

Asia as the New Master of the Business Universe

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Abstract

The global power has shifted from the West to the East. Currently, the main assets or investments for the future should be on education and value added skills, and universities must be well equipped to produce graduates with these qualities. Asia must rise to the current challenge to be leader of the world's economy and take advantage of three main pillars of globalisation: the movement of 'product and services', 'money', and 'people'. In Asia, two notable aspects which hinder the full potential of globalisation

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are free trade protective policies and corruption. Despite the obvious future dominance of Asia economically, globalisation efforts should be directed towards achieving worldwide equality in terms of economy and cultural dominance. Asians must be willing to learn and ask questions, all of which benefit themselves, employers and businesses. In the journey to success, one should hold firmly on the integrity and have the willingness to include and guide others to achieve the same goal.

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THE SPEECH CONTENT

Business Nodes

Over 100 years ago businesses tended to cluster around *transportation*: the ports, the rivers, the railways and the roads. Wherever goods were in demand at the marketplace, people worked to produce them. To sell these goods there appeared entrepreneurs and businessmen. After the Second World War, and for the next fifty years, businesses had actually started to cluster around the *areas of manufacturing*. These areas were the main source of employment. In the 21st century, business is clustered anywhere you can grow, develop, exploit and transfer *knowledge*. *Knowledge will be the universal currency of the 21st century* and that is why I get involved with the universities. This was why they asked me to be the chairman and fellow of business schools. It is because I understood that the major currency for the next hundred years is knowledge, and *business will find its new home which is clustering around knowledge*. In short, I believe that *education is the greatest asset and investment that one could have for the future*.

Business and Politics Quandary

I do not believe that politics and business gel well together. In the UK, I declined to side any political party even when I was working for the Government. The Prime Minister, Gordon Brown, said to me, "I want you to do the job of promoting business around the world". I replied, "On two conditions". The first condition, "I won't join the party, don't take it personal and I will not join the other party either". *I don't believe that business and party politics go together*. To me, *party politics is about how you spend money and business is about how you earn it*. You cannot spend money until

you have earned it. My second condition was “I need 18 months before taking up the offer, because I need time to prepare, I want to be neutral and I don’t want to have a political career”. I am in business, skills, education and internationalisation for earning and living. So I took up the job and travelled to 45 countries overseas in 15 months. During that period I had learnt so much about globalisation.

Globalisation

Everyone talks about globalisation – journalists, businessmen, politicians, teachers, vice chancellors, judges and everyone. What is globalisation and are we prepared for it? There are *three main pillars of globalisation*. These are *the movement of ‘product and services’, ‘money’, and ‘people’* around the world.

The movement of product and services

The first pillar of globalisation is the movement of product and services. In the movement and recruitment of people as well as the selling, the purchasing and the production of goods and services around the world, *the producers have choices to buy and to sell*. They can buy what they want and decide how they want it through the *internet*. They can buy and sell whenever and wherever they want to. The production and the provision of goods and services have never been more and easier than now. They also can *choose where they want to go* and they go to places where the *transportation is easy, the regulation is light, the taxation rate allows them to keep more money* and places with *easy access and availability to skilled workforce*.

Growth provides enormous opportunity because the developed places become hubs: whether it is Kuwait, Saudi, Bahrain, Qatar, Abu Dhabi or Dubai. If it is Bahrain, it will be trading. If it is Abu Dhabi, it will be huge investment in peaceful nuclear energy. If it is Oman, it will be transport. If it is Dubai, it will be tourism, leisure and aircraft. If you think about it, all those mean one thing. *You can buy one thing from one place and sell it to another place*. The doors of trading are opened. But, to add value to this trading you must have the right skill.

The movement of money

The second pillar of globalisation is that we have witnessed the greatest *capital flow* ever in the human history. The movement of money is not just *between people*, but also *between companies and nations*, investing for greater return. They move the money so quickly, at the press of a button. This has

never happened in the history of the planet and is now intensifying all the time. So how do we make sure we keep the companies and that they do not move elsewhere? How do we make sure that other countries do not take their money out so quickly? We have to constantly keep this in mind. We need to provide a safe home for other people to invest in. The refurbishment of the Lim Goh Tong Lecture Hall is an expression of your intention to keep business here.

