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Firms told to focus on core areas

CORPORATES must be prepared to divest marginal businesses and stick to those in which they are strong by continuing to add value until they are recognised as niche players, says Tan Sri Francis Yeoh Sock Ping.

"Now that the economic shoe has dropped, corporates need to show leadership by taking bold steps to intensify their core business activities, focusing on those areas they do best.

"There must be acceptance among corporates that Malaysia is currently experiencing a recession that affects all gamut of economic activities," he said.

He was presenting a paper on Managing The Asian Financial Crisis - What Malaysian Companies Should Do To Cope With The Crisis, on the the final day of the International Conference on Managing the Asian Financial Crisis: Lessons and Challenges, in Kuala Lumpur yesterday.

He said corporates must strive for efficient financing and cost productivity.

"The cost of financing is a major component of infrastructure project investment, and a strong balance sheet is an essential precursor to achieving long-term competitive financing arrangement.

"In pursuing cost reduction programmes and enhanced productivity, it is opportune to take advantage of the current downturn to drive down input costs at each stage of the process."

According to Yeoh, a company has two constituencies which it must satisfy - customers who provide the basis for its existence through their patronage, and shareholders who invest to create its existence and growth.

"Company staff must be inculcated with a culture of excellence, with the right attitude and motivation to provide customers with the best quality product at competitive prices.

"Regarding investor relations, management must respect minority shareholders' rights in calling for total transparency, which underlines strong corporate governance, with timely release of corporate news that communicates clear information."

Yeoh also said companies must assume the role of good corporate citizens and be responsible for the well-being of society at large.

He said in line with Prime Minister Datuk Seri Dr Mahathir Mohamad's call for a smart partnership between the private and government sectors, it would be fundamental for companies' long-term goals and objectives to be aligned with those of the nation.

"In doing so, companies will conduct their business in accordance with the national development plans and will grow in tandem with the country as the economy recovers."

Meanwhile, Yeoh noted that the selective currency exchange rate control is aimed at regaining control of the economy, so that the destiny of managing its economic future becomes a matter of choice instead of one of chance.

"With these measures in place, the Government can begin to pump prime the economy through deficit financing of infrastructure projects so as to counter the adverse effect of lower foreign capital inflows," he said.

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