

**EXECUTIVE LEADERSHIP DEVELOPMENT PROGRAM (ELDP)**  
**Lee Kuan Yew School of Public Policy (LKY School), National University of Singapore**  
**CAREC Institute, Asian Development Bank**

**Course Title: State-Building and the Challenge of Leadership**

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**I. Description**

The end of the Cold War and the collapse of the Soviet Union led to the birth of new, independent states. In the past decade and a half, many of these states have confronted complex challenges in building stable and cohesive societies, strong economies, and peaceful international relations. These states have also had to deal with the positive and negative aspects of the Soviet legacy. The challenges of state-building are not unique to the post-Soviet world, and have been addressed in different times and contexts.

This module, delivered over one and a half days, situated the theme of leadership within the context of state-building. ELDP participants discussed three areas: 1) Challenges of State-Building; 2) Leadership—Reframing Organizations; and 3) Leadership in Action: A Case Study of the “Paglas Experience” in the southern Philippines.

Part I on the Challenges of State-Building introduced participants to a brief history of the modern state and the characteristics of successful states. “Success,” of course, depended on the goals of state leaders which may or may not necessarily serve the public good. For the module’s purposes, the instructor underlined that *successful states enjoy relative internal AND external stability. Even if punctuated by occasional crises, including war, successful states are resilient enough to return to equilibrium. Their fundamental existence, cohesion and ability to function are intact.*

A discussion then followed on the determinants of internal and external stability. Internally, these included nationalism and national cohesion; political development; and economic development. Examples were presented of nationally cohesive vs. failing states. The difference between juridical and empirical statehood was also discussed. Under the theme of political development, the role of institutions (formal and informal) was emphasized, particularly as a means for the state to manage change and social mobilization. On external stability, themes covered included the preservation of sovereignty and independence and the role of foreign policy. The discussion on state-building ended with an emphasis on the potentially big impact that individual leaders can make.

Part II introduced the issue of leadership and reminded the participants that leadership is not only about heads of state. At a functional level the input of leaders of all kinds on the technical and political aspects of state-building should not be underestimated. Leadership involves both *thinking* and *doing*. To address the *thinking* aspect of leadership, participants looked at the concept of framing and re-framing. A “frame,” as defined by Lee G. Bolman and Terrence E. Deal, “is a set of ideas or assumptions . . . that helps you understand and negotiate a particular ‘territory’.” A key reason that public and private organizations fail is because leaders use narrow, rigid frames or incomplete mental maps and neglect the “artistry” and “science” of

framing and re-framing their organizations.

The module discussed four frames that participants can deploy in thinking about organizational problems and policy challenges: structural, human resource, political, and symbolic/cultural. The major assumptions of each frame was summarized, and key metaphors presented to encapsulate the essence of each frame. Effective leaders must build excellent organizations under conditions of tremendous and constant change, including, in the past two decades: globalization, the information technology revolution, the rise of the CNN and blogosphere society, the collapse of grand ideologies, the redrawing of borders, the global economic crisis, demographic changes, and greater general unpredictability and risk. The module used examples and cases of organizational “framing and re-framing” from academia, the private sector, philanthropy, and public policy from different contexts to illustrate the use of framing and re-framing.

Part III of the module focused on leadership as *doing* or effectively implementing programs and spearheading change, even under difficult circumstances. This brief lecture took place on the last day of the training program, and followed three hours of a Team Project exercise, in which teams of ELDP participants who had been previously assigned a hypothetical policy problem had to present options that might effectively address the problem at hand. Thus, prior to the final short lecture, participants were already engaged in an applied mode of thinking.

Instead of a theoretical and conceptual discussion, the final session discussed a leadership case study that focused on the experience of a local Muslim chieftain in the southern Philippines, Datu Ibrahim Paglas. Datu Paglas ably combined traditional, modern, and human resource skills to bring business, employment, stability, and safety to a municipality that was previously riven by violence and conflict. His management style was examined, including the role that personal integrity played in bringing investment to a war-torn zone as well as changing the culture of guerillas, kidnappers and often mutually suspicious Christians and Muslims to allow them to work together for their own benefit and for the benefit of the community.

The case study illustrated the power of a change agent who succeeded under difficult circumstances. A ten-minute video on Datu Paglas was shown. Many participants indicated that this real-life case study provided a powerful and memorable example of real leadership.

