVELOPMENT

*Paper Presented by:* **MR. PHILIP C. M. WANG**  
*Director General*, Medium and Small Business Administration  
Ministry of Economic Affairs  
Republic of China

1. Equilibrium development between large enterprises and medium/small enterprises (MSEs).
  - a. MSEs play a vital role in the economic development and social stability of many Asian countries.
  - b. Most Asian countries must look to the development of MSEs to solve their unemployment problems.
  - c. Some countries which have overlooked the potential of MSEs in the past are now beginning to place greater importance to their development.
  - d. The development of large enterprises and development of MSEs are major factors to economic growth in every country.
  - e. MSEs, however, are not without their limitations and disadvantages, where a country's economic development is concerned. Among these are: too many MSEs result in unfair competition; overlapping investments waste national resources; over concentration of employed population; and difficulty in reaching goals of automatic production.
  - f. Therefore, to achieve a healthy economic environment and consequently development, MSEs must complement rather than compete with large enterprises. One major reason for the rapid economic growth in Taiwan, R.O.C. is the harmonious relationship existing between the large enterprises and MSEs.
  
2. There are many countries in the world now giving assistance for the promotion of MSEs through various schemes
  - a. Since the development of MSEs is the basic element in solving problems of unemployment and livelihood, many countries are now giving guidance and assistance for its promotion through such schemes as: low interest loans, credit guarantees, technical assistance, cash subsidies, tax reduction, and marketing assistance.

- b. Indeed, such favorable measures help MSEs grow and develop. However, these measures sow dependence on the part of the MSEs to the prejudice of other enterprises.
3. Unfair competition between large enterprises and MSEs.
  - a. Large enterprises in some countries have competition advantage over MSEs because of a certain degree of special treatment.
  - b. Especially when currencies of some Asian countries appreciate against the US dollar, many large enterprises earn huge non-operational income by capitalizing on the changing foreign exchange rate. While large enterprises enjoy the benefit of appreciating money value, MSEs suffer from diminishing profit and increasing difficulty in export.
  - c. When MSEs encounter difficulties, large enterprises may easily swallow MSEs through financing or investment.

Such unfair advantages enjoyed by big enterprises is crucial to the growth and development of MSEs. A state of balance must be established especially in Asian countries which are in transition—whether from an agricultural economy to industrial development or from light to high-tech industry.

4. Suggestions to Asian countries seeking to reach equilibrium development between large enterprises and MSEs.
  - a. Help MSEs to become self-reliant units.
 

For instance, in Taiwan, the government has taken several steps to help MSEs improve their management and operation, and increase productivity. These steps include:

    - Lectures and seminars on efficient and effective management.
    - Assigning private consulting firms to conduct management consultations.
    - Assistance in establishing a computerized management system.
    - Encouraging R & D activities .
  - b. Create a favorable development environment for MSEs.
    - Eliminate factors contributing to unfair competition between large enterprises and MSEs.
      - Eliminate special treatment to large enterprises
      - Increase opportunities for MSEs .
    - Promote cooperation between large enterprises and MSEs
      - Establish common recognition of complementary mutual benefit.
      - Encourage large enterprises to assist and support MSEs.

- c. The central satellite factory system in Taiwan is the best system to promote cooperation between large enterprises and MSEs. The main points included in the system are as follows:
- Selection of a large enterprise as the central factory and the consolidation of medium and small satellite factories which will supply the former with parts and components.
  - Large enterprises are to provide MSEs with necessary support as long term purchase contracting, technical assistance, employees training, supply of raw materials.
  - Government agencies provide necessary assistance to medium and small satellite factories.

5. Conclusion

- a. Every country needs the existence of large enterprises and MSEs. Only when large enterprises and MSEs are able to operate in mutual benefit will there be greater and better prospects of economic development.
- b. A common recognition should be reached — that the growth and existence of MSEs requires the support of large enterprises, while the growth of large enterprises depend on the parts and components being supplied by MSEs.
- c. Government should work for the development of both MSEs and large enterprises.
- d. While in the course of internationalisation and liberalisation, government cannot resist or restrict the expansion of large enterprises, adequate opportunities must be afforded the MSEs. Government should promote aggressively cooperation between large enterprises and MSEs.
- e. Asian countries should exchange views and experiences on their respective efforts to aid in the growth and development of MSEs.

## WORKSHOP REPORT

The workshop discussed:

- How more developed businesses can accelerate and upgrade smaller/medium size businesses.
- The human development aspect in job training and employment and improvement of the standard of living through the development of MSE's.

### Chairman's main points

- Every country needs both large and small businesses for proper economic development.
- Governments should recognize the importance of MSE's.
- Governments should create a favorable development environment for MSE's and promote cooperation between large enterprises and smaller businesses.
- A central satellite factory system is the best system to promote cooperation between large enterprises and MSE's.

### Discussants' main points

- Define small/medium industry in the context of individual countries.
- Develop appropriate technology for the rural sector which must respond to the needs of the individual farmer, craftsman and small businessman.
- Government must provide incentives to create a favorable climate for entrepreneurs.

### Conclusions

#### Rural Areas

- 1) Government must give favorable incentives to small/medium businesses including tax holidays, tax concessions and simpler collection procedures.
- 2) Establish a guarantee system to facilitate small business establishment and working capital needs.
- 3) Help small business organize cooperatives for supplies, production and marketing.
- 4) Government must provide market information and devise a quota system to protect MSE's.
- 5) Reserve certain industries for MSE's.

- 6) Government must provide advisory and consultancy services on management skills, technical assistance, employee training, financial assistance, and financial management skills.
- 7) Support services for businesses in trouble.

### **Large Industries**

- 1) Large industries should provide technical assistance to MSE's.
- 2) Establish long-term purchase contracts with MSE's.
- 3) Large industries must give financial support to MSE's are their suppliers of components, raw materials etc.
- 4) For those in industrialised countries, balanced development between big industry and MSE's is very important. Government has to encourage cooperation between large business and MSE's. The central satellite factory system in Taiwan is a good example.

**WORKSHOP NO. THREE**

**BUSINESS, TECHNOLOGY AND ECOLOGY**

**Chairman**

**MR. ROGELIO SALAZAR**  
President  
Paper Industries Corp. of the Philippines

**Discussant**

**MR. INDRA JOSEPHA**  
Human Resources Manager  
Salim Group  
Indonesia

**Rapporteur**

**MR. GEOFF MADDER**  
General Manager  
ICI Australia Limited

**Participants**

**MR. BILL BENTLEY**  
**MR. JOHN BOSTOCK**  
**FR. JOSEPH CARRA**  
**MR. PETER LEE**  
**MS. JENNIE MADDER**  
**MR. JOHN RALPH**

## WORKSHOP THREE

### BUSINESS, TECHNOLOGY AND ECOLOGY

*Paper Presented by* **MR. ROGELIO C. SALAZAR,**  
*President, Paper Industries Corporation of the Philippines*

The 3rd Asian Business Congress in 1983 carried the theme "Business and Human Development," and among the related subjects covered was that of appropriate technology which included discussions on the role of business in technology development. The subject of our workshop today on "Business, Technology and Ecology" may be considered a continuation of such discussion, with a focus on the environmental implications of technological advances. To help develop an appropriate frame of mind, let me paraphrase some excerpts from previous papers on this subject and then proceed to bring out the pertinent issues that our workshop may address.

Technological innovation has effectively become the driving force of global economic growth, which has radically altered the whole outlook for mankind. Advanced technology has made possible mass production and conspicuous consumption, resulting in complex productive, marketing, and financial capabilities—the very nature of the industrial society that we have come to know today. Modern skills and occupations have proliferated, productivity and income have multiplied several folds, and new heights in standards of living are being enjoyed like never before.

The changes brought about by technology are not confined to the more developed countries alone. These have permeated into the less developed ones as well. Through modern technology, man has eradicated famine, banished ignorance and conquered diseases to a very significant degree. Technological innovation has created an impact so strong and an influence so profound on developing economies that it has become a necessity on which the future of many countries in the Third World depends. As Third World countries strive to upgrade the quality of life of their peoples, the value of technology as an indispensable tool for industrialisation and development comes into sharp focus.

However, as the effects of technology on society constitute a complex and relatively new field of study, much work still needs to be done to establish the influence of technology on one's social variables and to understand the social responses to technological change which can best enable society to accommodate such change. In many cases, too, the identification of appropriate technology becomes difficult because there are not enough choices of technology for certain types of industries which may be applicable to specific circumstances that are unique to certain countries. Nevertheless, it is perhaps valid to conclude that both labor and capital intensive technology have to be adopted, depending upon the phase of the industrial process and depending upon the industry concerned. A new approach to technologi-

cal planning is required to identify areas of the economy where modern technological processes can be applied with maximum benefit. This will ensure the adaptation of advanced technologies to the special needs and conditions of developing countries, and will seek to explore wholly new types of technology when and where necessary.

Let us look at this subject pragmatically and try to address the issues squarely. Indeed, developed countries have technology which developing countries need. Hence, here we have a product (technology), a buyer (a developing country) and a seller (the developed country). Irritants arise when the buyer feels that the technology transferred fails or appears to fail to give its real worth, or when the seller feels it is not or appears not to be getting fair and prompt compensation for the technology supplied. So what are really the relevant issues that must be addressed here?

- (a) *Technology must be adequate and appropriate.* There have been cases where the developed countries sold obsolete and inefficient technology, and thus got rid of obsolete and outmoded facilities at the expense of the developing country. There have also been cases where the developing country had insisted on technology which was far too sophisticated for its needs and was therefore unable to operate and maintain it properly. Technology results from intensive research and development, at a great cost. Sometimes, developed countries tend to insist that full development cost be paid for by the developing country. On the other hand, developing countries may feel that developed countries purposely make their technology too expensive to protect their own operations.
- (b) *There are problems arising from the developing countries.* These are usually caused by the failure to employ competent men who can assess the adaptability of the technology to the recipient country as may be gleaned from preliminary and feasibility studies that have been conducted. There is a tendency at times to use a feasibility study prepared for another country, believing that problems in all developing countries are the same.
- (c) *There are problems too, on the part of the developing country.* Often, the developing country hesitates to order the preparation of proper feasibility studies due to high costs. At times, the developing countries may fail to give correct information needed on the design, construction, and start-up of the installation, either due to ignorance or over optimism. This results in the recipient country's failure to identify and adopt the appropriate technology.

The great tragedy of some developing countries is that the so-called development that occurs in their economy follows the prescription of another civilization imposed upon them and to some extent, was thoughtlessly accepted by them. For instance, the imbalance in a technological strategy that has substituted machines for men would only create more unemployment problems to a growing population. This situation usually occurs where manpower is plenty and foreign exchange is short. In developing countries, the indiscriminate application of modern technology devised for the special conditions of the industrialized world could only result in a waste of scarce capital resources and a significant under-utilization of productive capacity.

Once the appropriate technology for a specific project has been identified and agreed upon, the methods to be applied in the transfer of technology would have to be determined. In this connection, the following deserve serious consideration:

- (a) The supplier of technology must assign competent men to achieve the transfer. These persons will not only effect such transfer but will make sure that it is properly absorbed by the recipient.
- (b) Top priority must be given to the training of the recipient's personnel. Make sure that the recipient understands the dangers involved in the operation of the project - its technical, quality, financial and marketing problems, and including those arising from both local and foreign competition (e. g., the tendency of foreign suppliers from developed countries to dump their products when the market goes bad).
- (c) The start-up and operating crews provided must be fully competent. They must understand that it is a major part of their responsibility to train local personnel as fast as possible and to fade out once the locals can handle the work.
- (d) Sending well chosen teams of scientists and engineers of the recipient country to more developed countries to observe and receive training in modern plants also deserves special consideration.

The pricing of technology usually ends up in direct negotiation between the buyer and the seller. The buyer must realize that, many times, technology is not cheap. The seller must not take advantage of the pressing development needs and inexperience of a country by overpricing its technology and/or selling obsolete, inefficient and inadequate technology. The following points are essential:

- (a) The terms and conditions of the sale must be completely covered with an understandable contract with a minimum of standard legal jargon.
- (b) The contract should include guarantees on performance.
- (c) It should provide for arbitration, in case of dispute by a competent international body, instead of insisting that this be covered by the laws of a specific country, the fine points of which are usually unknown to both parties.
- (d) On the part of both parties, the overriding element of good faith, is of course essential at all times.

And now, let us look at the question of ecology. The problems involved in preserving the environment are rather new in developing countries. Up to 20 years ago, the smokestack of a factory in a developing country was considered a sign of progress. The clearing of forest lands for agriculture was considered a sign of development. Not much thought was given to air and water pollution. This was so because, as in most developing countries, there was enough water to go around and nobody gave attention to the quality of air that he breathed. While there was talk of rapidly expanding populations, insufficient long term planning and rather limited programs were undertaken to address the problems spawned by rapid population growth. Little attention was paid to rapidly diminishing natural resources. Indeed, environmental protection was considered a problem of the developed, highly industrialised nations, and not of the developing countries.

It is only in the last two decades that responsible leaderships in developing countries have begun to recognize the grave dangers that industrialisation, without appropriate safeguards in preserving the environment, brings forth.

In developing countries, tropical forests are fast disappearing due to pressures of population, poor planning and nonenforcement of proper forest practices. Poor implementation of corrective measures are fast depleting fishing grounds and other aquatic resources. Poor planning and inferior agricultural technologies are decreasing the fertility of the soils. Unchecked erosion is destroying more and more good farm lands.

In developing countries, where more than one-half of the population may be living on subsistence level, it is very difficult to get the bulk of the people to be conscious of the need to protect the environment. Their efforts are concentrated on where to get their needs for the day. They cannot be expected to think too much of the need to protect the environment for tomorrow. The rural migrant in urban areas will not stop dumping his garbage and refuse into the nearby river when he has no toilet facilities of his own and where municipal authorities fail to collect garbage regularly. The local truck, bus, or jeepney driver will not spend money on emission abatement equipment for his vehicle when he scarcely makes enough to live on. The local shifting cultivator will not stop to think about the damage he is doing to the forest environment by making his clearing; his main thought is to produce enough food with which to feed his family in the next few months. The local fisherman does not think of the damage he inflicts on marine life in resorting to destructive dynamite fishing; all he thinks of is to get a few more fish which he can sell for a few more pesos in much less time and with much less effort.

The tragedy of the above scenario is that such situations are often taken advantage of by unscrupulous industrialists who want to save by not installing pollution control equipments in their factories; unscrupulous truck, bus and jeepney fleet owners who, in exploiting the attitude of their drivers, do not install emission control equipment in their vehicles; unscrupulous loggers who overcut their forests and fail to protect their residual stands; unscrupulous fishing fleet owners who encourage dynamite fishing for their greater gain, etc.

A further tragedy in developing countries lies in the fact that undermanned and underpaid environmental protection agencies try to enforce environmental laws, rules and regulations. These laws are often copied word for word from those of developed countries, and are usually unenforceable in their own countries given their peculiar socio-economic conditions. Unenforceable laws create a climate of disrespect for law and cynicism about the ability of governments to enforce laws in general, and even lead to graft and corruption.

Ample management techniques and technology on the preservation of the environment are available in developed countries, where the bulk of the population have more than enough time to meet their prime necessities and begin thinking of the environment and the future. Great strides have been made in preserving the environment and in repairing the damage done to it in the past. There are numerous national and international agencies that have been set up for this purpose. Their publications are numerous. There are also various organizations which do the planning, implementation, control and monitoring of environmental protection projects whether urban,

industrial, rural and aquatic. They also have numerous environmental laws, rules and regulations which are vigorously and effectively enforced.

However, the transfer of environmental protection technology and management techniques from a developed country to a developing country does not consist of just picking these up from the former and heaping it on the latter, as this does not work in most cases. The population in developing countries must be educated and made conscious of the need for environmental protection. Environmental protection standards must be tailored to the situation in the recipient country. Pollution control regulations designed for a highly urbanized, developed area may be too stringent for a thinly populated rural area in a developing country. The introduction of technicians and technology must take into account the social and economic conditions of the people involved. Such technology should be introduced in a way that it will not abruptly and adversely affect the means of livelihood of populations. A displaced population can only become the largest stumbling block to effective environmental protection. Environmental protection laws, rules and regulations should be realistic and enforceable. There is nothing worse than a law which is unenforceable because this will only make the entire environment protection agency the laughing stock of the people. Environmental techniques and technology must be affordable. If these are not affordable, they will not be accepted. There may be a need to introduce environmental protection in stages to make them more affordable and acceptable to recipient populations.

Indeed, the imagination and ingenuity of managers and technical personnel working on the introduction of management techniques and technology for the protection of the environment to developing countries will have to be continuously honed and developed if environmental protection is to succeed in great measure.

## **BUSINESS AND TECHNOLOGY IN INDONESIA**

*Paper Presented by* **MR. INDRA JOSEPHA and SUHARDJO SABAR**

Business Development, Salim Group, Indonesia

Investment, which is the key factor in national economic development has been vigorously promoted and encouraged since 1967 by the Indonesian government. Until 1983, tax holiday was applied which brought more than 15 trillion rupiahs of domestic investments and more than US\$5 trillion of foreign investments. Although tax holiday was withdrawn in 1984, investment continues to increase giving accumulated investments in 1987 of more than 38 trillion rupiahs of domestic investments and more than US\$12 billion of foreign investments.

Several years back, industrial investment was not very smooth as was also experienced by almost all countries in the world due to unfavorable developments, among which were the oil price increase in 1977 and then its decrease in 1983, and the international economic recession that followed. Still, many industries were noted to have increased their production. Many investments were made in substitute manufacturing industries which had for their market domestic consumers. Later, these industries expanded and were able to penetrate the international market. About 240 industrial commodities are now exported from Indonesia.

### **Design and selection of appropriate technology**

Technology is the key factor in the advancement of industry. In reviewing the industrial conditions in Indonesia, we may conclude that many industries have been successful in selecting the appropriate technology for their respective production systems. They have suffered setbacks during the world economic recession, but thanks to the country's political stability, they were able to surmount their difficulties and increase production through the application of appropriate technology. Industries in many developing countries as well as in Indonesia are asked to fulfill many requirements. Among these are: to generate as many jobs as possible and generate income opportunities for as many people; maximally utilize domestic materials and labour; promote the multiplier effect of business and many others. Appropriate technology, in our opinion, is the key to fulfilling such requirements while at the same time affording industries reasonable economic profit. This profit, in turn, shall accommodate the cost for technological researches and development, as well as for the development of the business sector in general.

Many industries in Indonesia or more than 30 percent of the country's total investments are capital intensive, technological intensive industries. Being such, it may be said that they are not fulfilling the above mentioned requirements. However, if we look at the downstream industries promoted by the availability of certain commodities and services, more jobs and income opportunities are actually provided. One such case is the Salim Group in the automotive sector. In less than three years, this

industry has hired hundreds of agents and conducted workshops for skilled manpower and generated more than 10,000 jobs nationwide. Other downstream enterprises were also benefited with the ease of obtaining transportation vehicles. For instance, more than 500,000 workers were absorbed with the development of rural transportation systems using the minibus vehicles manufactured by our automotive industry. Another example is the agrobusiness industry which utilizes to a great extent, imported technology. However, since raw materials for production are obtained from the farmers ( as stipulated by existing regulations as well as economic considerations), some technical knowledge and techniques have been made available to the farmers to ensure a steady supply of high quality materials. Decisions to adopt certain technologies must therefore look into such considerations as the benefits such technology will eventually afford the whole economic spectrum.

### **Impact of technology change**

The Salim Group, which has pioneered the introduction of appropriate technology in many industrial investments, will still play a major role in technological development in this country. We feel that by promoting and encouraging technological research with the view of developing technology appropriate to the Indonesian industrial and economic milieu, rapid growth and expansion cannot be far away. We are convinced that technological advancement is vital to our industries. Harnessed effectively, technological advances will mean lower production costs, better product quality, and greater profit for the industrial sector. Growth in industry, consequently, will spur rapid economic growth and alleviate the poverty of a greater number of people. Advances in technology could also mean more effective environmental management.

### **Environmental protection**

Issues on environmental protection and management run the gamut of technology to socio-economic considerations such as: deforestation, biodiversity degradation, soil erosion, climatic change, pesticide build-up, threats to indigenous people, and pollution. Also, increased industrial investment has, thus far, failed to effect greater social development. An obvious example would be the widening gap between technologically advanced industries and the traditional farming sector in the countryside.

Industries, therefore, are burdened with the social responsibility to act on environmental protection and help generate employment opportunities, whether directly or indirectly.

### **Acceleration of technology transfer**

After more than 20 years and five Pelitas (Five Year Development Plans), most of the industries have successfully conducted transfers of knowledge and technology to their Indonesian partners. Again, an example of this is the automotive industry,

where knowledge of metal works, previously difficult, has become popular at present (i.e., iron sheet pressing for car body modification).

In general, we may say that transfer of knowledge has been significantly smooth in many industries. This was made possible by factors other than the improving managerial skills of Indonesian businessmen. Among these factors are realistic national monetary policies, the expanded market as a result of growth and development, and political stability.

The pace of technology transfer in recent years, however, has significantly slackened. One reason could be that domestic industries (once only substitute industries) have grown and developed so rapidly that they are now becoming major competitors in the international market. Given such a situation, foreign partners are less inclined to share technology with what could eventually become rivals in industry. The transfer of technology must be accelerated if our industries are to grow further.

### **How do the originators and receivers of technology transfer look at its value?**

Originators are willing to transfer technology to their Indonesian partners chiefly for such economic considerations as: reduced production costs due to cheap manpower and therefore increased profit; and abundant supply of raw materials. Indonesian industries, meanwhile, are grateful for the benefits of technology transfer made available to them by their foreign partners, such as increased margins of profit and greater opportunities for rapid growth and expansion.

However, for technology transfer to be meaningful and ultimately more beneficial, the receivers (local partners) must sustain whatever advances through such initiatives as investing in research-technology development programs.

# WORKSHOP REPORT

## Technology

- Technology can be transferred or developed in the country itself. In both cases, a basic requirement is to improve the level of education to either accept the transfer or develop internally.
- The process is a dynamic one. Technical education is improved by the transfer of technology. Education itself goes on to further develop and grow from the learning process.
- Technology must be appropriate to the needs of the developing country. There is a trade-off between job loss and job creation. Initial job losses must be covered by retraining, village development and some such measures.
- Technology development should be a step by step process. The first step should be the use of hand tools, progressing to machine tools and later to more sophisticated machinery.
- Imported second hand machinery is only acceptable if it is appropriate and conforms to acceptable safety, ecological and efficiency standards.
- The sale of outmoded technology is dangerous. Successful transfer of technology requires training at the appropriate level.
- A further trade-off is between labour-intensive and computer-intensive technology. Computer development is now much easier with the availability of personal computers. It is actually a good example of how technology can be transferred.

## Ecology

- Protection of the environment is not always given sufficient priority in developing countries. The overriding goal is growth, often to the prejudice of the country's ecology.
- Environmental standards should be appropriate to the country. If standards are set too high, they will not be achieved. Furthermore, legislation will not be enforced.
- Businesses should influence the ecological standards to be set, preferably through industry associations. This will serve as a safeguard against unscrupulous manufacturers who will be more than willing to sacrifice environmental considerations for supremacy in competition.
- In joint venture situations, a partner from a developed country should bear on the developing country partner to adhere to appropriate pollution control measures. In extreme circumstances where acceptable standards are resisted or violated, withdrawal by the developed country partner may be necessary.

**WORKSHOP NO. FOUR**

**BUSINESS, POLITICS, ETHICS  
AND GOVERNMENT**

Chairman	DR. ANUGERRAH PEKERTI Director Institute for Management Education and Development Indonesia
Discussant	SIR CHARLES COURT Ak, KCMG, OBE Western Australia
Rapporteur	MR. H V T HEATH Group Manager Marketing Gas & Fuel Corporation Melbourne
Participants	MR. JOHN O'BRIEN MR. IAN DILLON MR. SIMON ISRAEL MR. MAXIMO KALAW, JR. MR. SOPAR PANDJAITAN MR. OWEN PARNABY MR. HANK PETRUSMA MR. LAWRIE STYLES MR. KEVIN WILLIAMSON

## WORKSHOP FOUR

# BUSINESS, POLITICS, ETHICS AND GOVERNMENT

*Comments by* **SIR CHARLES COURT, AK, KCMG, OBE**

Discussant for the Workshop

At first glance, this is a strange mixture for a subject. A deeper analysis however, points to the relevance and interdependence of such factors to the theme of "Managing Business in Asia - A Vision of Development". But before we sit in judgement on any particular country in Asia, we must be careful.

We must take stock of the differences in ancient and modern cultures, customs, attitudes and perceptions.

The dominant word must be ETHICS, which is at the heart of all that we do in business, politics and government.

Those who think otherwise are revealing their shallowness and insincerity. They willingly submit to the rigors of ethics when the going is easy and when they are winning.

But they want to resort to doubtful practices when things are not so easy and when maintaining basic ethical principles might adversely affect their personal comfort or financial status. They are more concerned with what they can get away with than they are about principle.

