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GLOBAL VOICE MAGAZINE

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Why people are
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systems and tea
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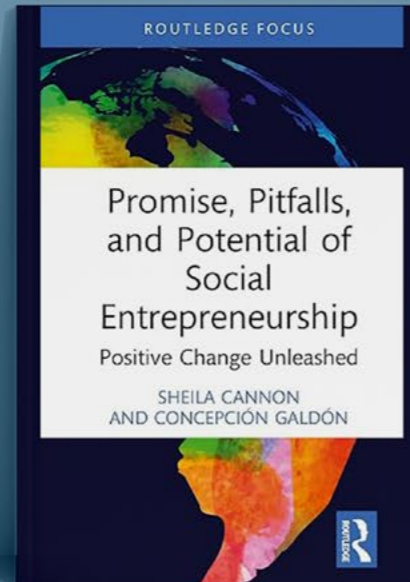
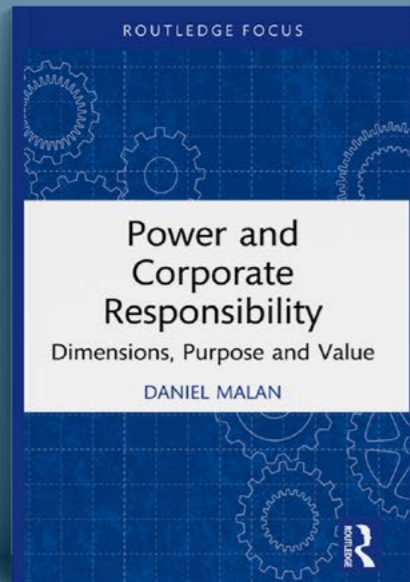
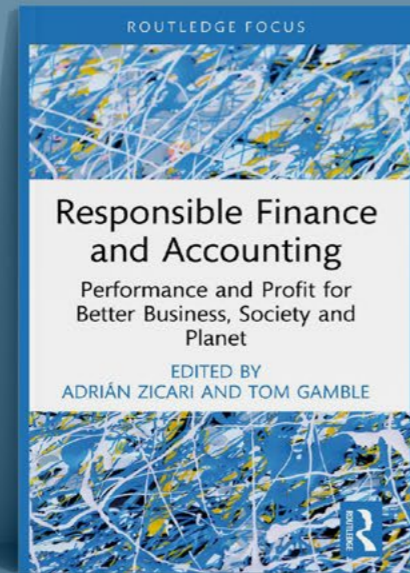
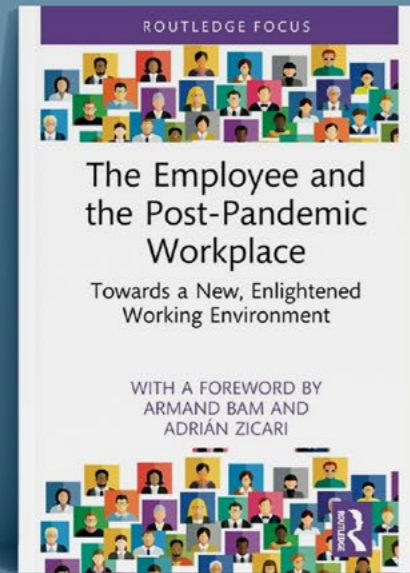
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For this traditional Christmas editorial, it is always appropriate to revisit the classic tales for this season. Such tales bring us back to the timeless wisdom of our ancestors, the kind of wisdom we need so much in these hectic times. Among the many good Christmas tales, there is one that remains emblematic. It is, of course, “A Christmas Carol”, written by the great Charles Dickens at the end of the XIX century.

We know the story. Mr. Scrooge is a rich businessman, who despite of his immense wealth, is a miser, closed in a life of greed and isolation. He does not like Christmas. During Christmas Eve, Scrooge receives the visit of three ghosts. One reminds him of his infancy, when he was a kind person. The other ghost shows him the present, making Scrooge realise how people under his responsibility are suffering because of his decisions. Finally, another ghost shows Scrooge how his life will miserably end if he does not mend his ways.

The end of the story is a happy one, however. Scrooge pledges to change his life. To the surprise of the whole town, Scrooge becomes a new man. He is now a kind, compassionate, attentive person. So rapid, so deep this change was that Scrooge’s family and employees can barely believe it.

While at first glance this well-known story may seem childish, perhaps old-fashioned, in reality, “A Christmas Carol” remains of great value to adults of the XXI century. And particularly for you, readers of this Global Voice magazine, interested as you are in Business & Society.

In this story, Scrooge decides to mend his ways, making his best to become a better person. Importantly, he does not abandon business. Businessman he was, and businessman he remains after his life change.

The story does not portray business as something bad. Indeed, Dickens does not even dare suggest that Scrooge was doing anything illegal or immoral before his change. But he now does business differently. He is generous with his employees. He is kind to his family. He looks after people in need. No longer an ambitious, arrogant businessman, Mr Scrooge is now a pillar of his community.

How much we can learn from this story! Perhaps one lesson to be drawn is that of selflessness – on both an individual and indeed business level. Is short-term gain primordial, or can business benefit the wider system of things – employees, families, and communities? As industries across the globe begin to think of downsizing, perhaps a longer-term vision is required that although might cause decreases in profit margin in the short-term, actually safeguards resources and durability for greater demands, returns and benefits in the longer run.

Nowadays, we want business to be sustainable, supportive of society and the planet. And for that purpose, we rely on new standards, guidelines, directives and rules. Of course, all these norms and tools are helpful, welcome, and perhaps unavoidable. But at the end of the day, all of them are useless unless we change our hearts. As Scrooge did during a cold winter night.

Merry Christmas.



Professor Adrian Zicari,
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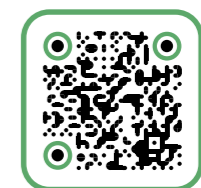
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LEADERSHIP MANAGEMENT



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IS REMOTE WORK A BOON OR A BANE FOR EMPLOYEES AND TEAMS?



Psychological empowerment and conflict management are only two of the many factors that have needed to adapt in the shift to virtual teams.



Is working from the office all that bad? If so, why do so many people still prefer to work from home after the pandemic? **Dr Baidyanath Biswas, Trinity Business School**, explores the impacts of virtuality on teams, individual well-being and satisfaction, and how management can navigate through this virtual shift.

Related research: The roles of conflict management and psychological empowerment in virtual teams, Shubhi Gupta, Govind Swaroop Pathak, Baidyanath Biswas, Information Technology & People, Emerald Insight.

THE REMOTE REVOLUTION

C OVID-19 has been a catalyst in increasing the number of virtual workplaces worldwide. Employees shifted from the regular 9 to 5 office hours to requesting more and more remote work even after the pandemic ended. These virtual teams and workplaces were seen as survival strategies for companies to be able to adapt to the new preference for working from home.

This dramatic shift to the new norm of virtuality has produced many benefits for companies when cutting costs for offices and other infrastructure. However, with immense changes like this, companies must ask themselves how it affects their employees – whether that may be physical, mental, or psychological effects on the individual and their team dynamics. As such, many companies such as Amazon, Google, and Apple have adapted to this change by using simulation games to conduct team-building exercises in the hope of improving team performance outcomes for their remotely working employees.

The dynamics of a team are essential for companies and the means of maintaining and reinforcing these dynamics such as conflict management and psychological empowerment. These factors especially have come into light as they have been those most notably to diminish during this change. Prof. Baidyanath Biswas of Trinity Business School has explored the issue further and focuses on how virtuality affects the roles of conflict management and psychological empowerment on virtual teams – and whether remote work will become a boon or bane for their workforce.

BEYOND THE SCREEN

Indeed, the benefits of virtuality mentioned above, such as the lower cost of offices and infrastructure and the high preference for remote work from employees, have pushed more and more companies to switch to a remote workplace. Nevertheless, there seem to be drawbacks that have come to light within the teams working online. The main issues that have arisen due to COVID-19 and this transition to virtuality deal with disconnection, loss of empowerment, and a higher risk of interpersonal conflict among virtual teams.

The substitution of homes or bedrooms for physical offices dedicated to working has caused employees to feel disconnected from the work. 12% of remote workers face distractions when working from home. Furthermore, workers struggle to collaborate efficiently with remote teams, consequently decreasing empowerment. Another struggle that has arisen is that virtual teams often face challenges such as distrust, interpersonal conflicts, stress, high workloads, and a lack of familiarity among members. In this light, effective conflict management is crucial for the success of virtual teams, with managers having to keep in mind that their employees need forms of encouragement and team-building exercises that keep them feeling motivated and valued in the company or organization.

THE ROLE OF PSYCHOLOGICAL EMPOWERMENT AND CONFLICT MANAGEMENT

Psychological empowerment and conflict management are only two of the many factors that have needed to adapt in this shift to virtual teams. Psychological empowerment is linked to self-efficacy, which arises from team members' perceptions of being empowered in their roles and responsibilities.

