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`Entrepreneurs must recognise and harness opportunities'

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KUALA LUMPUR, Wed. - Entrepreneurs will succeed if they not only recognise opportunities but know how to translate them into profitable businesses, Prime Minister Datuk Seri Dr Mahathir Mohamad said.

"Entrepreneurs must know the environment in which they will be operating. I am quite sure out of this turmoil (economic problems), there will emerge opportunities for entrepreneurship."

The Prime Minister said this today in his address officiating the Young Entrepreneurs' Organisation's Second Asia Pacific Conference at the J.W. Marriot hotel in Jalan Bukit Bintang.

His speech was read by Entrepreneur Development Minister Datuk Mustapa Mohamed who officiated the three-day conference, themed Global Perspectives: Asian Aspirations, on the Prime Minister's behalf.

Describing the theme of the conference as timely and appropriate considering the economic, political and management challenges posed by globalisation in the wake of the economic downturn in East Asia, Dr Mahathir said Asia was wrestling with an economic problem unprecedented in its history.

"Asia's positive fundamentals - historically high rates of growth resulting from vibrant and expanding economies, high savings and exports were recognised by the international community.

"The region was praised for its sound macro-economic policies and management which few other countries could emulate," the Prime Minister said.

Then suddenly, he added, the words of praise stopped and were replaced by condemnation of their mismanagement, corruption, nepotism, lack of transparency and a host of other administrative misdemeanours.

"Together with this about-turn came what is described as a loss of confidence on the part of the so-called market forces, the foreign short-term investors.

"Capital was pulled precipitately out of these emerging markets and the currencies sold down. The result was a massive loss of wealth."

Currency devaluation, the Prime Minister added had pushed back the country 20-25 years when the nations' per capita was around US\$2,500.

"Malaysia's per capita income before devaluation was US\$5,000."

But, he added, the loss due to the fall in stock prices when investors sold off their shares and took out the money from the country was even more.

"Malaysia had the biggest stock market in Southeast Asia, capitalised at about RM900 billion."

Quoting present currency exchange rates, the Prime Minister said market capitalisation was US\$118 billion (RM448 billion), only 30 per cent of what it was before.

"We have lost US\$242 billion ... if you add devaluation loss to market capitalisation loss, the total loss is about US\$290 billion.

"This is a real loss of wealth accumulated over 40 years of hard work, development.

"Wealth belonging to the country and its people ... we lost it in less than six months," he said.

Emphasising that the world was undergoing radical changes, the Prime Minister said information technology was not the only technology changing the world in which "we do business but also the philosophy that the

shrinking world is spawning and developing."

Saying that naked capitalism had made a comeback after the fall of communism and socialism, the Prime Minister said the present economic market would not be free for everyone.

"It is going to be the arena for a 'winner takes all' competition ... the biggest and the most efficient will push out not just the corrupt but also those who are smaller and less equipped.

"We see this in banking ... mergers and acquisitions are intended to create banking giants which can dominate the industry.

"Globalisation and liberalisation are translated into absolute freedom to dominate worldwide. Competition will only be between the few giants."

Entrepreneurs, the Prime Minister said, must look for a niche for themselves in this new economic order.

"While small enterprises may no longer be available, the smart among them will surely find something in the world of electronic commerce which will lend itself to exploitation.

"Those wanting to remain in business must be truly enterprising ... always thinking of new ideas of doing business and presenting them," he said.

"Knowing what is or will be around you is very important in deciding what enterprise to undertake and how to ensure the success of the enterprise."

On Malaysia's Multimedia Super Corridor, Dr Mahathir said while the big players and established multimedia companies would be able to make use of the facilities, there was also ample room for the small entrepreneurs to make use of the numerous opportunities for software, contents and supporting products to be developed.

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