The movement of people

The third pillar of globalisation is the greatest *migration of people* that we have ever seen. The mobility of human beings is rooted in the *desire for a better life*. People with skill, will go somewhere else in order to make more money, to enjoy greater economic and psychological freedom. They are marketable. Globalisation will give them a better chance that their parents never had. You will be in the driving seat as long as you have *marketable skills*. At the dinner table last Monday, I had the privilege of sitting next to the Malaysian Deputy Prime Minister. He mentioned that he is an alumnus of this university. With regard to the movement of people, he said that *it is a great challenge to attract people, to get Malaysians around the world to come home so that they can build a value added Malaysia in the 21st century*.

The benefits of globalisation

There is so much the West could do with the immense market of the East. What is so good about business is *countries trade with each other*. They *make money out of each other* and they are then *unlikely to go to war with each other* simply because they have so much to lose. Children and young people work in developing their skills, as they understand that these are their commodity, these are their destiny. They come from all walks of political origins, and eventually they are all equal. *They quickly develop their skill and look for creative work. Creative work is traded as equal*.

We do not provide cure for medical ailments, but *we give people hope*. *We build the second world where people stop killing each other for an obvious reason: trade*. They must gain and that is the power of business. I go down my knees to the politicians around the world and say *"Open it up, lay it up, if you don't, do make the rules because not all businessmen are perfect"*. We do businesses everywhere, innovate and exploit. Globalisation is a race and there are a lot of countries at the start of this race: South Africa, Nigeria, America, Canada, Australia, China, India, Japan and all the countries in the European Union. Of all these countries perhaps the UK is the prime example of a globalised economy.

UK: Prime Example of Open Market

If a nation does not provide attractive environment and facilities in this century, it will not succeed. If you look at the United Kingdom, we have reputations, enormous open market and we are proud to say this everywhere. We have faults in many ways. But again I must say the UK is a very good example of a country which fits in the globalisation world, making things and providing goods and services, for the world. Personally, I don't care at all about someone's colour of skin. I don't care if I can't pronounce their names. All of them are welcome in my country. These people bring their money, their expertise, their understanding of risk, their hard work and they can make as much money as they want for themselves, employ lots of people, pay their taxes and make the UK better around the world. There are very few in the developed worlds that do what we do.

When I am talking to you, there is an airbus flying from Kuala Lumpur to Beijing. There is another airbus flying from Chicago to Los Angeles. There is another one flying from Cape Town to Johannesburg. *Half of every airbus that has ever been made is made in my country.* The French are also participating in manufacturing a substantial part of the plane. This is one of the finest examples of the essence of globalisation.

The services have improved and I am proud of the challenges that we have heard about *internationalisation of HSBC*. It is really currently *a world bank*. Last year the bank paid the UK treasury £4.3 billion in corporation tax.

What about America, the rest of Europe and Russia?

Let's start with Uncle Sam (the USA), 300 million people, *and the most powerful nation literally on earth and still the biggest economy both in absolute terms and capital.* Well they have got challenges that they never had before. You see in every recession, every crisis be it of the 20th century, from 1926, it was America in the lead. *Never underestimate their power of innovation; never underestimate their capability to take risks and work hard.* But, it is different this time, because American economic power is contested by other countries. *America is going to have to get used to sharing the top table.* It is not going to fall off the top table as yet, but it is being challenged for its place.

How does America engage with Asia? Does it realise that it has got close company at the top table? Does it realise that military power does not work as effectively any longer? *It is no longer about having more tanks, planes and ships than anybody else, because the people they are trying to fight do not fight the same way.* They are going to fight in the jungle, in the streets, the desert and they are going to hit and run.

Let's go to the European Union which has 27 countries. *The European Union has given its members peace.* The likelihood of them going back to war again is very low and this is the most wonderful achievement. It is important to provide 520 million people with peace, sustainability and opportunity in the 21st century. However, *it is a great challenge to provide for the people in the developed world where they are used to not working so hard and to retire early.* How do you change their mind-set to accept the challenges of the 21st century? I care enormously about whether or not the European Union uses the platform of globalisation. We are sophisticated consumers with great connections around the world. Why can't we turn that to our advantage and take the chances? What I admire about Asians is *if you guys see another country doing well, you say that you are going to be like that too.*

If we go further east, Russia is a huge provider of oil and gas. However its 20 million people, who dwell in the resources producing areas, do not experience the benefit of such lucrative resources. *The money does not simply trickle down to everyone who deserves it, but it remains in layers at the top.* So where should the sustainable investment start? At the moment, universities, manufacturing and financial services are full of challenges in Russia. Let us have a look at Asia.