To many, however, ethics comes naturally. Like good social manners, ethical conduct is done on the basis of principle and not simply for a motive (i.e., immediate reward) or because it is expedient.

If ethical conduct prevails in business, politics and government, it follows that similar conduct will prevail throughout a nation and will spill over internationally. This is because business means trade and trade must be international to be successful and complete; politics and government must spill over internationally because no man is an island and no country can survive alone.

But by virtue of varying cultures, customs, and attitudes, perceptions can differ widely. Hence, what is proper for one may not be for the other. Here lies the rub.

It is the reconciliation of these diverse attitudes and perceptions that is the challenge - especially in politics and government where short term personal ambitions and passions can dominate in the quest for power. Do not expect to change these things overnight or, for that matter, completely change them in the longer term. The important thing is to try!

The challenge to a Congress like this is to identify its goals and do its part to make things a little better - to start the ball rolling. This means we must start on the education process, which, hopefully, will be taken up by others in our respective countries.

Human nature lends itself better to "coaxing" rather than "pushing and shoving."

We must start with the young because many people of older generations are too fixed in their attitudes and perceptions. The sooner we start, the better.

The Asia-Pacific region will be the most dynamic and important part of the world as we approach the next century. Let us do our part to try to make it happen in a way which demonstrates to the rest of the world that we have learned from the mistakes of the past.

## WORKSHOP REPORT

While agreeing that the four subjects of business, politics, ethics and government were a strange mix, we agreed on the dangers of passing judgement on countries in comparing them with our own.

Much discussion led to an agreement that accountability, disclosure and justice (represented by the legal system) were the three key factors that may be considered in each of the four subjects.

As for responding to the topics individually we said:

### — Ethics In Business

In many ways this is the most important. It is very easy to be ethical when everything is going well. It is more accepted now for ethics to be included in management training within a WHOLISTIC model of dealing with complexities. Governments have a role in ensuring these regulations for business operations include racial goals. We believe that ethics in business would highlight the difference between creating wealth and making money, stressing that good corporate ethics leads to good financial results and sustainable development. We discussed the role and responsibility of the Church in predominantly religious countries, suggesting that the theology of liberation must be followed by the theology of development. We decided that how business creates wealth is more important than its distribution because of its effects such as the destruction and displacement of various sectors. It is also important to recognise the role of small and medium businesses in the community.

### — Ethics in Government (Politics)

Government must be sensitive to the needs of the people. While wealth must be dispersed to the poor, the latter must be educated in self-help. Recognising that politics is the exercise of power, we noted that it can be used to influence whatever is desired from the business sector. While there can be no business without bureaucracy, we acknowledge that businesses closely associated with government can themselves become very powerful by that association.

Both business and government are judged on service - government by voters and business by "share holders." Transparency is vital to ethical government (e.g., no secret deals, public disclosure, opening contracts between government and business to public scrutiny).

Freedom of the press is also vital in efforts to curb corruption. Such freedom must, however, be exercised with responsibility. While acknowledging that ethics and morality may take second place only to survival in poorer countries, it is vital that the importance of ethics is impressed upon the population even in the early stages of education.

## **Summary**

We decided that **DISCLOSURE** and **COMMUNICATION** at all levels and in all aspects are vital to business, politics, ethics and government. Disclosure should be made effective by the development of a communication network running through the entire fabric of society — encompassing government, business and the public.

The dominance of ethics, be they personal, commercial, buræaucratic or political is of paramount importance and the teaching of ethical behaviour at an early age should take priority in all educational systems.

**WORKSHOP NO. FIVE**

**PHILOSOPHY TOWARDS LABOUR**

<b>Chairman</b>	<b>DR. CHIRA HONGLADAROM, PhD</b> Executive Director Human Resources Thammasat University
<b>Discussant</b>	<b>DR. THOMAS HONGSOON HAN</b> Dean College of Commerce & Economics Hankuk University of Foreign Studies Korea
<b>Rapporteur</b>	<b>REV. J B. BOWYER</b> Chairman of Federal Council Inter-Church Trade & Industry Mission
<b>Participants</b>	<b>SIR BERNARD CALLINAN</b> <b>MR. SIMON LIN</b> <b>MS. MICHELLE NAILON</b> <b>MR. FRANK ROBERTS</b> <b>MR. DANTE SANTOS</b> <b>MR. LUIS SISON</b> <b>MR. PETER WALSH</b> <b>MR. JOHN WEST</b> <b>MR. AVIRUTH WONGBUDDHAPITAK</b>

## WORKSHOP FIVE

### A PHILOSOPHY TOWARDS LABOUR

*Paper Presented by DR. CHIRA HONGLADAROM, PhD.*  
*Executive Director, Human Resources Thammasat University, Thailand*

It is important from the outset to define labour as used in the context of this presentation. For the purpose of this Congress, labour should be viewed in its broadest sense, given the diverse situations obtaining in our respective countries. At the same time, we must try to view labour in a narrower sense as in trade unions, industrial workers, etc.

First, if one attempts to view labour in a broader sense, it is important to understand that in Asia, with the exception perhaps of Singapore and Hongkong, the bulk of labour is in the agricultural sector. In many countries such as Malaysia and Sri Lanka, agricultural workers are relatively well organized because of the plantation system. The same, however, is not true for agricultural workers in other countries. Many of these agricultural workers face problems of low productivity and many of them live in extreme poverty. In Asia, there is also the urban informal sector which consists of migrants who are unable to find jobs in the formal sector. These people work for long hours with relatively low pay.

This paper will concentrate on the narrow definition of labour i.e., the organised industrial and service sector workers at enterprise level. Following are some of the finer points I would like to put forward:

First, I believe strongly that there is an increasing trend toward industrialization in the region. As more people are absorbed in the industrial and service sectors, a system to ensure a harmonious labour-industry relationship is crucial.

Second, Asian economy is at the crossroads. We have an open economy which means that the name of the game is rising productivity and competition especially in the world markets.

Third, the issue of rapid technological advances must be viewed in the context of labour relations.

Fourth, given the kind of traditional society which is influenced to a great extent by the eastern culture, is the challenge of reconciling the nuances of such culture with the new production system.

In view of such important factors, we have to understand that labour relations is a relatively new field for us — unlike in the West which has been dealing with labour relations problems and issues since the advent of industrial revolution more than 200 years ago.

The labour philosophy prevailing in Asia today with the exception of Japan, is strongly influenced by Western concepts. Such influence may be seen in the struggle

of trade union movements for victory which they eventually gain at great cost and through bitter conflict.

A reorientation in the attitude of both workers and industry owners is in order — that is, a change from the so called "Zero Sum Game" to the "Positive Sum Game". Union members and employers must learn together how to increase the size of the pie and benefit mutually from such increase.

Some of the basic issues involved in such a desired shift in orientation are:

One. The size of the pie can only be increased through greater productivity; and productivity can only increase through cooperation among employers and labour and trade unions. I believe that this is the most essential issue facing us today in Asia. Without cooperation, we cannot expect to compete with the giants in the international market. As they say, the 21st century will usher in the era of economic and not conventional war as was true in the past.

Two. The employers must demonstrate their commitment toward increased productivity and encourage trust on the part of trade union leaders. At the same time, the workers must be assured of job security, incentive and reward in view of increased production.

Three. Another important factor in maintaining healthy industrial relations is for employers to impress upon the workers that they are an asset to the company and therefore important. Consequently, the employers must firm up programs for human resource development (i.e., skills upgrading). The employee's skills are a crucial factor to production.

Four. Employers must assure workers of such long term benefits as providing facilities for housing, loans for children's education, etc.

Five. Workers must be given the opportunity to participate in certain aspects of management and when appropriate, in decision making.

In summary, the desired labour philosophy must work for a harmonious and mutually beneficial relationship between employers and employees. Trade union leaders must also understand that cooperation, and not conflict is the key toward realizing better benefits and working conditions for the workers.

## WORKSHOP FIVE

# INDUSTRIAL RELATIONS, UNEMPLOYMENT AND JOB OPPORTUNITY

(A Reflection of Experience)

*Paper Presented by* **MR. FX. MINARTA**

*General Manager, Personnel Division, Kompas Gramedia Group*

In reality, most businesses consider labour merely as tools of production. Labour has the brawn while employers have the money. The workers are recompensed by the employers according to the skills they impart to the company. The workers are judged by their ability to produce and are viewed less as human beings deserving of humane attention. This is because employers are often only bent on accumulating as much profit as possible, even at the expense of the other needs of their workforce.

It is in this context that I would like to share my experiences in human resource development.

My company views our workforce as human beings, and not merely as tools of production. Thus, our commitment to develop them wholly, over and above desired ends of greater profit. We believe that investment must not be totally self-serving (i.e., oriented toward purely profit considerations) but must perform and fulfill a social function. That is, generate employment for a greater number of people.

Here are some issues and approaches to human resource development:

### **1. The human approach**

Generally speaking, when we talk about success or performance in a company we tend to measure such in terms of more money or profit. Performance often refers to production performance or sales performance. Rarely do we relate performance to personnel (e.g., human resource development). Issues concerning personnel and their various functions are often considered peripheral and therefore of less importance.

Such emphasis on profit makes us forget the fact that what we consider as good performance is merely reflective of the capabilities of our employees. I find it strange that people should only dwell on a particular success rather than inquire after the "how" and the "why" of it.

In other words, the employer must look after, not only the workers, but the individual—whether mentally (e.g., job satisfaction and fulfillment, open management or physically (e.g., fair compensation, adequate facilities, a conducive working environment).

Such a wholistic approach encourages greater productivity among employees more than the aggressive application of force or authority.

## **2. Basic values**

In order to further promote harmonious industrial relations, certain basic values must likewise be cultivated such as good character, performance, togetherness, and grateful attitude.

### **2.1. Good character**

Why should good character be developed as a basic value? In reality, most people fail because, among other things, he or she does not have good character. Others become successful because of good character.

Good character (honesty, modesty, readiness to help, cooperative, attitude etc.) constitutes the foundation for inner strength and resolve among employees which, consequently, will largely determine his performance and attitude towards work. Good character likewise serves as an insurance for the security of the company's financial and material concerns.

Good character may be determined through psychological tests, interviews, or clearance tests. The same may be reflected in the curriculum vitae submitted by the applicant. Sustained efforts to impress upon employers the value of good character is also important.

### **2.2. Performance**

But good character alone is not sufficient. Good character must be complemented by good performance. To enhance employees' performance, the company should institutionalise regular training programs, labour-management dialogues, recognition of excellent employee performance, and fair remuneration package.

### **2.3. Togetherness**

The spirit of togetherness existing between the company leaders and the employees or among the employees themselves may be encouraged by cultivating a family spirit, mutual respect, good character in both working and individual relations, low profile, etc.

This climate can also be reflected when we praise, reprimand, or even punish an employee. Should we reprimand or punish an employee, we have to do it based on the family spirit using the human approach. In this way, the employee will understand better and easily accept it.

Togetherness can decrease the gap between the leaders and the subordinates or among the subordinates themselves, resulting to a smooth communication and

information flow and therefore less misunderstanding. Also, when problems on industrial relations occur, volatile situations can be avoided and the conflict resolved with greater dispatch. The spirit of togetherness makes problem solving a lot easier.

#### 2.4. *The attitude of being grateful*

People are hardly ever satisfied. They want to achieve higher goals or to have more than what is available. If this tendency is translated to unrealistic demands it will no doubt be a potential obstacle toward the achievement of harmonious industrial relations.

To prevent the employee from having unrealistic demands we should always develop the attitude of being grateful among the employees for whatever they have received from the company. But of course, the company must be fair. It must have given the optimum compensation to its employees.

If the employees are grateful to the company, they will not push for unrealistic demands but will instead be motivated to be more productive.

### 3. **Decreasing labour turnover and unemployment**

Nowadays it is very difficult to find a job — at least in Indonesia. The economic mainstream is hardly able to generate enough job opportunities to absorb a steadily growing workforce. It may be noted that such a situation adds to social anxiety and serves only to widen the gap between the rich and the poor. Efforts therefore must be directed towards providing a viable solution to the unemployment problem. What we are saying is that if we are able to maintain harmonious industrial relations the employees will feel at home in our company and will not want to leave the job. Employers, meanwhile, will not have to fire employees because of their own mistakes. This results to decreased labour turnover and eventually, to decrease unemployment.

### 4. **Investment and job opportunity**

Finally, when we talk about manpower, job opportunity and unemployment we cannot avoid talking about investment.

It will be wise and more relevant if the capital owner, in investing his asset, does not merely think about getting more profit, but also thinks about how he can generate more job opportunities and decrease unemployment. This is only possible, however, if the capital owner commits himself to the welfare of society over and above desired ends of greater profit.

## WORKSHOP REPORT

First, the group discussed the definition of labour and suggested two kinds of definitions. One would be the broad definition of labour which includes the pastoral worker and the urban informal sector which do not deal directly with business, but are important in terms of human development. The group agreed that business leaders should also look into these types of labour and try to upgrade their living standards. The more narrow definition deals with the industrial worker including the third sector which deals with part of the organised sector which is the main focus of our discussion. We also agreed that Asia as a whole is moving more and more toward industrialisation with an open economy where we have to compete in the world market. In view of these, part of the problem of labour and management relations is the stress on conflict rather than cooperation which is not very conducive to social and economic development. And part of this is because Asia is a relatively newcomer to industrialisation and is perhaps influenced greatly by Western concepts of labour relations.

Another problem probably is the lack of understanding of labour relations especially among the older generation of business leaders. So we suggest that, in order to move our society into the new dynamic world, a labour philosophy founded on the concept of cooperation between labour and management be evolved. There have been discussions of course, about common goals, common objectives, and communication and consultation between workers and employers. There has been no debate about the new philosophy but there has been considerable debate as to how to go about it.

Some recommendations toward better cooperation between labour and management are:

1. In making business plans, the company should have a human resource plan (i.e., to upgrade the skills of workers) as well as a human development plan (i.e., to make the work environment harmonise with their lifestyle). Human resource planning and work environment planning are basically two different things. But business strategy is involved.
2. In order to help make cooperation effective, top level managers or officials should pay attention to existing labour problems. Often enough, we know that labour problems are left in the hands of low level managers. And even though they are concerned with the labour problems, their influence in the company has not been extremely effective.
3. The philosophy toward labour should not be confined only to employers. Workers and government should try to disseminate the new philosophy to the whole society. One way of doing this is by integrating the concept into the educational system.
4. The new philosophy of cooperation must work toward enlarging the existing pie, that is, labour and management should both work to increase productivity so that - and this is something in which we agree completely - labour relations in the future would be considered a positive sum game.

**This means that both labour and employers win in contrast to a situation where one gains at the expense of the other.**

**Finally, we feel that the subject of what we call a new philosophy or innovative system of labour relations is so important that we hope that in the fifth Congress in Bangkok there will be an attempt to highlight some of the examples of companies in the region who have effectively conducted labour relations along the lines that we recommended. And perhaps before that, we should exchange information as much as we can because we know that even though we wish to have a healthy and cooperative labour relations, the challenge ahead is how to do it effectively.**

**WORKSHOP NO. SIX**

**BUSINESS AND THE CONSUMER**

**Chairman**

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

**Discussant**

**DR. BRUCE N. KAYE**  
Master New College and  
Director, New College Institute  
Australia

**Rapporteur**

**REV. DR. PETER MARSHALL**  
Director  
InterChurch Trade and  
Industry Mission  
Victoria, Australia

**Participants**

**MR. MALCOLM DAUBNEY**  
**MR. JOHN D'ARCY**  
**MS. PACITA DEMYER**  
**MR. ALLAN FARGUHAR**  
**MR. SATEESH JADHAY**  
**MS. CORAZON J. JAYME**  
**MR. PETER MARSHALL**  
**MS. HENRIETTA R. SANTOS**

## WORKSHOP SIX

# BUSINESS AND THE CONSUMER

*Paper Presented by* **MR. LI KAI MING**  
*Chief Research and Project Officer*  
Consumer Council Hongkong  
Christian Association for Executives, Hongkong

Business or industrial enterprise was once expected to devote all its efforts to producing and distributing goods and services as efficiently as possible and to making innovations and improvements in products and processes. However, in addition to these long standing economic concerns, business or industrial enterprise is now increasingly called upon to promote a variety of social purposes.

### The business-consumer relationship

Most of the goods in use today were developed within the last 100 years or so and it was not until toward the last quarter of the 19th century that a rapid growth in the number and variety of consumer goods began to take place. For all the time before that in man's history, the number of items used in a culture were relatively few, and users of these items were capable of satisfying most of their own basic requirements. The relatively few items that were purchased were uncomplicated and easy to appraise (foodstuffs in terms of their freshness and flavor and manufactured items, ranging from nails to cartwheels) in terms of their ability to satisfy the buyer's particular needs.

In the event that a purchase failed to live up to the buyer's expectations, since the seller was often known personally to the buyer, it was relatively easy for him to seek redress. The seller, in turn, was highly motivated to give satisfaction, because his market tended to be localized and in many instances it was possible for a dissatisfied customer to spoil a large part of the seller's market. In these circumstances, the seller-consumer relationship tended to adjust itself, and there was little need for any regulation by a third party.

The last quarter of the 19th century saw the advent of large scale production of many goods embodying technologies and processes unfamiliar to the buyer, with much of the production taking place in locations remote from markets and in factories owned by impersonal business and industrial enterprises. It was the age of production in a seller's market: all kinds of fraudulent, shoddy, adulterated, and dangerous products were pumped into the marketplace.

In some cases, it was the lack of a sense of responsibility and the lack of foresight and ignorance on the part of both the seller and the consumer that was to blame. However, to a large extent, it was a case of social, technological, and market

changes, making the existing framework of seller-consumer relationship obsolete. It was a time when urban markets grew, a time when science and technology produced consumer goods of all kinds and descriptions, a time when people had greater purchasing power, and it was also a time when many consumers were no longer capable of directly appraising the inherent attributes of the products that flooded the market.

For many years, nothing was done to alleviate the situation of the consumers. Everyone was too bewildered by the array of products and the clever advertisements to realize that things were getting out of hand. In time, however, the consumer began to call upon the business and industrial enterprises to be more and more responsible for the product and service supplied by them. And there are causes why the consumer has to make demands.

### **The causes of consumer frustration**

Firstly, there is the questionable practice of market segmentation. In a society in which the basic needs of the consumers are not satisfied, the problem for the sellers is largely a matter of producing goods which will be bought uncritically as long as they provide a reasonable approximation of need satisfaction. However, when basic needs are satisfied as in an affluent society, it is difficult to make one product that will satisfy a wide spectrum of consumer needs.

Indeed, it becomes necessary to differentiate the needs that exist in a given market. This is the process of market segmentation which should lead to more perfect consumer satisfaction. However, under competitive pressure, continued refinements of segmentation tend to lead to an emphasis on the satisfaction of needs which some consumers consider to be either trivial or irrelevant. In these cases, many consumers will be bewildered and led into buying something for which they have to pay more and/or something they in fact do not need.

Secondly, there is the application of questionable promotional practices. As part of their efforts to differentiate their products, many sellers rely on contrived rather than objectively real product differences. A good example is found in the situation where a television commercial leads one to believe that the most relevant aspect of a motor car is the physical dimensions of the pretty girl selling it.

Apart from advertising, other promotional practices designed to capture the market also give rise to problems for the consumer. These include "dollars off" on items where it is impossible to determine the original selling price; changes of packaging where the sellers want to conceal a price increase or maintain the same price by making small reduction in package contents; and changes in the model of durable goods where additional consumer expense has to be made through comparisons of inventory and repair without providing commensurate benefit to the consumer. Many consumers will again be bewildered, and in many cases, left at the mercy of the sellers.

Thirdly, there is the emergence of a stream of new products. The rate of technological change has been accelerating in the last 50 years, and it has brought about many new products. One major application of technology, for example, is the substitution of synthetics for natural products. However, the substitution of synthetics

for natural food and fibres affects the consumer's ability to make judgements about food and textile products in terms of their characteristics like flavor, nutritive value, durability, laundering processes and so on.

Moreover, the consumer has also to know that, for example, with the insect spray it could also kill the cat; plastic bags could kill babies; detergents could pollute rivers and streams. These complexities, and many, many others, throw people into total confusion. They also make new demands on people's knowledge as consumers. The consumer finds it difficult to identify both the best to buy and the safety precaution measures that have to be taken in using all these new products. He will therefore have to call upon the seller to sort out these difficulties.

Fourthly, there is the post-purchase problem. The problem is obvious in itself. Technology plays a role in increasing the technical complexity of products, which in turn tends to increase production and repair problems. For instance, with the addition of such items as airconditioning, automatic transmission, and other power options, complexity in motor cars has greatly increased, and with it comes a geometric progression in the probability and cost of breakdown. The seller has been successful in stimulating and satisfying the consumer's demand for convenience. But it is not until these gadgets breakdown that the consumer is faced with the full cost of such conveniences.

It is not just a financial question, as some of that cost involves the difficulty of finding a competent repairman. Here, some sellers can and will help; but some sellers even abdicate their responsibility of ensuring adequate aftersale service. Consumer frustration is thus fostered.

## Consumer rights

The demand for more responsible business and industry by consumers gathered momentum in the first quarter of the 20th century and, in the late fifties and early sixties, developed into a consumer movement which, in fact, was an effort to put the buyer on an equal footing with the seller.

The consumer movement is based on the belief that the consumer has certain basic rights:

- **The right to safety** means the right to be protected against products, production processes and services which are hazardous to health or life. It includes concern for consumer's long term interests as well as their immediate requirements.

- **The right to be informed** means the right to be given the facts needed to make an informed choice or decision. Consumers must be provided with adequate information enabling them to act wisely and responsibly. They must also be protected from misleading or inaccurate publicity material, whether included in advertising, labelling, packaging or by other means.

- **The right to choose** means the right to have access to a variety of products and services at competitive prices and, in the case of monopolies, to have an assurance of satisfactory quality and service at a fair price.

- **The right to be heard** means the right to advocate consumers' interests with a view to their receiving full and sympathetic consideration in the formulation and

execution of economic and other policies. It includes the right of representation in governmental and other policy making bodies as well as in the development of products and services before they are produced or set up.

• **The right of redress** means the right to a fair settlement of just claims. It includes the right to receive compensation for misrepresentation or shoddy goods or unsatisfactory services and the availability of acceptable forms of legal aid or redress for small claims where necessary.

### **U.N. guidelines for consumer protection**

These consumer rights have, in fact, met with much approval from governments in many countries all over the world. Thus, in applying procedures or regulations for consumer protection, due regard has been given to observe these rights. The worldwide recognition of these consumer rights is rightly exemplified in the United Nations Guidelines for Consumer Protection adopted by the U. N. Federal Assembly in April, 1985.

The U. N. Guidelines, in general, provide that:

1. Governments should develop, strengthen or maintain a strong consumer protection policy. In so doing, each government must set its own priorities for the protection of consumers in accordance with the economic and social circumstances of the country, and the needs of its population.
2. The legitimate needs which the guidelines are intended to meet are the following:
  - (a) The protection of consumers from hazards to their health and safety;
  - (b) The promotion and protection of the economic interests of consumers;
  - (c) Access of consumers to adequate information to enable them to make informed choices according to individual wishes and needs;
  - (d) Consumer education;
  - (e) Availability of effective consumer redress;
3. Governments should provide or maintain adequate infrastructure to develop, implement and monitor consumer protection policies.
4. All enterprises should obey the relevant laws and regulations of the countries in which they do business. They should also conform to the appropriate provisions of international standards for consumer protection to which the competent authorities of the country in question have agreed.

### **Consumer protection and free enterprise**

Confronted with the demands for more responsible business and industrial enterprise, some people might consider that such movement would undermine the system of free enterprise.

Those who are against "interference" with free enterprise assume that there is consumer sovereignty in the marketplace. The assumption is that the consumer votes with his dollars and rejects products which fail to meet his standards. A seller who offers a shoddy product, or who treats his consumers badly, will lose out to competitors who are shrewd enough to offer what the buyer wants. Therefore the business and industrial enterprise automatically behaves responsibly toward the consumer when it sets prices and specifications for its products if it wants to survive.

However, it has also been considered that a business and industrial enterprise only behaves responsibly towards the consumer if, and only if, all of the following conditions could be held perfectly:

- If the enterprise were a pure competitor with no monopoly or oligopoly power whatsoever, either in the short run or in the long run;
- If the economic horizon of the enterprise's management were sufficiently long to subordinate short term concerns;
- If accurate information as to product prices and quality were available to all consumers; and
- If the law of agency operates to make the enterprise liable for the lapses of its officers, salesmen, technicians, workers and dealers vis-a-vis the consumer.

Yet in reality, none of the conditions mentioned above could be held perfectly. The lack of information is the major factor hampering the ability of the consumer to exercise consumer sovereignty. The lack of information may be manifested either by complete ignorance of the product arising from lack of exposure to it or by the absence of sufficient objective information to evaluate it accurately. The complete lack of information may result, for example, in the patronage of inefficient and costly sources of credit because the consumer is unaware of the alternatives. A more common problem is a lack of information which permits the consumer to evaluate accurately the offerings of competing sellers.