## **II. Training Methodology**

This module used a lecture format with concrete illustrations, cases, and discussion. The instructor was able to take advantage of switching back and forth between Russian and English to help clarify concepts and respond to questions that arose from the participants, most of whom were Russian speakers.

For the Team Project exercise, participants were asked to read and analyze a policy problem, discuss key issues, and present potential approaches and solutions to the class. The instructor, class participants, and a veteran on regional cooperation from the European Commission gave feedback on each group presentation. At the end, a secret ballot was taken for best presentation and the group that won received a small award.

### III. Readings

Bolman, Lee G. and Deal, Terrence E. *Reframing Organizations. Artistry, Choice and Leadership* (San Francisco, CA: John Wiley and Sons, 2003).

Bing, Stanley. *What Would Machiavelli Do? The Ends Justify the Meanness* (New York: Harper Business, 1999).

Dawisha, Karen and Parrott, Bruce, eds. *Conflict, Cleavage, and Change in Central Asia and the Caucasus* (Cambridge: Cambridge University Press, 1997).

Huntington, Samuel P. *Political Order in Changing Societies* (New Haven: Yale University Press, 1968).

Jackson, Robert H. and Rosberg, Carl G. "Why Africa's Weak States Persist: The Empirical and the Juridical in Statehood." *World Politics* 35 (October 1982):1-24.

Lee Kuan Yew. *From Third World to First. The Singapore Story: 1965-2000* (Singapore: Times Media Pte Ltd., 2000).

Nye, Joseph S. *The Powers to Lead* (US: Oxford University Press, 2008).

Tuminez, Astrid S. *Russian Nationalism Since 1956* (Lanham, Maryland: Rowman and Littlefield, 2000).

Weiner, Myron and Huntington, Samuel P., eds. *Understanding Political Development* (Boston, MA: Little, Brown and Company, 1987).

Williams, Dean. *Real Leadership. Helping People and Organizations Face Their Toughest Challenges* (San Francisco, CA: Berrett-Koehler Publishers, 2008).

## Appendix A

### **CASE STUDY**

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### **THE “PAGLAS EXPERIENCE”: EXTRAORDINARY LEADERSHIP IN A ZONE OF CONFLICT**

#### **BACKGROUND**

In August 2008, Datu Ibrahim Pendatun Paglas III, a Moro<sup>1</sup> or Muslim leader in Mindanao in the southern Philippines, passed away. Known to his many friends and associates simply as “Toto,” Datu Paglas was not even fifty years old at the time of his death. Commentaries described him as a visionary leader, one who was not afraid to think outside existing paradigms. Personal eulogies poured in from around the world after Toto passed away, testifying to how his record as a leader had attracted the attention of many far beyond the shores of the Philippines.

Toto Paglas is credited for the “Datu Paglas Story” or the “Paglas experience,” which refers to the transformation of Datu Paglas municipality, the town traditionally ruled by the Paglas clan. Toto attracted and used investment to turn around the lives of thousands of people in this municipality in the province of Maguindanao in the southern Philippines (the southern Philippines includes the main island of Mindanao and the Sulu archipelago). Like many Muslim

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<sup>1</sup> The term Moro (Moros in the plural) is used to describe the 4-5million Muslim minority in the Philippines. Spanish colonial rulers, who ruled the Philippines for over three centuries, originally coined the term as a pejorative label for local Muslims who reminded them of the Moors who ruled Spain for eight centuries.

or Moro-dominated areas, the town of Paglas (population of approximately 29,000) was violence-ridden, poor, and neglected. When Toto started to develop the business of a banana plantation in 1996, there was hardly any regular employment in the area. Kidnappings, ambushes, and other forms of violence were common. Enrollment in the local schools was low, and few of the municipality's children finished high school or attended university. The violence that plagued the municipality had to do with a long-standing secessionist conflict between the Moros and the Philippine government, on one hand, and general lawlessness, clan rivalries, and weapons proliferation, on the other.