The Emerging Asia: China and India

Where does this put Asia in the 21st century? India is the most populous democracy on earth. *It has one billion people with 750 million still working on the land.* The country is not industrialised as yet and not anywhere near it. *Can you imagine the time when the majority of their population are with added values?* You may wonder what the fastest growing sport in California is. Cricket! This is because California is swarming with software engineers from India.

In Bahrain, I was in the car returning to the palace and my driver was an Indian. He was looking at me in the mirror. I asked him where he came from. He said he came from Chennai, India. I asked him how long has he been here. He said, "I have been working here for two years and if everything is OK I will bring my family over". I asked him, "What do you do with the money in the meantime". He said, "I will do business". I asked him what business does he do? He looked in the mirror and he looked at me and, he said, "*My son is going to sit where you are sitting now and not where I sit.*" At that moment, I wished that every politician in my country heard that; every parent, every teacher and every journalist. What these people want is to provide *the best education to their children and they work very hard till they get*

it. This is an example of the mentality of people from the second most populous nation on earth, one billion people.

Within the triangular area formed by Beijing, Hong Kong and Shanghai, 300 million people live there. That is the population of the United States. And there is another billion people in China. You have India with 800 million people who still earn less than 2 dollars a day. 800 million Chinese earn 2 dollars a day and this is barely enough to survive. But sadly, even with this hardship, some Asians say, *"We have set rules in this country, sorry there are things that we cannot do"*. But they must remember if they allow free trade in their countries, other people will do something for them in return. *These people will make them richer.* These people will make their 2 dollars a day 4 dollars, 8 dollars a day 16 dollars and later 50 dollars a day over the next two generations.

China is aiming to get the poor wealthy as quickly as possible and going to take over the lead economy from America. This is not something new and has been happening many times in history. America has done it to Britain and Germany between the First World War and 1965. Japan did it to America in 1945 to 1970, while South Korea did it to Japan in 1980s. *So the powers of business have moved to new places: Europe, America, Japan and Korea. The economic growth only slows down when they become developed, just like what you are currently witnessing in America, Japan and South Korea.* When America began to develop, the population was much more limited than it is today. The same is true of Europe, Japan and South Korea. But in China, they have 1.3 billion people. *Today, they are providing their children with knowledge and skill. This gives an idea of the strength of Asia. Now Asia is going to be the new master of the business universe.*

If anything happened in any country around the world, America seems to always be there. Even though not everyone agrees with American policy at least somebody is saying they are there. *If China wants to be in the front, then the responsibilities must come together with it. True success of 7 billion people on our planet is achieved when all parties - East and West- are equal and no one is a greater master.*

Two things that you don't have and we have are national paid health care and national pensions. Therefore this leads to *one thing that Asia does better than anyone else: Save money.* You save money because one day you have to pay for your own pension and one day, I hope not, when your family members fall sick you have to look after them. That brings huge capital funds and they can be put for a fabulous use domestically. I am not talking about saving the money and then go gambling in stock exchange. I am not talking about that. I am talking *about how it can be used for the local community, how it can be invested, how it can help to produce.*

Reaping the Full Potential of Globalisation

Be marketable

The key is to make it special and different. Just reflect a minute about some of the strengths that I was talking about. To make the most of globalisation, you need several conditions in place. You need *capital flows*, you need *skill*, and you need to be *well equipped*. You need the ticket that says, '*I am marketable*' and '*I am worth it*'. Asia today has also genuine interest in educating its people.

If you want to grow a sustainable economy then you need to have a *domestic market*. For this purpose, I could call the domestic market as Asia itself and not the individual country. You can imagine how great that will be for Malaysia as a provider of the services when you could turn around in 10 years the 2 dollars to 10 dollars a day.

I will actually do what the British always do, whether it is HSBC, or getting people to go on holidays in the neighbouring countries. We are good at it and we have always believed in people's money for centuries. So we must follow this concept and movement. If we get wealthier, you will own some of it. It is your own individual interest and opportunity as long as you are equipped to take advantage of this globalised movement.

Remove the Trade Barriers

It is indeed very important for the countries to be able to trade with each other. Let's not have the tariff barriers. For instance, *Japan imposes a trade barrier on Vietnamese rice.* Isn't it ridiculous? Japan is an amazing country, in terms of both culture and economy with 3 per cent of GDP and it actually puts tariff barriers on Vietnamese rice just to protect its few farmers.