This empowerment influences each employee's motivation and performance within their team. Regarding conflict in a team, researchers have found that conflict is a crucial interpersonal process that can enhance decision-making within teams by presenting alternative or unexpected outcomes. As such, effective conflict management is a key

factor influencing team outcomes, including performance and satisfaction.

RESULTS OF THE REVOLUTION

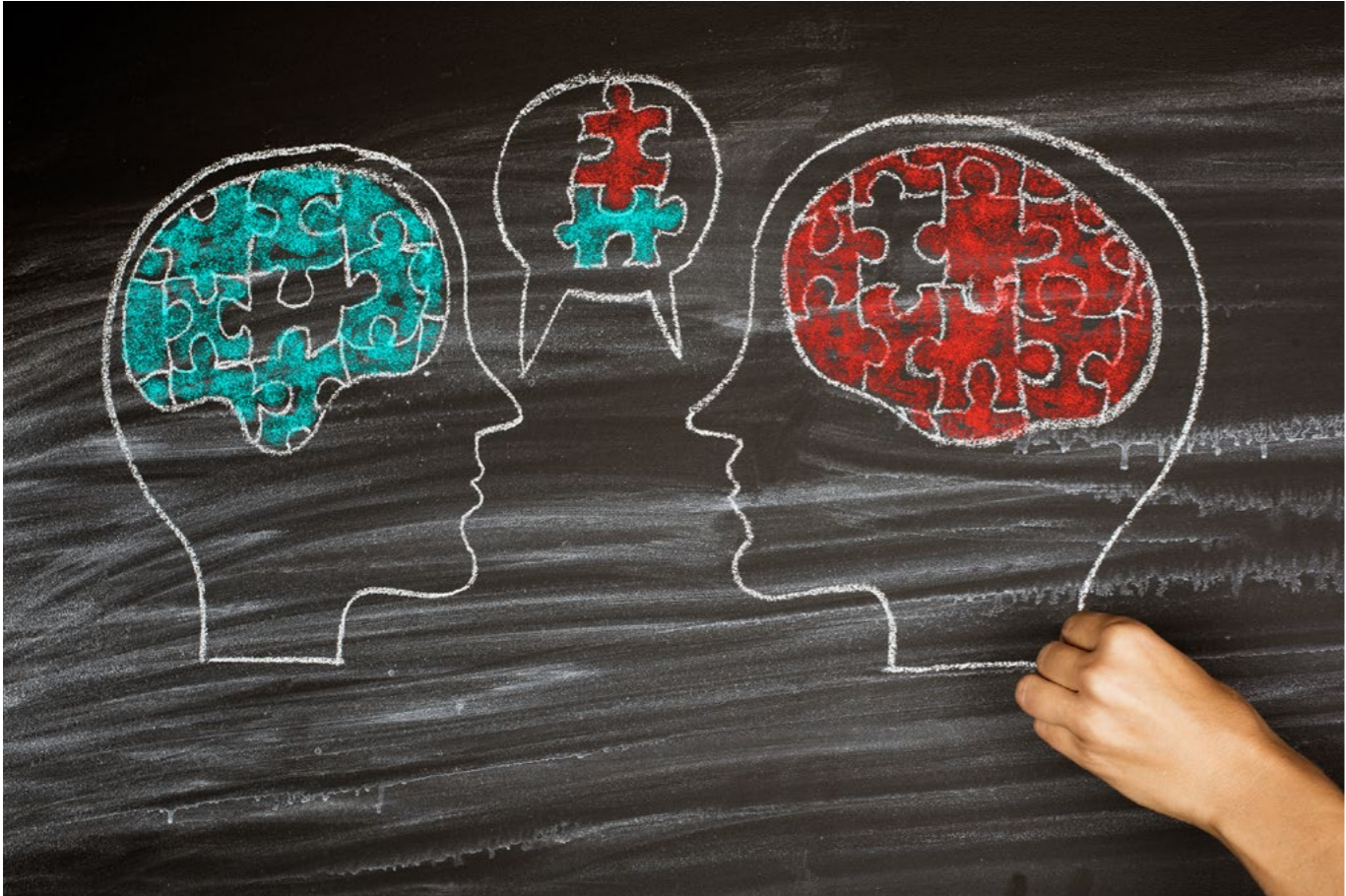
As mentioned above, the use of virtuality in recent years has increased dramatically due to COVID-19. Post-pandemic, companies and employees have grown accustomed to this type of working environment and have perceived countless benefits compared to their previous in-person experience. Similarly, Prof. Biswas's research finds that these effects can be both positive and negative on individuals and their teams.

One of the main concerns of this switch to virtual workplaces has been team performance and environment. Unfortunately, virtuality has been proven by this study to negatively affect team performance which may be due to the high dependency on technology limiting the nonverbal cues of in-person settings. When those gestures and behaviours are limited, then it eventually fosters an environment of communication barriers and interpersonal conflicts.

Fortunately, virtuality does positively influence individuals' team satisfaction. These virtual teams can bring together individuals from various parts of the world and provide diverse perspectives and experiences to decision-making processes. However, even though virtuality increases team satisfaction, there is a negative relationship between virtuality and an individual's satisfaction with life. Many studies have seen that the lack of face-to-face interaction will result in a decreased sense of belonging among team members. Additionally, the dramatic reduction in emotional support and positive feedback has led to decreased motivation and lower subjective well-being. Unfortunately, this aligns with the increase in feelings of loneliness, depression, and anxiety during the pandemic.

The final two impacts relate to psychological empowerment and conflict management. Previous studies have provided conflicting observations, and many have not delved into emerging countries like India regarding these. According to Dr Biswas's study, both psychological empowerment and conflict management seem to be positively influenced by virtuality. The increase in psychological empowerment may be from the flexible work schedules for employees in addition to the increased sense of control over their work environment, whether they choose to be at home or in the office. On the other hand, conflict management in virtual teams has a positive relationship with virtuality possibly due to the more task-oriented structures with greater anonymity for team members. This is consequently seen to reduce tensions and interpersonal conflict. Without the in-person personal relationships and shared space, these relationships tend to be held more professionally.





INSIGHTS FOR MANAGEMENT

All in all, findings from this study provide useful takeaways for managers of virtual teams, as they underscore the importance of organizing activities to resolve conflicts – thereby enhancing individual satisfaction and overall team well-being.

What's more, HR managers can leverage these insights to design more effective solutions for virtual platforms like the metaverse and AR/VR environments, including using video games for team-building exercises such as those now used at Google and Apple.

Organizations can maximise the advantages of their virtual teams by fostering good team behaviours and promoting positive empowerment rather than merely focusing on outcomes. Companies and organizations would be wise to reflect on whether they can pursue the virtual trend and invest in technology to maintain their employee and team performance and well-being – or go back to the old-school way to avoid the negative effects on team performance and individual satisfaction.

Once companies find what suits their workforce best, it will lead to a more sustainable and efficient collaboration within and across organizations. ///

KEY TAKEAWAYS

- ❑ **Increased Virtual Workplaces:** The COVID-19 pandemic significantly increased the number of virtual workplaces, with many employees continuing to prefer remote work even after the pandemic ended.
- ❑ **Challenges of Remote Work:** Virtual teams face issues such as disconnection, loss of empowerment, and higher risks of interpersonal conflict, which can negatively impact team dynamics and individual well-being.
- ❑ **Psychological Empowerment and Conflict Management:** Virtual work can enhance psychological empowerment for employees due to flexible work schedules and increased control over their work environments. Effective conflict management is crucial in virtual teams to mitigate challenges such as distrust, stress, and lack of familiarity among team members.
- ❑ **Impacts of Virtuality:** Virtuality can negatively impact team performance due to limited nonverbal communication, but it can increase team satisfaction by bringing together diverse perspectives from different locations. While virtual work can enhance team satisfaction, it may decrease individual satisfaction with life, leading to issues such as loneliness, depression, and anxiety.
- ❑ **Management Strategies:** Managers should prioritize activities to resolve conflicts and enhance individual satisfaction and well-being. Investing in technology and creating effective virtual platforms can help maintain team performance and overall well-being.

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THE ACCOUNTANT: PERCEPTIONS, CHALLENGES AND A KEY ROLE TO PLAY IN SHAPING RESPONSIBLE BUSINESS AND SOCIETY



Popular culture can be a mirror with which all disciplines can glean a societal view of themselves.



An interview with **Profs. Mark Christensen, ESSEC Asia-Pacific, and Sébastien Rocher of IAE Nancy School of Management.**

Business and management, fields with their multiple dimensions and disciplines, have long-since been highlighted in popular culture. Metaphors abound. The sales rep as shark or super hero, the IT wizard as anti-social geek or saviour of the universe. But perhaps one of the most lasting and multifaceted popular images is that of the Accountant – a constant in films, cartoons, comics and books over the years – portrayed as both an endearing and unexpected hero (Itzhak Stern in *Schindler's List*), or a cold-hearted beancounter character whose calculations go without regard for others (Sidney J. Mussburger in *The Hudsucker Proxy*).