In 2002 the *Wall St. Journal* featured the Paglas experience in a front-page story entitled "In this Philippine Town, Muslims, Jews, Rebels Set Aside Differences for Bananas." The story told of Toto Paglas' successful effort to turn around the fate of his municipality by creating a successful business and giving employment to thousands of people, including many former rebels from the Moro Islamic Liberation Front (MILF). His plantation hired and trained Muslims and Christians, and instituted practices to help these communities overcome mutual suspicions and enmity, and become highly productive workers. Toto Paglas hired Jewish technical specialists from Israel, who lived and worked among the Moros and taught them drip irrigation and other technology to make the plantation work. In a truly remarkable social and business experiment, the Paglas experience showed that vision and leadership could dampen conflict, bring livelihood, and give renewed hope to what would otherwise have been simply another benighted municipality in Muslim Mindanao.

The “Paglas experience” in over a decade has involved more than US\$100 million in investment in plantations that export fresh produce—primarily bananas, but also including asparagus and pineapples—to the Middle East, China, Korea, and Japan. It is the biggest private investment in the Autonomous Region in Muslim Mindanao (ARMM) in the southern Philippines. ARMM’s provinces have been consistently among the poorest in the Philippines, showing the worst indicators in terms of poverty, levels of education, and infant mortality. For example, for every ten students who enter first grade in ARMM, only one finishes high school. Male mortality in the region is 55 years, as opposed to the national rate of 66, while female mortality stands at 59 years, versus the national average of 72 years. Prior to the Paglas investment, foreign investors had shied away from Muslim areas because of the fear that their investments would simply be undone by war and lawlessness. Since the 1970’s, the Moros of the southern Philippines have fought an intermittent conflict with the government for secession or a more genuine autonomy, at the very least. The conflict has claimed more than 100,000 lives, remains unresolved, and has been complicated since 9/11 by allegations of links between Moro groups and international terrorist alliances such as Al-Qaeda and Jemaah Islamiyah.

### **PERSONAL AND FAMILY BACKGROUND**

Toto Paglas was born into Muslim wealth and royalty in Mindanao. His maternal grandfather, Datu Salipada K. Pendatun, was a descendant of Sharif Kabungsuwan, son of the Sultan of Johor, Malaya and the first ruler of the Empire Province of Cotabato in the southern Philippines.

Pendatun was a general, a senator, and the first Moro to serve as delegate to United Nations conferences in New York and Paris. Toto’s father was also a prominent politician, the former mayor of Paglas municipality and once anointed to become governor of the province of

Maguindanao. In addition, Toto was the nephew of Hashim Salamat, the much-revered military and religious leader of the MILF, who was educated at Al-Azhar University in Cairo and passed away in 2003. Toto, in short, was a traditional leader from one of the oldest and most prominent Muslim clans in Mindanao.

Toto's father was maimed (and later died) when a grenade was lobbed into the Paglas home in 1986. The same bomb killed Toto's two-year old brother. The motivation behind this attack was likely political rivalry. Another brother was killed by an errant truck driver. Yet a third brother was murdered in 1991. Below is a description by Toto of his personal background:

*I was born to a traditional ruling family in the former Empire Province of Cotabato, carrying in my blood a "convergence" of basically all the major clans in the Maguindanao tribe, with ancestral kinship extending to Lanao provinces, Sulu and Tawi-Tawi. I am a grandson of the late Senator Genral Salipada K. Pendatun, and I am a nephew of the former MILF Chairman Hashim Salamat. The Paglas and Pendatun clans of my parents used to be fierce rivals, eliminating any member at first chance, this feud dating back to [pre-World War II]. During the war, the Pendatuns sided with the Americans and the Paglases with the Japanese, even heightening some more the mortal animosity between the two families. This was only patched up after my father and mother eloped, managed to avoid the wrath of my grandparents (could have been fatal to either or both my parents), they were only forgiven and the two clans forced to reconcile with each other when I was born (in 1962).*

*Before I could graduate, I got married to the woman who had my first, unintended, son. I was 17, she was 16, a Christian American-Spanish mestiza in my school in Davao. My father stripped all of my "royalty privileges" and drove me away from home because of this. I was adopted by and lived with the tenants of my father, wherein I had to farm for a living in a most humbling environment. Looking back, I am grateful to that experience of having lived with the common people.*

*My town was the site of one of the fiercest fights between the military and the MNLF<sup>2</sup> during the 1970's, two of our ancestral homes were leveled to the ground by AFP[Armed Forces of the Philippines] bombings, and my father was put to prison by President Marcos on suspicion that he was supporting the MNLF. When he was released, Marcos created the town of Datu Paglas,*

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<sup>2</sup> The MNLF or Moro National Liberation Front was the original Muslim rebel group that fought the Philippine government in the 1970's. The group signed a Final Peace Agreement with the government in 1996. The MILF broke away from the MNLF and was not party to the 1996 agreement.