Moreover, there are business and industrial enterprises which may make use of the lack of "interference" in the situation of free enterprise to achieve short term goals. Their product information is deliberately fallacious or fraudulent, and their aim is to make a "quick buck." In such circumstances, the "consumer sovereignty" as a market regulator has no part whatsoever to play.

With the many imperfections of the assumption of "consumer sovereignty," it is hard to expect all the people in business and industry to behave responsibly towards the consumer. It is therefore necessary for the consumer to demand for more responsible business and industrial enterprise through "intervention" even in a society of free enterprise.

### **Responsibilities of business**

In view of the growing demand for more responsible business, what are the responsibilities of the business and industrial enterprise towards the consumer? I can identify the following broad categories or responsibilities:

1. responsibility for product safety and effectiveness;
2. responsibility for improving the quality of the product or service information; and
3. responsibility for consumer redress after the sale.

### **Product safety and effectiveness**

Compared with other responsibilities of business and industry, the responsibility of product safety is paramount because it involves both injury and loss of life.

In general, it can be said that there are three elements that play a role in any product-related injury: the environmental conditions in which the injury occurs; the physical and psychological condition of the user of the product; and then finally, the product itself.

Sellers often claim that much of the product injury problem is attributable to either environmental or use causes and is therefore largely beyond the control of the manufacturer. However, it is not difficult to find that there are products in which the need for safety improvements is so elemental that there is little argument as to the type of remedial measures necessary.

To assure the consumer of product safety, someone must decide just how safe a product should be. Should it be absolutely safe so that all risks of injury are eliminated in order to enjoy the benefits of the product? Of course it is unrealistic to expect that all risks incurred through the use of consumer products can be eliminated. A reduction of the level of household risks to zero would require the consumer to give up many products which make his life both comfortable and worthwhile. However, the industry should have a responsibility to try its best to eliminate the risks of its products though it is not unreasonable to leave some preventable risks to the consumer.

The industry is irresponsible:

- when the consumer does not know that a preventable risk exists in its product;
- when, though aware of the preventable risk, the consumer is unable to estimate its frequency and severity;
- when the consumer does not know how to cope with the preventable risk, and hence is likely to incur harm unnecessarily; or
- when the preventable risk is unnecessary in that it could be reduced or eliminated at a cost which the consumer would willingly pay if he knows the fact and is given the choice.

Thus the industry has, when risks exist in its products, a responsibility of enabling the consumer to understand the existence of the risks, appraising them of the risks' probability and severity and informing consumers as to how to cope with them and to voluntarily accept them and get benefits that could not be obtained in less risky ways.

An important requirement of any regulatory system designed to increase consumer products safety and effectiveness is the development of a set of standards for what constitutes an acceptably safe and effective product. The establishment of

standards for effective consumer products, on the other hand, requires research and development in the performance of the product.

In these two aspects, the industry has a very important role to play. Firstly, industry has a responsibility to supply information to the relevant authority on the nature of the standards, such as specification and performance standards. Secondly, industry should take a major role in the development of such standards. Thirdly, industry has a responsibility of applying voluntarily the set standards even though it may not be required by law to do so. For example, industry should take voluntary action to recall its products from the market for improvement or replacement once they are found unsafe or ineffective.

### **Product and service information**

The lack of information is always the major factor hampering the ability of the consumer to exercise his right to choose and therefore rendering the concept of consumer sovereignty inapplicable. Thus, business and industry have a responsibility of supplying the consumer with adequate information regarding its products or services so as to enable him to choose and to make the market less imperfect.

Of all the aspects of product or service information to the consumer from business and industry, there is nothing that invites as much controversy or criticism as advertising. Basically, consumer criticism of advertising falls into two broad categories. The first is that advertising is deceptive and misleading; the second, that advertising is manipulative in that it persuades people to buy products that they do not want or need.

It is certainly difficult to determine how manipulative an advertisement is as its effects differ from person to person. However, it can be seen that the sheer scale of advertising would undoubtedly serve to shape and modify social values for many people in the long run. Moreover, its impact on those who have not yet reached the level of mature reasoning and judgement such as children is a real cause of concern.

In the aspects of deceptive and misleading advertising, I believe the majority of the members in business and industry do not deliberately mislead or deceive the consumer with false information in their advertising. Quite often, deceptive and misleading advertising is the result of lack of careful scrutiny. Thus business and industry should exercise more care in determining whether the basis for a product or service claimed is reasonable. Perhaps careful consideration of the following factors would help:

- the type and specificity of the claims made (e.g., safety, efficacy, dietary, health, medical);
- the type of product (e.g., food, drug, potentially hazardous consumer products, or other consumer products);
- the degree of reliance by consumers on the claims;
- the type, and accessibility of evidence adequate to form a reasonable basis for making a particular claim.

Apart from improving the quality of the information in advertising, business and industry should also be responsible for improving the quality of the information in the

labelling and packaging of products. A proliferation of package sizes will make price comparisons for the consumer difficult. In this particular area, the industrial sector has an additional responsibility of establishing reasonable standard weights and measures for packaged commodities of the same kind so that the consumer can compare prices without having to make calculations with an electronic calculator. Furthermore, members of the same industry should use standard words to describe different package sizes so as to avoid confusion.

With regard to labelling, industry has a definite responsibility to inform the consumer about the goods he is going to buy. Such information is sometimes very necessary in terms of application of a product. For example, precautions required in the use of a poisonous aerosol, and in terms of maintaining the product, washing instructions for certain fibres. Adequate information on labelling is especially important for packaged food, and a reasonable food manufacturer should have labelled the composition and ingredients, the nutritive value, the packing date, the expiry date and the storage instructions for the food.

Compared with the industrial sector, the service sector probably has a greater responsibility for improving the quality of information to the consumer. Hidden complexities in such types of purchases as insurance or in activities involving financial transactions such as investment and credit should be avoided. Moreover, the seller should refrain from using inequitable terms in small print. He should also refrain from using exemption or exclusion clauses unless he has very good reasons to do so.

### **Consumer redress after the sale**

Essentially, a warranty or guarantee is an assurance made by the seller at the time of the sale with respect to the quality of the goods sold. It is a part of the sales bargain, spelling out the legal obligations of the seller and at the same time inducing certain expectations on the part of the consumer. Many consumers tend to accept warranties or guarantees uncritically, under the assumption that the mere existence of a warranty in association with the product purchased is an assurance of quality.

However, warranties could have an entirely different meaning to some sellers. From their viewpoint, one function of the warranty is that of a promotional device useful for differentiating their product from those of competing sellers.

A seller may also perceive his warranty as a legal instrument that limits his obligations to the consumer according to the terms of the warranty. In this case the warranty, far from being something extra conferred on the consumer, generally represents a subtraction or diminution of the remedies available to the buyer if no warranty were given.

For a responsible business or industry, a warranty should have the following meanings:

- Any affirmation of fact or promise made by the seller to the buyer which relates to the goods and becomes part of the basis of the bargain; • Any description of the goods which is made part of the basis of the bargain; and
- Any sample or model which is made part of the basis of the bargain.

Therefore, a responsible business or industry should see to it that its goods or services shall conform to the affirmation or promise; that its goods and services shall conform to the description; and that the whole of the goods and services shall conform to the sample or model. It is the responsibility of the warrantor to remedy the defect within a reasonable time and, when he is unable to do so, to offer the consumer the option of replacement or refund.

Furthermore, business also has a responsibility to resolve consumer disputes in a fair, expeditious and informal manner. Voluntary mechanisms, including advisory services and informal complaints procedures, should be established to assist the consumer.

### **Conclusion**

In conclusion, it has to be stressed that the long-term goal of any responsible business must necessarily coincide with the policy of consumer protection. The doctrines of consumer movement the world over have been clearly established. They imply that business and industry should at least be responsible to the consumer in product safety and effectiveness, information on products and services and consumer redress after the sale.

Business may fulfill these responsibilities by adopting and adhering to a code of ethics concerning consumer protection. However, it is strongly believed that the law must intervene when business loses sight of the moral and ethical values. On the other hand, the consumer should play a very active part in asserting his rights. Only with these can we achieve a better life for all of us.

## WORKSHOP SIX

# BUSINESS AND THE CONSUMER

*Paper Presented by* **DR. B. N. KAYE**

*Director, Master New College New College Institute, Australia*

Since the 1950's, consumerism has been a feature of most industrial societies. Today, in Australia, there are a number of regulatory bodies at the state level concerned with the accurate labeling of contents of goods for sale, maintenance of standards in relation to the sale of goods and services and the provision of an arbitration service to deal with disputes between consumer and business. There is also an Australian Consumer Association which operates as a standard watchdog and publishes a journal reviewing goods and services that are available in the market place. At the Federal level, there has been an important high court ruling with regard to freedom of trade between states which will enable federal agencies to take a much keener interest in the maintenance of free and fair trading in Australia. The federal level of activity in Australia is relevant at the international level, particularly with regard to tariffs. Tariffs were earlier viewed as measures to ensure fair competition, so as to enable local businesses to compete with overseas firms especially where labour costs are perceived to be significantly lower in the overseas producing countries. Australia is not alone in this and the present government has sought to reduce the arbitrating role of tariffs for Australian businesses.

Since the beginning of this century, the growth in industrial states of the large scale business corporations has been a significant and dramatic feature of business and consumer life. Large scale business corporations have sought and often achieved supply-side or market monopolies. Government response to these has been to pass anti-trust and anti-monopoly legislation and to impose restrictions of one kind or another on various sections of the business community. At the international level, there have been a number of United Nations reports on monopolies during the 1950's and 1960's and trade unions have also developed international associations to protect the interests of their members.

This development of the large scale business corporations and their vertical expansion to secure supply and market controls in their area of activity is the background to the well known analysis of the relationship between business and the consumer by John Kenneth Galbraith. He argues that the accepted sequence of an uni-directional flow of instruction from consumer to market to producer does not really apply in the case of the activities of the large scale corporation. The notion of sovereignty of the consumer does not apply.

In his analysis, the impact of the development of modern corporations and technology creates a quite different situation. Technology requires the division of

tasks because of the very specific nature of scientific and technological knowledge. As a consequence, there is an increase in the span of time from the beginning to the end of the manufacturing process. There is an increase in the amount of capital required and the use of time and money is increasingly specific. The process demands more specialised manpower and particularly more detailed organisation. "The need for planning, it has been said, arises from the long period of time that elapses during the production process, the high investment that is involved and the inflexible commitment of that investment to the particular task." (Galbraith p.38) The necessity for detailed and careful planning inevitably leads, in Galbraith's view, to a shift in power from capital to management, to the organisation, to what he calls the techno-structure.

This techno-structure needs to be certain not only of supply but also of sales. Three options, therefore, are possible: the market can be superseded, it could be controlled by sellers or buyers, or it can be suspended by contract between the seller and the buyer. Because of the demands of the combination of technology and the character of corporations in the modern industrial state, the corporation extends vertically to the supply side and down to the market side of its operations and seeks to minimise risks and changes in all areas. In such an analysis the consumer is not sovereign, but quite to the contrary. "It follows that the accepted sequence is no longer a description of the reality and is becoming even less so. Instead the producing arm reaches forward to control its markets and on beyond to change the market behaviour and shape the social attitudes of those, ostensibly, that it serves. For this we also need a name, and it may appropriately be called the Revised Sequence." (Galbraith p.217).

In this sequence, advertising and public relations play a crucial role in shaping the relationship between business and the consumer. In this context, access to and control of the media is undoubtedly of immense importance to the industrial corporation.

This analysis by Galbraith is obviously relevant to large corporations which, in the United States, represent about half of the private sector activity. In the Pacific region, the proportion will undoubtedly vary significantly, though there will be the important impact of multinationals operating within each of our countries in this region. Even if it is not, in terms of gross domestic product, a large proportion of the economy, it is, nonetheless, this sector which dominates and controls the social, business and consumer life of our society.

"The accommodation of the market behaviour of the individual, and of social attitudes in general, to the needs of the producers and the goals of the techno-structure is an inherent feature of the system. It becomes increasingly important with the growth of the industrial system". (Galbraith p.217).

Some may feel that Galbraith has dramatically overstated the matter, but nonetheless, the tendencies to which he refers are clearly apparent as are their social implications.

In a recent best selling book on social attitudes in the United States, Robert Bellah drew to a similar phenomenon in social attitudes and values. These social attitudes and values had, according to Bellah and his associates, undergone a significant change in the last fifty years. They drew attention to the demise of the

public domain in which meaning, value and social commitment were to be discovered and pursued. In place of this, the meaning framework has become the corporation, and the career of the individual within the corporation.

Thus, in this analysis, technology and the industrial corporation raise the most fundamental questions about human social life, community purpose and direction. What Galbraith is suggesting is the emergence of a new state, if not another semi-invisible government. And what Bellah and his associates are drawing attention to is the social and human value changes that have taken place in American society particularly during the time of the growth of the industrial corporation.

### **The Asian dimension**

In this congress we are representing nations from the Asian region. It is worth noting that in Asia and the Pacific area are located large industrial corporations owned and operated by American and European firms. Within our region there are diverse kinds of nations: large and small, coherent and mixed. There are varying levels of industrial development as there are different traditions in culture, social life and political organisation. The powerful impact of the industrial corporation raises, for those nations and those communities, important fundamental questions: What kind of community do we each wish to be? What kind of a society do we wish to nurture and to see prosper?

The rise and impact of the large corporation, and particularly the multinational corporation, on the relationship between business and the consumer raises more important questions about the human character of our societies and of our business and consumption activities. What pattern of relationship must we cultivate between business and consumer that would best serve those human values we would wish to see ingrained in our societies? More importantly, what roles must education, religion, community services, political life, literature and the artist, and the media play in preserving the traditional social identity and in value identification?

In the context of these questions, I suggest a six-fold test for assessing the extent of the corporations' impact on our societies and how far we have gone in terms of human resources and value development:

1. How do we know or ascertain that what we are told or what we believe is true? The answer to this question will reveal something of where we are in terms of our own human and individual social creativity and our relationship to the world around us. It will highlight for us the degree to which the marketing arm of the corporation has shaped our perceptions.
2. How does our cultural tradition, nurtured for hundreds of years, relate to the new forces at work in us, in our society, and in our region?
3. Do we have the freedom, as individuals, to choose and more particularly, to commit ourselves to our own values and aspirations?
4. Are individual and social human dignity, enhanced and respected in our industrial corporate and social structures?
5. To what extent does genuine plurality of thought and action foster respect for human worth and how actively has it been encouraged?

6. To what degree is the quality of human interaction facilitated which brings to greater realisation both genuine individuality and genuine human fellowship through a reconciliation of differences?

The question of the relationship between business and consumer brings to light major issues of human development in our region.

Matters of economics, trade, tariffs, consumerism, government regulation, media manipulation, technology and industrial organisation are all important questions in the business consumer relationship. They are not, however, nearly so important as the more profound and enduring question of human development both individual and social.

### References

J K Galbraith, *The New Industrial State*, Second Revised Edition, Penguin Books, Hammondsworth. 1974.

Robert N. Bellah, Richard Madsen, William M. Sullivan, Anne Swidler and Stevens M. Tipton.

*Habits of the Heart. Individualism and Commitment in American Life*, Harper and Row, New York. 1985.

## WORKSHOP REPORT

The group was informed of the basic consumer protection practices which include the consumer's rights to know, to choose, to be informed, to be heard, and to be redressed. There are also guidelines formulated by the UN in 1985 to protect the rights of the consumer. These guidelines also referred to product safety and service information, choice and consumer redress. The history of the changing relationship between business and the consumer was also explored. The group noted the influence the large corporations have had in shaping consumer demand. The problem of whether consumer sovereignty still exists was discussed in great detail. This led to the formulation of six basic questions which could serve as a checklist for consumers and businesses in determining the relationship between them. They are:

- How do we know what we are told is true?
- How does our culture relate to the product?
- What freedom of choice do we have?
- Is our individual and social human dignity enhanced?
- How far are we able to do our own thing in society?
- How is the quality of human interaction improved?

In our discussion the following points surfaced and were agreed upon:

1. A problem of product imitation (of cameras, watches, etc.) exists. This calls for standardisation of quality among international traders.
2. In the majority of Asian countries, the level of economic, social and business development will govern the degree of regulation. A strong government regulatory organisation will be necessary where consumers are quite unable to appreciate and understand their rights or do not know how to protect themselves. The UN Guidelines for Consumer Protection should be followed here.
3. The emphasis must be on consumer education. Government education programmes based on material which is successful in integrating both business and consumer interest (e.g. choice magazines, consumer discussion panels etc.), should be introduced.

### Recommendation

Manufacturers should be encouraged to practice self-regulation in protecting the rights of consumers to avoid the establishment of large scale regulatory bodies.

**WORKSHOP NO. SEVEN**

**THE FINANCIAL STRUCTURE  
AND HUMAN DEVELOPMENT**

**Chairman**

**KHUNYING SASIMA SRIVIKORN**  
Managing Director  
Thailand Manufacturing Co. Ltd.  
Thailand

**Discussant**

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

**Rapporteur**

**MR. IAN HORE-LACEY**  
Principal Consultant  
Education and Training, CRA  
Australia

**Participants**

**MR. ANDREW ALWAST**  
**MR. RONALD BRADY**  
**MR. IAN HORE-LACEY**  
**MR. TOMOHIRO ISHIGURO**  
**MR. VICENTE R. JAYME**  
**MR. PERRY LUK**  
**MR. AMARET SILA-ON**  
**MR. JOHN WILSON**

## WORKSHOP SEVEN

# THE FINANCIAL STRUCTURE AND HUMAN DEVELOPMENT

*Paper Presented by:* **MR. K. FINNAN**  
*State Manager, Victoria Commonwealth Development Bank*

This paper examines of how the structures, policies, systems and procedures of financial institutions advance or retard rural development and the developments of micro, small and medium industries.

### The global scene

- How do we prevent a repetition of the problems now confronting us as a result of the petro dollar investment spree in less developed countries?
- How can we prevent the exploitation of currency values and interest rates by money markets and foreign exchange participants given the manipulation by operators in financial institutions which, because of the intricate web of transnational ownership, have little or no single national loyalty?
- How can we ensure that those who make decisions with respect to transnational financial matters pay due heed to the human effects of their decisions?

### The national scene

The story is told of Sir Christopher Wren, the architect who has left so much evidence of his work on christian edifices in London. During the days when St. Paul's Cathedral in London was under construction which was one of his major works, Sir Christopher wandered around the construction site. He stopped to speak to one of the stone masons who was busy with the hammer and chisel. "Sir," Christopher said to the mason, "What are you doing?" The mason replied "I'm trying to earn a living to support my family." A little further along the site, Sir Christopher asked another mason, "What are you doing?" He replied, "I'm shaping a piece of stone." Still further along he said to a similarly engaged mason, "What are you doing?" and he replied, "I'm building a cathedral."

The story reflects the three aspects of the aims of human endeavour. National financial structures should be formulated to ensure a balance between material rewards, recognition of craftsmanship and purposeful development for the fulfillment of worthy human desires.

Decisions with regard to national financial structures will be taken by government in conjunction with the players in the banking and finance sectors.

How do we ensure that proper regard is paid to the human consequences of financial policies, not only within the country itself but the whole of humanity?

### **The local scene**

Here we should examine the impact of procedures of financial institutions on human, social and economic development in a region or among different socio-economic groups. For instance:

- Do financial institutions sufficiently support small and emerging entrepreneurs and start-up businesses?
- Is there an erosion of personal relationships between bankers and customers to the extent that human development is being retarded?
- Is there an element of exploitation in the promotion, marketing and in the terms and conditions of financial packages to people who are not financially aware?
- What is the consideration for human dignity in the case of business failure?

### **Conclusion**

Do we need to shift the emphasis of economic decisions away from financial accountability, which has been the prevailing orientation in the past two decades, and towards human accountability and carefully monitor exploitation in both of these disciplines?

## WORKSHOP REPORT

The topic was presented in three levels: global, national and business. We mainly asked "How can the financial structure assist small and medium industries more?"

While we need to recognise the global economic crisis, we can really only attempt to discuss its implications rather than pretend to find solutions to it.

How can a nation's financial system, including government incentives, banks, and the philosophy of individual businesses, assist enterprises to achieve human development goals? We concentrated on businesses which had grown past their survival phase and which could afford to devote funds to such purposes.

We cited Japan's transition from a feudal system to a thriving business center, as an example. When the country was opened up, there were many "ideologists" with a long term view. They invested accordingly, not like modern entrepreneurs who expect a return within five years. Japan still has a strong culture supporting lifetime employment, and shareholders are less insistent on immediate returns than in the West.

In Japan, many cooperative credit unions supply funds for small businesses, along with both government and private regional banks. Today, many city banks are also taking a renewed interest in small business, using either property or sometimes share equity as collateral.

With respect to international aid, the Japanese Overseas Economic Cooperation Fund provides soft loan funding for training entrepreneurs in small business enterprises in less developed countries. This is a government-to-government arrangement.

### Financial structure and human development

In Australia, the Commonwealth Development Bank complements other banks rather than competes with them. It lends on the basis of how it sees the prospects of success for the venture over and above requirements of security. Sometimes it may take equity. It also provides advice and assistance (e.g., management training) to help ensure the success of the small businesses to which it lends. It also places emphasis on staff training itself.

Factors relevant to financial structures brought up by Thailand were:

- Tax incentives for training people both in basic technical skills and in management skills.
- The need to encourage savings to increase available capital locally.
- Reduced customs rates on imports of productive equipment.
- The desirability of larger businesses subcontracting to local small business entrepreneurs so that they help them by providing the working capital and the marketing expertise and arrangements.

The role of some large companies in providing considerable inputs of technical training and social facilities such as hospitals in developing countries was noted as being very valuable.

## Conclusion

We felt that it was necessary to shift the emphasis of economic decisions away from simply financial accountability where it has tended to be in the past, towards accountability for human development. We need to monitor performance of business and government in both areas and also be on our guard against exploitation by both.

**WORKSHOP NO. EIGHT**

**MANAGERS OF ASIA**

**Chairman**

**DR. GASTON Z. ORTIGAS**  
Dean  
Asian Institute of Management  
Philippines

**Discussant**

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

**Rapporteur**

**MR. ROD CHEATLEY**  
General Manager  
AESOP Ltd.

**Participants**

**MR. CHARLES BATTERSBY**  
**MR. JOHN BOWYER**  
**MR. TONY CONABERTI**  
**DR. WILLIAM DEMYER**  
**MR. RAGHU GAITONDE**  
**REV. ANGAS HOLMES**  
**MR. GORDON JACKSON**  
**MR. PETER MURPHY**  
**MR. RAM TARNEJA**  
**MR. KEN WRIGHT**

## WORKSHOP EIGHT

# MANAGERS OF ASIA

*Paper Presented by: DR. GASTON Z. ORTIGAS*  
*Dean, Asian Institute of Management*  
*Philippines*

Perhaps, in an attempt to arrive at a purer understanding of management theory, the Western view of management has been developed within a functionally sterile framework. Practitioners apply this sterile framework to their companies. While this makes for a much clearer view of management than one would expect in Asia, it is also much narrower.

Examples of the exposure of Asian management to its environment might be:

1. *Rural development management* - not strictly the management of resources, but the energizing of the sector in terms of organisation, methods, and objectives.
2. *Government* - management for the public good. In a developing country, this calls for more than efficient administration. Identification of opportunities and the establishment of a development framework sufficiently flexible so as to lend itself to adaptation as the environment and objectives change.
3. *Non-government organisations* - the development and management of services provided by government in many developed countries. Providing lifestyle enhancing services is a strategy to promote development of the work force and stimulate economic activity.

In Asia, the bottomline is not the bottomline. How well an organisation is doing is also determined by the morale and welfare of its workforce. Social responsibility extends down through the company to the employees.

Any managerial decision has repercussions. Asian managers minimize adverse effects by fundamentally involving lower level employees and supervisors in the planning process. Policy is recommended, adapted, and established as the framework for planning in the context of mutual expectation on the part of management and labour.

Contrasts in management styles and concepts are in part a product of culture and custom. The training ground for Asian management will either reinforce the underlying notions which collectively make up the Asian manager, or fundamentally alter them:

1. Should Asian managers be trained in school or on the job? Or both?
2. What is the relevance and potential effects of training Asian managers the West as opposed to training them in Asia?

In the past decade, a shift in management perspective from the technology of corporate resource management, a Western convention, to entrepreneurial management and enterprise development, technology transfer and the adaptation of technology to the Asian environment, small and medium business, and the contribution of women managers in business organizations has taken place:

1. Business and management schools have also altered the exclusive practitioner orientation to encompass research programs focusing on this Asian, or development, perspective. With Asian economies beginning to grow strongly, this perspective may be subject to further, and potentially radical, shifts.
2. Women managers are receiving more interest in terms of their contribution to development and management. Representing a vast and largely untapped source of mature, capable managers, women may find more and more senior management positions available to them.