For Profs. Mark Christensen, ESSEC Asia-Pacific, and Sébastien Rocher of IAE Nancy School of Management, how people through popular culture view the Accountant, can actually bring valuable lessons to help positively shape the profession for the benefit of business, wider society, and the planet.

Their research paper – *The persistence of accountant beancounter images in popular culture* – has appeared in the Routledge-CoBS Focus on Responsible Business series, included among other leading contributors in the book *Responsible Finance & Accounting*. In this spotlight, we interview Profs. Christensen and Rocher on their findings.

WHAT KEY TAKEAWAYS DOES YOUR RESEARCH/WORK ON THE TOPIC REVEAL FOR YOUR READERS?

"Mass culture outputs such as comics," states Prof. Christensen, "highlight important economic, social, political, and cultural problems of the time to arouse the satirical consciousness of its readers."

In our article, comics show accountant characters that reflect social functions of accounting as well as being instruments for the comic artists to reflect their circumstances. In this way, popular culture reflects accounting whilst also using images of accounting to pursue particular purposes of the purveyors of popular culture."

"Seeing accounting from the perspective of popular culture," adds Prof. Rocher, "the 'beancounter' image is recognised but it may not be permanent. The social functions of accounting, as perceived by society as a whole, are subject to change."



WHY ARE PERCEPTIONS OF THE BEANCOUNTER IMAGE IMPORTANT IN THE CONTEXT OF RESPONSIBLE FINANCE & ACCOUNTING?

For Christensen and Rocher, accounting is a socio-technical construction with powerful consequences – but especially where its audience allows it to be performative. That requires the audience of accounting to believe that accounting is legitimate, reliable and consequential. So there's a promise where the focus is on responsible outcomes but a risk where accounting allows irresponsible outcomes through an excessive focus on the 'bottom line' (profit/loss) which hides other outcomes. A desirable change from this is for non-accountants to focus more on the consequences arising from accounting rather than the technical aspects of accounting.

RAISING A CHALLENGE FOR THE PROFESSION

A challenge lies in shaking off certain perceptions of the Accountant especially given the fact that in a business and management context, accounting is necessarily housed in goal-seeking entities within the company – accounting, management control, legal, and HR departments, for example. However, it is for these disciplines to move from providing perceptions of accounting to making future efforts to render their entities more socially responsible. "For example," states Prof. Christensen, "if accountants perceive their role as simply to measure profit/loss, net assets and owner's equity, won't they limit themselves to the extent that they will miss the big issues with which society needs help and information?"

Popular culture, assert Christensen and Rocher, can be a mirror with which all disciplines can glean a societal view of themselves. "Our work does that for accountants but all professions can similarly benefit. For example, as IT engineers grapple with the ethical dilemmas of algorithmic transparency, shouldn't they take on board the views of society as reflected in popular culture?" Food for thought indeed. ///



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ETHICS

THREE ETHICAL CLIMATES: HOW JAPANESE COMPANIES APPROACH RESPONSIBLE PEOPLE MANAGEMENT IN CHINA



Ethical climates significantly impact job performance and organizational commitment.



Prof. Keikoh Ryu, Keio Business School, shares his research and reveals the 3 ethical climates necessary to address this. From an interview by **Prof. Adrian Zicari, ESSEC Business School, Council on Business & Society**.

Adrian Zicari: Why is it important to study Japanese firms operating in China?

Keikoh Ryu: Studying Japanese firms operating in China is essential for several reasons. Firstly, Japan and China have significant economic ties, with Japan being a major investor in China. Understanding Japanese firms in China is crucial for comprehending this bilateral economic relationship and its impact on the global economy. Secondly, Japanese firms in China represent a blend of Japanese management styles and Chinese work culture. Examining how these firms operate can provide insights into effective cross-cultural management strategies and the challenges of integrating different business cultures.

At the same time, Japanese firms contribute significantly to China's economy and have a notable influence on global markets. Indeed, studying these firms can offer valuable insights into market trends, consumer behavior, and economic policies in China and beyond. And lastly, studying Japanese firms in China can inform policy-making and strategic decisions both within these companies and at the governmental level. This includes decisions related to trade, foreign investment, and international relations.



Adrian Zicari: In your work, you distinguish between three ethical climates: The Golden Mean style, social responsibility style and friendship-efficiency style. Would you elaborate on those styles and perhaps provide an example of each one? Is there some overlap between those styles?

Keikoh Ryu: Yes, the research identifies three types of organizational ethical climates in JFMEs: Golden Mean style, Social Responsibility style, and Friendship-Efficiency style. The “Golden Mean” style of ethical climate is derived from the idea of the golden mean, a concept of moderation in traditional Chinese philosophy, which has been incorporated into Japanese management practices.

It combines a focus on balancing friendship and self-interest, team interest and profit. The resulting tension between self-interest and profit on the one hand, and team interest and friendship on the other has been shown to result in an effective leadership style and a positive ethical climate.

The “social responsibility” style of organizational ethical climate also prioritizes self-interest but is infused with a sense of altruism toward others and society at large. It has become increasingly prominent as the Chinese government’s focus has shifted from economic growth to social welfare.

While over the course of reform and opening-up, efforts have been made to extricate the management and operations of enterprises from government oversight by focusing on macro-economic regulations, the Chinese government continues to intervene in the economic activities of Chinese enterprises, and it has an outsized impact on organizational ethical climate. At the same time, the tendency of JFMEs to prioritize corporate social responsibility is also a product of the historically fraught relationship between China and Japan, as they aim to overcome the reluctance that some locals may have to Japanese products. Only with a positive image, which comes from assuming greater social responsibility, can JFMEs thrive in the Chinese market.

As for the “friendship-efficiency” style, JFMEs in China tend to act like multinational corporations in terms of their focus on international operations and increased efficiency through localization. At the same time, however, Japanese leaders place great importance on the individual needs of their employees, and positively impacting the organizational ethical climate. In fact, prior research shows that leaders play a pivotal role in influencing the formation and development of an ethical climate, and organizations’ ethical standards are necessarily shaped by the psychological and behavioral makeup of their executives.

This includes but is not necessarily limited to leaders’ distinctive approach to problems, the values reflected in their managerial practices, the ethical distinctions they make, as well as the way in which they manage employee expectations. Therefore, to the extent that the management practices of JFMEs tend to emphasize both efficiency and friendship, the “friendship-efficiency” style of the organizational ethical climate remains widespread.

Adrian Zicari: In your work, you also explore the links between each ethical climate and job performance. Could you present your conclusions?

Keikoh Ryu: The study suggests that these ethical climates significantly impact job performance and organizational commitment. For example, the Golden Mean style positively influences normative commitment, while the Social Responsibility style enhances corporate image and perceptions of fairness among employees.

The Golden Mean style significantly influences normative commitment in JFMEs, with an influence coefficient of 0.75, indicating a strong positive impact; the style is characterized by a balance between employee satisfaction, team spirit, and fairness in wages. It fosters a sense of fairness and belonging among employees, contributing to a normative organizational commitment. The Golden Mean style blends a focus on team spirit and a caring organizational ethical climate with operational self-interest. This blend typically leads to a stronger commitment to organizational norms and values among employees.

As for Social responsibility style, the evidence in the SEM (structural equation modeling) regression data clearly shows that the observed variables associated with the social responsibility style of organizational ethical climate exert a significant positive impact on normative commitment, as well as on the measurement of the observed variables of social responsibility and organizational commitment. It is clear that the social responsibility style of organizational ethical climate can help JFMEs enhance their corporate image while encouraging normative commitment among employees by instilling in them a sense of fairness.

Moreover, the results suggest that the friendship-efficiency style of organizational ethical climate has a significantly positive impact on normative commitment with an influence coefficient value of 0.31. In addition, the following SEM regression tables reflect the significance of other observed variables, as well as the impact of the endogenous variables on the exogenous latent variables.

The management philosophies of JFMEs are necessarily influenced by Japanese culture and are based on the belief that self-interest and efficiency should ultimately be grounded in altruism. As a result, the tendency of Japanese enterprises to place a special emphasis on employee and consumer satisfaction leads to the development of a friendship-efficiency style of organizational climate, under which loyalty is fostered through training, investment and the cultivation of an overall sense of belonging.



Adrian Zicari: Your study took place before Covid-19. Would you imagine that the pandemic changed in anyway?

Keikoh Ryu: The COVID-19 pandemic has undoubtedly brought significant changes to many aspects of organizational functioning, including the impact of organizational ethical climates on job performance. The Golden Mean style emphasized balance, including employee satisfaction, team spirit, and fairness in wages, leading to a normative commitment to organizational values. The pandemic’s challenges, like remote work and health concerns, might have amplified the need for balance. Organizations may have had to adapt by placing greater emphasis on mental health, work-life balance, and effective remote work policies. This could lead to a deeper understanding and implementation of the Golden Mean style, potentially enhancing its positive impact on job performance.