*named after my grandfather, made my father the first mayor, reportedly to make amends. (I remember now the former President Ramos, still an Army Major at the time, who, whenever he would visit my father, would play[with] my hair and put me on his lap, he was like a father to me, he as President gave special approval to allow a banana plantation in my town).*

*As early as my childhood days, I was already a witness to the violence and lawlessness that characterized my town. So much has been written about it . . . [But one incident that has not been recorded] was how my father, immediately after [the EDSA revolution]. . . in 1986 [that overthrew the dictatorship of President Ferdinand Marcos], was to be appointed . . . governor of Maguindanao province. On the night before his oath taking, a grenade was thrown into our house, instantly killing my 2-year old brother and severely maiming my father who died shortly after. My mother succeeded him as Mayor, and the situation worsened. I was then persuaded by the elders of my clan to already assume the leadership, and I became the Mayor [in my twenties] (in 1988).*

*The foregoing Background of my life had played a tremendous role in shaping up my personality, I count my education not so much in terms of years at school but more so in actual and practical experience in dealing with people and coping with events. An adopted dear Christian brother shared with me the saying "spare the rod and spoil the child", a gem of wisdom that means so much to me. As young father of my town, I had to "crack the whip" and do some "spanking" in order to put back into line the "problem children" of my town.*

<http://www.totopaglas.com/totopaglas.html>)

## **MISSION, VISION AND DECISION**

According to some who knew Toto well, the murder of one of his brothers in 1991 became a personal turning point in his life. His clan and community expected him to retaliate against those responsible for the murder. But instead of committing revenge, Toto decided it was time for a change. He met with a delegation from among those he was supposed to have punished and agreed on peace. In his words, it “was as if Allah was trying to tell me something: that the cycle of violence here would never end. . . . This changed me.” In conversations with the author of this case study, Toto mentioned several times that what happened to him was the equivalent of an epiphany. Everything could stay the same, or he could make a different choice with potentially very different (and positive) consequences for his town and people.



Early in his career as a businessman, Toto focused on articulating a vision and mission. In his own words:

*...I learned that a clear sense of vision and mission helps clarify and purify our intentions. Modesty aside, I was not born poor, although I always found natural affinity with the house helpers, drivers and bodyguards of my parents. . . . I have seen the glaring divide that separated the Muslim nobilities from the common families. I protested the norms where the leadership of the ruling clans put their interest over the most basic concerns of those in poverty. I wanted to try something new because the traditional Muslim way of leading our people was not working. It worded for the elite Muslim families and the politicians. But it never worked for the people.*

Toto identified his mission, first and foremost, to bring livelihood to his people because, without development and education, he believed it was impossible to bring about lasting peace. He was less concerned about what happened in official negotiations between the government and Moro rebels, than he was about how people in his municipality lived on a day-to-day basis and whether they had hope for a better future for themselves and their children. He believed that it was important to acknowledge that the Moros had legitimate grievances with regards to the historical loss of their lands, their marginalization, and the second-class status accorded to their religion and culture in a Catholic-majority country. Nonetheless, he saw the deep and widespread “victim mentality” of his people as an obstacle to progress. Instead of perceiving themselves as victims, he wanted Moros to focus on cultivating a “self-help, winning, and forward-looking” mindset. In seminars that the author of this case study organized for young Moro leaders throughout Mindanao, Toto Paglas often mentioned the Chinese and mestizo tycoons of the Philippines and told his younger colleagues, “If these people are good, so are we. What they are capable of doing, we can also do.”

Toto Paglas also committed himself to the role of a bridging leader. His vision of progress in his municipality, in the Muslim areas, and in Mindanao as a whole was based on inclusivity.