## SEARCHING FOR THE ASIAN MANAGER\*

### The Seeking

There was a book, published a few years ago - its title was the Seeking- which told of a minor kingdom in the uplands of the Indian subcontinent whose people called themselves "the people of the horse". Once in a great while, these people would find in their teeming herds, a perfect horse, strong and swift, and majestic. They believe that this perfect horse was god inspired. And so, when he reached maturity, they would let it loose, or wander where he would, to seek the godhead. They assigned an army to follow the horse, led by the King's most manly son.

Wherever the horse led, they followed. If he led them into a hostile kingdom, they tried to conquer that kingdom - by threats, when they could; by stealth and cunning, if the enemy had a bigger army or high, strong walls around their city; by force, if necessary. If the horse led them into a friendly kingdom, often more civilized and more cultured than theirs, they stayed a while, for as long as the horse stayed, in order to rest, to recuperate, and to learn.

After about a year or so, the horse would eventually return to the kingdom and the Seeking would end.

For many years now, we have been on a similar seeking - the search for the Asian Manager.

Modern management as we know it today was "Invented" about a hundred years ago by an American engineer named Frederick Taylor. It flourished greatly for about sixty years in the United States, accumulating knowledge and gathering momentum. It proved its efficacy and its power during the 1940's, during World War II when America transformed itself into the arsenal of the democratic powers and after the war when the American multinationals invaded the markets of Europe and the rest of the world. So powerful were the effects of modern management that a Frenchman named Servan-Schreiber wrote a book, The American Challenge, which warned the Europeans that the American multi-nationals would completely dominate the economies of the continent if the Europeans did not learn and adopt this American management technology.

During all this period, it was generally believed that American management technology was a universal technology; that it could be transferred to any country in the world, and with some minor fine tuning, it would work equally well. So convinced were the Americans of this that during the 1950's and the 1960's "missionaries" of American management technology from Harvard and Stanford and other similar centers roamed through the world - Europe, Latin America, Asia - preaching their gospel and helping to establish schools "in their own image and likeness". IMEDE in Switzerland, IESE in Spain, INSEAD in France, INCAE in Central America, IIMA and IIMC in India, AIM in Southeast Asia, to name a few.

## **Doubts About American Management Technology**

It was only in the sixties and the seventies that doubts about the universality of American management technology began to form. These doubts arose from the success of the Japanese. In trying to find the causes for Japan's great success, Western academics began focusing on the way the Japanese ran their businesses. And they realized that the Japanese had developed an entirely different system: a system that used different principles, different processes, different managerial patterns from those used in the West; a system that was internally consistent; a system that works for the Japanese.

If management technology works differently for the Japanese, then for us - who are so different from the Americans as well as from the Japanese - it seems inescapable that we require a different kind of management, an Asian management technology. From this, I submit, springs the need to search for, to discover the Asian manager.

Before we launch into our search however, I would like to essay some definitions and clarifications:

First, let us be clear when we talk about the Asian Manager, we really are talking only about the manager in Southeast Asia, and not those from Mainland China, nor Japan, nor the Indian Subcontinent.

Second, in trying to define the Asian Manager, we shall borrow a technique from the physical scientist, that of triangulation. By this technique they are able to locate the unknown position of an object by measuring its relationship with the known positions of two other objects. In this case we will use American management and Japanese management to determine what Asian management is - or should be.

Finally we shall examine the Asian Manager in his three essential functions, namely: as entrepreneur and strategist; as a resource manager; and as a motivator and leader of men.

### **Entrepreneurs and Strategists**

The manager as entrepreneur and as strategist performs three essential tasks: first, he scans his environment and determines what opportunities are available to him and his enterprise; second, he determines what resources are required to take advantage of these opportunities and marshals these resources; finally, he sets realistic objectives which will enable him to optimally use the resources he has in order to take advantage of the best opportunities available to him.

The greatness of the entrepreneur and of the strategist is determined by how big the opportunities are that he sees, how abundant the resources that he can gather, and how great the objectives that he sets for himself and his enterprise.

Henry Ford revolutionized the technology of car making and invented mass production and mass selling because of his vision of a nation of working-class Americans, not just the rich, traveling around in cars.

John D. Rockefeller created the biggest family fortune and the biggest company in the world by recognizing very early in his career that cheap transportation, railroads, initially, then pipelines and tankers, eventually - constituted the essential logic of the oil industry and by realizing that the markets for oil and its products were world wide. He built up the Original Standard Oil Company on the basis of his monopoly power over railroad rates; and as early as 1885, only 15 years after he had incorporated Standard Oil, 70 percent of its business was outside the United States.

Consider also some of the other legendary entrepreneurs and strategists of America - James J. Hill and E.H. Harriman, who spanned the United States with their railroads; Andrew Carnegie who built the foundations of U.S. Steel; J.P. Morgan who utilized capital from England to consolidate both the railroad and the steel industry of the United States; Pierre S. du Pont who transformed the family gunpowder plant into a chemical multi-national conglomerate and revived General Motors by inventing the concept of product-market niching in the automotive industry.

What did these American managers have in common? These men had big visions; their world was very large; their horizons were far reaching. And they became great entrepreneurs. In part, the breadth of their entrepreneurial horizons stemmed from their history and their environment. America is a vast and resource-rich country. And the Americans, descended from immigrants from all over the world, have much less in the way of roots in particular places or communities than most other people. They are pioneers, frontiersmen. They can more easily transplant themselves from one milieu to another. It is this mobility and ability to adapt to a new place or to a new community that permits the American to expand his horizon beyond the boundaries of his town or city, and even, beyond the shores of his country.

On the other hand, let us take a look at the Japanese. Take Sony for example. Sony was founded by Masaru Ibuka in a small garage. He started off by making a few electrical products. Eventually, however, he saw the potential in producing electronic products such as transistor radios and television sets, first for the Japanese market but ultimately for the entire world. This point of view was shared by another Japanese group, the Hattori family. They founded a company, Seiko, which has now become a household word all over the world. Unlike the Swiss who produced handcrafted watches which, like jewelry, only the rich could afford, they mass produced electronic watches, thus filling a wide-spread need in this fastpaced, time conscious and increasingly technological world in which we live.

Ibuka of Sony and the Hattoris of Seiko had one thing in common besides being Japanese. They built up multi-national businesses because they had broad horizons; what they were looking at was indeed a big world.

One may argue that Japan, unlike America, is perhaps one of the most culture-bound and tradition-tied nations of the world. The Japanese, clearly, have firm roots in their society, a strong sense of identity, and a perspective on life which is uniquely Japanese. How then does such a society bring forth such talented entrepreneurs who, like their American counterparts, have pushed the frontiers of business far beyond their shores? I submit to you that part of the explanation lies in the resource constraints that Japan has always had to contend with. The lack of natural endowments has compelled the Japanese to constantly look beyond his community, beyond his province, beyond his country for the things that he needs. This has made the

Japanese adept at scanning his environment, spotting where the most profitable opportunities lie, and harnessing whatever means are necessary to attain his goals.

### **Our Origins and Colonial Past**

Let us now turn our attention to the Asian Manager. In Southeast Asia, entrepreneurs come from one of three backgrounds: the first are the Malays, or as our neighbors in Indonesia and Malaysia call themselves, the "pribumi", the "bumiputra", the sons of the soil; next come the Nanyang Chinese, the overseas Chinese, most of whom have humble beginnings and are immigrants or descended from immigrants from Southern China; finally, we have the Indians from the sub-continent, very similar to the Chinese in origin and background. In any case, the forebears of our entrepreneurs were normally small farmers or petty traders with strong ties to a particular clan or to a very closely-knit small community. What are their resources? The nations of Southeast Asia are rich in resources. For a large part of histories, however, these resources were not controlled by us. They were controlled by our colonial masters—the Spanish, the Dutch, the British, the Americans. And because we did not control our resources, we did not know them; we did not fully understand and appreciate the natural wealth of our countries; it is only in the recent past that we have become conscious of the vast potential that lies, very literally, beneath our feet.

Why I have chosen to focus on these two points: our origins and our colonial past? It seems to me that if we look at ourselves closely, we will find that most of us still tend to be very provincial in our view of the world; most of us tend to have very narrow horizons. We have been too insular in our thinking, too inward looking. One of our Filipino sociologist a few years ago had a very interesting comment about Philippine villages that are situated near the sea. "Have you ever noticed," he asked, "how the houses in most of the villages face landward, away from the sea? how most of them face those of their neighbors?" Instead of looking outward to open horizons, we look inward at nipa huts, small patches of rice land and nearby coconut groves. We as a people, have chosen to involute rather than to expand and diversify. In much the same way, the Asian Manager has limited his areas of involvement to those that are linked to his own community, to his own clan, to that segment of society where he feels a sense of belonging. The Asia Manager, like the dweller beside the sea, needs to develop a much wider horizon in his own mind. He needs to look at the world beyond our shores and see it as part of his world, his territory, his market. I realized that most of our nations are starting to try to open our minds to this. In the Philippines, our present economic crisis has forced us to be much more export-oriented; and in Malaysia, Prime Minister Mahathir has urged the business community to "look East", to look for opportunities beyond Malaysian shores. But perhaps, even more than the world markets, we need to explore the horizons of technology. We have been very remiss in this. We have concentrated on producing lawyers and politicians; we have overlooked our greater need for engineers, technologists, and scientists. We have to develop them, we have to make them interact with our entrepreneurs, our businessmen and our managers so that these men have a broader view of what is possible with regard to modern technology.

## Productivity

American productivity is built on the principles of rationality and of specialization. Take a job - any job. Analyze it scientifically and determine the one best way of doing it. Then, take a man - any man. Train him to be specialist at that job. Make him work at it over and over, day after day. He will master that job. He will become an expert at it. And inevitably, his productivity will improve. By applying the twin principles of rationality and of specialization, the Americans made mass production a reality; and with it came the benefits of economies of scale. The American car, from Henry Ford's model T onward, is the product of rationality and specialization. Coca Cola has littered the entire globe with its instantly recognizable bottles on the basis of the same principles. And certainly the success of McDonald's hamburger empire is founded on the same principles. Every hamburger they sell is designed to very precise specifications. The basic machine-cut hamburger patty weighs 1.6 ounces, measures 3.875 inches in diameter, and has no more than 19 percent fat; the bun is exactly 3.5 inches wide; the finished sandwich contains 0.25 ounces of onions. French fries are thrown away if after seven minutes they are still unsold, hamburgers after ten minutes, and coffee after thirty - because these are the times they turn stale. All the employees in a McDonald's outlet are carefully trained; the counter sales person, for example, are drilled so that they can serve an order of a hamburger, a milk shake, and french fries in 50 seconds. Rationality and specialization.

The Japanese, on the other hand, build their productivity on two different principles: flexibility and frugality. Of course they did not try to re-invent the wheel. They looked at what the Americans were doing. They modified it to fit the Japanese way of doing things: they infused it with the spirit of flexibility and frugality.

One big difference between the Japanese factory and the American factory is flexibility. In the American factory, each worker has his own job and it's the only job he does. A painter, for example, is not supposed to carry a bucket of nails; he can only paint. If you make him carry that bucket of nails, you risk the possibility of provoking a strike. The Japanese, however, treasure their flexibility. A group of workers in Japan can be doing one thing this hour, but if they were need somewhere else in the plant, they can easily be mobilized for a new or a different task in the next hour.

The productivity of the Japanese is also built on their spirit of frugality, their sense of the preciousness of things in a resource-poor land. The Americans live in a land that is large and rich ... and wasteful. There is a "throw away" society. McDonald's "throw away" policy is only one example. Doctors in the U.S. are accustomed to throwing away a lot of their medical instruments after only one use. The Japanese, however, are a very frugal people and they have carried this frugality into the design and operation of their production systems. The American production line keeps moving fast because at many different points in the line they carry in-process inventories. If there is an interruption in any one part of the line, the other parts of the line can still keep moving because they can draw from their inventories. The Japanese took a look at this system and said to themselves, "If we follow what the Americans are doing, we will have to invest a lot of money not only in the inventory itself but also in the space which we will need to store the inventory in. There must be a better way to do it." And so, they invented the "Just in Time" system - perhaps the most famous version of it.

the "Kan ban" system of Toyota- which enabled them to practically eliminate in-process inventory. They also set up Total Quality Control systems which made sure that their products would come out right and that they would have no waste. There were no pieces that needed to be redone; no pieces that needed to be thrown away.

Why is this so? Why are the Japanese and the American production systems so different from one another even though they produce much the same things?

I suggest to you that the difference springs from the fact that they think differently, their patterns of thought are different, their thought processes work differently.

## Two Minds

The American mind has been shaped by the European patterns of thought which are founded on rationality, on linear modes of thinking. It tends to think in terms of "is or is not", "this or that", "black or white, yes or no. It is also influenced by the history of the American people, a history that has emphasized the primacy of rugged individualism as a trait that would ensure success in a highly pluralistic society. Rugged individualism accounted for the success of the early American settlers in conquering their western frontiers. In the workplace, individualism has come to mean that the American worker should carve his own niche, define his own territory by specializing in one thing, master one job that would be his contribution to the complex production process.

The Japanese on the other hand, are children of another civilization, one that is infused with Confucian patterns of thought that emphasize the process of synthesis more than of analysis. Western man thinks like an arrow, straight and to the point; Eastern man thinks like a circle, looking at a point from all angles, enveloping it, seeking to understand it in its total reality. This mode of thinking focuses not on the separateness of things but on their identity, their inter-connectedness; instead of saying "this or that", it prefers to say "this and that", instead of "black or white" and blue and brown and rainbow of other colors". In addition, the Japanese belongs to a very homogeneous culture, a culture of groups rather than of individuals. He thinks of himself more as a member of a group than as an individual. He is essentially a team man. It is because the Japanese think of themselves as a members of a team that they can be flexible in how they contribute to a team effort. Moreover, they have built a system that sustains the team nature of their production by instituting, among other things, lifetime employment so that each worker can feel secure in his place in the scheme of things. Not having to worry about keeping his job, he can pay wholehearted attention to contributing to attaining the firm's objectives, to being loyal to the company.

The Americans and the Japanese have become productive; they have become efficient producers of goods and services by building on their strengths. The Americans built on their individualism, their rationality, their single-mindedness. The Japanese built on their group loyalty, their cohesiveness, their frugality.

## Optimizers of Resources

Let us take a look at the Asian Manager as conservator and optimizer of resources. What are our strengths? What can we build on? I suggest to you that there are several possible bases for building productivity on. I will mention only two of them this evening. The first springs from the nature of the Southeast Asian. One of the things we can say about ourselves is that we have a very strong sense of the wholeness of things. We see ourselves positively individuals; at the same time, being members of groups is very important to us. In the United States, you can "hire a hand". The company employs someone to work for them and they deal with them on arms length basis; they pay him what his work is worth, what is due to him in justice, and they do not interfere with how he lives his life outside the workplace. They respect his individuality by keeping their distance. The Japanese, on the other hand, are more conscious of the group rather than of the individual. They emphasize the collective identity rather than the differentiated or heterogeneous one.

The Southeast Asian emphasizes the wholeness of things. He therefore, insists on being viewed as a whole person, not just a hired hand nor an undifferentiated group member. Accepting a job is not merely a contract or a transaction; it is a relationship, one that goes beyond paying a salary in exchange for performing a job. It implies viewing a person as an individual, as distinct from others in the organization. It implies, above all, a "personal" relationship; it is not a commitment between a faceless organization and a worker but an understanding between two individuals who will give loyalty and take loyalty from one another; it is a relationship that is a kin to that of family members to one another; it is a relationship that we can build on to achieve higher productivity than we have attained so far. The best Asian managers have transplanted the essence of kinship and family centeredness and have integrated these values within the culture of their organizations. They demand loyalty, obedience, respect, trust and diligence but spare no effort to ensure that all the needs of their people are adequately met. The importance of these two values - personal relationships and a family orientation - can provide for a stable, harmonious, and humane environment which may well release our creative potentials and promote greater productivity.

Another possible strength that we have is our women and the role they play in our lives and our society. A famous Filipino sociologist has pointed out that the Malay man is raised differently from men in other parts of the world. If you take a look at the Malay family, she pointed out, you will notice that the girls are given responsibility very early in life. Even when they are still quite young, the girls are asked to help out in the kitchen, to take care of younger brothers and sisters. The boys, however, are pampered. They are asked to do very little responsible work; they are allowed a lot of time to themselves, to wander outside of the home, to explore their world, to try out their capabilities, to learn what they can and cannot do. Sometimes, this sociologist even claims, we become spoiled, incapable of controlling ourselves. Men, she says, achieve responsibility only when they have grown up. Girls have responsibility thrust upon them even when they are young.

Some years ago, I have a very interesting experience. I made a trip to Thailand and then to Iran. While in Bangkok, one of my Thai friends remarked to me, "Have

you noticed that all the stores are owned by Thais are never tended by men? All of our stores, except those owned by the Chinese, are taken care of by women. Thai men will never stand behind the counter because they are warriors and it is beneath dignity to do that kind of work. I looked around and he was right. The men were sitting outside the stores, solemnly discussing what I do not doubt, were earth-shaking topics; the women were doing the work. From there, I went on Tehran.

As I went through the great bazaar, which is their public market, I noticed that there were no women around. All the shoppers were men; all the storekeepers were men. It was really a profound contrast to the situation in Bangkok. It is said something to me about the indigeneous Southeast Asian; the Thai, though he is not a Malay, acts very much like us. In our homes, while it is the men who worry about obtaining resources it is our women who worry about the use of resources. They are the ones who have to prepare budgets, to economize, to pinch pennies to make sure that the budget fits, to cut corners when necessary. They are the resource conservators, the resource administrators, the resource optimizers- not the men. They do this very well in the home. And given the chance, they do it very well in the business world. In the Philippines, the most prestigious department store is run by a woman; one of the most profitable restaurants chains is run by a woman; the most successful bus company is run by a woman; the country is run by a woman. It is possible that we have here the seed of a very unique business idea: that of bringing greater numbers of women managers into our companies, not just into office management situations but also into production management in order to raise the level of our productivity. It may well be an idea worth exploring.

## Leadership

Let us now move on to the next vital function of the Asian manager - that of leadership. The leader of any organization has two fundamental tasks: first, he has to convince his men that there is congruence, there is a consistency between what the worker wants for himself and what the company's objectives are; that by achieving one, he will be able to achieve the other. So there must be an appeal by the manager to the head, to the mind of his workers. Secondly, and perhaps more important, he has to make them enthusiastic about their work, he has to inspire his workers, he has to touch their hearts.

Looking at this fundamental tasks, let us then examine how they are carried out in the United States and in Japan.

Thomas Watson, Sr. is a very famous man. He was the man who made IBM the colossus that it is today. When he was just starting, in the early days when IBM was still called CTR, he used to fire up his salesmen by giving them impassioned speeches, and they would during these sales meetings, sing a song which I would like to read to you because, among other things, it sounds so very quaint and so "American". This is the song they sung:

*"Mr. Watson is the man we're working for.*

*He is the leader of the CTR.*

*He is the fairest, squarest man we know,*

*Sincere and true.*

*He has shown us how to play the game  
And how to make the dough."*

Mr. Watson's biographer tells us that he demanded from his workers hard work, dedication, and loyalty not only because these would make the firm prosper, but more important, because the success of the firm would mean prosperity for the individuals who made it possible. He used to say to his men, "In putting forth your best efforts, do not feel that you are working hard just to build up the company and to make money for the stockholders. You are really working for yourselves. "That is how Thomas Watson, Sr. thought.

In contrast, here are some excerpts from Matsushita's seven objectives: "Our purpose shall not solely be to gain wealth or display industrial strength but to contribute to the progress and welfare of the community and the nation. Alone, we are weak; together we are strong. We shall work together as a family in mutual trust and responsibility. An association of talented men is only an unruly mob unless each member is imbued with a spirit of harmony and cooperation."

If we look closely at the thoughts of Watson and Matsushita and compare them we begin to discern how their two nations differ. The United States was built on the individual. It is the individual who makes the country move. Watson's appeal is very much to the individual's mind and his self-interest. It says, "If you help the company to prosper, you will become prosperous yourself." The Japanese, on the other hand, emphasizes that people must work together if the company, the society, the nation is to succeed. He appeals to the group-centeredness of the worker knowing that this is what will motivate him. We can see very clearly from this that it is the nature of the follower that determines how the leader leads them. Watson leads his salesmen by their self-interest. Matsushita leads his workers, who are group men, by an appeal to their group loyalty and their need for solidarity.

Let us ask ourselves the question, then, of how the Asian Manager can best lead Asian workers. I suggest to you that on the bases of the American and the Japanese experiences we can conclude that it is in this area that the manager must be most Asian, where his management technology must be most indigenous. The nature of the follower in Asia, our Asian worker, is not only unique but also unimaginably complex. He is shaped by our many religions, by the traditional technologies that have sustained our people through the centuries, by our peculiar economics, by our unique social arrangements, by our diverse histories, by the civilizations that have swept through Asia imprinting into us our deepest-felt needs, fusing into us our most strongly held values.

How then can the Asian Manager lead such a unique and complex creature? He leads him and his fellows as a father would his family. He praises and rewards, not by publicly identifying those who do better than the rest and singling them out as models for emulation or by openly giving them big bonuses- this only fuels jealousy and distrust. He signifies his approval in quiet, personal ways, with gestures that convey understanding, warmth, affection, and trust, for he knows that these are of greater value to the Asian, that they motivate him more powerfully than flamboyant protestations and dramatic posturing. He sanctions and admonishes his people in

similar ways by appealing to the Asian's sense of shame, his fear of loss of face, his need for close personal relationships. And he does this subtly, for Asians can convey and perceive these signals with great import and sensitivity.

### **National Identity**

If you look at what the different countries of Asia are thinking, you will realize that all of them are caught up in a ferment of seeking to find their national identity. There is a great debate going on in each of these countries with their intellectuals trying to define what, for them constitutes the good life, the life worth living. It is the subject of numerous articles in the newspapers, the Sunday supplements, the weekly magazines. It is the subject of papers and monographs in learned journals. And in many ways, it is a search not for something that already exist but for an ideal, for a national identity that we would like to have. It is a process of shaping ourselves "nearer to the heart's desire."

The Asian manager, if he is truly a leader, must keep track of this search for a national identity. In fact, he must participate actively in defining what kind of a people we want to be, in specifying what should be the most important values that we as a people should hold, in determining what constitutes the good life for our people, what success in business really means, and what good government should encompass. These are very important questions that our societies have to decide; and I suggest to you that the Asian Manager shirks his duty if he does not participate in the on-going dialogue that is shaping the answers to these all-important questions. He will also - perhaps with greater impact-have to participate in trying to determine how we will achieve this national identity, once we have agreed on what it is; in trying to determine what strategies we should adopt for our social, political, economic, technological, and moral development.

I started this talk with the story of the Seeking; with the "people of the horse" searching for the good-head, trying to find god's message to their tribe. You may well ask if they ever found the god-head. Well, when the army returned after one year of wandering about, they sometimes came home with a dead prince who had been killed in battle; at other times, they returned with a defeated Prince, unsure of himself, broken, discredited, his followers no longer willing to take his lead; but every once in a while, the army came home with a victorious Prince, a new King, one worthy to take over his father's work. Though still young, he would be wise in the ways of the world; his strategic powers fully developed, he was skilled in deploying and using the resources, the troops, the weaponry that he had, and pre-eminent in his ability to lead men, to inspire men to follow him into battle, to dare death in his sight. In a way, you might say that when the army came back with this new King, it had found the god-head. It had received the god's message to their tribe. And his message was: "This is your new king. Trust him, follow him, love him. He will lead you to greatness." That was the message of the God.

In many ways, our search for the Asian Manager is similar to the Seeking of the people of the horse. The Asian Manager whom we seek does not yet exist. We have yet to form him, to shape him, to develop him. We, in the academic world who are students of management, we who have committed ourselves to searching for the

Asian manager bear some of the responsibility for finding him. But I submit to you that you who are the practitioners of management, the professionals in management, bear the greater responsibility for searching for and for finding the Asian manager.

And who is this Asian manager that you must discover and develop, you well may ask. And again, I submit to you that this Asian manager that we seek — is you. In a way, you might say that you are the searchers and you are what we seek.

You must develop yourselves into strategic managers, entrepreneurial managers, by broadening your horizons, by enlarging the world you live in, by continually learning more about the markets of the world, by constantly expanding your literacy on and your knowledge of technology so that it can yield for your business and for our countries the full potential that it offers.

You must develop yourselves into excellent resource managers by borrowing and adapting management technologies both from the West as well as from Japan. And when these two prove inapplicable or inadequate, by inventing new management tools and techniques and conceptual frameworks that will work, that will be effective that will be efficient in our countries and among our people.

You must, finally, develop yourselves into trusted and inspiring managerial leaders, leaders who are involved in the shaping of our society, in determining its objectives, in forming the value systems that we and our workers must hold if we are to achieve the good life for our people.

ii. summary, therefore, you must become the very essence of the Asian manager. And when you do, we will know that our search, our Seeking, is over. Like the people of the horse, we will bring back the message of the god-head triumphantly "This is the Asian Manager. Trust him, follow him, love him. He will lead you to greatness."

\* Written by Prof. Gabino A. Mendoza. Reprinted from THE ASIAN MANAGER. Copyright 1988 by the Asian Institute of Management.