The Social Responsibility Style typically focuses on the well-being of employees and the larger community, emphasizing ethical considerations in business decisions. Here, the pandemic heightened awareness of social responsibility, particularly regarding employee health and safety and community support. Companies that actively engage in protecting their employees and contributing to societal needs may have seen increased employee loyalty and motivation, potentially leading to better job performance.

The Friendship-Efficiency Style focuses on fostering strong interpersonal relationships and efficient work practices. As such, the shift to remote work might have challenged the maintenance of close interpersonal relationships, necessitating new strategies for team building and communication. However, the efficiency aspect might have been bolstered as companies streamlined operations and adopted new technologies to cope with the pandemic's challenges.

Adrian Zicari: According to the results of your study, would you have suggestions or advice to investors in China (coming either from Japan or from elsewhere)?

Keikoh Ryu: Firstly, it is important for investors to understand the cultural dynamics in China. Understanding and respecting Chinese cultural and ethical norms is crucial. Investors should be aware that local employees might have different expectations regarding organizational ethics, which can significantly impact their commitment and performance. As mentioned, the study highlights ethical climates like the Golden Mean style, which emphasizes a balance of employee satisfaction, team spirit, and fairness in wages. Investors should consider these aspects when shaping the organizational culture of their ventures in China.

And secondly, it is also necessary to ensure a balanced approach to management, focusing on employee satisfaction, fairness, and team spirit (The Golden Mean). This balance is crucial for enhancing employee commitment and job performance. Given the increasing global focus on social responsibility, investors should prioritize ethical business practices that consider the well-being of employees and the community. This could lead to better brand perception and employee morale.

Moreover, develop strategies to foster strong interpersonal relationships while maintaining efficiency. This may include team-building activities, effective communication channels, and encouraging a collaborative work environment.

By focusing on these areas, investors can create a conducive work environment that aligns with local cultural norms and ethical expectations, thereby enhancing organizational commitment and job performance in their Chinese ventures. ///

KEY TAKEAWAYS

- ❑ Japanese firms contribute largely to the Chinese economy and Japanese firms in China represent a blend of Japanese management styles and Chinese work culture.
- ❑ The "Golden Mean" style of ethical climate is derived from a concept of moderation in traditional Chinese philosophy, which has been incorporated into Japanese management practices. It combines a focus on balancing friendship and self-interest, team interest and profit.
- ❑ The "social responsibility" style of organizational ethical climate can help Japanese firms enhance their corporate image while encouraging normative commitment among employees by instilling in them a sense of fairness.
- ❑ The "friendship-efficiency" style: Japanese firms in China tend to act like multinational corporations in terms of their focus on international operations and increased efficiency through localization. But Japanese leaders place great importance on the individual needs of their employees, and positively impacting the organizational ethical climate.
- ❑ For investors: Understanding and respecting Chinese cultural and ethical norms is crucial. It is also necessary to ensure a balanced approach to management, focusing on employee satisfaction, fairness, and team spirit.



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BRIC BY BRIC: BUILDING HUMAN-CENTRED HRM APPROACHES IN DEVELOPING ECONOMIES



While HRM practices and regulations matter in developed economies, it is the emerging economies that might soon define the future of work.



Professor Fang Lee Cooke at **Monash Business School**, University of Monash and Senior Economist **Nikolai Rogovsky** at the **International Labour Organization** recently edited and published a comprehensive publication that seeks to better understand the relationships between megatrends that affect HRM policies and the respective implications for the BRICS countries.

The contemplation of the future of work in our modern age is pertinent for a number of reasons, from the increasing role of work in our lives, to the rapid evolution of technology, and the long-standing ethical issues around employment worldwide. Particularly in the emerging economies, wherein the transition into development increases the likelihood of poor labour standards that favour pragmatism and profit.

In this light, a better understanding of the megatrends that affect human resource management (HRM) policies would provide policy makers with the ability to make more informed decisions and allow for a proactive approach.

To achieve an understanding of the existing mega trends surrounding HRM, Prof. Fang Lee Cooke at Monash Business School and Senior Researcher Nikolai Rogovsky at the ILO looked at firms operating in the **BRICS** – Brazil, Russia, India, China and South Africa – with a particular focus on private and foreign multinational enterprises (MNEs) having a growing influence on the economies of these countries.

In analysing the different trends within each BRICS country, the researchers attempt to outline the key challenges and good practices across several industries to reveal megatrends – and as such, identify areas to address to ensure that a human-centred approach to HR and employment relations becomes the norm.



BRAZIL: THE RISKS AND OPPORTUNITIES PRESENTED BY GLOBALIZATION

Like all nations affected by the reach of globalization, there exists both challenges and opportunities alike. But in developing nations like Brazil, these are amplified. Indeed, despite the transition of the Brazilian economy into one of trade liberalisation, it remains largely inwardly-focused with trade volumes below the norm for a country of its size.

The firm-level data analysed by the researchers confirms this by revealing that exporting firms in Brazil pay higher salaries and hire more employees while import-competing sectors face stronger competition from abroad. In essence, these two realities illustrate the opportunities on one hand for local citizens to earn more via employment in exporting firms. And, on the other hand, how the opening of the economy to international competition can destroy local job opportunities and drive wages down.

Moreover, Brazil faces the lack of abundant cheap labour that hinders its capabilities in the rudimentary, labour-intensive sectors of the economic chain. This issue may be amended by focusing on the exportation of refined and differentiated products. However, this necessitates the expertise of skilled hands, the precision of advanced machinery, and the quality of superior qualities.

To improve the situation, the researchers investigated how government policies and business strategies might improve the integration and development of the required skilled labour. Precise and purposeful labour market strategies could produce positive results for both employers and workers. But evidence

for specific labour policies to encourage exportation in emerging markets remain scant, and the empirical evidence for their usefulness remains inconclusive. Overall, however, these policies seem to affect smaller firms the most.

In reviewing successful Brazilian firms that have internationalized well, Cooke and Rogovsky found that HR policies that emphasise the development of their employees to achieve competitiveness reigned supreme. These featured training programs that allow employees to continuously improve their skills and firms with cultural sensitivity training and policies. Such programs facilitate knowledge transfer and give rise to quality management – which in turn results in overall improvement for the firm.

While formal education and fostering human capital within firms hold significance, they represent merely a segment of the bigger picture. Successful internationalisation requires not only technological advancement and adequate resources but also enhancements in productivity. That is to say that a comprehensive understanding of skills development and HR practices requires the consideration of other complementary policies in place.

THE RUSSIAN FEDERATION: MEGATRENDS ON HRM AND THE ILO'S HUMAN-CENTRED AGENDA

The Russian business ecosystem is distinct with its diverse business landscape, characterised by great variety within industries, form of ownership, access to resources and funding, among other things. Such diversity coupled with technological advancement and the country's political and social environment

resulted in an “investing in people” approach within firms. Essentially, these firms embraced digitization and ICTs to streamline HRM processes, from identifying talent to adjusting their business models to adapt to demographic, environmental, and the country's growing economic isolation challenges.

Fang Lee Cooke and Nikolai Rogovsky conclude that while digitalization and ICTs have opened up immense opportunities to improve competitiveness and promote growth in Russia, the particulars of the country present hurdles. For example, Russian firms are behind in addressing concerns like climate change. Moreover, demographic issues coupled with anti-globalization sentiments have led to unfavourable outcomes and suboptimal decisions. In addition, the strong influence of the Russian State on employment policies remains an important consideration.

Indeed, there exist two types of firms within the Federation: some in alignment with the ILO standards of a human-centred approach and others more in line with the Russian state, which can either support or resist development. For example, human-centred firms that leverage technology do so using software products designed by Russian engineers or international companies like SAP and Oracle Applications. Likewise, the international firms operating in the federation employ similar software. More generally, leading Russian companies have started transitioning from individualised improvements to more comprehensive and structural HRM systems, leveraging digitalization and ICTs for improved efficiency and people management. Such companies stand as role models for mainstream enterprises and arise as “centres of knowledge” for the propagation of the best HRM practices within the Russian Federation.

KEY CHALLENGES FOR MANAGEMENT POLICIES & PRACTICES: THE INDIAN EXPERIENCE

The Indian experience is markedly distinct due to the country's perceived potential to harvest the benefit of globalisation, owing to its favourable demographic transition. However, the economy was slow to undergo the necessary structural changes, with a vast chunk of employment still found in agriculture. Indeed, the service sector, a strong driver of economic growth, accounts for a mere 26.8% of overall employment.

As it stands, the employment growth rate is behind economic growth. All in all, the country is in a paradoxical situation whereby the number of educated unemployed workers continues to increase even when many workers still lack the necessary skills and academic qualifications required by employers. Moreover, the continued disruption caused by the increasing prevalence of technology has created the need to quickly upskill and re-skill workers.

To amend the issue, common strategies deployed by companies are re-training existing employees, hiring new permanent staff with the requisite skills, and creating in-house staff development programs to name a few. Indeed, many Indian companies have strategies in place that follow the ILO's human-centred agenda. But there remains room for improvement – from collection representation to collective bargaining.