Among the Moros, he was critical of the hierarchical culture in which only elite *datu*s or members of royal families could make decisions, tended to do what worked only for their narrow interests, and neglected the people who relied most on them. Instead of the traditional practice of *datu* leadership, Toto encouraged dialogue, consensus, and common accountability. He encouraged leadership among the common people, including Moro rebels, as long as they understood that they were responsible for delivering results. Beyond the Moro communities, Toto also believed in the mission of bridging the economic, social and political divides among the three peoples of Mindanao (Muslim, Christian and tribal). He often reiterated that “there was only one God, but with different names,” and thus it was important for the peoples of Mindanao to know each other’s beliefs and culture, and to respect one another.

When Toto Paglas decided to pursue economic development for his people, his vision was broad. He summed it up as “changing the rules of the game.” His decision to become a different kind of Moro leader meant ending the old ways, ending cycles of revenge and violence, and setting an example for others. To realize his vision, mission and decision, Toto sought directly the blessing of his uncle, MILF leader Hashim Salamat. After all, MILF leaders and rebels were important players in the area where Toto was to locate his plantation, and many of them could be potential participants in his new business enterprise. When he met with his uncle, Hashim Salamat gave Toto three pieces of advice. Toto Paglas later characterized Salamat’s advice as counsel from his “elders or stakeholders” that served as the foundation of his business’ Corporate Social

Responsibility (even though he noted that he had no idea of the term “Corporate Social Responsibility” at that time).

Salamat counseled Toto to do the following:

- 1) *Protect the environment at any cost because this is all we have for the next generation.*

Toto interpreted this as an injunction to preserve resources, keep his moral obligation to the local community and future generations, and fulfill his responsibility towards his international shareholders.

- 2) *Do not abuse the workers, protect their rights and look after their welfare and safety.*

Toto noted that this instruction would allow his business, Paglas Corporation, to work “within the parameters not only of government regulations but [with] a commitment as well to the teachings of God, through His different Messengers and [as] lived by different religions.”

- 3) *Provide education for the children.* Toto believed that his uncle was urging him to make an investment in the future. Without education, poverty and inequality could never be diminished or eradicated. And, as long as severe poverty and inequality were the norms, his municipality and other Muslim areas will always be fertile ground for violence, rebellion, and even terrorism.

Besides Hashim Salamat, Toto also sought the blessing of President Fidel Ramos, who became president of the Philippines in 1992. A pillar of Ramos’ development strategy for the Philippines was peace in Mindanao. In 1996, he signed a peace agreement with the MNLF (the larger group from which the MILF broke away). Taking advantage of the goodwill engendered by this

agreement, Toto approached President Ramos and asked for his approval to launch a new, export-oriented plantation in Paglas municipality. Ramos gave his blessing.

With advice and support from key government as well as rebel leaders, and bearing in mind his own vision, mission, and principles to live by, Toto Paglas proceeded to build a remarkable and profitable business in his municipality.

### **EXECUTION: PARTNERS, FUNDING, CHALLENGES**

The “Paglas Story” or “Paglas experience” became possible because Toto worked with key partners, particularly in the funding sphere. Launching a major plantation to export produce abroad required the infusion of capital for people, technology, training, and infrastructure. The first partner Toto found was Unifrutti Corporation, which was run by an American gentleman named John Perrine. Perrine had lived in the Philippines for many years, and even raised his children there. Unifrutti Corporation was the largest exporter of fresh produce from the Philippines to the Middle East and the Far East, shipping an estimated forty million boxes of produce to these areas in 2005. Unifrutti had begun focusing on investments in the fertile lands of Mindanao since the early 1990’s, but its investments were primarily around the Christian-dominated city of Davao. Before working with Toto, Unifrutti had no Muslim partners at all. The Corporation itself was half-owned by the De Nadai family from Italy and the families of Sheikhs Abbar & Zainy in Saudi Arabia. Abbar & Zainy Cold Stores in Saudi Arabia and the other Middle East countries were among the largest importers of fruit, frozen meats, and dairy products. They had an excellent distribution system that could be leveraged for products that

were to come from the Paglas plantation. Perrine, prior to working with Toto Paglas, already had two joint ventures that supplied bananas to the Middle East.

