

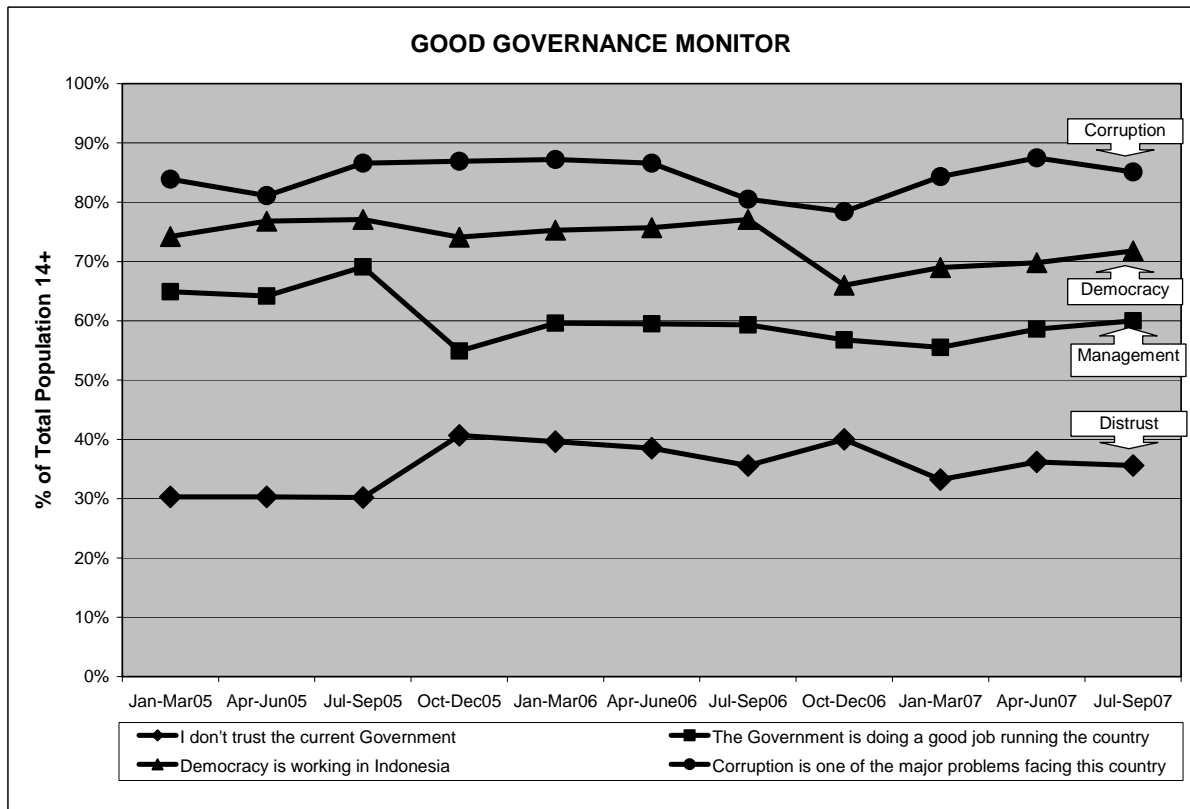


Can The Board Include Some New Year's Resolutions Too?

Resolutions minuted at the end of board meetings rarely have anything in common with New Year's resolutions that some directors may have made individually. If they looked at their corporate responsibilities with as much fervour as they do their own, some good may come out of those fresh new efforts in 2008.

All businesses exist within a common national canvas and it is fair to expect that the government in power makes every reasonable effort to create and maintain an appropriate environment within which business can thrive. But not much more. Politicians are soft targets, governments are often convenient excuses for corporate shortcomings. In fact, history proves that the economy can roll along quite nicely as long as the government does not meddle with it or create unnecessary hurdles. Post-war Italy and a parade of revolving-door governments for almost five decades is adequate proof of that view.

So how is Indonesia's current government doing, in the eyes of the people? Heading in the right direction, to summarise their responses. These conclusions are based on the most recently published "Good Governance Monitor", comprising four key indicators. It is derived from Roy Morgan Single Source, the country's largest syndicated survey with over 27,000 Indonesian respondents annually, projected to reflect 90% of the population over the age of 14. The results are updated every 90 days.



The first indicator is Trust, measured by the statement “I don’t trust the current government”. The small dip that has taken place is reassuring. Distrust remains low in comparison to perceptions of other national governments around the world. If Indonesian businesses achieved similar ratings from their consumers, they would be doing well on the issue of Trust. It may be good idea therefore for the Board of Directors to resolve that “we will endeavour to win the Trust of each of our consumers with renewed vigour in 2008”. One way of expressing that resolve is to re-examine every product in the portfolio, to ensure that they deliver value. A focus on quality, rather than price alone, would help.

The statement “The Government is doing a good job running this country” illustrates how the people rate the government on Management. This vitally important score has gone up 1.4 points to 60 per cent, heading back to the honeymoon period enjoyed after taking office. Again, this is an unusually high score for any government, anywhere. In the realm of business, the offer of support to SMEs by guaranteeing bank loans can only go down well. How do employees, consumers and shareholders rate the management of Indonesia’s companies? Only a handful of directors can answer that question with conviction. It may be a good idea in the new year to set up mechanisms to evaluate whether “the board is doing a good job running this company”. As that saying goes, people in glass houses shouldn’t throw stones.

A favourable business environment can often come at a heavy price to society. There are good reasons why businesses are flocking to China and democracy isn’t one of them. For a new democracy, Indonesians can take much pride in their conclusion that individual freedoms continue to thrive here. It is measured by the statement “Democracy is working in Indonesia”. A 2 per cent rise to 71.8 per cent of the population agreeing with that statement is an overwhelming majority reconfirming their faith in self-government. With more employment, this trend will continue to head in the right direction. Business has an obvious role to play in continuing to achieve that national ambition and any resolutions aimed at fostering fair trade practices would go a long way to fostering the principles of democracy.

Allied to that role is the dire need to partner the government, collectively, to address the country’s biggest struggle. “Corruption is a major problem affecting this country” is the statement that measures people’s perception of this aspect of life in Indonesia. At 85 percent, down by more than 2 percentage points, the fight against this national ailment is at least heading in the right direction again. Politicians and bureaucrats do not corrupt themselves. Somebody has to pay the receiver. As for the 15 per cent who don’t think it is a major problem for the country, one has to wonder who they really are.

It is the month of January. It’s a good time for every corporate board to pass an appropriate resolution that will encourage all to join the good fight. More employment and better wages are not the only prerequisites of this change but they will remain major agents of change. In tandem, the urge to corrupt needs to be actively curtailed. Endemic as it is, the fight against corruption cannot be the sole responsibility of the government. We are all affected by it, we are all responsible.

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