Lastly, like every other nation, India has been subject to the negative effects of climate change. Prof. Cooke's research shows that to retain the confidence of overseas investors, Indian organisations must use sustainable business models along with sound governance practices. For example, in 2013, the Indian Companies Act was amended to mandatorily require large companies to allocate 2% of net profits to CSR activities annually. Even still, coverage for mandatory disclosure needs to be widened.

CHINA: TOWARDS A HUMAN-CENTRED BUSINESS AND ECONOMIC MODEL

The Chinese economy is characterised by its intimate relationship with the State. Indeed, the State exercises a nuanced hand in training and developing human resources and other similar functions via a networked paradigm leveraging AI, data analytics, and other digital technologies. This approach, while nascent, underscores the integration of HRM into municipal governance frameworks, as exemplified by the smart city initiative in Tianjin.

Moreover, the case of Tianjin underscores China's proactive approach to advancing digital infrastructure. Businesses have taken to leveraging technologies in innovative ways tailored to their operational needs. Simultaneously, they have begun to adopt a mindset attuned to both industrial and environmental ecologies. Such a shift has materialised in supply chain management and the approach to real estate development – both sectors now deploy innovative solutions intelligently.

But while this trend fosters potential for business innovation, it also presents unprecedented challenges for HRM. As leading organisations leverage big data and data analytics to pioneer novel business practices, the implications are profound. The COVID-19 crisis further emphasised the quick transition necessary for the adoption of digital technologies, boosting the expansion of the gig economy and informal employment, and underlining the outdated status of current HRM practices.

The successful firms were pragmatic, flexible, and had a bottom-up approach, underpinned by human-centred policies, including flexible employment and automation aimed at creating higher-skilled jobs and aligning HRM strategies with employee requirements and desires. But these are merely glimpses into the HRM practices of top firms. Whether they truly prioritise human needs remains uncertain. This notable caveat once again underlines the influence of the State.

Despite the success stories, there remain negative practices and challenges in China that include the displacement of semi-skilled workers due to automation, the “996” intense work culture, and the rise of gig work eroding labour protections. These also include excessive working hours in sectors such as R&D and e-commerce and the deployment of psychological tactics and material incentives to encourage overtime. As such, there are unresolved issues in balancing firm performance with employee welfare.

SOUTH AFRICA: HRM IN SOUTH AFRICA AND THE STORY THUS FAR

South Africa, akin to many emerging markets, has gone through a contraction in its formal employment sector, consequently constricting the scope of HRM. This challenge is compounded by a persistent skills crisis, exacerbated by entrenched racial inequalities in the education system, which have pushed firms to cultivate HR capabilities in-house, rather than outsourcing to the external labour market. This development was somewhat facilitated by low job turnover and unemployment.

Despite the existence of negative issues, there are noteworthy successes among export-oriented companies. For instance, effective HRM has fostered cooperative productive paradigms based on teamwork and joint-problem solving in the motor industry. This pattern is not unique, but is observable across many emerging markets where specialised production pockets thrive. Yet, the broader dissemination of their best practices is hindered by global deregulatory pressures and the resistance of international financial entities to proactive industrial policies.

Other instances of export success are more complex, like the wine industry. Indeed, some of the most successful firms have been associated with poor labour practices further down their production chains, echoing conditions more akin to the eighteenth-century Cape than to contemporary HRM. And while labour standards in the mining sector are better, miners still face job insecurity, wage stagnation, and inadequate housing. Moreover, small firms often disengage from collective bargaining due to its perceived unresponsiveness and the unrealistic demands of trade unions.

Global pressures contribute to the fragmentation of HR practices, resulting in a dichotomy between labour-repressive firms and human-centred firms. This dichotomy is observable in the clothing and textiles industries, where high-value producers sometimes depend on cheap supplies from questionable sources. It is clear that the regulatory system works better for the larger, established firms, and less well for smaller firms and informal workers, which account for a large subset of the economy.

South Africa has struggled to maintain substantial employment amidst global competition and policy limitations. The situation has spurred calls for radical liberation, which has globally often failed to create decent work and instead has exacerbated inequalities. But the existing regulatory system is only partially effective, with no clear path to improvement. However, the pandemic did highlight how the government possesses a broader array of policy tools for more inclusive HRM.

For the HR profession, it is crucial to transcend traditional focus areas like aptitude testing and labour allocation. Historically, industrial relations have predominantly centred on institutions such as large firms, unions, and work organisations, often neglecting HR planning, skills development, human-centred HRM approaches. As such, going forward, a key challenge is cultivating a dialogue amongst HR professionals that values diversity while acknowledging the persistent impact of the national context.

To conclude, it could be said that HRM practices are hinged on the growing global economic weight of BRICS-member countries. For while HRM practices and regulations matter in developed economies, it is the emerging economies that might soon define the future of work. Moreover, since inequality and human suffering appear to be correlated with economic weakness, it is important to understand and ensure that HRM approaches are human-centred in emerging economies. ///

KEY TAKEAWAYS

- Understanding HRM practices in emerging economies, especially BRICS countries, is crucial as these nations shape the future of global work. HRM can bridge economic and social gaps, promoting human-centred approaches that prioritize workers' welfare alongside economic growth.
- In developing countries like Brazil, globalization creates both opportunities and challenges. Exporting firms may increase salaries and job opportunities, but international competition can also lower wages and harm local industries.
- Emerging economies need skilled labour and refined products to compete globally. Firms that invest in employee training, cultural awareness, and skills development tend to internationalize more successfully, as seen in Brazil's top-performing companies.
- Russia's HRM trends reflect its unique socio-political climate. Companies are using digital tools to streamline HR but face obstacles, like demographic issues and climate change, alongside state influence on employment practices.
- India's economy suffers from a paradox of high-educated unemployment and skills gaps. The service sector drives growth but lacks sufficient employment. Companies focus on training and reskilling but need improved policies for collective representation and environmental sustainability.
- China's approach combines state-led human resource development with digital advancements. While leading firms apply human-centred HRM through flexible practices, challenges remain in balancing automation with fair labor practices, especially amid the rise of intense "996" work cultures.
- South Africa's HRM struggles with structural inequalities and a fragmented labour market. While some sectors, like the motor industry, have successful teamwork-based practices, labour conditions remain problematic in sectors like wine and textiles, highlighting a dichotomy between labour-repressive and human-centred firms.
- Climate-related policies affect HRM globally, as seen in India's CSR requirements. Companies must adopt sustainable business models to attract investors and support global environmental goals, making climate responsibility a growing part of HRM in emerging economies.
- Across BRICS nations, there's an emphasis on moving towards a human-centred approach to HRM that aligns with the International Labour Organization's (ILO) standards. This means policies should prioritize the well-being, skill development, and fair treatment of workers in tandem with technological and economic progress.
- As BRICS countries become more influential in the global economy, their approaches to HRM—focusing on both economic and human factors—will likely shape the future of work, setting benchmarks for balancing profitability with ethical labour practices and social responsibility.

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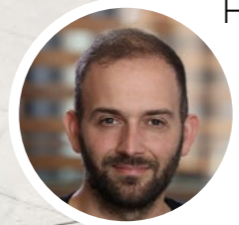
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STAKEHOLDERISM NEEDS A REALITY CHECK



Stakeholder theory has the potential to tie corporate board directors in knots trying to please everyone.



How should organizations resolve the inherent conflicting interests of modern capitalism? Senior Editor **Alan Morantz** interviews Prof. **Bertrand Malsch, Smith School of Business, Queen's University Canada.**

Related research: *Stakeholderism Needs a Reality Check* by Alan Morantz. First published on [Smith Business Insight](#). With kind acknowledgements.

The drumbeat of **stakeholder capitalism** is growing louder. A series of seemingly irresolvable crises has exposed the shortcomings of the present economic system in which shareholders hold a privileged position. In its place, a growing number of business leaders and commentators are calling for commercial interests to be re-oriented toward stakeholders.

Under stakeholder capitalism, organizations create long-term value by taking into account the needs of all their stakeholders, among them employees, customers, suppliers, local and global communities, lenders and shareholders. It works well as a slogan, says Bertrand Malsch, the PWC/Tom O'Neill Professor of Accounting at Smith School of Business. But in practice, it has the potential to tie corporate board directors in knots trying to please everyone.

In this conversation with Smith Business Insight senior editor Alan Morantz, Prof. Malsch discusses how an idealized version of stakeholderism can set people up for disappointment, and what board directors can do to manage the inherent conflicts of interest in today's economy.

The great thinkers of Davos say corporations should serve the interests of all their stakeholders, not just shareholders. Business Roundtable CEOs say stakeholder capitalism is the only way to address our challenges holistically. Marc Benioff, CEO of Salesforce, says capitalism as we know it is dead. Are you buying what they are selling?

The quick response is no, I'm not buying it. The key problem is that there isn't just one stakeholder. There are many stakeholders who have conflicting interests, and sometimes these interests are not reconcilable. Which begs the question: What happens when different stakeholders have conflicting interests in the same business? And no one has a magical solution.