## WORKSHOP EIGHT:

# MANAGERS OF ASIA

*Paper Presented by:* **MR. BRIAN SHEEHAN**

*Head, School of Business*

*Phillip Institute of Technology, Victoria*

I have been asked to give a brief talk on Asian management although I am sure many of you here today have far more expertise in the subject than myself.

Also, my experience is a bit partial - I have reasonable knowledge of management practices and attitudes in some parts of Asia but much less in other parts. One thing is also certain. There are many and great differences among managers in many parts of Asia. Even in a single country, there are considerable differences, for example, between the older, more traditional managers and the younger "MBA" types (as in the West).

In the last two or three years, I have had some experience, particularly in Thailand, which I find a fascinating country in many, many ways, and certainly with respect too, to its management approaches. Most of my remarks therefore, will focus on my experience and observations in Thailand.

In terms of development, I find Thai management very strongly developed in some areas but fairly weak in others.

It should be noted that by Western and Japanese standards, there are relatively few very large businesses in Thailand. Most businesses are medium sized or small. Most businesses also are family businesses or have developed from family businesses where the owners are also the managers.

In Thailand and perhaps in some other Asian countries, such businesses are highly profit oriented, that is, they concentrate on short term results or "quick" profits. There is frequently a lack of planning, especially long term planning, and a lack of co-ordination. Many organisations are highly sales oriented but lack clearly defined marketing objectives.

In some organisations, management training and development is a problem. There is a reluctance to develop people because there is often a worry that they will leave and take company secrets with them. On the other hand, concern for employees and their feelings, is high.

Unlike Japan, and I think Korea, where strong teamwork applies, Thai managers (and I think also Indonesian managers) are highly individualistic. More so, in my opinion, than Australians, who have this reputation for individualism.

In many Asian countries, I think much more than in Western countries now, personal connections are extremely important. Often, contacts made at the universities largely influence the tide of a new manager's career.

Corruption or unethical practices are a problem, although these must be viewed in the light of the culture concerned. My impression is that many Asian managers handle cultural differences much better than Western managers do. Most Western management concepts or practices are task rather than people oriented, and this perhaps, helps explain this greater appreciation of cultural differences.

One of the problems I have encountered in teaching advanced management to students in Asia, is their seeming reluctance to discuss issues in class.

As indicated, however, changes in management education and management practices, are occurring. One of the things I like about younger Thai managers is that they are quite astute and perceptive as to what management practices to accept and adapt from the West and from Japan.

Another factor which is quite attractive about Thai management, at least in my view is the concept of "sanuk," or "fun." It certainly helps relieve stress! Another relevant concept is "My Pen Ri" loosely translated into "She'll be right, mate," perhaps a concept familiar in Australia. This is a very different approach to that taken by most European, Japanese or American managers but again, providing it's not overdone, it may have its healthy aspects.

In summary, I believe that while it is not possible to broadly categorise all Asian management behaviour or practices, I believe that Asian managers generally are very hardworking, profit oriented and intelligent. As for Thai managers, they are too concerned with short term results and do not pay enough attention to management education and development (although there are now many MBA courses being offered in Thailand and many Thais are also taking MBA's overseas). Lack of overall coordination and information in management and in many areas of government and economic services, remains a major problem.

## WORKSHOP REPORT

While we could not talk about a typical Asian Manager in a wide range of countries, we talked about general trends.

1. Development of enterprises from family control to bigger corporate structures has led to new relationships within companies, as professional managers are introduced to the family environment. There is training of family members who bring new perspectives to family enterprises.

These developments to a new style of Asian management where corporate and family strengths merge.

2. The move from family to national and international environments influence management styles.

Transition is a sensitive matter and needs to be considered as companies move from a national to an international focus.

3. The development of networks at various levels can ease the transition from a national to international emphasis.

The business community must encourage the development of networks at various levels: academic, business and social. In particular, regular forums for interaction between practising managers should be encouraged.

4. The teaching of languages was seen to be of lesser importance than the teaching of culture and history. English has become the language of business in the region and will remain so. Understanding cultural influences and their impact on management structures, decision-making and personal relationships is much more important for managers working at an international level in Asia. There is a need to build on the strength of culture. It is also important for managers to understand the relationships between business and government in each country.

**WORKSHOP NO. NINE**

**CORPORATE SOCIAL BALANCE**

Chairman	COMMISSIONER BIENVENIDO TAN, JR. President Philippine Business for Social Progress
Discussant	M. C. L. LAING President C.E.D.A.R. Investments Ltd. Canada
Rapporteur	MR. J. FLETCHER Chief Executive Officer Commonwealth Development Bank
Participants	MR. REX DRILON III MR. ERNESTO ESCALER MR. CRAWFORD LAING MS. SHIELA LAING MR. IGNACIO DE LARRAMENDI MS. MERCEDES LEE MS. ELAINE MCKAY MR. VINCENT NORDEN MR. JOHN ROSEMAN

## WORKSHOP NINE

### CORPORATE BALANCE SHEET

*Paper Presented by: COMMISSIONER BIENVENIDO TAN, JR.  
President, Philippine Business for Social Progress*

Seventeen years ago, a group of 50 Filipino businessmen got together to form an organisation that would put into concrete terms what was, until then, mere high sounding phrases of social concern and grand concepts of social responsibility.

Prior to this, there was acceptance of the fact that the relationship between the haves and the have nots was worsening but even more basic than that, that there was rank injustice in a system that resulted in a majority of the population not being able to secure for themselves a decent and dignified lifestyle.

Among the various reasons cited as being responsible for the perpetuation of such an unjust system are: graft and corruption in government, an age-old tenancy system, an oppressive wage system, lack of education, both formal and informal, unenlightened management, unequal opportunities, an elitist system of education, over centralization of facilities and amenities, unstable and unreliable labour leadership, corrupt labour leaders, selfish entrepreneurs, shortsighted land and business owners.

Whatever be the reason or combination of reasons, it was apparent to these 50 that someone had to take the lead. Something had to be done to remedy the situation and failing in that, to at least create working modules so that others could follow. If in being so few they could not make a real dent on the problem, then at least, sufficient examples of a better way of life for the disadvantaged could be created which would give them hope.

Truth be said, some were not motivated by such lofty ideals as helping the disadvantaged or sharing their wealth and expertise. Some were in fact just worried that if they did nothing to save the country another ideology would take over that would not look too kindly on our way of life.

Whatever be the motivation, the fact of the matter was they got together and formed the Philippine Business for Social Progress (PBSP) using the catch phrase "Helping people who need help to help themselves."

One of the biggest obstacles they faced was the doubting Thomases who said "But what can you do? You cannot turn the country around. No one will appreciate what you are doing. The problem is so big that any work you do will only be a drop in the bucket and will make no difference." If we had listened to our detractors, PBSP would have died then and there. But somehow, we were imbued with the enthusiasm of a new idea, a different approach and the belief that all we had to do was make a start, give an example and others will follow. If others did not, we would keep on beating on that wall of selfishness and indifference until we make a dent - a difference.

The years went by and PBSP grew into an effective professional organisation that brought help, knowhow, direction, technology, organisation and most important of all hope, dignity and a better way of life to thousands of our countrymen.

I will share two statistical figures with you and you be the judge whether or not we have made a difference. In 1987, PBSP helped create 6,000 full time jobs and 11,000 part time jobs. In the process, four of our workers were killed by people who felt we were offering the disadvantaged of our country too good an alternative to the ideology they were forcing upon our masses.

The amazing development about this adventure is that while we were out helping people, we found that in fact we were helping ourselves and our businesses.

A new insight, a new measure of success, the development of the corporate citizen became an integral part of corporate planning. We realized that the measure of a company's accomplishment was not only the bottomline figure of "profit" or the "return on investment" but also the atmosphere we created or helped to create which is a happy and contented joint endeavour between labour and capital and between management and workers. Our establishments' surroundings had to be rid of poverty and squalor so that we could realise security and acceptable community relationships. Further afield, the creation of communities that could identify problems and seek out resources on their own, lifted the level of self reliance and laid the basis for good government that addressed itself to the perceived needs of the people. It also resulted into jobs and income generating activities, and thus improved buying capabilities that certainly benefited the general economy and created self determining and self sufficient communities who then reached out and helped others less fortunate than them.

Where we worked, the communities changed from lethargic mendicant groups who lived on doleouts into communities that were alive, filled with the hope of a better future. Our more successful cases became our partners in development and technology transfer.

As I earlier stated, we too changed, and I think for the better. And this change I now submit to you is a development worthy of study and consideration.

Whether in developing or developed countries, business just cannot afford to isolate itself from the rest of the community where it is situated — the large community that makes up the municipality, the township, the province, the country or even the nations of the world. It just isn't good business sense, and makes for poor and bad social responsibility.

A business derives its livelihood, its profits from the people who patronise its products. Common sense dictates that a happy, self sufficient community not only develops a better business market but creates an atmosphere of peace and security.

But more than self interest and survival, no rational thinking organisation can accept a situation where it stands as an island of material prosperity in a sea of poverty and degradation. Justice demands that wealth and the ability to create wealth must be shared with planning, and executed and delivered professionally for maximum effect. This is not a matter of statistics or handouts. This is a matter of upholding the right of other men to have a fair share of the better things of this world. Happiness and prosperity cannot be the monopoly of any one person or group of persons to the

exclusion of others or at the cost of their exploitation. Just like the family of nations now see that no country can be left in isolation no matter whose fault it is.

So what do we do? We have to sit down and define proper corporate and company goals. Profits yes, but hand in hand with that, concern and involvement in our community. Concern and involvement which are translated to enlightened labour policies, a just delivery of our products to the consumer, assumption of our legal obligation to government and the country without any thought of avoidance or evasion. This covers not only taxes but compliance with rules and regulations and a firm commitment of company and personnel to the welfare of those who have less in life.

The criteria is effective and sustained effort. Work at an expertise, a technology that you are good at reduced, if need be, to a level that the people you are helping can understand and use. Cooperate with other groups or agencies which can fill gaps and supply the knowhow that you lack. Plan your programs as part of your overall corporate or company plan that ranks in importance with matters like cash flows, inventories, profit projections, market share and personnel development. Secure involvement of personnel at all levels so that the company involvement becomes part of the character of the company. Finally, go for results with the vigor and enthusiasm with which one works at advancement, technology development, increased profits and future planning.

Remember in all cases that we are dealing with people. These are factors that far outweigh profits, commodities, or money. When you fail to answer their needs, lives are lost, hope turns to despair and misery aggravated so they reach out to anyone who might offer a solution although it may only be a pie in the sky. This injury or loss cannot be repaired or recovered unlike profit.

Deliver only on the basis of what you can give. Do not promise a rose garden if all you can deliver is a rose. But with equal importance, do not only promise a rose if you can create a rose garden.

The stakes we are playing for are very high. In developing countries like mine, it is a matter of survival. In developed countries like those where some of you come from, it means maintaining the lifestyle that you are used to.

Not too long ago, we were told not to destroy our forests and we did not listen. Now we have floods, erosion, drought, decreasing agricultural productivity, loss of ecological balance, loss of fauna and flora and a host of miseries that has left the country in disbelief, helplessness and despair.

Not too long ago, we were warned that our poor and disadvantaged had to be treated like human beings but we turned our backs on them. Government did what was best not for the governed, but for a favored few. Age old agricultural and business practices destroyed hope and left the working man with nothing but a future of ignorance, hunger, mistrust, and despair. Today we face the largest and strongest insurgency movement in our history.

As competent business managers and as Christians, it behooves us to put out the small fires of injustice, inequality, exploitation and greed with the waters of concern, fairness, involvement, justice and love. I doubt that we have a choice to do otherwise. Even if we did, I am sure that wisdom and just plain horse sense will tell us that the way of planned corporate involvement in those with less in life efficiently implemented would be the best choice.

## WORKSHOP NINE

# THE CORPORATE SOCIAL BALANCE SHEET

*Paper Presented by:* **MR. CRAWFORD E. LAING,**  
*President, C.E.D.A.R. Investment Services Ltd.*  
Canada

The theme of our Congress is "A Vision of Development," and today we are asked to discuss the "Corporate Social Balance Sheet." How, you may ask, can you have a vision, when you are looking at the "bottomline" all the time!

I read a comment on that very recently in the latest book co-authored by Dr. Norman Vincent Peale, the author of "The Power of Positive Thinking," and by Dr. Kenneth Blanchard, co-author of "The One Minute Manager." The book is called "The Power of Ethical Management." Their statement read:

"Managing ONLY for profit is like playing tennis with your eye on the scoreboard, and NOT on the ball!"

I think that sums up very well for us the importance, to the success of any business, and of any executive, manager or owner, of taking a broad ethical and responsible view of the purposes and objectives of the organisation.

You can read for yourselves more about the personal aspects of the need for integrity in business in "The Power of Ethical Management." But, as a consulting actuary, my approach is a quantitative and analytical one, rather than a psychological or moral one.

The question I wish to address therefore is "Where is the bottomline?" Do we - DARE WE - take an accounting type approach and look only one year back, or one year forward? Or do we recognize that we, and our organisations, are part of the "Global Village?"

My son, on the other hand, is a social worker, and his profession takes a systemic approach to problems. When I do that, I realize that with the world becoming smaller and more interdependent, it is increasingly self-defeating to try to "externalize our costs."

By this I mean, of course, passing on some of the costs of production either to society and the environment (as pollution or something even worse), or to our employees (as industrial diseases, including work-related stress), or to our customers (as unreliable or unsafe products).

A shrewd academic observer from Europe recently commented to a friend of mine:

"What's going on in North America? Is it going through another of its Puritan Phases?"

Perhaps it is, for there is greater understanding there, and intolerance by the general public, of insider trading scandals; conflicts of interest by politicians and others; and environmental degradation by corporations.

One company I know of has a whole department devoted entirely to "social responsibility" not merely for public relations but, to put it at its bluntest, for "keeping the senior executives out of jail!"

However, there is a more positive way of looking at this. An organisation which is made up of human beings has a character, needs a conscience, and should have a sense of purpose - just like the people who form it.

There is a growing awareness by investors - particularly long term investors such as pension funds - that the trustees have to be doubly careful to be responsible, and to be seen to be responsible in looking after the best interests of their members and beneficiaries.

This means an additional layer of analysis, beyond the purely financial, to avoid unpleasant surprises which may arise from lack of attention by the owners or managers of a corporation to this whole subject of corporate responsibility.

Which pension fund would today knowingly invest in A.H. Robbins, if they knew that they were producing and distributing the Dalcron Shield, in callous disregard of their consumers' health? Or which trustees would not be wary in investing in Union Carbide, Johns Manville, or Texaco, if they knew of the possibility of billion dollar lawsuits, and Chapter 11 Bankruptcy just around the corner arising from lack of attention to the need for integrity, and a short-sighted disregard of the Corporate Social Balance Sheet.

What I am trying to say is that "Integrity Pays!" That the tennis game is won by keeping your eye on the ball, and the long term success of an organisation is assured by paying attention to the real bottom line which, I submit, is the social and ethical health of the company, and of all of its managers, employees and customers.

Let me tell you about the criteria we use in screening companies for investment by the C.E.D.A.R. Balanced Fund. First, they must be responsible to their customers, making products which are reliable, safe and not threatening to life or health. Next, they must have demonstrated progressive and responsible relations with their employees, the communities where they work, and have a responsible attitude to the environment. Their ethical approach to business, shareholders, competitors and government should be beyond reproach at all times. Finally, they should not be involved in producing military or nuclear products that are life-threatening, nor should they be engaged in or profiting from activities or products which support regimes which have a poor record in human rights or are oppressive to their own people or minorities. A pretty tall order!

But I do submit that we need analysis for "Corporate Responsibility Performance," in order to measure that bottomline, as well as the financial bottomline. And in the long run, and perhaps these days, even in the short run, it is the former which will affect the financial end-result.

Let me conclude with a plea and a challenge. First the plea. Both in our discussions today, and also when you return to your companies and your own countries, keep the vision that you have glimpsed here, and apply it to all of your

decisions, and all your policies for business development as well as human development.

And second, the challenge. Remember that much of the capital which you use in business comes from the investment of Pension, Superannuation and Insurance Company funds, most of which are held in trust. And as the trustees become more experienced in measuring Corporate Social Performance, they will become a force in the allocation of capital.

And remember as our Canadian Indians and Inuit teach us "We do not own this earth! We merely hold it in trust for our grandchildren!

If you will permit me one final word. I came across this some months ago in a study paper proposed by Dr. Dudley Chapman Smock for the Synod of the United Church of Christ in USA. It is a modern version of "The Parable of the Present and Future Great Judgment" and I think it is very germane to what we have been discussing in this congress:

"When the Divine Judge comes in glory with all the angels, the Judge will sit on a glorious throne. Before the Judge will be gathered all the nations and companies and the Judge will separate them one from another, the unjust at the left and the just at the right.

Then the Judge will say to those at the left, "Depart from me, into the eternal punishment. For I was hungry and you let surplus food rot in warehouses while I starved; I was poor and you devised an international economic system that kept me in permanent indebtedness; I was thirsty but you continued to pollute my rivers and water supply; I was homeless because you allowed multinational corporations to appropriate the land on which I was living; I was in prison condemned for advocating a more just system and you still sold equipment to the security forces that tortured me; I was a stranger alone and isolated and you accepted no responsibility for my plight.

Then they will answer, "Lord, when did we treat you in this manner?" And the Judge will tell them, "Truly I say to you, as you did it to any one of the poorest and most humble of my sisters and brothers, you did it to me."

Then the Judge will say to those at the right side, "Come, O blessed, inherit the future prepared for you from the foundation of the world. For I was hungry and you gave the land and technology to be able to grow food; I was poor and you forgave all of my debts; I was thirsty and you enabled me to restore the purity of the rivers and lakes; I was homeless and you required the corporation which seized my land to return it; I was in prison and you spoke out against the violation of my human rights and I was freed; I was a stranger and you loved me like a neighbor."

Then the righteous will answer, "Lord, when did we find you hungry and enable you to have food, thirsty and provide clean water, poor and offer new chances to live abundantly, homeless and make you into a homemaker, imprisoned and free you, a stranger and accept responsibility as a brother or a sister?" And the Judge will respond to them, "Truly I say to you, as you did it to the poorest and most humble persons and nations, you did it to me."

## WORKSHOP REPORT

The community assesses and judges the performance of business by the published balance sheet - the financial balance sheet which incorporates the results reported in the financial profit and loss accounting of the business.

Our workshop, undoubtedly in common with most in this congress, considers the financial balance sheet as an inadequate measure of the real performance of any business enterprise.

The true measure is the Corporate Social Balance Sheet. If we did not believe this, it is doubtful that we would be in this congress.

Quite logically therefore, our workshop addressed the questions that have to be asked and answered if a business is to compile an accurate Corporate Social Balance Sheet, if a business is to compile a Corporate Social Profit and Loss Account as an essential step in completing the final picture to be conveyed by that Corporate Social Balance Sheet.

Many of the papers delivered in this congress provided excellent material for our deliberations, none better than the inaugural address of His Eminence, Jaime Cardinal Sin, Archbishop of Manila.

These papers were supplemented by the papers of our workshop chairman, Bienvenido Tan and discussant, Crawford E. Laing, which addressed quite specifically the Corporate Social Balance Sheet. I commend these papers to all of you to read when they are published in the congress proceedings report.

Let me quote a few excerpts to illustrate the applicability of their papers to our deliberations. Crawford Laing stated:

"Managing only for profit is like playing tennis with your eye on the scoreboard and NOT on the ball."

He went on:

"The tennis game is won by keeping your eye on the ball and the long term success of an organisation is assured by paying attention to the real botto line which, I submit, is the social and ethical health of the company and of all of its managers, employees and customers."

Another quote:

"An organisation which is made up of human beings has a character, needs a conscience and should have a sense of purpose - just like the people who form it."

And Commissioner Tan in recounting the story of the Philippine Business for Social Progress (PBSP) of which he is President said inter alia:

".... The years went by and PBSP grew into an effective professional organisation that brought help, know-how, direction, technology, organisation and most important of all, hope, dignity and a better way of life to thousands of our countrymen. .... The amazing development about

this adventure is that while we were out helping people we found that in fact we were helping ourselves and our business."

We assert that the conclusions arrived at in our workshop as to what should be the form and content of the Corporate Social Profit and Loss Account and of the Corporate Social Balance Sheet could be the blueprint for the formulation of the plan to emerge from this congress to fulfill our vision of total human development in Asia and even in the whole world.

#### Workshop conclusions:

- The true measure of a corporation's accomplishments is not just the bottom line figure of "profit" or "return on investment" as seen in the corporation's financial profit and loss statement and the balance sheet.
- The true measure is the Corporate Social Balance Sheet which certainly includes the measure of profit which leads to the very essential creation of wealth but also includes many more necessary elements.
- The Corporate Social Balance Sheet is based on INTEGRITY. Integrity demands that the Corporate Social Balance Sheet show that awareness and positive acceptance of Corporate Social Responsibility:
  - Is an integral part of the corporate plan and mission statement.
  - Leads to respect for and contributes to the inherent dignity of man.
  - Involves training, development, equal opportunity and justice for all, be they management, employee or customer.
  - Ensures decision makers are cognizant of and pay due regard to the needs and aspirations of the core unit on which all decent democratic societies are built - the family.
  - Acknowledges the very important role of the family within which total human development is nurtured and achieves maturity.
  - Involves catering not only to the material but also the spiritual needs of all in the corporation as is done so successfully in many corporations in Victoria in conjunction with the Inter-Church Trade and Industry Mission where the combination of church and business lends credibility to the joint message.
  - Aims at:
    - the creation of a happy and contented joint endeavour between capital and labour, and between management and employees;
    - ridding society of poverty and squalor;
    - establishing security and acceptable community relationships;
    - creating self-reliance at all levels; and
    - giving hope for the future among the less privileged in the community.

- Is the responsibility of a key board member of the corporation, preferably the chairman so that the commitment is clearly understood throughout the corporation.
- No business or corporation can accept a situation where it stands as an island of material prosperity in a sea of poverty and degradation. Justice requires that wealth and the ability to create wealth must be shared with planning and executive skill delivering the benefits professionally for maximum effect.
- Happiness and prosperity cannot be the monopoly of any one person or group of persons to the exclusion of others or at the cost of their exploitation.
- Is in the best long term profit objectives of the corporation.

Our workshop agrees that it is much easier to draw the blueprint than to construct the edifice. We further agree that there can be a wide range of views among people of equal goodwill and commitment to the principles involved in the production of a Corporate Social Balance Sheet based on integrity.

From among our members and the experience of other delegates in this congress we are able to offer some tried and proven methods of implementing practices that will result in a very commendable Corporate Social Balance Sheet without ignoring the legitimate rights of the shareholders and, in fact, with the potential to add significantly to the benefits enjoyed by those shareholders. These methods include those outlined by:

- The Philippine Business for Social Progress foundation in its publications on the joint business commitment to improving the quality of life of the Filipino poor. This is one such successful and very practical self-help method which engages corporate entity people in action, not just words.
- PBSP experience over 17 years is of added value in that they have found it is:
  - not enough to merely make cash donations to save the corporate conscience;
  - against the interests of all parties to indulge in a doleout approach; and
  - necessary for corporate people from the top, down to have total commitment to exercising social responsibility and then to have professional social workers to ensure the peoples' wishes are correctly assessed as a forerunner to helping them to help themselves;
  - a keen interest of almost all people to ensure the preservation of the environment for the benefit of a better quality of life for all now and in the future.
- Mr. Bedi of the BATA Corporation in his excellent presentation that a corporation's efforts at identifying itself so closely with the community in each host nation in which it operates and its incorporation of strong social activities as an integral part of its operating plan and not just an appendage to the plan could well be emulated.

Barry Counsel of the Florsheim-Julius Marlow group with its variations on the BATA approach which offers an alternate approach to meeting Corporate Social responsibilities.

What we fear and believe is that these corporations which put such strong emphasis on fulfilling their social responsibilities are the exception rather than the rule. In practice, many corporations have a short sighted approach of meeting just sufficient minimum social obligations to avoid conflict rather than to make a positive contribution to the communities in which they live and work.

We of Workshop nine therefore recommend that the findings of this congress and the sound and commendable social responsibility practices that have been brought to notice be publicised as widely as possible. We do so in the fervent hope that it will encourage more corporations led by people of goodwill to adopt similar or even better practices. In this way, more businesses will be proud to publish their Corporate Social Balance Sheet as they will be catering more effectively to human development.

In this context and in the context of the theme of this congress, we quote from the inaugural address of His Eminence, Cardinal Sin:

"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 it is intrinsically linked to the nature and the ultimate end of man."