In 1996, Unifrutti was looking to expand its activities in Mindanao via a joint venture with U.S.-based Chiquita Brands, Inc. Perrine and his colleagues needed land for new plantations. A Filipino *Balik-Islam* (a convert to Islam) knew Mr. Perrine and encouraged him to look into the lands of Maguindanao. Perrine declined because, in his words, “[Maguindanao was] a Muslim area, the risk [was] too big.” Later, after visiting Maguindanao and concluding that the potential there in terms of land, fertile soil, and water was “wonderful,” Perrine still refused to consider an investment. Then his *Balik-Islam* friend asked him to meet Toto Paglas. It would be just a meeting, with no obligations attached. Still, Perrine refused for a long time to hold the meeting. When he finally relented and met Toto, he said to him, “Datu, I have been in Mindanao a long time, I’ve been told by many people that we cannot trust Muslims.” Perrine frankly admitted that he had no Muslim friends at the time, despite his many years in Mindanao. The encounter then took a somewhat pithy turn when, according to Perrine, “Toto just looked me in the eyes and he said, ‘From my heart, I commit to you that we will never ask anything from you, and that with my blood, I will protect you and your employees and your investors—if you come and invest in this place’.”

Needless to say, Perrine was moved by what he sensed as Toto’s commitment, sincerity, and seriousness. At a public business forum in ARMM in 2004, Perrine noted that many investments were often preceded by “feasibility studies.” As a potential investor, he listened to presentations of such studies all the time. They normally addressed financials, market size and potential, and

resources needed to make the project feasible. But, talking about the Paglas case, Perrine underlined that it was not financial figures, markets or resources that made an investment work. It was the people. And, in the Paglas case, it was Toto and his colleagues who made the investment work. It took courage for Perrine to make the investment in Paglas. After he shook hands with Toto, numerous local businessmen in Mindanao told Perrine's foreign investors that the whole enterprise would fail, that conflict in the Muslim areas would consume any investment that they put in, and that their efforts would be in vain.

To give his first and main investor comfort, Toto brought Perrine to the jungle headquarters of Hashim Salamat. After a substantive conversation, Perrine concluded that the MILF was not a radical or extremist group, but a moderate group whose interest was in genuine autonomy for the Muslim region. Salamat told Perrine that there could be no peace without development. He said, "I have more than ten thousand men bearing arms. If tomorrow we have peace, where would these men go, what would they do? ... There aren't any jobs [in their hometowns], but they will still be bearing guns. So the only chance we have for sustainable peace is that ... we must provide jobs as a viable alternative for them."

The Unifrutti investment gave birth to La Frutera, Inc. in 1997. La Frutera works jointly, and is supported by, Paglas Corporation, from which it leases nearly 1,000 hectares of land. The bananas produced by La Frutera are marketed and exported by Unifrutti-Chiquita to the Middle East, Japan, Korea and China. The initial investment in the enterprise was approximately \$27 million, with Unifrutti receiving a highly favorable lease rate of \$70 per hectare per year, whereas other plantation owners in Christian-dominated areas in Mindanao received as much as

\$160 per hectare per year. Toto Paglas did not question this price because *not a single investor* had ever put money in Muslim lands. His task was to prove first that the money could be put to work profitably, and he understood that other investments would follow. Government leaders in the ARMM supported Toto Paglas' venture. For example, they expedited necessary paperwork and exempted La Frutera from a mandated minimum wage raise, agreeing instead to the plantation's request to pay the old minimum wage while granting incentive pay to many workers, based on performance.

La Frutera became a successful enterprise. Capital was used to build new roads, offices, irrigation systems, and other infrastructure in Paglas municipality. The original project expanded from 1,000 to 1,600 hectares, with close to 3,000 people employed. As of 2005, the plantation infused approximately \$400,000 a month in the form of salaries to residents in the area. A local economy evolved, including a mini mall and a local development bank. Enrollment in the elementary and high schools rose to 70% and crime came down to zero or single digit rates at most (this in a town where buses used to be routinely ambushed). Paglas Corporation set up ancillary businesses to support La Frutera, including trucking, security, and gas stations. It provided jobs to many locals and generated \$10 million in revenues in 2001-2002. In 2005, investors approved another \$50 million in new investment to expand operations by another 2,300 hectares and thousands more employees in areas outside of Paglas municipality.