You can claim that all stakeholders should be treated equally, but that's a bit delusional. The distribution of power is not equitable, so you don't — and can't — treat your stakeholders the same way. Treatment reflects the distribution of power, and even if you wanted to treat everyone well, what do you do when they have conflicting interests?

The Canada Business Corporations Act was updated a few years ago to recognize stakeholder interests, but obviously it can't offer any guidance when interests are not aligned. If you're on the board of a public corporation, what are you supposed to do?

You have to be honest and not make claims you can't meet. So if you can't satisfy all your stakeholders' interests, you have to acknowledge that and be transparent about the process you go through to prioritize your stakeholders, recognizing that you may have to make trade-offs that are not necessarily win-win.

The issue for me is not that you need to decide which stakeholders to support over others. The issue is that you need to explain how you make these decisions and then be held accountable for the outcomes. Are we happy with the end result depending on the goal, which could be profitability or social justice or being a good corporate citizen?

Another way to look at this is through the notion of public interest, which is very strong in the professions like accounting. When you start thinking about this, you realize there are a lot of publics that have a lot of different interests. So the public interest as such does not really exist. You have different publics with different interests that conflict. So we have to be realistic.

The hope, then, is that corporate transparency with stakeholders will lead to positive outcomes, which may or may not be true.

If you have a very broad understanding of the firm, everyone that is impacted by the firm's activities, even indirectly, is a stakeholder. So if you outsource production to China or Bangladesh and the employees of your supplier are not well treated, this should be your problem. Then it becomes a question of reporting, hoping that transparency will somehow create pressure for corporations to change their practices and make sure that they're treating impacted people well.

But the consumer is not always a great judge. Look at the commercial success of a company like Shein. This is a very controversial company because they're able to produce a lot of clothing at unbeatable prices, but we know that behind them are a lot of questionable business practices. It's public knowledge but they're still very successful. ///

KEY TAKEAWAYS

- Stakeholder capitalism advocates for prioritizing long-term value by addressing the needs of all stakeholders—employees, customers, communities, and shareholders—rather than focusing solely on shareholder interests. This shift aims to make businesses more accountable to broader societal and environmental concerns.
- Implementing stakeholder capitalism is complex because stakeholders often have conflicting interests, and it can be difficult, if not impossible, to reconcile them all. Prof. Malsch notes that prioritizing all stakeholders equally is unrealistic due to power imbalances and practical constraints in addressing conflicting demands.
- To manage stakeholder conflicts responsibly, companies should communicate openly about their decision-making processes, including how they prioritize different stakeholders. Transparency allows corporations to be accountable for the outcomes, whether the focus is on profitability, social justice, or corporate citizenship.
- There isn't a unified "public interest" since diverse groups have differing, often incompatible, interests. Similarly, consumers may not always prioritize ethical business practices, as seen with the success of companies like Shein, despite known controversial practices.
- While corporate transparency may help pressurize companies to adopt better practices, its effectiveness depends on stakeholder reactions and consumer behavior. Increased reporting and accountability could encourage more ethical business practices, though results are not guaranteed.

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ENTREPRENEURS: FEAR OF FAILURE AND HOW TO OVERCOME IT



In entrepreneurship but also in a more general sense, we all have to learn to accommodate fear and have courage.



Fear is something that we all face and in every walk of life. But what about the fears particular to entrepreneurs? How do these hold them back from achieving and what can entrepreneurs do to overcome them? **Prof. James Hayton, Warwick Business School**, shares his insights from recently published research.

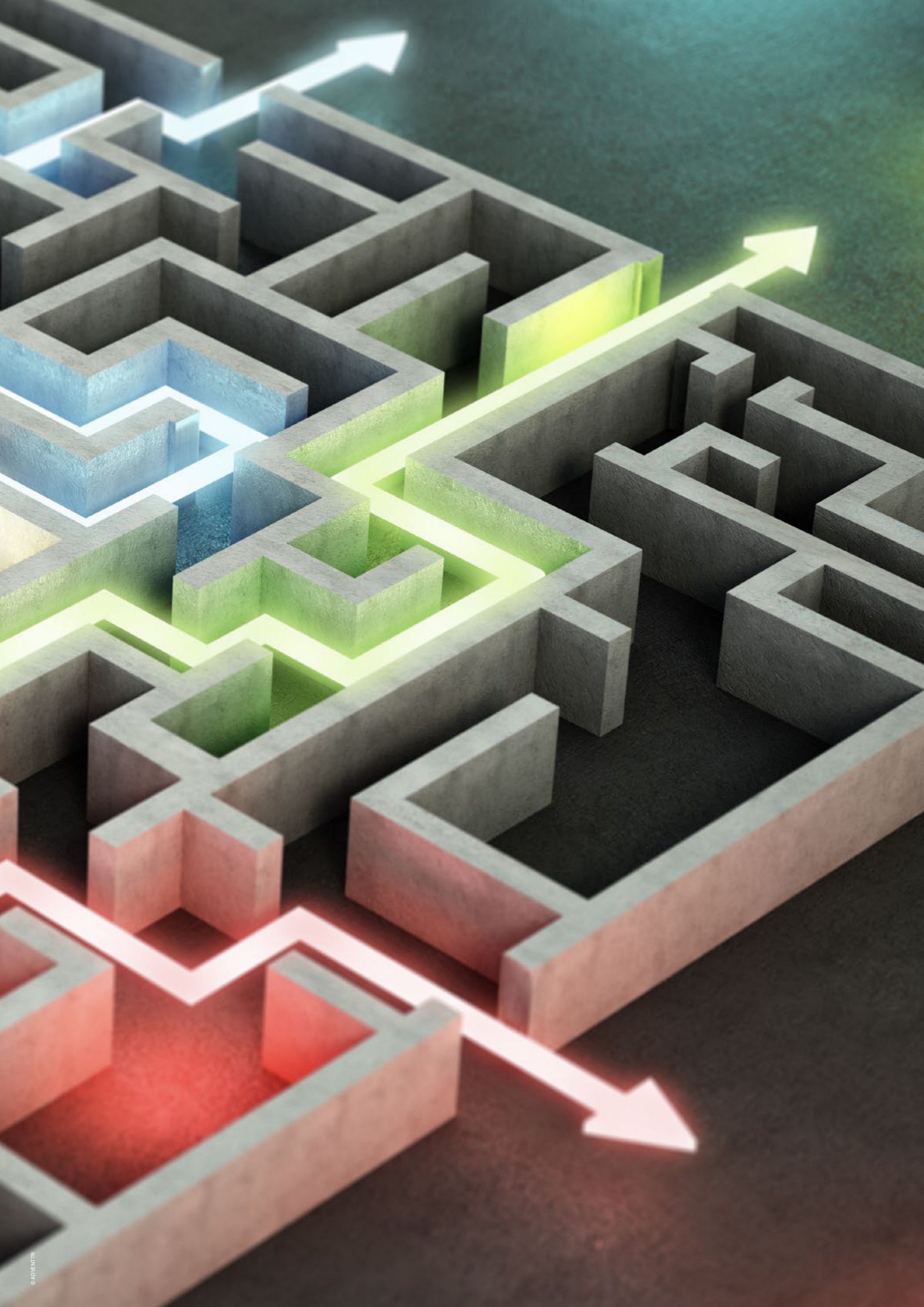
From an interview with prof. Adrian Zicari, ESSEC Business School.
Related research: [Entrepreneurial fear of failure: Scale development and validation](#), Gabriella Cacciotti, James C. Hayton, J. Robert Mitchell, David G. Allen; Journal of Business Venturing, Elsevier.

FEAR: NOT JUST THE CONCERN OF A FEW

Adrian Zicari: Professor James Hayton from Warwick Business School, welcome. So happy to have you here. I'd like to talk with you about a recent paper of yours in the Journal of Business Venturing about entrepreneurs' fear of failure. Indeed, many people, both young and older, express the wish to become entrepreneurs and start their own companies but it can be daunting.

James Hayton: That's right – and it's why we started a study because initially, the conception was that fear of failure does stop people from becoming entrepreneurs. It's been the dominant view in research and the wider press, but it seemed incomplete because if it were true that people with fear didn't become entrepreneurs – then quite simply entrepreneurs wouldn't have fear.

And of course, that's not true. You could say the same for sports people or performing artists. Some people overcome their fears. If we're going to understand how people overcome their fears, we needed to have a theory of fear of failure that



could be used to understand how people respond across the whole process of entrepreneurship, of identifying ideas, and then trying to reduce uncertainty around those ideas, being able to get investors – in fact, all of the different dimensions of entrepreneurship.

ENTREPRENEURSHIP AND FEAR: ONE STEP BEYOND

James Hayton: So we needed to go beyond the idea that fear of failure stops people from becoming entrepreneurs. We started with that 10 years ago now, and we have interviewed scores of entrepreneurs over that time to build a framework to understand what they were afraid of. The end result is that we found there were seven different elements, dimensions of fear of failure, and everybody's different.