**WORKSHOP NO. TEN**

**BUSINESS AND CULTURAL  
ENVIRONMENT**

Chairman	<b>TAN SRI DATO ARSHAD AYUB</b> Chairman Bapena Trading Sdn Bhd Malaysia
Discussants	<b>MS. PATRICIA SISON</b> President Philippine Herbal Group Philippines
	<b>DR. JOHN A. PRAESETIO</b> General Manager The S.V.G. Group Indonesia
Rapporteur	<b>MR. J.L. ARMSTRONG</b> Vice President & General Manager CRA Limited Australia
Participants	<b>MR. FIDEL ABELEDA JR.</b> <b>MS. ILUMINACION ABELEDA</b> <b>MS. PATRICIA MA. ARANETA</b> <b>MR. ANDREW GRUMMET</b> <b>MS. DEBORAH SMITH</b> <b>MR. KAZU TAWA</b> <b>MS. PEGGY VERA</b>

## WORKSHOP TEN

# BUSINESS AND ITS CULTURAL ENVIRONMENT

*Paper Presented by: MR. JOHN A PRAESETIO*  
*General Manager, The S V G Group ,Jakarta*

My job this morning is to discuss certain cultural patterns in various Asian countries that might have some implications on our work. Of course, it would be erroneous to generalise on the cultural values of various Asian countries. The fact is that there is a great diversity in the value systems in Asia. For instance, the work ethics in countries where the majority of people are Catholic or Buddhist. Furthermore, many Asian countries were colonised up to and around the Second World War. Accordingly, the effect of the colonial ruler's value system could still be reflected on the business pattern and lifestyle of colonised countries. In Indonesia, for instance, one might still be able to trace the Dutch way of thinking, and the influence of the American value system on the way they do things in the Philippines.

Nevertheless, it is important for business managers to have an appreciation of cultural patterns in Asian countries which appear to be responsible for the work organisia there.

In various recent articles on management and culture, a great deal of discussion had been devoted to the strong need for the preservation of face in most Asian countries. For most Asians, losing face can be as painful as physical maltreatment. To avoid loss of face, potentially conflicting issues, be it political or business, are seldom argued openly. These conflicts will only be discussed very privately, so that respect will be preserved for the face of both parties. To be effective, therefore, a manager in Asia should attempt to avoid conflict which could result in the loss of face of the other. Also, confronting one's superior with an issue is generally regarded as unacceptable as opposed to the Western culture where confrontation is an ordinary incident.

This is particularly true because the parent-child relationship is the model for the relationship between superior and subordinate in work organisations in many Asian countries. In Indonesia for instance, a manager is supposed to behave like a father towards his or her subordinates. This implies mutual obligation. The employer is expected to protect the employees, irrespective of the employee's performance. In return, the employees are expected to be loyal to their employer. Thus, in general, Asian employees are relatively more loyal than their counterparts in the West.

Normally, subordinates wait for the superior's message or instruction before embarking on a certain activity. In this respect, the teaching of Confucius on "management by example" is highly relevant. According to Confucius, the virtue of the manager is like the wind and the virtue of the subordinate is like the grass and when the wind blows over the grass the grass is sure to bend. I guess the essence of the message here is that managers set the example for their subordinates to follow, give

instructions clearly and treat their subordinates with dignity and kindness.

This concept also implies that a working relationship should be based on trust and friendship. In reality, many business leaders in Asia today still prefer to deal with friends and relatives whom they have known and trusted for many years. Because of this practice of favoring trusted friends and relatives in various business dealings in Asia, many businessmen invest in personal relationships by offering personal gifts. This giving of gifts to gain trust and friendship is not considered a violation of morality in certain countries. However, admittedly, their practice might also lead to corruption when a person abuses his power and position to extract bribes that are beyond the limits of the moral practice of gift giving.

Management development in most Asian countries is also influenced by the masculinity concept which contends that men are superior and more assertive, and that the woman's place is at home and not in the business world. Of course, this is not true in the Philippines where the Western culture of equality between the sexes lends strong influence.

## WORKSHOP TEN

# UNDERSTANDING ASIAN BUSINESS ORGANISATIONS

## ITS UNDERLYING DIMENSIONS AND CONTEXT

*Paper Presented By:* MRS. PATRICIA CEPEDA SISON

Principles of organisation are universal, but they operate differently in different contexts. The modern Western system of cooperation in its basic orientation is grounded in rationality while kinship orientation is the basis of an Asian business organisation (Silos, 1987). In this paper I shall analyse these differences along four dimensions; goals, authority, tasks and roles. In the latter part I shall focus on aspects of culture as they impinge on organisational culture.

### I. Four dimensions of an organization

#### *Goal*

For the Western organization, the goal is objectively without respect for people and this means establishing ends and ordering means to these ends. The goal is to achieve something for which the members work directly or indirectly. With respect to relationships within the organisation these are determined by objective tasks. Relationships are dictated by tasks and they are task oriented.

In the Asian context, the goal is maintenance of relationships, even at the expense of efficiency. In the Japanese context, this explains why companies can interfere with the family problems of their employees. This is also the reason why they hire for life. It also explains why, in recruitment, more importance is given to personal qualities as opposed to the Western priority for qualifications or a set of skills. Hence, the reward system in the Asian organization is a function of factors not directly related to productivity goals such as age and size of the family.

For that matter, the maintenance of relationships is the reason why junior employees are seldom placed in authority positions over seniors, even if the juniors are more competent.

The second difference is the Western perspective in viewing the all important individual or the "I", which can be contrasted to the Asian perspective, which values kinship and views the organisation as an extension of the kinship pattern. With this perspective the workgroup or the "we" becomes more important than the "I" of the Western mind. Hence, the norms that operate within the collectivity are those that preserve it, such as loyalty which is a reciprocal expectation between the company and the employees. This concept of loyalty promotes lifetime employment as compared to the high mobility of their Western counterpart.

## *Authority*

Following from the strict task orientation of the West, position and competence are the bases for authority. Objectivity becomes paramount and personal considerations become secondary. Organisational rules are strictly enforced and organisational structure and its maintenance are rigorously guarded. This is also known as the impartial bureaucracy which gives rise to a well devised rewards system based on productivity.

In the Asian context persons become paramount. Personal qualities rather than skills become the basis for hiring. Skills may be acquired through training and people can be developed to occupy positions needed by the organisation. Hiring is based on past favors, relationships, requests that cannot be turned down, personal connections and promises. Authority is based, not on position, but on relationships, on promises and favors that must be fulfilled. This is the informal power structure that predominates over the formal power structure. To the Western onlooker unfamiliar with Asian values and group dynamics, these practices might seem like nepotism. But in reality these practices hold the organisation together. In other Asian societies these values and practices, when perverted and abused can lead to a corruption of the individual and the organisation. There is an internally imposed correcting mechanism. In the Philippines, we have the value for "delicadeza". This means an attunement to refinement in dealing with others. This controlling mechanism imposes a limit to abuse of power by people in positions of authority and trust.

In other words, there is a reciprocity of loyalty and obligations on both sides which usually promote familiarity, better understanding and gratitude.

## *Tasks*

To the Western organisation the primary consideration is efficiency, which means the achievement of organisational goals with the least expense in money, time and effort. To the Asian it is effectiveness. As long as the work achieves its goal it is effective no matter how it is achieved. Hence, in the proverbial Japanese factory, one can note:

1. a proliferation of positions,
2. the development of "make work" jobs, or developing jobs for the people you have, and
3. a loss of productivity from the retention of incompetent personnel.

Yet, efficiency is achieved through apparently inefficient means.

The problem here is the assumption that rationalization equals efficiency, that an organised system necessarily results in productive work and that "what should be theoretically" is "what is factually". What appears to be costly from the standpoint of Western rationalization turns out to be less costly and an invaluable investment in healthy labour management relations in the Asian context.

To capitulate, the Western procedure is to first rationalize the system and then seek cooperation from its employees. While in the Asian or Japanese context, they first focus on the people which results in their cooperation to establish a system to achieve their goals. Hence, efficiency is the by-product of a people-oriented management system.

### *Roles*

In the Western organization, roles are dictated by the persons' position in the hierarchy and tasks attendant to that position. Generally these roles are impersonal and highly specialized with interfaces that are more functional than personal. (This is why Western management has gone into the development of the behavioral science concepts and technology in an effort to humanize the workplace.)

In the Asian context, person orientation is primary. It is second nature to maintain a paternalistic relationship even with one's employees. Management tacitly recognizes that the relationship between the company and employee is not merely a function of economic convenience. Hence, the worker may not at his convenience leave the company; neither can the company dismiss him in order to serve its own financial ends. A system of shared obligations takes the place of the economic basis of employment.

The results of the Asian type of management are the following:

1. A lifetime commitment to each other (between the company and the worker) and an elaborate system of extra monetary obligations and rewards system, and
2. An intra-firm relationship between superiors and subordinates develop within the clique system at the management level and the worker-foreman or the guru-pupil craftsman-apprentice) relationship in the factory.

The role of the manager in the Western setting is to make decisions, because the assumption is that he is a responsible person. In the Asian setting, decisions are arrived at by consensus where the leader consults other members of the group and responsibility is understood and shared. Decision making is done by consensus. This is typically Asian. Again, Western management schools have discovered that participative management and decentralized consultative decision making are more effective. But these practices stem from harmony with nature which originates from the Eastern philosophies of Buddhism, Hinduism, and Taoism.

## **II. Culture as it affects organizations**

### *Filipino values as viewed from the corporate perspective*

Landa Jocano enumerated three aspects of Philippine culture that affect organizations. These are personalism, paternalism, and family orientation. However, L. Jocano focused on surface values as opposed to the core values of the Filipino. J.

Acuna and V. Enriquez describe the core of the Filipino relationships as based on pakikipagkapwa-tao. The core of pakikipagkapwa-tao is pagkatao. And love of the other is the motivating factor of this relationship. In this context, dangal (honor) and buhay (life) have equal value, with dangal being maintained by behaving like a human being. The Asian is internally motivated by the concept of dangal (or honor). In Spanish, this concept has been captured as "palabra de honor" (word of honor). Among the Chinese a simple verbal agreement is sufficient.

#### **A. Personalism (in Chinese, Guanxi)**

Probably the most written about aspects of Filipino personality are pakikisama, hiya, pakikiusap, and utang na loob. However, these are merely surface values noted by well meaning foreigners who have written about our culture. The core of Filipino personality is based on kapwa-tao. This concept of relating with other people in a humane manner is founded on the value for pagka-tao (dignity of man). All men including foreigners are accorded the same respect as any other human being. This concept is based on basic love for the other and is founded on one's dignity as a human being and the highest value placed on life. Traditionally, values have been subverted by the acculturation and survival values like materialism. It is still deeply rooted in Philippine culture to refrain from working for money or other material benefits.

De Jesus in her study of workers in the Philippines has predicted by personal relations within the work place and intrinsic rewards of work than by the material and fringe benefits attendant to work. The core of the Filipino has not been touched by years of material deprivation. It has merely enhanced the belief that the need to survive even as an organisation is dependent on the interrelationship of the organisation with the communities around it. This is particularly true in the midst of growing labour unrest and the proliferation of insurgents in the countryside.

#### **B. Paternalism**

This aspect is related to the third aspect which is family orientation. It is defined as the shared concern over the welfare of others specifically where status differences are marked. Consensual, consultative and centralized decision-making springs from this aspect. As in most civilized societies, the tendency to help and protect the poor and the powerless springs from this aspect. There are many mechanisms that serve to functionally strengthen the bonds across social classes, one of which is the compadre system.

Paternalism is viewed to result in:

1. better communication;
2. improved ways of relating with each other especially between superiors and workers,
3. strengthening of the moral obligation of managers to subordinates and workers to the managers or workers to the organisation itself, through the values of malasakit, bayanihan, and pagbibigay.

## **Familism**

Unlike the Western culture which is ego-oriented and highly individualistic, the Asian is group-centered. Kinship is central to social organisations. The family is the most important unit in the community and the building block of the national system. The core of this relationship is filial love for one's group and group members. This love is acceptance of differences, resolution of conflict through dialogue and compromise, and at all instances seeking the best for the other, even at a sacrifice to oneself. The hardline resolution of conflict through either arms or violence evokes in the Filipino a caring for the underdog. It might be that this concept is at the heart of the resolution of the insurgency problem.

Since most Filipinos are God-oriented, it is quite unlikely that they would turn to ideologies without a God. What is more likely is that the insurgents get popular support because they are perceived as the underdogs.

In Hongkong, which is a highly industrialised country, the unity of family is the most important social factor, and the historical basis is Confucian thinking which says man must ensure stability and tranquility in the family since it is the basic unit on which the nation rests. Stability and tranquility in the family results in stability and tranquility in the state. This belief is at the core of the Filipinos as well. The majority of exported workers abroad send money home not only to help the nuclear family, but the whole extended family. The view that one's fortunes are tied to one's family is demonstrated.

In Buddhist cultures, ancestral worship requires attachment to the past, great respect for elders, mentors and masters, and unquestioning obedience to the system. To a large extent, our respect for the elders probably springs from this tradition. Wisdom from the perspective of age is more highly valued than skills. Maturity brought by years of experience in living gives rise to studied decision-making and problem solving. This is in direct contrast to the Western culture that values youth and experimentation.

The bases for Chinese culture are the activities of the gentry classes which include the following values:

1. scholastic achievement
2. literary attainment
3. artistic endeavour
4. perfection in classic forms
5. self-discipline and abnegation of avarice
6. ability to suffer want with dignity
7. distaste for the pursuit of profit

The last three are the virtues most treasured and respected by the Chinese while they are contrary to the norms of a Western industrialised society.

Furthermore, respect for one's past, one's antecedents results in submission to the established order and an unquestioning acceptance of it. And the emphasis is on maturity and experience, while for the West, the emphasis is on youth and experimen-

tation. Can you imagine the power of a culture that will combine both orientations in an integrated manner?

According to a Confucian admonition: In a state, pecuniary gain is not to be considered prosperity, but its prosperity will be found in righteousness.

In the light of these cultural differences, it is therefore not surprising that in the face of economic crisis, labour unrest and the total breakdown of the political and social order that shook the Philippines in the last years of the Marcos regime, people turned to reviewing the assumptions underlying their corporate policies and business activities. We are still developing a model of development that is truly Filipino. But we have a community development model for corporations that seems to work.

### **III. Corporate social responsibility: A new value in Asian corporations**

The Phinma model was started when the company was on the verge of closing out. Not only was business so bad, peace and order was so shaken that the plant was being threatened by unfriendly elements. Premised on community empowerment, self-reliance and adherence to the concept that the corporation is indebted to its community and its environment and must therefore help the community get back on its feet, the plant adopted community relations as its battlecry. It started with wives and family members of its employees and ended up working with all the communities surrounding the plant. The communities, after a couple of years established a foundation of their own from which they benefit greatly. The foundation is very much alive. In fact, last year, it earned for the community P2.7 million. What started as a venture of enlightened self-interest for the plant proved to be an effective business strategy. In this experience, the principle of the interdependence of groups is highlighted. And what we can learn from this is a simple principle captured by a Filipino proverb. If indeed we comprise a whole as Christian tradition would provide an analogy that we comprise the body of Christ, then "ang sakit ng kalingkingan ay nararamdaman ng buong katawan" [translated, the pain of the little finger is felt by the whole body]. In this context, the interdependence of the whole world is paramount, rich and poor nations share the same fate as the rest of the world.

According to Sixto Roxas, Filipino enterprises and joint ventures with multinational companies have, in the past, preferred to remain self-contained enclaves establishing no links with the medium and small scale sector, particularly avoiding involvement with the rural communities. He says this can no longer work. What is needed is a new modality that establishes vital and dynamic links with the countryside population and the informal sectors in the cities and urban centers. Concretely, it means creating small satellite factories which are family and village-based. These can provide subcontracted arrangements with larger factories. Or they could provide the common processing facilities for trading, merchandising, packaging, and other services that the Japanese Sogo Shosha performs in Japan. Foreign investments, their capital, technology, management and markets can be vital factors in developing a new perspective and blueprint for communal development.

What it really takes is for the foreign investor to understand the social and cultural forces together with the economic, in order to fully optimize his development

role. In this way, he can become a welcome corporate citizen, one who has laid the groundwork for a lasting relationship with the Asian.

And now let us learn from the operational guidelines offered by John Frankenstein for people working in the Chinese business scene:

- Get to the end-user;
- Remember that with the diffusion of decision-making authority in China, some degree of influence can be ascribed to the foreign trade officials, and that the Chinese negotiator is more than a filter. E. Aboitiz says never put a foreigner at the head of the firm;
- Pay attention to what the Chinese say about their foreign trade priorities;
- Be flexible in trying to help a potential Chinese business partner. Some forms of counter-trade may be necessary.
- Remember that a personal and concrete approach works best; connections and old friend status are crucial;
- Be patient and remember that matching free enterprise goals with those of a bureaucratic economy demands flexibility and patience; and
- Political, cultural, and business savvy are absolutely essential.

All these points apply to the Philippines as well and most likely to other Asian contexts.

## BIBLIOGRAPHY

- Acuña, Jasmin and Virgilio Enriquez, 1986. "Pangangatwiran sa Filipino" (a mimeographed paper).
- De Jesus, Ma Leonora Vasquez, 1985. Explaining and Predicting Filipino Industrial Workers Performance and Satisfaction: the Socio-psychological perspective. A Doctoral Dissertation, University of the Philippines.
- Frankenstein, John, 1987. "Business in China: Western and Chinese Perspectives", Frankenstein, John, 1987. "Business in China: Western and Chinese Perspectives", *Euro-Asia Business Review*, *Euro-Asia Business Review*, 6:1.
- Landa Jocano and J. C. Gatchalian, 1987. "Industrial Relations Systems and the Needs of Asia" (Unpublished paper.)
- Roxas, Sixto, 1988. "Recovery, reconstruction and reform in the Philippines". Speech before the Japanese Chamber of Commerce and Industry Mission to the Philippines.
- Silos, Leonardo R., 1987. "Understanding Asian Business Organizations", *Euro-Asia Business Review*, 6:1.
- Sison, Patricia, 1988. A Case Study on Philippine Corporate Social Responsibility: The Phinma Model. Masteral Thesis, Ateneo de Manila University.

## WORKSHOP REPORT

We started with the premise that even among Asian countries, there are cultural differences and as such there is no one Asian culture. Australia, as part of Asia, is different from most Asian countries, but it should be recognised that it is not necessarily a matter of Asian culture versus Western culture.

However, to facilitate our discussion, Australia was taken as typifying Western culture with the other countries regarded as typically Asian.

Dr. Ayub set the theme for our discussions in using the analogy of a spectrum in which business and social environments are often at different ends. On the same lines Asian and Eastern business cultures are at different ends. What had been happening in recent years was that there was a gradual moving towards each other from the opposite ends of the spectrum.

Mrs. Sison's paper, in particular, was a well considered one, setting out the differences in cultural terms between the environment and attitudes in Asian and Western societies. While there were many factors involved (her paper dealt with these) there are some fundamental differences, or perceptions of differences, between Asians and Australians:

- (a) In Asia, there is a much greater emphasis on people and their needs even in business organisations' whereas the Western emphasis is on the bottom line and profit accountability. Dr. Ayub stated this as the difference between development for humans, and humans for development.
- (b) In Asian society, including business, family relationships are paramount and organisations are structured on this basis. In Western society, organisations are built around roles and functions and people are fitted into these.

Hence, in Asia, often there appears to be over-employment because of the responsibility of preserving a person's employment and all that goes with it, whereas, there is a more objective, seemingly less humanistic attitude in Western organisations. Thus, in Asia, the Filipino term "pagka-tao" embraces the concept of human dignity as paramount with willingness to accept this even at the price of short term profitability.

- (c) In Asian organisations, the paternalistic or authoritarian attitude prevails with greater emphasis on respect for the older and experienced person. What is superficially perceived as nepotism by Westerners is not correct. Rather, it is the basis of family and the responsibility of organisations for the human being. This explains the Asian business organisation's approach to hierarchy and promotion by seniority rather than on the merit of the individual.
- (d) The place of women in business and society in Asia was founded on traditional values which are now slowly changing. Undoubtedly,

in Western society, women had advanced much further as cultural barriers were broken down.

6. In talking about the differences it was recognised that:
  - (a) There was a shift towards each other by Asians and Westerners;
  - (b) It is not intrinsic that business based on Asian values and attitudes inevitably leads to inefficient operations or lack of profitability. It is recognised that there were weaknesses and abuses in the system, but it was more important to overcome these than to dismiss the appropriateness of Asian culture and values.
7. It was mentioned that Japan and some other Asian countries are shining examples of how a society founded on Asian values and culture could nevertheless be as successful in a Western sense.
8. On a practical note, the working group considered what could be done to bring about a closer approach between Asian and Western attitudes in the business environment.

The following were mentioned:

- (a) The objective should not be to achieve uniformity between the two cultures but rather willingness to accept that much could be learned from each others' values whether in business or in society.
- (b) It was not enough to just talk about these matters but there should be conscious steps taken towards increasing better understanding and a willingness to adapt the better values of each.
- (c) There should be much greater support and use of organisations such as the inter-country business associations as well as to use conferences, such as the Asian Congress, to promote a better understanding of the Asian environment. Contacts between people and exchange of ideas would provide tangible results in the long term.
- (d) If there is a willingness to adopt positive attitudes and to learn from the values and cultures of others, this would lead to successful relationships in the Asian business scene.

## ADDRESS

**HIS EXCELLENCY, THE RIGHT HONOURABLE  
SIR NINIAN STEPHEN,  
AK, GCMG, GCVO, KBE**  
Governor-General of the Commonwealth of Australia

To a lawyer, the whole question of corporate responsibility to its corporate community and to the community in which it functions, is and for a long time, has been a fascinating question. I suspect that it's an issue too, for philosophers and for political scientists who carefully take a different and broader perspective than does the lawyer. For the lawyer, the problems very often confine themselves to the questions of the duties of the directors, of the senior executors of a corporation, asking whether or not those duties are confined to the interests of the share holders. And since a company's most important asset is its employees, the interests of employees at all levels, and perhaps, extending to the interests of creditors, or whether on the other hand there are wider elements which the managers of the corporation can take into account - the public interest, community welfare and perhaps even concerns of national interest. Can these be properly taken into account by management? Immediately, you take into consideration wider interests like those of the share holders. Of course, very often, there is no conflict in the variety of interests mentioned, when a company is operating in a domestic environment and not overseas. The company needs a good corporate image, an aura of good citizenship, just as much as an individual needs a good reputation. So share holders' interests will very frequently go hand in hand with the promotion of good community relations. But it is when corporations acquire overseas interests and find themselves operating in environments which are foreign both to head office management and to the company's home base and to the community of that home base that the real difficulties, I think, arise. I suppose an example of what I have in mind is that of companies operating profitably enough overseas, and which come under strong pressure from their home base, which can radically affect their profitability. That home base pressure may come perhaps from trade unions, human rights organisations, refugee groups, even governments. And the pressures may be as varied as there are sources, running all the way from demands that pay and conditions be granted overseas to pressures to cease operations overseas because of what is seen as the unacceptable policies of the regime that is in power.

Overseas operations can present, of course, other difficulties which are related in a sense but are very different in terms of impact. The overseas environment may be one in which business practices either illegal or highly unethical at home are either commonplace or may even be thought essential to effective operation in that overseas environment. I can recall the anxiety caused to the United States corporations operating in Australia by the local acceptance here in Australia of conduct which in the United States would have been in direct conflict with anti-Trust laws. Similarly, what in

one country may be regarded as the correction of public officials may in another present itself as a necessary fact of trading life.

So the whole question of the social responsibility of business is necessarily a very difficult one, difficult because it essentially involves two quite distinct aims. One, the earning of profits for the shareholders and two, the welfare of communities. And the difficulties are very much magnified when overseas operations in quite different cultural environments are the ones in question. Although it may at first appear to be the case, I very much doubt whether these difficulties can at all be laid at the door of the profit-motive, at the door of private enterprise. I would think that the situation of a government-owned and controlled enterprise not primarily concerned with profit and faced with the task of conducting a trading corporation and undertaking trading activities overseas would be even more difficult. It would have an identifiably alien characteristic. It would be seen as necessarily owing allegiance to its proprietor government and in moments of tension it would be seen, rightly or wrongly by the overseas nation where it was trying to carry on business with as primarily concerned with promotion of the interests of its own government. At least private enterprise, when operating overseas has and is seen to have profitability as its prime concern. And in modern economies, profitable industries produce tangible benefits for the communities in which they operate if only in terms of providing a stimulus to the economy as a whole, in payment opportunities of course, and certainly increased incomes.

The very little that I know about the concerns of this Conference is enough to convince me of the importance to our whole region of the work of this Asian Business Congress for Human Development. That this Fourth Congress should be held in Australia at a time when Australians are looking to an ever more intimate participation in trade, and cultural exchanges makes this is an especially fortunate and happy occasion for Australia.

## **CONFERENCE WIND-UP**

### **Vote of Thanks to Organizers - MR. JOHN RALPH**

We appreciate very much the fact that the Conference was held here. I would like to thank the Chairman for the way he has conducted it and for the generous treatment he accorded us. There are a few other people whom I think should also be acknowledged:

Mrs. Teresa Nieva who is Secretary-General and who is largely responsible for the work of pulling this all together;

Barry Counsel who is Chairman of the Organising Committee and his band of willing workers; and

John Roseman who I guess, has not had time to do much else but work towards the success of this Congress.

Peter Marshall from ITIM has also been very helpful.

