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Mahathir-Management

BE BOLD ENOUGH TO CHANGE, MAHATHIR TELLS MALAYSIAN MANAGERS

(EMBARGO: For release after 11 p.m. tonight)

KUALA LUMPUR, May 27 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir

Mohamad said today Malaysian managers must dare to change to achieve progress.

"To progress, we must not only dare to change but to be prudently adventurous," he said at the Harvard Club of Malaysia dinner here.

Malaysian managers were too fond of staying within Malaysia's well defined area of expertise, Dr Mahathir said in his talk on the theme "The Management Philosophy For Malaysia."

He added: "They like doing what they have always been doing, perhaps, on a bigger scale. They like to do what other Malaysians are doing."

"Just as the prospective Malay shopkeeper would open a 'kedai kopi' after others have already opened several in a particular location, the Malaysian managers would go into properties because others are doing so."

Dr Mahathir said Malaysian managers would venture into a business only when it was no longer adventurous; they would leave new business for others to start. -- more

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Urging Malaysian managers to change, he said they were capable of making good at new and unfamiliar businesses if they practised good responsible management and the managers and owners of companies played their role accordingly.

"Be prudent by all means, but be adventurous also," he added.

Dr Mahathir also said the time had come for Malaysia's industrialisation process to be more Malaysian-initiated.

He added: "Our workers have already proven their ability to acquire new skills in the industries started by foreigners. Surely our entrepreneurs and managers are as capable of acquiring the skills needed to venture into new areas of businesses particularly manufacturing."

Dr Mahathir said the management philosophy for Malaysia should place stronger emphasis on the role of owners, that is, the shareholders.

"Business is not a profession to be left entirely to the professionals," he added.

While the professionals should ensure proper administration by keeping abreast with up-to-date management techniques, being innovative and capable of handling people, they must accept that the shareholders had a bigger say in the management, he said. -- more

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"Professional managers may stand to lose if a company fails, but it is not what they had put in but what they had been given. On the other hand owners will lose all that they had put in," he said.

Dr Mahathir also made comparisons between the Western and the Japanese business systems which, he said, had given low emphasis on the role of shareholders and high prominence to the chief executive officers (CEOs), professionals and managers.

In the United States, he said, professional executives and managers had come to be regarded as so important that the shareholders, even substantial shareholders, had lost almost totally their influence and role in the company.

Dr Mahathir said: "Power corrupts: The powerful CEOs in the US and other western countries are no exception. And so we find that by 1993, most US CEOs make about 150 times the average salary in his company. In 1974, it was only 34 times.

"The CEO of Walt Disney took in US\$203 million in 1993, about one half million US dollars a day. The CEO of Travellers came in second with US\$53 million. -- more

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"The record went to junk bond dealer Michael Milken who took home US\$550 million in pay. You all know where he ended."

Dr Mahathir said although the Japanese also regarded their shareholders as irrelevant, a different culture prevailed in their corporations.

"CEOs and executives are not highly paid. Instead, they are long on company loyalty, regarding the success of their corporations as a matter of personal responsibility of all the executives and employees," he added.

Despite relegating shareholders to the background and treating them as irrelevant like the American companies, Japanese corporations managed to expand and compete successfully with their foreign rivals, he said. --

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