Some people are afraid of letting other people down, some people are afraid of whether they've got the skills to develop the idea, and others are afraid if the idea is any good – everybody's experience is different. We needed a way to measure that fear, and that experience of fear, to be able to test our theories.

As such, that's what this paper is about. It's a multi-sample study where we develop and test the validity of the measure, and also to check if measures what we think it measures? I must give credit to my PhD student at the time who's now long graduated, Gabriella Cacciotti, because she did a lot of the hard work in that paper.

MOTIVATING – BUT AT WHAT COST?

Adrian Zicari: It's very important to emphasise, as you mentioned, that entrepreneurs can to some extent control, master or even prevent their fears from taking over.

James Hayton: Exactly. If we want to be able to help people understand their own fears around starting up a business and the different dimensions of that, we have to be able to pinpoint what those things are that they're afraid of. We're also interested in questions such as does fear stop you from doing something, or sometimes does it make you more motivated? Because in some situations we actually say: "Well, we're afraid, we're going to try harder, we're going to strive harder not to fail." Fear, in that case, drives us on – but is that healthy? If you're motivated by fear, is it more stressful? Do you tend to focus on the wrong goals? Do you persist when you shouldn't persist? And what about your mental well-being, your subjective well-being?

These are all things that we wanted to study, and we needed a measure that we could sample across lots of entrepreneurs and study their behaviours and their decisions – and hopefully this is a platform for that research.

Adrian Zicari: Many people reading this interview might by now be wanting to read your research paper. What message could you give to them?

James Hayton: Well, the message from the paper is that we confirm that there are distinct dimensions of fear of failure. Each dimension has a different impact on the outcomes. Fear does motivate as well as inhibit. And in some circumstances it can have positive outcomes, but it can also have negative outcomes.

I think the key thing is that we all have fear in all aspects of our lives, sooner or later. One of the entrepreneurs that I met with a multi-billion-dollar business, said: "In fact, the fear gets stronger, it doesn't get weaker. It gets stronger because you have more people depending upon you, and the decisions are much bigger."

So, in entrepreneurship but also in a more general sense, we all have to learn to accommodate and have courage, and we can all have courage. It's easier if you understand specifically what your threats are and then you can manage those externally and within yourself. ///



DECIPHERING RESEARCH: HOW CAN MARKETING CONTRIBUTE TO OUR UNDERSTANDING OF BUSINESS MODELS?



Marketing metrics and concepts can be used as tools to operationalize and evaluate the performance of the business model.



How developed is the marketing business model literature? Does it have anything in common with the strategic management discipline? And what are its current research domains? **Professor and Dean Laurent Muzellec, Trinity Business School**, and Profs. **Raphaël Maucuer, ESSECA School of Management**, **Sébastien Ronteau, Audencia Business School**, and **Alexandre Renaud** from EM Normandie Business School, examine marketing business model research in terms of its composition and potential to contribute to the wider business model conversation.

Related research: *What can we learn from marketers? A bibliometric analysis of the marketing literature on business model research*, Raphaël Maucuer, Alexandre Renaud, Sébastien Ronteau and Laurent Muzellec, Long Range Planning, (2022).

Shakespeare is undoubtedly one of the most important authors of English literature. His works, while entertaining during his time and still today, can also inform our understanding of contemporary social and political issues. Stephen Greenblatt, a renowned Shakespeare scholar, analyses Shakespeare's works in the light of the actions of their political leaders in his book "Tyrant - Shakespeare on Power" (2018).

He describes populist leader Jack Cade's approach to a rebellion in Henry VI, promising absurd changes and telling verifiably wrong facts about his ancestry. He also discusses Richard III's complete disregard for law and general

motivations for his tyranny. Greenblatt further addresses Shakespeare's depiction of the motivations of crowds and individuals to follow tyrants and his reasoning as to why tyrants such as Macbeth or Richard III were able to come into power in the first place.

While Greenblatt never explicitly mentions modern-day "tyrants" or populist leaders, the parallels he draws in his writing, exemplified by Cade's motivation to "make England great again", become abundantly clear. Unexpectedly, Shakespeare's writings offer valuable insights and new perspectives which can be translated into the field of social and political science.

Professor Muzellec and his colleagues Maucuer, Renaud and Ronteau share a similar approach to potentially combining unlikely disciplines. They assess if and how research on business models in marketing is relevant to business model research in other research fields, namely strategic management.

BEYOND DISCIPLINARY BOUNDARIES

*"There are more things in heaven and earth, Horatio,
Than are dreamt of in your philosophy"*
(Hamlet, Act I, Scene 2)

Business models are a key research domain as they illustrate how value is created and captured by a firm and finally delivered to its stakeholders. Similarly, marketing is central to understanding the activities that create and deliver customer value. Naturally, both research fields can showcase undeniable synergies, as value creation and delivery are crucial parts of their definition.

However, despite this conceptual proximity, only eight marketing articles on business models were published in 2011, compared to hundreds in other disciplines. Therefore, in this research, Maucuer, Renaud, Ronteau and Muzellec analyse the possible contribution of marketing business model literature to the strategic management field.

In greater detail, the researchers aim to explore the level of development in the literature related to marketing business models. They also seek to identify any conceptual commonalities between this literature and the discipline of strategic management and to understand the current trends in marketing business model research.

Ultimately, the results of this research would help strategists; they could, at least partially, appropriate marketing issues to gain a competitive advantage from their business model research.

BENEFITTING FROM MARKETING IN BUSINESS MODEL RESEARCH

*"Can this cockpit hold The vasty fields of France?
Or may we cram Within this wooden O the very casques"*
(Henry V, Act I, Prologue)

Expanding business model research to include marketing has several benefits. It allows researchers to enhance their understanding of the precursors leading to business model innovation, the role of customers in designing business models, and the impact of new business models on industry dynamics. Especially against the background of new technologies and increasing digitalisation, marketing is crucial to understanding user behaviour. Marketing metrics such as customer satisfaction and lifetime value and concepts like "value-in-use" can be used as tools to operationalize and evaluate the performance of the business model.

However, it is still being quite overlooked by strategists; academically, strategy literature has yet to seriously include marketing literature findings in their own business model research. With their paper, the researchers aim to identify the synergies and advantages in traditional business model research to pave the way for future studies.

TRACING BACK BUSINESS MODEL RESEARCH

"What's past is prologue" (The Tempest, Act II, Scene 1)

Muzellec and his fellow researchers study the bibliographic data of business model articles using bibliometrics. This employs quantitative techniques to identify citation patterns, which in turn allows for objective classification of publications related to a particular research field. Leaning on Walsh and Renaud (2017), the authors used a mixed bibliometric framework, including descriptive statistical analysis, Co-Citation Analysis (CCA), and Bibliographic Coupling Analysis (BCA).

Through CCA, the researchers aim to identify the set of references, also known as the "intellectual core," i.e., the most cited references in the research corpus and different research concepts on which the business model literature in the marketing discipline is based. It rests on the basic idea that when two papers are cited together in a third publication, i.e., co-cited, they are likely complementary. Furthermore, researchers who co-cite the same references share similar views of their research domain; the group of documents which share the same concern or theoretical basis are known as "invisible colleagues". To summarise, the frequency of co-citation measures the similarity between two references in each area of scholarship. On the other hand, BCA helps identify current and emerging trends. In this analysis, the number of shared references between two publications indicates their thematic closeness.

Using the [Scopus](#) database. The researchers selected 286 articles in the marketing domain on business model research and then calculated the proximity between the documents using BCA and CCA indexes, clustered the results, and visualised them.

THE CENTRE OF BUSINESS MODEL RESEARCH IN MARKETING

"O brave new world, That has such people in't."
(The Tempest, Act V, Scene 1)

The researchers found there to be an exponential growth of business model research in marketing, with almost 500 articles published by 2020, compared to 106 publications between 1991 and 2011. The start of this sudden growth can be traced back to the publication of influential literature reviews by Coombes and Nicholson (2013) and Ehret et al. (2013), with 230 articles on this topic ever since.

Maucuer et al. identified the 30 most influential business model articles in marketing journals. Since year 2000, 681 authors have contributed to the core business literature, with 15% of them publishing more than once. Notably, the top 3 authors in terms of publications are from Scandinavian universities. In total, 38 marketing journals have supported research on business models to varying extents. Around one-third of all articles were published in the highly influential and widely cited "Journal of Business Research", followed by "Industrial Marketing Management" and the "Journal of Business and Industrial Marketing". The remaining 31% of articles were published in journals with fewer than ten publications each.

The authors conclude that the marketing business model research has matured enough to be considered a credible contributor to the conversation.

SHARED BEGINNINGS AND CONVERSATIONS

*"I count myself in nothing else so happy As in a soul
rememb'ring my good friends"*
(Richard II, Act II, Scene 3)

The intellectual core identified through CCA is 36 references published between 1989 and 2018. They are anchored in various scientific backgrounds, namely marketing, strategic management, innovation, and entrepreneurship, and, to a lesser degree, general management, information systems, organisation studies, and social sciences.