I would just like to mention two of my staff who have saved me a lot of work in making sure that things were happening at the time they should happen—Miss Tayles and Ian Hore-Lacey.

### **Report - CHAIRMAN VICENTE JAYME**

I would like to thank Mr. Ralph and his group for the excellent way in which the whole Conference has been managed and put together. I can sincerely say that the success of this Conference this year has been largely due to the efforts of the Australian Organising committee and the quality of the attendance I think speaks for itself. I think the issues that were taken up and the depth with which the questions were answered all added up to a much bolder understanding on our part of the whole question of human development and business in Asia.

I am also happy to announce that the Thai Delegation has offered to host the fifth Congress in Thailand in 1990. And in keeping with the times, the head of the delegation, Sasima Srivikorn, is a lady. The ladies are taking over and are doing it very efficiently and effectively. We wish to thank you Sasima for having accepted to host the Congress in 1990 in Bangkok. The Council will meet there in November this year to start the preparation for the 1990 Congress of Asian Business for Human Development. We hope by then; that the results of the Proceedings will have been put together and published. We will then mail out the published Proceedings to all the participants. It will also become the basis for the planning and programming in 1990 so there can be follow-up meetings in the different countries.

### **Consensus Statement - Acting Chairman, JOSE CONCEPCION**

The Chairman of the Asian Business Congress in Australia together with the Secretary-General are to draft the Consensus Statement incorporating the sentiments in the various papers presented, as well as the Workshop Reports. The same will be distributed to the different heads of country delegations so their comments can be incorporated into a final draft that will be incorporated into the final report.

In response to questions, the Report on the Workshop of the Corporate Balance Sheet might be the kind of thing that all of us may like to see in that statement. The Secretariat may like to reproduce the report and post it out in the next few days.

### **Vote of Thanks - Acting Chairman, JOSE CONCEPCION**

On behalf of the participants to the Fourth Asian Business Congress on Human Development allow me to express our deepest appreciation and thanks to the Committee for their determination in hosting this unique Congress in a unique year 'Australia's Bicentennial Year' in a unique Asian country, Australia and in the year of the Dragon. If not for the many acts of faith declared by Barry Counsel, John Roseman and Teresa Nieva, this Congress would not have taken place. We would like to express our appreciation to the leaders of Australia's business, political, service clubs and others who lent their moral support to the organisation of this Congress. They also encouraged a number of their members to offer substantial financial assistance which was vital to our success. John Ralph's chairmanship was also a most valuable contribution and his secretary Christine Austin, his secretary Catherine Hales and Ian Hore-Lacey helped greatly. The Hosting Committee members also graciously supported the Congress by officially participating in individual segments. We thank them too. Some members of the Hosting Committee also provided their homes or offices for the enjoyable dinners last night.

Our special thanks must go to the hard-working Organising Committee and the staff who helped them. We ask them to stand so we can recognise their efforts. Peter Walsh - Venue sub-Committee Chairman, Jo Cox - Hospitality, Dr. Peter Marshall - Workshops, John West - Entertainment and Registration, Ron Brady - Treasurer, Ian Hore-Lacey and of course John Roseman, the hard working secretary, Barry Counsel and the staff, Doris Anandan, Lorraine Kerr, Judy Timms, Michelle Nailon, Hilary Roseman. Secretary Jayme and I would like to thank the staff from Manila; our energetic Secretary-General Teresa F. Nieva, Fely Aparis and Emily Triunfo and the members of the Asian Congress Council particularly Perry Luk of Hongkong, Dr. Thomas Hongsoon Han of Korea, Dr. Frans Seda of Indonesia, Ernie Escaler, the Treasurer of the ABC, Khunying Sasima, the host for the next Congress.

As we close this Fourth Congress, you will all agree with me that we are richer in knowledge because of the moving presentations, and sharing of experiences by our speakers and presentors. It was so refreshing to listen to Tom Fletcher articulating a criteria for measuring business performance outside of the financial balance sheet which is the Corporate Social Balance Sheet. I had to pinch myself several times to find out whether John was an incarnation of Cardinal Sin. But to our pride, here was a

chief executive officer of Australia's leading Bank with the majesty of his office, delivering in clear, unmistakable language the new vision of managing business in Asia. I hope that we who attended this Congress can internalise and put into action many of the conclusions arrived at in this Congress, in our businesses, in our communities, so that as we move from Australia to Thailand the face of Asia will be better because we lit our candle rather than cursed the darkness.

May I ask you for a round of applause for the Hosting Committee, but more particularly for you, because of your presence and inspiration to all of us.

## **CLOSING PRAYER**

**MR. JOHN B. ROSEMAN**

Secretary

Australian Organizing Committee

I WOULD LIKE TO THANK YOU ALL AND SAY TO YOU, MAY GOD BLESS YOU AND KEEP YOU. MAY YOUR PROFITS GROW. MAY YOUR SOCIAL ACCOUNTABILITY GROW. AND MAY HE KEEP YOU IN HIS PEACE. AND MAY JUSTICE BE WITH YOU ALL THE WAY AND TAKE YOU HOME SAFELY TO YOUR COUNTRY AND THANK YOU FOR EVERYTHING YOU HAVE GIVEN OUR COUNTRY. AMEN.

## CONSENSUS STATEMENT

### FOURTH ASIAN BUSINESS CONGRESS FOR HUMAN DEVELOPMENT

We, the participants of the 4th Asian Business Congress for Human Development (ABCHD) held in Melbourne, Australia, May 12-14, 1988, believe that "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 it is intrinsically linked to the nature and the ultimate end of man."

We hold that the true measure of a corporation's accomplishment is not just the bottom line figure of "profit" or "ROI" as seen in the corporation's financial profit and loss statement and the balance sheet. Rather, the true measure is the Corporate Social Balance Sheet, based on integrity and the positive acceptance of Corporate Social Responsibility. This implies that the Corporate Social Balance Sheet:

- \* Is an integral part of the corporate plan and mission statement
- \* Leads to respect for and contributes to the inherent dignity of man
- \* Involves training, development, equal opportunity and justice for all; be they management, employee or customer
- \* Ensures that decision makers are cognizant of and pay due regard to the needs and aspirations of the core unit on which all societies are built—the family
- \* Involves caring not only for the material but also the spiritual and all the requirements for total human development
- \* Aims at -
  - the creation of a harmonious partnership between capital and labour, between management and employees;
  - creating self-reliance at all levels;
  - establishing security and acceptable community relationship;
  - giving hope for the future among the less privileged in the community;
  - ridding society of poverty and squalor.
- \* Is the responsibility of a key board member of the Corporation, preferably the Chairman so that the commitment is clearly understood throughout the Corporation.

No business or Corporation can accept a situation where it stands as an island of material prosperity in a sea of poverty and degradation. Justice requires that wealth and the ability to create wealth must be shared, with planning and executive skills delivering the benefits professionally for maximum effect.

Transnational corporations have a special and vital role to play in developing countries thru joint ventures. The partners should promote the common good guaran-

teeing fundamental freedoms and rights and personal achievement for all members of the community. In particular, the corporation should identify itself closely with the community of the host nation in which it operates, and should, as an integral part of its operations, incorporate strong social programs which have self help as an underlying principle.

We also arrived at the following conclusions and recommendations:

1. Rural poverty is the basic problem of agriculture in Asia. Business which has the basic problem and management capability should be actively involved in the development of agriculture in order to improve productivity and create rural employment. Such involvement should include educational, financial, and marketing assistance, particularly for small and medium size firms. Further, extension services to poor farmers should be improved and liberalization of credit and lowering of interest rates by the banking sectors should be effected.

Business firms' involvement in the development of agriculture in poor areas should be publicized in order to encourage more businessmen to do likewise.

2. Small and medium size industries are essential to economic and social development in the Asian countries. Government should therefore create a favorable climate for entrepreneurs by facilitating funding sources for working capital needs, providing market information and advisory services on management skills, technical aspects, employee training, financial assistance, and extending protection to MSEs by reserving certain areas for them.

Furthermore, government should promote fruitful interaction between large and small and medium industry sectors' e. g. large industries can assist SMEs by providing technical assistance, financial support to suppliers and establishing long-term purchase contracts.

3. The transfer of technology by foreign partners in developing countries should be accelerated. Such transfer should take into account the need for appropriate technology and consider the trade off between labor and capital intensive technology. Resultant initial job losses should be covered thru retraining, village development, and other appropriate means.

Too often protection of the environment is sacrificed in favor of growth. The business community should support legislation that will protect the environment and set its own internal standards to ensure that technology does not adversely affect the ecological balance to ensure a better quality of life now and in the future.

4. We believe in a philosophy governing the relationship between management and labor which promotes harmony and cooperation rather than confrontation. This is essential for the mutual benefit of both partners.

The most important asset of a company is its people. The bottom line therefore is not only how well an organization is doing but is also

determined by the morale and welfare of its workforce. We are therefore concerned to make people's job challenging to increase their skills and make it possible for them to realize their potential.

5. We believe that the consumer's rights to know, to choose, to be informed, to be heard, and to be redressed should be protected and promoted. The relationship between business and the consumer should be judged against the following criteria: veracity of the product claims, relation to culture, enhancement of individual and social human dignity, improvement of quality of human interaction and freedom of choice.

For this purpose, consumer education should be promoted integrating both business and consumer interests.

6. Economic decision making should be shifted away from simple financial accountability for human values and human development. This means that the financial system should propagate the long term view of financial investments, and should develop creative ways to support SMEs and the training of entrepreneurs in developing countries.

International business decision makers should be concerned about exploitation of smaller economies, their impact upon regions and different socio-economic groups within them.

7. Disclosure and communications at all levels and in all aspects is essential for the attainment of human development in business, politics, and government. Disclosure can be made effective by the development of a communication network throughout the whole fabric of society.

Both business and government are judged on services - the ethics of truly open government - no secret dealings, public disclosure, and insistence that contracts between government and business are open to public scrutiny - are vital.

8. The role of education for managers with a vision of development in Asia is critical. Such education should consider as a priority concern education in ethical behavior.

Management education should further take greater cognizance of the implications of working in family owned enterprises, SMEs and different development settings. Successful relationships in the Asian business environment demands an openness and willingness to learn from the values and cultures of others. Thus, understanding cultural influences and their impact on management structures, decision making, and personal relationships including ethics, as well as the relationship between business and government in each country, is of paramount importance for managers working at an international level in Asia.

This can be promoted thru education, the development of networks at various levels, and the exchange of experiences and ideas thru regular forum such as the Asian Business Congress for Human Development.

We fear, however, that corporations which put strong emphasis on fulfilling their social responsibilities are the exception rather than the rule. In practice, many corporations have a short sighted approach of meeting just sufficient minimum social obligations to avoid conflict rather than to make a positive contribution to the communities in which they live and work.

We, therefore, recommend that the findings of this Congress and the sound and commendable social responsibility practices that have been brought to notice be publicized as widely as possible. We do so in the fervent hope that it will encourage more corporations led by people of good will to adopt similar or even better practices.

We pledge to do our share in achieving a human-centered vision of managing business in Asia which will enhance the preservation of life, human dignity, and freedom.

## PARTICIPANTS

### AUSTRALIA

**Mr. Andrew Alwast**

Regional Director  
Aidas Melbourne  
World Trade Center  
Melbourne  
P.O. Box 283 WTC  
Melbourne 3005  
Tel. No. 611 5422

**Mr. Les Andrews**

A/G Assistant Secretary  
Department of Employment  
Education and Training  
Level 2, 12 Mort Street  
Braddon, Act 2601  
Tel. No. (064) 763640

**Mr. James Leonard Armstrong**

Vice President  
General Counsel  
CRA Limited  
55 Collins St., Melbourne  
Tel. No. 6583214

**MR. WILL BAILEY**

Group Chief Executive  
Anz Banking Group  
55 Collins St., Melbourne  
Tel. No. 658 1772

**Mr. Charles Tonge Battersby**

President  
Australia Thailand Business Council  
28 Bakers Road, Church Point  
NSW 2105 Tel. No. (02) 997 8229

**Mr. Gerald Beaumont**

Vicar, Holy Trinity Anglican Church  
193 Hotham Street,  
East Kew

**Mr. John Breedon Bowyer**

Chairman of Federal Council  
ITIM  
P.O. Applecross  
Western Australia 6153  
Tel. No. (09) 364 0481

**Mr. Ronald John Brady**

Manager, Customer Services  
Bowater Limited  
Ailsa Street, Box Hill  
Victoria, 3128  
Tel. No. 8951635

**Mr. Marshall Leigh Browne**

General Manager, International  
National Australia Bank Ltd.  
500 Bourke St., Melbourne  
Victoria 3000  
Tel. No. 6053732

**Mr. Ian Glencross Burgess**

Managing Director  
CSR Limited  
1 O'Connell Street, Sydney 2000  
Tel. No. 235 8333

**Mr. Richard Bush**

Director, South East Asian Trade  
Department of Foreign Affairs and Trade  
Canberra

**Sir Bernard James Callinan**

111 Sackville Street  
Kew Victoria 3101  
Tel. No. 817 1230

**Mr. Anthony Chappell**

Cad-Draft Consultants  
247 Hawthorn Road  
Caulfield North

**Mr. Roderick Duncan Cheatley**

General Manager  
Aesop Limited  
P.O. Box E50 Queen Victoria  
Terrace Act 2600  
Tel. No. 062/732285

**Sir Rupert W. Clarke**

Chairman, National Australian Bank Ltd.  
500 Bourke Street  
Melbourne 3000  
Tel. No. 602 3088

**Mr. Barry Ambrose Counsel**  
Chairman and Managing Director  
Florsheim Australia Ltd.  
96 Herbert St., Nortcolt 3070  
Tel. No. 4892999

**Mrs. Valma Counsel**

**Mr. Julian Francis Counsel**  
Partner  
Carew Counsel Holmes-Solicitors  
570 Bourke St., Melbourne  
Tel. No. 6705711

**Sir Charles W. M. Court**  
46 Waratah Avenue  
Nedlands, 6009 W. Australia  
Tel. No. (09) 3861257

**Mr. Geoffrey William Cox**  
Chairman  
Wesley Central Mission  
30 Petty's, Concaster 3108  
Tel. No. 8487667

**Mr. John Joseph D'Arcy**  
Chairman & CEO  
The Herald & Weekly Times Ltd.  
44-74 Flinders St.  
Melbourne 3000  
Tel. No. 652-1111

**Mr. Malcolm Carey Daubney**  
Vice President  
East Asia Region  
Nicholas Kiwi Pty Ltd.  
610 Heatherton Road  
South, Victoria  
No. 55115311

**Mrs. Beverley Daubney**

**Ian Dillon, S.J.**  
Chaplain, ITIM  
140 Park Drive  
Parville 3052  
Tel. No. 347 5385

**Mr. Bryan Leonard Durham**  
Personnel Director  
Philip Morris Limited  
252 Chesterville Road  
Moorabbin, Victoria  
Tel. No. (03) 556 0134

**Mr. Edward William Exell**  
Business Manager  
Catholic Archdiocese of  
Melbourne  
383 Albert Street  
East Melbourne 3002  
Tel. No. 667 0377

**Mrs. Fran Exell**

**Mr. Allan Farguhar**  
Personnel Manager  
Australian Guarantee Corp. Ltd.  
AGR House, 130 Phillip Street  
Sydney, NSW 20000  
Tel. No. (02) 234-1122

**Mr. Kenneth Andrew Finnin**  
State Manager Victoria  
Commonwealth Development Bank  
7th Floor, 367 Collin St.  
Melbourne, Australia  
Tel. No. 6164531

**Mrs. Finnin**

**Mr. John William Fletcher**  
Chief Executive  
Commonwealth Development Bank  
Box 2719 GPO Sydney NSW 2001  
Tel. No. 227 3497

**Mrs. Fletcher**

**Mr. Mike Garcia**  
Philippine Airlines Melbourne  
Tel. No. 626101

**Rev. Kevin Green**  
Superintendent  
Wesley Central Mission  
148 Lonsdale Street  
Melbourne

**Mr. Andrew Grummet**  
Partner  
Price Waterhouse  
215 Spring Street, Melbourne  
3000 Tel. No. 6666115

**Mr. Geoffrey Hallinan**  
First Asst. Secretary Dept.  
Technology and Commerce  
51 Allara St., Canberra City Act 2600  
Tel. No. (062) 76160

**Mr. Derek Hampson**  
The Hunger Project  
P.O. Box 2585W  
G.P.O.  
Melbourne 3001

**Mr. Michael Stephen Desmond Hanlon**  
President  
Victorian Employers' Federation  
21 Burwood Road, Hawthorn 3122  
Tel. No. (03) 810131

**Mr. Brian Healey**  
Chief Executive  
Nicholas Kiwi Ltd.  
610 Heatherton Rd. Clayton  
Tel. No. 5515311

**Mrs. Joan Healey**

**Mr. Henry Vernon Trafford Heath**  
Group Manager, Marketing  
Gas Fuel Corp. of Victoria  
171 Flinders St., Melbourne  
Tel. No. 652-4137

**Mr. Graham Henderson**  
Chief Financial Officer  
Asia Region  
Nicholas Kiwi Pty. Ltd.  
610 Heatherton Road  
Clayton Road  
Clayton South 3169

**Ms. Hinde (Rosemary)**  
Assistant General Manager  
Spoleto Festival of the Arts  
63 Kingway  
South Melbourne

**Rev. Angus Spooner Holmes**  
Principal  
Caulfield Grammar School  
217 Glen Eira Road  
East St. Kilda, Victoria 3183  
Tel. No. 528 6544

**Mr. Robert Honybun**  
Student  
16 Mary Street  
North Melbourne

**Mr. Ian Hore-Lacey**  
Principal Consultant  
Education & Training, CRA  
GPO Box 770 G, Melbourne  
Tel. No. 6040214

**Mr. Colin Hughes**  
Group Manager  
Corporate Development & Planning  
Nicholas Kiwi Pty. Ltd.  
610 Heatherton Road  
Clayton South 3169

**Mr. Tomohiro Ishiguro**  
General Manager  
Bank of Tokyo Australia Ltd.  
401 Collins Street  
Melbourne, Victoria 3000  
Tel. No. 610 6300

**Mrs. Kyoko Ishiguro**

**Sir Ronald Gordon Jackson**  
Chairman  
Australian Industry  
Development Corporation  
24th Floor Qantas International Centre  
18-30 Jamison Street, Sydney NSW 2000  
Tel. No. 232 6522

**Rev. Rod Jepson**  
Manager  
Human Resources Management  
Division ITIM  
Lonsdale Street, Melbourne

**Mr. Bruce Norman Kaye**  
Master of New College and Director  
The New College Institute  
New College, Anzac POE  
Kensington NSW 2035  
Tel. No. (02) 6978958

**Mr. Ian Knight**  
Governor  
Rotary District 980  
27 Doolan Street  
Werribee

**Mr. Will Knowles**  
Consulting Pastoral Supervisor  
ITIM  
358 Lonsdale Street  
Melbourne 3000

**Rev. Brian Kuchel**  
ITIM  
358 Lonsdale Street  
Melbourne

**Rev. Coralie Ling**  
Minister  
Uniting Church  
1150 Malvern Road  
Malvern

**Rev. Frank Little**  
Catholic Archbishop of Melbourne  
St. Patrick's Cathedral  
Melbourne 3002

**Mr. Brian Thorley Loton**  
Managing Director  
The Broken Hill Pty. Co. Ltd.  
GPO Box 86A, Melbourne 3001  
Tel. No. 609 3919

**Mrs. Loton**

**Mr. Kevin John Luscombe**  
Kevin Luscombe & Associates  
60 Stokes Street  
Port Melbourne  
Tel. No. 6452622

**Mr. Ian Macrow**  
Board Member  
Australian Wheat Board  
528 Lonsdale Street  
Melbourne  
Tel. No. 605-1555

**Mr. Geoffrey Ralph Madder**  
General Manager Finance  
ICI Australia Limited  
GPO Box 4311 Melbourne  
Tel. No. 665 7776

**Rev. Dr. Peter Marshall**  
Director, ITIM  
358 Lonsdale St., Melbourne  
Tel. No. 642 1366

**Mr. Geoff Maynard**  
Cad-Draft Consultants  
247 Hawthorn Road  
Caulfield North

**Ms. Elaine McKay**  
Consultant on Asian Affairs  
Centre for Asian Studies  
Monash University  
Tel. No. 565 4990

**Mr. Peter Mitchell**  
Senior Manager Business Development  
Commonwealth Bank of Australia  
367 Collins Street  
Melbourne Victoria  
Tel. No. 616 4338

**Mr. Barry and Mrs. Sue Morphet**  
Managing Director  
Morphet Press Pty. Ltd.  
c/o 46 George Street  
East Melbourne 3002

**Mr. Brian Morphet**  
Morphet Press Pty. Ltd.  
17-21 Carnish Road  
Oakleigh South

**Mr. Peter Murphy**  
Director of Asia  
Pacific Planning and Development  
Rothmands of Pall Mall  
(Australia), Limited  
26 Ferndell St.,  
South Granville NSW  
Tel. No. 681 8222

**Mr. Robert Nordlinger**  
Chairman  
Victorian Tourism Commission  
Building D, 10th Floor  
World Trade Centre  
Melbourne

**Mr. John O'Brien**  
Minenco Pty. Ltd.  
111 Coventry Street  
South Melbourne

**Mr. Michael Anthony O'Leary**  
Managing Director  
Manersley Iron Pty. Ltd.  
191 St. George's Terrace, Perth  
W.A. 6000  
Tel. No. 09-327 2563

**Ms. Janice Ong**  
Melbourne

**Mr. Roger Ong**  
Melbourne

**Dr. Owen Wilfred Parnaby**  
Rotary Club of Melbourne  
370 Alma Rd. Caulfold 3161  
Victoria, Australia  
Tel. No. 509 4220

**Mr. Richard George Payne**  
Managing Director  
Business Compensation Australia  
55 Wellington St., Windsor  
Victoria 3181  
Tel. No. (03) 5251488

**Most Rev. David Penman**  
Archbishop  
Anglican Diocese of Melbourne  
c/o ITIM  
358 Lonsdale Street  
Melbourne

**Mr. Hank Petrusma**  
M.L.C. Member for Hobart  
Parliament of Tasmania  
Managing Director  
Hank Petrusma Real Estate  
Parliament House, Hobart 7000  
Tel. No. 002 303069

**Mr. Murray Proctor**  
Manager, Thailand Program/AIDAB  
Derwent House  
Civic, Canberra

**Mr. John Theodore Ralph**  
Managing Director & Chief  
Executive  
CRA Limited  
55 Collins Street, Melbourne  
Tel. No. 6583314

**Mrs. Barbara Ralph**

**Mr. Keith Rattray-Wood**  
Julius Marlow Holdings Ltd.  
96 Herbert Street  
Northcote 3070

**Mr. Colin Ries**  
Julius Marlow Holdings Limited  
96 Herbert Street  
Northcote 3070

**Mr. Mark and Mrs. Anne Robertson**  
Managing Director  
Sallman Barrington & Laurence Ltd.  
Exhibition Street  
Melbourne

**Mr. Brian Charles Rowe**  
Past President  
Aust-Phil. Business  
Co-op. Committee  
Former General Manager,  
International Business BHP  
P.O. Box 181  
Malvern 3144

**Mr. John Bardsley Roseman**  
Chief Executive Officer  
Pacific Properties P/L  
13 Alexandra Avenue, South Yarra  
3141  
Tel. No. 2675916

**Mrs. Hilary Roseman**

**Rev. Adrian Scott**  
Manager  
Chaplaincy Division  
ITIM  
358 Lonsdale Street  
Melbourne

**Mr. Ron Seow**  
Dept. of Industry,  
Technology and Resources  
228 Victoria Parade  
East Melbourne

**Mr. Brian Sheehan**  
Head, School of Business  
Phillip Institute of Technology  
Alva Grove, Coburg, Victoria 3058  
Tel. No. 353 9105

**Ms. Deborah Smith**  
Director Acclimatise Consulting  
Suite 2 No. 295 Bladava  
9th Calford  
Tel. No. 2113046

**Mr. Ian Oswald Spicer A. M.**  
Executive Director  
Victorian Employers' Federation  
21 Burwood Road, Hawthorn 3122  
Tel. No. (03) 819 1311

**Fr. John Spillane**  
Parish Priest  
33 Fawkner Street  
West Essendon 3040

**Mr. Jim Stewart**  
Consultant, J.C. Stewart & Associates  
25 Gu Eno Avenue  
Frankston 3199

**Rev. Lawrence Edgar Styles**  
Chief Executive ITIM Research  
25 Carson St., Kew 3102  
Tel. No. 861 9749

**Ms. Margaret Taft**  
Wesley College  
577 St. Kilda Rd.  
Melbourne 3004  
Tel. No. 518694

**Ms. Kazuhiro Tawa**  
Director & Executive General Manager  
Mitsui & Co. (Australia) Ltd.  
140 William Street, Melbourne 3000  
Tel. No. 605 8801