Success in the "Paglas Story" was preceded by challenges that had to be overcome. In facing these challenges effectively, Toto's leadership yielded results that included not only economic success but a change in the "rules of the game," as he originally envisioned. A key challenge

was to crack down on crime. Many non-local workers were afraid to live in Paglas, fearing for their lives. Toto mentioned that he had to take harsh measures and told the *Wall St. Journal* in 2002: “I tell people that if they have guns near my plantation, I’ll kill them.” His own workers, many from the MILF, initially carried their guns to work on the plantation. They were asked not to do so, but responded by having their young sons carry their guns for them instead. According to Toto, it took one year to end finally the habit of carrying weapons to work. Toto led by example when it came to ending the habit of carrying weapons to feel like you were somebody. He said, “I was brought up in a culture where guns and goons define a man’s status in society. I challenged that convention. At first, I was not comfortable because it was ‘not the normal thing’ to go around town without my bodyguards. But I decided to put an end to that fashion because the old ways were not working . . .” Thus, as a leader, clad in his usual “uniform” of blue jeans and a white t-shirt, Toto dispensed of his bodyguards and went everywhere without guns.

Two “all-out” wars between Moro rebels and the Philippine armed forces occurred in 2000 and 2003, creating potential complications for La Frutera. Amazingly, despite the fact that up to 90% of the plantation workers were either MILF fighters or sympathizers, none of them disrupted the plantation’s operations to fight in the war. Hashim Salamat himself counseled his followers to remain on the job. Perrine, the original investor in Paglas, noted, “We were there in those two all-out wars and our business was never disrupted.” The plantation was declared a no-fire zone, and both the army and rebels respected this rule.

The problem of terrorism also became a small but genuine concern. When the author of this case study visited Paglas plantation in 2005, several of the workers and former MILF rebels she



interviewed showed her pictures of members of the Abu Sayyaf bandit/terrorist group that they carried in their wallets. They said that they would not allow anyone to destroy the gains made at the plantation, or allow extremist and criminal elements to infiltrate their community. If any Abu Sayyaf members showed up, they said they needed no help to eliminate them because they themselves (the workers, former MILF rebels) were trained fighters.

Changing the “rules of the game” also meant introducing habits and skills that were new to many workers on the Paglas plantation. For example, many had not held regular jobs before. They had to learn to comply with basic rules such as punching in time cards, reporting on time, and being productive. A Core Values Training Program was instituted, based on the Holy Qur’an and taught by an *ustadz* or educated cleric. This program was compulsory for all employees once a week. Bible study was also launched. Christians were asked to attend lectures on the Qur’an and Muslims were asked to attend lessons on the Bible. In Perrine’s words, “We’ve learned that we have to adapt the organization and the management of the company to the culture.” Toto noted that moving across the “gulf of understanding” between Muslims and Christians required a “leap of faith.” Added to the mix of Christians and Muslims on the plantation was a small group of six Jewish agricultural specialists, led by Yaal Pecker, an Israeli who grew up on a kibbutz and fought against Muslims in Lebanon. When asked how he felt about living among the Muslims and former MILF guerillas in Paglas municipality, Yaal responded, “These [Muslims] are my brothers.”

Toto Paglas welcomed new ideas and new ways into Paglas municipality. He engaged non-governmental organizations and academics to do training, skills building, values formation and

education. He listened to the concerns of different groups, including those who were normally excluded from decision-making. In his words, “Muslim culture [was] basically very exclusive. I challenged that by bringing everyone’s concerns [to] the table—the government, the military, the religious leaders, the workers, the rebels and even the lawless elements because I believe that what each of these groups says is of great value.” One of his supervisors on the plantation, Abbie Puas, a former MILF commander, a.k.a. Commander Spider, told this case study’s author that even though he did not have much education, Toto gave him an opportunity to be a leader on the plantation. He said that he used to sleep in the mud in the rain, but now, “I have an address and I can send my children to school.” His humble home had a television, on which he enjoyed watching basketball. Sometimes, he added, his colleagues who were still active rebels would come down from the hills in the evenings to watch basketball with him. A motto on the plantation was “Bawal ang tamad dito” (“The lazy are not allowed here.”) By giving previously marginalized individuals a stake in economic development and infusing the community with the values of hard work, merit, and reward, Toto managed indeed to change the “rules of the game.”

