

**SPEECH BY
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AT THE C.E.O. OF THE YEAR 2000 AWARDS CEREMONY
AT SHERATON IMPERIAL HOTEL, KUALA LUMPUR
6 NOVEMBER 2001**

First of all, I would like to congratulate American Express and Business Times for organising the Chief Executive Officer Of The Year award. This award recognises outstanding entrepreneurial and managerial expertise among Malaysian corporate leaders. I would also like to thank the organisers for having invited me once again to present this prestigious award.

2. How many times over the centuries have leaders, thinkers and philosophers paused, and said, "these are challenging times". Countless times. History is replete with occasions when man has puzzled, despaired at, and inevitably, overcome the obstacles of their most demanding times.

3. Today, at the risk of lifting what others have said, I have to repeat that same phrase: "these are challenging times". As I speak, a war rages in Afghanistan. The Palestinian crisis shows no sign of abating. The world's largest economy, the United States, is spiraling into recession, even as the second largest economy, Japan, still struggles to find its feet after more than a decade of slump and decline. In the aftermath of the September 11 attack on the World Trade Centre, we see tensions between muslims and non- muslims alike.

4. These are troubled times and these are, indeed, challenging times. The attack on the World Trade Centre is something the entire sane world wishes had never happened. But it did. In its wake, it left a gloominess that has cast a shadow on stock markets and economies all around the world. In Malaysia, we were just recovering from the throes of the 1997 Asian financial crisis, when in one fell swoop, we were again affected by events half a world away.

5. The Asian financial crisis saw us experience severe difficulties. Thus, the businesses that survived, and those which have bounced back, are testimony to the true grit of our entrepreneurs and chief executives, to our tough and resilient workforce, and to a government which went against the odds to introduce policies spurned and scorned by conventional wisdom.

6. But the coming months will pose another great challenge to our country, and to the businesses operating here. Once again, we are called upon to exercise prudent measures to ensure our survival in a globalised world, where interdependence and openness mean that we are not insulated from events beyond our shores.

7. The C.E.O.s of today face a multitude of new challenges and risks. As we saw in 1997 and in the years that followed, the ability to identify opportunities and to capitalise on them is something that will separate future leaders from mere survivors.

8. The dramatic changes in the macroeconomic environment have led to drastic changes in the business "rules of the game". In the past, labour was scarce and capital was easily available.

9. Now, the reverse is true. the price of capital has risen dramatically and traditional capital sources - bank lending and equity markets - have been severely curtailed at both international and local levels because of the events I mentioned earlier.

10. As a result, any strategic plan developed pre- crisis is rendered obsolete. The C.E.O.'s job has instantly become more complex and riskier than ever before. How the C.E.O.s respond to these challenges will determine who emerges strong and who simply fades away into oblivion.

11. To be leaders, C.E.O.s must develop a new set of comprehensive strategies that will enable them to respond to the crisis, and to capitalise on the crisis- generated opportunities. Using a narrow, tactical- response plan will be limiting at best, and at worst, tempting bankruptcy.

12. The importance of leadership in the corporate world cannot be stressed enough, particularly in troubled times. Mere operational management from the C.E.O., or the use of coercive power will not do. The C.E.O. must shape the company's organisational and strategic vision, while communicating and reinforcing its corporate values. The C.E.O. must develop his or her people - encouraging, teaching, and setting an example for others to follow, while shaping the careers of his or her staff. At the same time as focusing on profit growth, competitive positioning and high quality standards, the C.E.O. must motivate and inspire his or her workforce to perform and excel. There is no doubt that this is an arduous task, but the C.E.O.s must rise to the challenge and deliver.

13. I would also like to emphasise the importance of professional management in our companies. There is strong merit in separating ownership from management, much in the same way that MRCB Berhad and UEM Berhad are now structured. We need a new breed of managers - young, energetic, clean, professional, qualified and without vested interest - to move us forward.

14. I am told that Nobel Laureate Milton Friedman once said that the "one and only social responsibility of business is to increase profits so long as it stays within the rules of the game".

15. Others believe that the corporation must be more than just a human invention for the creation of profit. A more centrist, if pragmatic view, holds that acting in a socially responsible manner benefits the firm economically in the long run - especially if one adds up the potential costs of not complying with society's preferences.

16. There is growing evidence in support of this latter view, a fact that has far-reaching implications for C.E.O.s. How should Malaysian companies deal with the demands for greater social responsibility? At a time when many companies are focusing just on survival, is corporate social performance a realistic concern? How can companies achieve their economic objectives, while contributing to the social development of the societies in which they operate?

17. Let me say that social responsibility begins with a strong, competitive company. Only strong companies pay taxes, build world-class facilities that meet safety and environmental standards, and reinvest in people. Healthy companies provide good and secure jobs that give employees the time, the spirit, and the resources to give

back to their communities a thousand- fold.

18. Weak or ailing companies are often liabilities to a community. They have little or no profits, and pay little, if any, taxes. They are tempted to take short cuts to save a ringgit, investing next to nothing on the development of their employees. In addition, the constant fear of lay-offs in the company breeds insecurity and fear in employees. In this case, there will be little time or willingness to contribute back to society.

19. That is why a C.E.O.'s primary social responsibility must be to make sure that the company is successful. i believe everything else that is good will follow suit.

20. I was asked by the organisers to speak briefly. I am sure I have exceeded the stipulated time. But before I close, let me once again say that in these challenging times, all Malaysians, and not just C.E.O.s, have a role to play in being constructive and prudent, while seeking out opportunities to remain productive and competitive. We have been through difficult times before. We have overcome the challenges by persevering and being united. We shall succeed again.

21. Finally, I would like to congratulate the winner of the award. You have shown excellence and have set new standards for management in Malaysia. I hope you will continue to be dedicated and innovative in the pursuit of your goals.

Thank you.