What India does to Bangladesh in terms of textiles is also ridiculous. The per capita income of Bangladesh is virtually zero. India is growing like crazy, but *it stops Bangladesh from exporting textiles into their country to protect their textiles industry.* What we should be saying to India is, '*Help Bangladesh, make it richer*'. Of course there will be textile manufacturers in India who will not agree to this. But they then could be skilled up or do something else. What they do instead is to stop the import and manufacture themselves, and leave the poor people in Bangladesh to remain poor. What is going on? This is quite prominent in Asia. *Business without opening up the trade barriers means you are not taking full advantage of globalisation.* If you want to be the masters of the business universe this is not the way.

Be Corruption Free

For business to flourish another aspect that needs to be tackled is *corruption*. You need to achieve the *reputation of being corruption free*. They must be able to say, "I am not afraid of Malaysia, and this is a place where I feel I could get on, get up, invest, take it out, and I am going to do that all the way through". *At this moment, Asia does not have a very good reputation in this aspect*. I am not talking about Malaysia specifically, but Asia in general. *To be the master of the business universe, being corruption free is mandatory*. You need to set a regulatory environment to curb this activity. Then if you have *capital, sustainable business, are corruption free and you have an effective regulatory environment here, you could stand up as a brand across the world, because in so many other ways you will be the master of the universe of the 21st century*. My country had the 19th century, America had the 20th century and the 21st century belongs to you. You must make the most out of it, exploit it and immerse in it.

Socially Inclusive Work Creative

Watch what you do, deal with problems, be open and transparent, skill up your people, and equip them with consciousness of the ability to create wealth. I believe in this tool and I have believed all my life in something I call *socially inclusive work creative*. This is what I write in my book. It says to *those who set the rules, the politicians, they must also create the conditions to create wealth and try not to interfere with the flow too much*. If we are not socially inclusive in the way we go about creating our wealth, because politicians need to relate that to their political endeavours, do say to them, "Get over it." They have got to be helping.

Cultural understanding

When people trade with each other, when they invest in each other's country *they will experience each other's culture*. There may be aspects that they don't like especially our human differences. *What we have to do as a nation is to stop suspecting each other's culture and use for example the internet to deepen our understanding of others*.

Language is a part of culture and English is the global language. I go around England and tell people how lucky they are because they speak a language which everybody else is going to speak as the second language. But if you really want to do well, *to sell to people around the world, it is an asset if you could speak their language as well*. At least try and say a few words to show that you are not arrogant. In this aspect all of you do much better

than us, as you speak at least two languages in Malaysia. If I were to teach language in school I will teach obviously in English, I will teach Chinese and Spanish. *Language is a great way of getting an understanding of each other's culture because you get to the roots of all the issues.*

Another important aspect of culture is religion. *Countries which have many different religions are normally more tolerant with people's differences.*

Other aspects of culture *which I think Europeans have done very well are food and fashion design.* There is so much Asian food and Asian design. Taking food as an example, you may think that the most favourite dish in my country is fish and chips. In actual fact, it is chicken *Tikka Masala*. Isn't it wonderful that when the kids say to the school teacher, "*Tikka Masala*, I love it". Teachers themselves are made to appreciate Indian food and Indian culture and they will not see the country as a poor country, but rather as a country with good food.

You must try to manage cultural differences. I like Barack Obama and I have no problem because someone likes Saudi Arabia. *We should look at the best that the society can do and say I don't like any disrespect of that country.* You need to understand each other, and we can gain a lot from other's culture. It is actually a wonderful way making most of the business because *you do business with others as well as their cultures.* I am publically liberal but I do see a little bit more of social differences in the world as not entirely a bad thing.

Positive attitude to learning

One of the biggest hurdles you guys have in globalised economy is *you hate doing things first. You really do not want to admit that you don't know.* You don't want to ask for help because it is an enormous loss in faith. I have a phrase that I use a lot- *never be afraid of asking why because nobody expects you to know everything.* I always say that there are three great main management tools. So please say, "*Thank you*" and "*I am sorry*" and it is so much easier and better than saying what your managers want to hear. Do say, "*I don't understand*" and it is your obligation to train me and teach me to help me understand". *Don't be frightened to ask 'why'* and at the end of the day you are going to do the first time right, instead of which a lot of people in Asia actually say to the managers 'yes' and they go away not knowing what to do. They don't really understand it but are terrified at the prospect of people thinking they don't understand.