**Ms. Kathryn Tayles**  
CRA Limited  
55 Collins St., Victoria 3000  
Tel. No. 6583441

**Mr. Jeffrey Teele**  
President/Director, Melbourne  
IBM Australia Limited  
211 Sturt Street, South Melbourne  
Tel. No. 6981636

**Mr. Peter Tierney**  
Frabar Pty. Ltd.  
5 Lydia Court  
Balwyn

**Dr. J. Tonazon**  
Foot & Associates  
101 Power Street  
Yarraville

**Mr. Walter Wilhelm**  
**Johannes Uhlenbruch**  
Chairman & Managing Director  
Hella Manufacturing Co. P/L  
P.O. Box 89, Mentone 3194  
Victoria  
Tel.No. (03) 581 9212

**Rev. Fred Wagstaff**  
Division Manager, Client  
Relations, ITIM  
16 Shaw St., Ashwood  
Victoria 3147  
Tel. No. 25-5678

**Mr. Peter James Walsh**  
Price Waterhouse  
504 Balcome Rd., Beaumanis  
Victoria 3193  
Tel. No. 589 5229

**Mr. Alan Weeks**  
Press Industrial Pioneer UK  
9 Glen Iris Road  
Camberwell 3124

**Mr. John Norman West**  
31 Tuxen St., North Balwyn  
Victoria  
Tel. No. 03 857 9078

**Mrs. Marjorie West**

**Mr. Robert James White**  
Director  
Westpac Banking Corporation  
C-27th Floor 60 Martin Place  
Sydney, N.S.W.  
Tel. No. 226 1674

**Mrs. Molly White**

**Mr. Kevin Bridgeford Williamson**  
Chief Manager & EVP  
Asia Pacific Region  
National Australia Bank Ltd.  
500 Bourke St., Melbourne  
Victoria 3000  
Tel. No. 605 3455

**Mr. Brian Wilson**  
Managing Director  
Minenco Pty. Limited  
111 Coventry Street,  
South Melbourne, Victoria 3205

**Mr. John Warwick Wislon**  
Regional Bishop  
Anglican Diocese of Melbourne  
c/o St. Paul's Cathedral, Flinders  
Lane, Melbourne 3000  
Tel. No. (03) 6534220

**Kenneth Wright**  
Head of Dept. of Administration & Law  
School of Business  
Philip Institute of Technology  
P.O. Box 179  
Coburg 3058

## **CANADA**

**Mr. Crawford Ewing Laing**  
President  
Cedar Investments Pty. Ltd.  
902 Kapilano, 100 Park Royal  
West Vancouver BC Canada  
Tel. No. (604) 926 7355

**Mrs. Sheila Laing**

## **HONGKONG**

**Fr. Joseph Carra**  
Chaplain, Raimondi College  
2 Robinson Road  
Hongkong  
Tel. No. 5-236670

**Mr. Li Kai Ming**  
Christian Association for  
Executives  
c/o Raimondi College  
2 Robinson Road  
Hongkong  
Tel. No. 5-236670

**Mr. Perry Kam Yuen Luk**  
Director  
W. I. Carr (Far East) Ltd.  
21st Floor, St. George's Bldg.  
Central, Hongkong  
Tel. No. 5-255361

**Mrs. Viola Luk**

## **INDIA**

**Mr. Karamjit Singh Bedi**  
Resident Representative  
Beta India Limited  
205 New Delhi House  
27 Brakhamba Road  
New Delhi 110001  
Tel. No. 3310810

**Mr. Ragunath Yeshant Gaitonde**  
Director  
Cormandel Leathers Pvt. Ltd.  
8A Vepery High Road  
Periamet, Madras-600 003  
Tel. No. 30901/30902

**Mr. Sateesh Jadhav**  
Marketing Manager  
Coromandel Leather Pvt. Ltd.  
8A Vepery High Road, Periamet  
Madras-600 003  
Tel. No. 30901/3092

**Dr. Ram Tarneja**  
Managing Director  
Bennet Coleman & Co. Ltd.  
Times of India Bldg.  
Dr. D. N. Road, Bombay-400 001  
Tel. No. 4150271

**Ms. Rani Tarneja**

**Ms. Ruma Tarneja**

## INDONESIA

**Mr. Theophilus Bela**  
Secretary of UNIAPAC Group  
Indonesia  
Jalan Kramat VI/33  
Jakarta 10430, Indonesia  
Tel. No. 358832

**Mr. R. G. Doeriat**  
President/Director  
PT Asuransi Ramayana  
J. L. Kebon Sirih 49  
Jakarta, Indonesia  
Tel. No. 337148

**Dr. Alfons F. Doodoh**  
Managing Director  
PT Neptune (E. S.) Ltd.  
12 J. L. Linlinling TG Priok  
Jakarta, Indonesia  
Tel. No. 493109

**Mr. Simon Claude Israel**  
Managing Director  
P. T. Kiwi, Indonesia  
Tel. No. 62-21-411308

**Mr. Indra Josepha**  
Human Resources Manager  
Salim Group  
Wisma BCA 10th Floor, KAV 22-23  
J1. Jend. Sudirman, Jakarta  
Tel. No. 5781002

**Mr. Charlo Mamora**  
General Manager  
PT Astra International Inc.  
J1. IR. H. Juanda No. 22, Jakarta Pusat  
Tel. No. 375008

**Mr. Franciscus Xaverius Minarta**  
Personnel Division Head  
Kompas Daily  
J1. Palmerah Selatan  
No. 26-28, Jakarta, Indonesia  
Tel. No. 543008

**Mr. Sopar Pandjaitan**  
Managing Director  
Pt. Pipa Mas Putih  
J1n. Kramat Asam Raya No. 1  
Jakarta 13120  
Tel. No. 8581562

**Tiolan Sopar**  
**Dr. Anugerah Pekerti**  
Director  
Institute for Management Educ.  
and Development  
J1. Menteng Raya 9  
Jakarta 10002, Indonesia  
Tel. No. 375309

**Angela Sutanto**  
**Mr. John A. Prasetyo**  
Managing Partner  
Drs Utomo & Co./Arthur  
Andersen & Co.  
Chase Plaza, 8th Floor  
J1. Jend. Sudirman Kav 21,  
Jakarta, Indonesia

**Dr. Frans Seda**  
Chairman  
Foundation of Atmajaya Catholic  
University  
J1. Jend. Sudirman 49 A  
Jakarta 12930  
Tel. No. 586491 586493

**Mr. Syonanto Wijaya**  
Deputy General Manager  
Pt Astra International Inc.  
J1. Ir. H. Juanda No. 22  
Jakarta Pusat  
Tel. No. 375008

## KOREA

**Dr. Thomas Hongson Han**  
Dean, College of Trade and Economics  
Hankuk University of  
Foreign Studies, Seoul, Korea  
Tel. No. 965-7001

## PHILIPPINES

**Mr. Fidel Abeleda Jr.**  
President  
Monte de Piedad & Savings Bank  
Plaza Sta. Cruz, Manila  
Tel. No. 46-17-73

**Mrs. Iluminacion Abeleda**

**Ms. Patricia Maria Araneta**  
Phil. Institute of Alternative  
Futures  
3/F Liberty Bldg. Pasay Road  
Makati, Metro Manila  
Tel. No. 85-11-10

**Mr. John Bower**  
President  
Nicholas Kiwi Phil. Inc.  
2287 Pasong Tamo Ext., Makati  
Metro Manila  
Tel. No. 818-06-16

**Atty. Jose Bengzon Jr.**  
Managing Partner  
Bengzon Zarraga  
Narciso Cudala Pecson  
Azcuna Law Office  
6/F, Sol Bldg.  
Amorsolo St., Legaspi Village  
Makati, Metro Manila  
Tel. No. 86-66-36

**Mrs. L. N. Bengzon**

**Hon. Jose Concepcion Jr.**  
Secretary  
Dept. of Trade and Industry  
4th Floor Industry & Investment  
Bldg., 385 G. Puyat Avenue  
Makati, Metro Manila  
Tel. No. 818-18-31 816-01-21

## MALAYSIA

**Tan Sri Dato Arshad Ayub**  
Chairman  
Bapema Trading Snd. Bhd.  
12th Floor UMBC Annexe  
P. O. Box 12028, 50766  
Kuala Lumpur, Malaysia

**Mr. William DeMyer**  
Director of Program, Southeast  
Asia U.S. International University  
770 Harvard St., Wack-Wack Village  
Mandaluyong, Metro Manila  
Tel. No. 79-16-81

**Mrs. Pacita DeMyer**

**Mr. Billy DeMyer**

**Mr. Rex Drilon II**  
President  
Philtranco Service Enterprises Inc.  
Edsa Corner Apelo Cruz Street  
Pasay City, Metro Manila  
Tel. No. 833-7180

**Mr. Ernesto Escaler**  
Chairman  
Bacnotan Consolidated Industries Inc.  
330 A Regina Building  
Escolta, Manila  
Tel. No. 40-58-20

**Atty. Ricardo Guevara**  
Chairman & President  
Maria Cristina Chemical  
Industries Inc.  
2nd Fl. Salamin Bldg.  
197 Salcedo Street  
Legaspi Village, Makati, Metro Manila  
Tel. No. 88-17-94

**Mrs. Amelita Guevara**

**Hon. Vicente Jayme**  
Secretary, Department of Finance  
Room 516 Central Bank Five-  
Storey Bldg., Central Bank  
of the Philippines  
Manila  
Tel. No. 59-52-62

**Mrs. Corazon Jayme**

**Mr. Maximo Kalaw Jr.**  
President  
Phil. Institute of Alternative  
Futures  
Haribon Foundation for the  
Conservation of Natural  
Resources  
3rd Floor Liberty Building  
Pasay Road, Makati  
Tel. No. 85-11-10

**Mr. Peter Nicolas Lee**  
President  
MESCO Inc.  
MESCO Bldg., Reliance St.  
corner Brixton St., Pasig  
Metro Manila  
Tel. No. 673-4301 810-7497

**Mrs. Mercedes Lee**

**Mrs. Ma. Teresa F. Nieva**  
Secretary General  
Asian Business Congress  
For Human Development  
Rm. 2 Caritas Bldg.  
Jesus Street, Pandacan  
Manila  
Tel. No. 521-78-31

**Dean Gaston Ortigas**

Dean  
Asian Institute of Management  
Paseo de Roxas, Makati  
Metro Manila  
Tel. No. 86-33-40

**Mr. Rogelio Salazar**  
President  
Paper Industries Corporation  
of the Philippines  
389 Sen. Gil Puyat Avenue  
Makati, Metro Manila  
Tel. No. 86-80-11

**Mr. Dante Santos**  
President/Chief Executive Officer  
Philippine Airlines  
PAL Building, Legaspi Village  
Makati, Metro Manila  
Tel. No. 810-9109

**Mrs. Henrietta Santos**

**Jaime Cardinal L. Sin**  
Archbishop of Manila  
438 Shaw Blvd. Mandaluyong  
Metro Manila  
Tel. No. 79-26-71

**Fr. Socrates Villegas**

**Mr. Luis Sison**  
Vice President  
Phil. Herbal Group  
No. 8 Balmori Street  
San Lorenzo Village, Makati  
Metro Manila  
Tel. No. 817-9999

**Ms. Patricia Sison**  
President  
Philippine Herbal Group  
No. 8 Balmori Street  
San Lorenzo Village  
Makati, Metro Manila  
Tel. No. 817-9999

**Commissioner Bienvenido Tan, Jr.**  
President  
Phil Business For Social Progress  
Apt. 3B Cordova Apartments  
Salcedo Village, Makati  
Metro Manila  
Tel. No. 818-2887

**Ms. Ma. Della Vera**  
Vice President  
Philippine Airlines  
PAL Bldg. 1, Legaspi St.  
Legaspi Village, Makati, Metro Manila  
Tel. No. 817-1720

## **SPAIN**

**Mr. Ignacio H. de Larramendi**  
Chairman  
Corporacion Mapfre  
Paseo De Recoletos  
25-28004 Madrid, Spain

**Mrs. Lourdes Martinez**

## **TAIWAN**

**Mr. Simon Lin**  
Associate Vice President  
602 Min Shen E. Road  
Taipei 10445  
Taiwan  
Tel. No. 02-7132252

**Mr. Phillip Chien-Min Wang**  
Director General  
Medium & Small Business  
Administration  
Ministry of Economic Affairs  
3/5, 658 Tun Hua St. Road  
Taipei, Taiwan  
Tel No. (02) 705-54-35

## **THAILAND**

**Mr. Suthi Ekahitanonda**  
Deputy Director  
The SASIN Graduate Institute  
of Business Administration  
of Chulalongkor University  
Vidyabathna Bldg. Soi  
Chulalongkorn 12  
Bangkok 10500, Thailand

**Dr. Chira Hongladarom**  
Executive Director, Human  
Resources Institute  
Thamasat University  
Bangkok, Thailand  
Tel. No. 223-8286

**Mr. Ekapop Setabandhu**  
CPAC- Monier Manager  
Siam Cement Co. Ltd.  
1 Siam Cement, Road  
Bangsue Dusit, Bangkok 10800  
Tel. No. 02-5864020-2

**Mr. Amaret Sila-On**  
Senior Vice President  
The Siam Cement Road, Bangsue  
Bangkok 10800  
Tel. No. (02)586-3800

**Mr. Chote Sophonpanich**  
Executive Director  
Bangkok Bank Ltd.  
333 Silom Road, Bangkok  
Tel. No. 234-3333

**Khunying Sasima Srivikorn**  
Managing Director  
Thailand Carpet Manufacturing Co.  
Srivikorn Bldg., 18/8 Sukhumvit  
21 (Asoke Rd.), Bangkok 101100  
Tel. No. 2580416-22

**Mr. Aviruth Wongbuddhapitak**  
Managing Director  
Thai Ceramic Co. Ltd.  
1 Siam Cement Road, Bangsue  
Bangkok 10800  
Tel. No. (02) 5872202

## ASIAN CONGRESS COUNCIL

**Hon. Vicente R. Jayme**  
Chairman, Asian Congress Council  
Secretary, Department of Finance  
Rm. 516, Central Bank Bldg.  
A. Mabini St., Malate, Manila  
Tel. No. 595-262

**Mr. Barry A. Counsel**  
Managing Director  
Australia-West Pacific Enterps.  
Pty. Ltd. ( Inc. In Vic )  
Level 13, Marland House  
570 Bourke street, Melbourne  
Victoria, Australia 3000  
Tel.No. (03) 670 8697  
(03) 419 5225

**Mr Perry Luk**  
President, Christian  
Association for Executives  
Director, W. I. Carr  
(Far East) Limited  
c/o Raimondi College  
2, Robinson Road, Hongkong  
Tel.No. 522 5741

**Dr. Jagdish Parikh**  
Managing Director  
Lee & Muirhead (India) Pty. Ltd.  
12 K Dubash Marg  
Bombay 400 001, India  
Tel.No. 244-420/ 812 3740

**Dr. Frans Seda**  
Chairman  
Foundation of Atmajaya Catholic  
University  
J1. Jend. Sudirman 49 A  
Jakarta 12930, Indonesia  
Tel. No. 586-491 / 586-493

**Mr. Lee Kwan Jin**  
Chairman  
Catholic Businessmen's  
Assn. of Korea  
Rm.#707, Catholic Center  
1, 2-Ga, Myong Dong,  
Choong Gu, Seoul, Korea  
Tel.No. 755 7076  
(032) 524 1531

**Hon. Jose S. Concepcion Jr.**  
Secretary  
Department of Trade &  
Industry  
DTI-BOI Bldg.  
Sen. Gil Puyat Ave., Ext.  
Makati, Metro Manila, Philippines  
Tel. No. 818-4561 / 816-0121

**Mr. Ernesto O. Escaler**  
Treasurer  
Asian Business Council  
Chairman  
Bacnotan Cons.Industries, Inc  
330 A. Regina Bldg.  
Escolta, Manila, Philippines  
Tel. No. 405-820 / 491-701

**Khunying Sasima Srivikorn**  
Managing Director  
Thailand Mfg. Co. Ltd.  
Srivikorn Bldg.  
18/8 Sukhumvit 21 (Asoke Rd.)  
Bangkok 1010, Thailand  
Tel. No. 258-0416 to 22

**Mrs. Ma. Teresa F. Nieva**  
Secretary General  
Asian Congress Council  
Rm. 2, Caritas Bldg., Jesus St.  
Pandacan, Manila, Philippines  
Tel.No. 521-7831 / 582-201

## THE HOSTING COMMITTEE

Under the patronage of  
His Excellency the Right Honourable  
**Sir Ninian Stephen**  
AK, GCMG, GCVO, KBE  
Governor-General of the Commonwealth of Australia  
Government House, Canberra Act. 2600, Australia

**Mr. John Ralph - CHAIRMAN**  
Managing Director and Chief Executive Officer  
CRA Limited  
55 Collins St., Melbourne, Vic. 3000

### MEMBERS

**Mr. Will Bailey**  
Group Managing Director &  
Chief Executive Officer  
Australia & New Zealand Banking  
Group Limited  
55 Collins St., Melbourne  
Vic. 3000

**Mr. Ian Burgess**  
Executive Director  
C S R Pty. Limited  
1 O'Connell Street  
Sydney, N.S.W. 2000

**Sir Bernard Callinan**  
A.C., C.B.E., D.S.O., M.C.  
111 Sackville Street  
Kew, Victoria 3101

**Sir Rupert Clarke**  
Bt. M.B.E.  
22nd Floor, 500 Bourke St.  
Melbourne, Victoria 3000

**Mr. Barry Counsel**  
Managing Director  
Julius Marlow Holdings Ltd.  
96 Herbert St., Northcote  
Vic. 3070

**Mr. John D' Arcy**  
Chairman & Ceo  
The Herald & Weekly Times Ltd.  
44-77 Flinders Street  
Melbourne 3000

**Mr. E. Eugene Falk**  
Chairman  
Coal Corporation  
136 Exhibition Street  
Melbourne, Vic. 3000

**Mr. Kevan Gosper, A.O.**  
Chairman and Chief Exec.  
The Shell Company of Australia Ltd.  
155 William St., Clovelly Park  
S.A. 5042

**Mr. John Gough**  
Managing Director  
Pacific Dunlop Ltd.  
500 Bourke Street  
Melbourne, Vic. 3000

**Mr. Brian Healey**  
Group Chief Executive  
Nicholas Kiwi Pty. Ltd.  
610 Heartherton Road  
Clayton South 3169

**Sir Charles Court**  
A.K., K.C.M.G., O.B.E.  
4th Flr., Perpetual Trust Bldg.  
89 St. George's Terrace  
Perth, W.A. 6000

**Mr. Denis Horgan**  
Chairman  
Barrack House Group Pty.  
284 St. George's Terrace  
Perth, W. A. 6000

**Sir Gordon Jackson**  
24th Flr., Qantas International  
18-30 Jamison Street  
Sydney N.S.W. 2000  
c/o Parliament House  
Hobart, Tas. 7000

**The Hon. H. Petrusma**  
M L C  
Member for Hobart  
Legislative Council  
c/o Parliament House

**Mr. J. B. Leslie, A.O., M.C.**  
Chairman  
Qantas Airways Limited  
International Square  
Sydney, N.S.W. 3000

**Mr. Graham Spurling**  
Managing Director  
Mitsubishi Motors Aust. Ltd.  
1284 South Road  
Clovelly Park, S.A. 5042

**Mr. Brian Loton**  
Managing Director &  
Chief Exec. Officer  
Broken Hill Proprietary Co., Ltd.  
140 William St., Melbourne  
Victoria. 3000

**Mr. Bob White, AO**  
Managing Director  
Westpac Banking Corporation  
60 Martin Place  
Sydney, N.S.W. 2000

**Mr. Kevin Luscombe**  
c/o Kevin Luscombe &  
Associates  
55 Stokes St., Port  
Melbourne, Vic. 3207

**Mr. Malcolm Overland**  
Director, International Operations  
Confederation of Australian Industry  
P.O. Box E14  
Queen Victoria Terrace  
A.C.T. 2600

**Mr. R. H. Overland**  
Chairman  
Totalizator Agency Board  
1 Queen Road, Melbourne  
Vic. 3000

**Dr. Owen Parnaby**  
President-Elect  
Rotary Club of Melbourne  
c/o Alma Road  
Caulfield, vic. 3162

## AUSTRALIA ORGANIZING COMMITTEE

### CHAIRMAN

**B. Counsel**, Managing Director  
Julius Marlow Holding Limited  
966 Herbert Street, Northcote 3070

### MEMBERS

**P.J. Walsh**, Principal Consultant  
P.A. Management Consultants  
South Melbourne

**John West**, Ex-Director  
John Holland ( Engineering) P/L

**Ian Hore-Lacey**, Principal Consultant  
Corporate Relations, C.R.A.

**Brian E. Gleeson**, General Manager  
Marketing Royal Insurance Australia Ltd.,  
400 Collins Street, Melbourne, 3000

**Geoff R. Madder**, Treasurer  
ICI Australia Operations Pty. Ltd.  
ICI House, 1 Nicholson Street, Melbourne 3002

**R.J. Brady**, General Manager  
Communication and Information Service  
Bowater-Scott Limited – Ailsa Street, Box Hill 3128

**Rev/Dr. Peter Marshall**, Director  
Inter-Church Trade and Industry Mission  
P.O. Box 1868 R Victoria 3001

**William A. Osborne**, Director  
William A. Osborne Management Pty. Ltd.  
48 Male St., Brighton, Victoria 3186

**Geoff Cox**, formerly Chief Executive  
Minet Australia Limited

### SECRETARY

**John B. Roseman**, Chief Executive Officer  
Pacific Properties Pty. Ltd  
13 Alexander Avenue  
South Yarra 3141  
Tel. No.(03) 267 5916

## PHILIPPINE ORGANIZING COMMITTEE

**Hon. Vicente R. Jayme**  
Chairman, Asian Congress Council  
Secretary, Department of Finance  
Rm. 516, Central Bank Bldg.  
A. Mabini St., Malate, Manila  
Tel. No. 595-262

**Mr. Ernesto M. Aboitiz**  
President  
National Power Corporation  
2/F, NPC Bldg. 1  
Quezon Avenue cor. Agham Road  
Diliman, Quezon City  
Tel. No. 921-2998 / 921-3541 to 47

**Mrs. Conchita L. de Benitez**  
President  
Manila Building & Loan Association  
7/F, Elena Apartments  
612 Romero Salas St.  
Ermita, Manila  
Tel. No. 500-416 / 500-401

**Undersecretary Raul A. Boncan**  
Department of Trade & Industry  
DTI Bldg., Sen. Gil Puyat Ave. Ext.  
Makati, Metro Manila  
Tel. No. 818-7074

**Hon. Jose S. Concepcion, Jr.**  
Secretary  
Department of Trade & Industry  
DTI Bldg., Sen. Gil Puyat Ave. Ext.  
Makati, Metro Manila  
Tel. No. 818-4561 / 816-0121

**Mr. Ernesto O. Escaler**  
Treasurer, Asian Congress Council  
Chairman, Bacnotan Consolidated  
Industries, Inc.  
330 A. Regina Bldg., Escolta, Manila  
Tel. No. 405-820 / 491-701

**Atty. Ricardo J. Romulo**  
Senior Partner  
Romulo, Mabanta, Buenaventura, Sayoc,  
and delos Angeles  
Attorneys-at-Law  
4/F, Kings Court Bldg., Pasong Tamo  
Makati, Metro Manila  
Tel. No. 865-061

**Mr. Victor A. Lim**  
President  
Plastic Group (Phils.), Inc.  
4/F, P.S. Bank Bldg.  
Ayala Avenue, Makati  
Tel. No. 853-544 / 817-9970

**Mr. Felix K. Maramba, Jr.**  
Vice President & Director  
Liberty Flour Mills, Inc.  
Liberty Bldg., Pasay Road  
Makati, Metro Manila  
Tel. No. 865-011 / 861-345

**Mr. Christian S. Monsod**  
National Co-Chairman  
Bishops-Businessmen's Conference  
for Human Development  
Chairman, ACE Container Phils, Inc.  
PCIB Bldg., Tower I  
Makati Avenue, Makati  
Tel. No. 817-1021 / 818-3957

**Mr. Rizalino Navarro**  
Chairman  
Sycip, Gorres, Velayo & Co.  
SGV Bldg., Ayala Avenue  
Makati, Metro Manila  
Tel. No. 819-3011

**Dean Gaston Z. Ortigas**  
Asian Institute of Management  
Paseo de Roxas, Makati  
Metro Manila  
Tel. No. 874-011

**Mr. Dante G. Santos**  
President  
Philippine Air Lines, Inc.  
PAL Bldg., Legaspi St.  
Legaspi Village, Makati  
Tel. No. 818-0111 / 810-9109

**Mrs. Ma. Teresa F. Nieva**  
Secretary General  
Asian Business Congress  
for Human Development  
Rm. 2, Caritas Bldg., Jesus St.  
Pandacan, Manila  
Tel. No. 521-7831 / 582-201

**Ms. Fely S. Aparis**  
Project Assistant  
Asian Business Congress  
for Human Development  
Rm. 2, Caritas Bldg., Jesus St.  
Pandacan, Manila  
Tel. No. 521-7831 / 582-201