

Exclusive Interview



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Mr. Shahid Anwar Tata
Chief Executive Officer
Tata Textile Mills Limited

ICMA: What are your views on the current economic situation in Pakistan, especially in the Global context?

Shahid A. Tata: I believe the world is going through unprecedented times. First it was the pandemic which resulted in commodity prices spiral and then the Ukraine-Russian war which caused serious increase in energy prices and this triggered high inflation in all the countries of the world. It is also to be noted that in the recent past, US and the European countries have created money / wealth out of debts, which led to increase in money supply and hence race of commodity prices and Crypto Currencies. This alone made number of people feel very rich and thus the buying power and consumption rose. Now some sort of correction is taking place, so these are uncertain times.

ICMA: What are the manufacturing sector's key challenges and how could these be surmounted?

Shahid A. Tata: Pakistan is a very difficult country for business and industries. When we look at the Global

Indices, in regard to the ease of doing business and cost of doing business, you will find Pakistan at a much lower level. The economic management has been very poor and our policies of import substitution has led to 70% or more Industries relying on some sort of subsidies' support or protection from the Government. There is a culture of inefficiency and the issues stem mostly from being inefficient, together with a sick power sector. The main reason being regulatory structure, number of Government departments, poor taxation management, poor taxation system, poor human resource, poor work ethics, shortage of quality human resources which is the outcome of poor quality education in general, resulting in poor performance and low levels of productivity.

Although, I have no experience of working abroad, however, through my interaction, I have come to know how the Industries everywhere are facilitated, valued and respected. In our country all the bureaucratic departments are out there to cause trouble and difficulties and are not there to facilitate and help you out.

ICMA: How do you see the future of the Textile Industry in Pakistan?

Shahid A. Tata: The textile industry is one of the few industries that is perhaps more efficient than others. Moreover, the value-added sector, besides being an efficient sector, is also supported by the government. Pakistan's textile sector, though small, contributes to the global supply chain, and textiles are the country's principal export. It is only the textile sector that has helped many countries to develop, China and Bangladesh being two of them and now Vietnam is another example.

However, as these countries progress and develop, the textile sector steadily moves out, like now in China there is a labor shortage and availability of blue color labor is also shrinking and for other reasons as well, the textile is gradually moving out of China. So there is a good opportunity for us that we get a fairly good share of export market, however it will depend how well prepared we are and how efficient we become as an Industry and as a country.

ICMA: Do you agree that Pakistani businesses need to innovate more to be able to compete at the international level? What should be done to become more competitive and add value to the international market?

Shahid A. Tata: Of course there is a great need for innovation by the Pakistani businesses due to advancement of highly developed technology so we cannot distance ourselves from it. However, as our Industries seek Government support, subsidies and protection so there is less focus on innovation and creativity.

The industry's survival is dependent on protection and assistance, for example, the car industry is one of the most inefficient Industry as it has not been able to export a single car. On the contrary, it should have been encouraged from the beginning that 50% of the cars produced should be exported. Any industry's goal should be to produce efficiently so that our exports are based on resourcefulness rather than protection.

This is also a fact that our cost of doing business is comparatively very high as compared to similar market in the region. Hence, to be more competitive, we should look into the global indices and work on correcting our weaknesses and accordingly create an environment that will enable us to be competitive in the international market.



ICMA: TATA Pakistan has greatly contributed towards corporate social responsibility, how does it help in making a difference in people's lives, and how important it is for business to continue contributing towards society?

Shahid A. Tata: TATA Pakistan is comparatively a small entity; however, we have kept our fundamentals right. We do not have even one worker on contract; all are our permanent employees, like packing and loading workers, etc. We have different initiatives for workers and employees, like the Adult Literacy Program (Jugnoo Sabag) and different training programs. All rights are covered, like shares in profits, loans, medical policies, donations, etc. In line with the policy, our HR Department has been working continuously for the betterment of the workforce, which is having and will have a positive impact on society.

ICMA: There is a growing need to bridge the industry-academia gap, what should be done in this regard?

Shahid A. Tata: Our industries are far behind due to lack of development in research and technology; rather, they are much more dependent on support, subsidies, and protection from the Government. This is the reason that there is no visible innovation or modernization in the industry. Unless we create an environment for indigenous innovation, our industry will never achieve that competitive advantage.

To bridge the gap between industry and academia, frequent interaction between industry and academic representatives, interaction with Management is necessary along with regular conferences and visits to Industries for first-hand knowledge. At TATA, we actively take part in various conferences, training programs, and seminars and play our part toward bridging this gap.

ICMA: Apart from formal degrees, Institute/Universities also offer courses on various technical and managerial topics. On which topics training should be provided by academic institutes and on which skills should the academia focus?

Shahid A. Tata: In Pakistan there is an explosion of population so there is a lot of labour which is unskilled and untrained. I feel the first step is to build hundreds of Vocational Training Institutions all over the country, e.g. training for plumbing, carpentry, mechanical, electrical, maintenance, etc. We should also have institutions where workers of Garment Industries can be trained, etc. In this way we can export skilled labour instead of unskilled labour and bring in the much needed increase in foreign revenue.

Moreover, to be more competitive in the market, our institutions should concentrate on the professional qualifications e.g., the IT industry. India has made tremendous growth in IT exports since last 25 years so we should also focus on exporting Information technology. Further, we should also work on developing strong work ethics and we should design our education and training system in such a way that it encourages innovation. We should generate professionals who are competent in manufacturing, especially in plant and machinery manufacturing, for the local industry; this will reduce our dependency on the international market and also reduce our import bill.

ICMA: Management Accountants have the expertise to help the textile industry in minimizing its production wastages and cost of doing business. What do you say in this regard?

Shahid A. Tata: Accounting is the most sacred and important function of any organization; if your accounts



A Group Photo of the ICMA delegation with the CEO of Tata Textile Mills Limited

are incorrect, then you have no right to be in business. There is no doubt that by maximizing the use of advanced technology, we can achieve the necessary improvements in all areas of accounting. We have a good and competent team of Accountants and always strive for latest technology; and we are the first textile industry to have acquired the Oracle Fusion Cloud which is being implemented.

ICMA: What is your message for young graduates entering the textile sector?

Shahid A. Tata: We are lagging far behind our neighbors. Pakistan is a vast country, and we cannot run it by just exporting unskilled labor. For our survival, we are importing goods worth billions of dollars, and the growth over the years has come from imports and consumption. We have never been able to bring about growth through production and productivity. So one should make efforts for efficient manufacturing and focus on productivity. In our limited capacity, we should focus on how we can become more efficient and productive and how we can compete in global markets with countries like Indonesia, Bangladesh, Vietnam, and India. The youngsters should seriously focus on these lines, as they have the analytical skills, communication skills, leadership skills, and capacity for innovation to become better leaders and citizens.

The Editorial Board thanks Mr. Shahid Anwar Tata, CEO, TATA Textile Mills Limited for sparing from his precious time to give exclusive interview for Chartered Management Accountant Journal.