## **EXPANSION AND SUSTAINABILITY**

The early demise of Toto Paglas was a tragedy for the Moros of Mindanao, who badly needed leadership that served the people effectively. Nonetheless, in his brief life, Toto already succeeded in accomplishing what few other leaders in the Philippines have done. Outside of Paglas municipality, Toto’s friendships, example, and contacts became instrumental in bringing agribusiness investment to other poor and neglected areas. Toto wanted to show that the model of peace through economic development was replicable. Thus, playing the role of connector, he introduced investor John Perrine to an ex-mayor in Bumbaran, a highland town backed up

against the forest on a mountain in the province of Bukidnon. There, another plantation was started. On the other side of Bumbaran was the MILF's Camp Butig. Three years before La Frutera expanded to the area, a truckload of twenty Christian settlers had been massacred. Tension was rife between Muslims and Christians, and between tribal groups and outsiders whom they suspected of being out to steal their lands. Before the plantation could operate, Toto's colleagues—some of whom were highly qualified professionals from Davao City—went door-to-door literally to convince local leaders of the benefits of agribusiness. Locals sometimes threatened them with violence, but most were convinced to cooperate once they understood that their children, in particular, would benefit from economic development. The local school and mosque were repaired, and a lottery instituted to select three participants yearly to go to the hajj in Mecca, all expenses paid. Needless to say, in Bumbaran, many lives were touched by Toto's entrepreneurship and leadership. His own colleagues' lives changed. When asked by this case study's author why they would go to such a remote place as Bumbaran to work under hard conditions, two professional Christian engineers from Davao City remarked that the work gave them a larger purpose and deeper fulfillment beyond their convenient lives and careers in the city.

As a leader, Toto was invited to many places to share his experience, which he did enthusiastically. He taught modules in "Bridging Leadership" at the Asian Institute of Management in Manila. Occasionally, he took Muslim mayors on his private plane to tour Paglas plantation and demonstrate that, through vision and hard work, they, too, and their people could prosper. In 2005, Toto ran for the governorship of ARMM, but lost after the national leadership in Manila, led by the President, decided to endorse another candidate. Toto also

participated actively in the Philippine Business for Social Progress organization, whose philosophy he often quoted: that “the one true purpose of business [was] to make life good for everyone.”

Toto was invited to give talks in many places, including the World Bank in Washington, D.C., Tehran, Jerusalem, Sudan, Thailand, and the Council on Foreign Relations in New York City. In nearly all his speeches, he talked about the challenge of sustaining the gains made in Paglas. He continued to work with investors and generated additional investment and employment in Muslim areas. He said that, to sustain the gains in Paglas municipality and elsewhere, it was critical “to continue to LISTEN to what people have to say—and LEARN from the WISDOM of their stories—as they gave me great inspiration to continue to improve, to be a BETTER leader.”

## **DISCUSSION QUESTIONS ON EFFECTIVE LEADERSHIP**

In his talk at the Council on Foreign Relations in New York City in April 2005, Toto Paglas said the following:

*How did leadership play a role in my town’s unique story? It started with the realization that the life of my people must change for the better. But then, that change must also start with myself, the leader. Then private investments, which I knew was the sustainable way to economic development, must come in. Then, for investments to come in, I must have a business plan.”*

Toto Paglas began with an ambitious and broad vision and mission, but he was able to break it down into components that he and his colleagues and partners could implement. He was not just a dreamer or talker, but a doer.

Below are some questions to think about in studying the Paglas case.

- What personal qualities and experiences prepared Toto Paglas to be an effective leader?
- How did he balance traditional and modern qualities of leadership to run a successful business? How was he different from other traditional leaders?
- Why was it important for Toto Paglas to take on the challenge of “changing the culture,” and how did he do it?
- How can leaders lead by listening, learning, and setting an example?
- What personal risks did Toto Paglas take as leader?
- Who were the key partners, stakeholders, and supporters that helped make the “Paglas experience” possible? How can you identify key partners and stakeholders and nurture their understanding and support?
- Why did Toto consider even “lawless elements” as stakeholders?
- How was religion used as an element to unite rather than divide people in the Paglas case?
- What lessons, if any, from the Paglas case might apply to leadership in CAREC communities and countries?

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