I think this attitude is an impediment to the growth of managerial path. It comes back to confidence. If you are in the class of 20 or 30 years old people and the manager is talking about something in the newspaper. You

are not going to stand out by saying, "Sorry sir, I don't understand" because you don't want to be the one. But *if you have the courage to do so, you may discover that the other people in the class do not understand it either. But they don't have the courage to ask. By asking, you make the manager better simply because he will be thinking that he ought to teach people better. Not understanding is partly us because we don't understand and partly because of the person who explained it is not good enough.* I have witnessed occasions, after having a tough time to getting on my thoughts and the manager just said, "I can't quite explain this at the moment". He has got an excuse, hasn't he? I like him having an excuse so I know whether or not he is a good teacher. A good teacher is crucial in a university which aims at achieving world class ranking like University Malaya.

University ranking and desired graduates

How should University Malaya achieve the top 100 in world ranking? Now that you are in the top 200, it would be better to deliver the *transition* that you would prefer and have *happy quality plans*. Alternatively, ignore lots of values and you do the things that you need to do to get to the number 99. We all know actually we prefer better results. So I understand why it must be done and I want you to know a simple example. *My university has always been in the top 6 in the world and I am actually proud of it, and suddenly if it becomes top 30, I won't be happy. To be at the top is a great power and I do understand why university ranking means something to most people. Focus on getting there by 2015 and that is fabulous. You have to strive constantly and it is marvellous that you want to compete. So what I am now about to say is the essential need to kick start to get there.*

I don't want the universities in the world anywhere to produce graduates who actually might be incredibly academically brilliant but they are of not much use in world. This is like *the invention of chocolate teapots*. The teapot is made of chocolate; if hot water pours in, it then melts. It looks lovely and it is made of something of use but it is for the wrong purpose. Yes you have a degree, but *you must also have the blend of the application to the world of work and that means true soft skills, communication and the basic education of operating computers*. You want to make the degree from this university where the employers know what they are getting. They are getting something a little bit better and special than another one down the road. *Tell them to also work hard and be on time*. These skills are important for employability. They also need to have integrity and the willingness to help others.

Integrity and helping others

I like to share with you two stories, which tell you that everyone is in the position of changing someone's life. First, as you have heard in the introduction, I was in the corporate world for 20 years. I joined as a trainer in 1978 and I left as a partner in 1998. When I was about a year in, I was paid virtually nothing. I was doing a sales job in a big accounting firm and one day someone came to me. He asked me if I would falsify a document and if I would change a figure in the document before it went to the office to pay stamp duty. If I change the figure he would pay the stamp duty. It was not very big amount, but he could have saved few hundred pounds and he said to me I would be given £100. This was big money at that time. I was 22 years old and I said to him, "I can't do that". He said, "If you don't do it, I will take all the work away from this firm". Furthermore, "No one will ever know". But I said to him, "You know". I added, "You could do anything with me after that, so much so for £100".

I went to the senior partner because this was deeply bothering me. I told him the whole story and said to him, "I am completely confused and feeling lonely. I don't know what to do but I know what he asked me to do is not right." Before the partners' meeting began, the senior partner told me, "You prepare the agenda and the minutes. What you have just discovered is what I want to know, and at the partners' meeting this matter will be brought up and we will endorse your stand". He then picked up the phone and called the person. He said, "... if you don't mind could you please spare 10 minutes". He got all the files on the matter and wrote a cheque. When the person walked into the room, he asked, "I just want to check the facts right. Did you say this to Digby Jones? Did you?" and he said, "Yes". "There are your files, this is a cheque, and now get out of my building and never come back". I was taught a wonderful lesson that day about values. *My boss put the integrity of his firm ahead of making money.* That was 32 years ago and I never forget that.

I will link it to this one. I was in the navy before entering the university. In the navy we were trained regularly on all sorts of activities and sports. There was a guy who was relatively weak. When we finished the training, this guy would still be trying to get out from the swimming pool or still trying to get down the rope. From time to time we would tease him. I supposed it could be called bullying. But to me, we were just teasing him. One night a senior officer called me outside to witness an accident. When I looked at the victim, there was him lying on the ground, and two sailors who were pumping his chest. It was a happy ending and he survived. The two sailors pulled him out from the sea and saved his life. The senior

officer shouted strongly at me, *“You have to be blamed for this. You think you are clever and frankly this is the result”*. I will never forget this.

One thing that academic institutions could do is to build leadership in bright people. So for me don't spend the entire life saying “me me me me”. All of you in this hall are good and bright. We must be ready to put our arms around those who are not so good, to bring them to places where they can be good. That doesn't mean that we are not going to be the stars, but it does mean that we take other people in our journey. At the end of the day, University of Malaya will have the best students, the best teachers, and be among the best institutions in the world.