These key references rest on three theoretical foundations: business model rationale in marketing, business model conceptual origins and business model literature developments.

The first group, "business model rationale" in marketing, illustrates the potential of the business model approach in addressing marketing-related issues. It focuses on a business's upstream and downstream aspects relevant to marketing topics, such as servitisation and customer-supplier relationships. The second group, "business model conceptual origins", essentially shows the sources of value creation. The final group the researchers identified, "business model literature developments", emphasises business model dynamics such as design, innovation and evolution and

comprises literature reviews, mostly published in "Long range Planning" and the "Strategic Management Journal". Thus, Maucuer et al. discovered that the strategic management discipline led to the development of the literature and contributed to shaping the conversation.

The Co-Citation Analysis provides invaluable insights for the researchers by highlighting strong connections between marketing and traditional business model literature. These findings demonstrate that marketing business model research can significantly contribute to strategic management research in this area. The results also challenge the notion of silo-based development in business model literature, as all business model literature is based on shared intellectual foundations.

FINDING THE UNDERLYING STRUCTURE OF BUSINESS MODEL RESEARCH

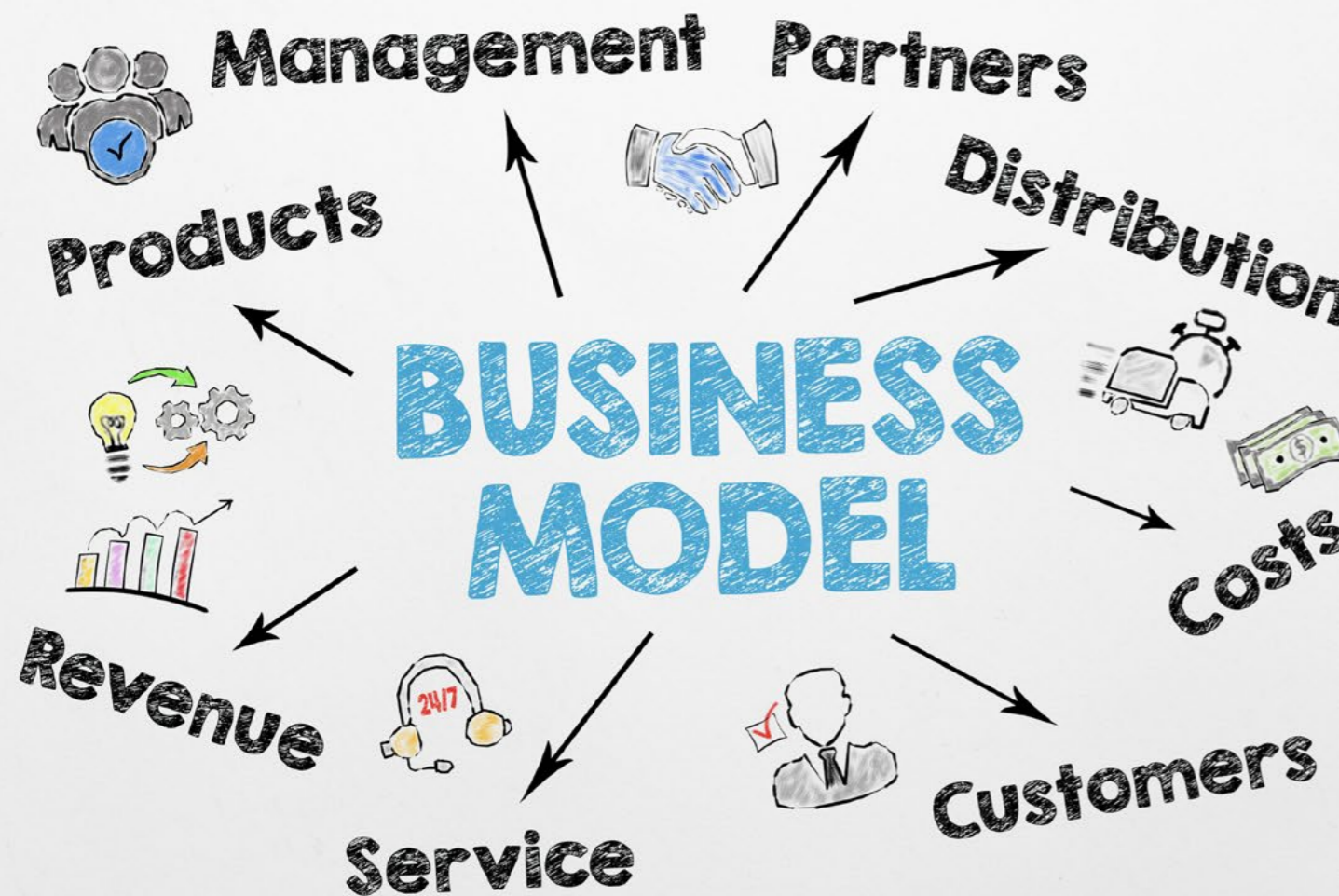
"It is a wise father that knows his own child."
(The Merchant of Venice, Act II, Scene 2)

Through the Bibliographic Coupling Analysis, the researchers identified the research areas that structure the marketing business model research, divided into two streams with eight conversations and 22 research themes. The stream "Holistic Perspective on Business Models" includes the following groups:

- 1. Business Model Dynamics:** This group discusses the various processes outlining the lifecycle of a business model, such as evolution or internationalization.
- 2. Societal Issues:** This cluster focuses on the strategies that firms use to implement sustainable business models and includes sub-conversations about CSR and the impact of societal issues on business model innovations.
- 3. Business Model and IoT:** This group refers to emerging technologies such as Industry 4.0 and a servitized business model.

The second research stream, "downstream perspective" on business models is composed of five clusters:

- 1. Customers:** In this group, research focuses on how customers can influence business models and how customer behaviour can be integrated into business models by looking at customer adoption or intention of use. This also provides valuable insights into new modes of consumption as promoted by the sharing economy.
- 2. Revenue Models:** Muzellec and his colleagues identified three research themes here. One theme deals with the frameworks and tools that can improve revenue streams, like introducing freemium or subscription models. Another theme examines customer reactions to revenue model changes (free to fee-based) and the factors influencing consumers' purchase decision-making in online-to-offline business models. The third theme focuses on industry-specific revenue models and the business model dynamics leading to adopting new revenue models.



3. Servitisation: This conversation assesses the challenges of service-related business models, such as product-service systems and solution- and service-based business models. It also examines the effect of servitisation on business model changes, for example, by analysing how service providers can improve manufacturer performance. Research in this domain also includes the impact of digital transformation and the relationship between servitisation and customer-oriented organisations.

4. Retail: The researchers have pinpointed articles and research streams that focus on retail innovation, mostly driven by digital technologies. These innovations are rooted in network redesign and how it affects business performance; relevant examples are service platforms, franchising models, omnichannel strategies and B2B relationships.

5. Market Configuration: In this cluster, Professor Muzellec and his fellow researchers grouped studies dealing with the external connections of a business model, such as platforms, supply chains, and networks. These relationships are also a way to innovate business models and structure the business environment.

As Maucuer et al. demonstrated, these findings highlight the importance of marketing research on business models for broader research, expanding its relevance beyond the strategic management field.

MARKETING TOOLS TO FURTHER RESEARCH ON BUSINESS MODELS IN MODERN TIMES

"Men at some time are masters of their fates. The fault, dear Brutus, is not in our stars, But in ourselves, that we are underlings." (Julius Caesar, Act I, Scene 2)

Traditionally, strategy research on business models focuses on analysing value creation within the firm. Strategy assessing customer markets is a relatively new movement. However, it still takes a firm-centred perspective. Marketing, on the other hand, perceives the customer as a central part of value creation.

In this context, consumer data is a valuable tool for conducting business model research. Customer data becomes a central part of a business's value, as businesses need to understand their customers to gain a competitive advantage. Researchers can assess business model performance using marketing metrics like customer satisfaction or NPS and examine business data-creation values while being aware of the ethical implications of using personal data.

Maucuer et al. suggest that future research could focus on contributions from other disciplines, such as information systems management or entrepreneurship. ///

KEY TAKEAWAYS

- ❑ Incorporating marketing perspectives and tools can be advantageous for business model research as marketing provides valuable insights on customer behaviour as well as value creation and the impact of new technologies.
- ❑ Marketing research on business models has experienced a significant growth in recent years, reaching suitable maturity to be included in the wider conversation.
- ❑ Marketing and strategic management share significant commonalities in business model research. As both disciplines draw from the same theoretical foundations, like business model rationale and conceptual origins, contributions from the marketing field are possible.
- ❑ Research on business models in marketing can be divided into two streams: a holistic perspective and a downstream perspective. The latter deals with customers, revenue models, servitization, retail, and market configuration, while the former focuses on business model dynamics, societal issues, and the Internet of Things.
- ❑ Marketing research can contribute to wider business model research through its customer-centric approach. Thereby, customer data and marketing metrics like customer satisfaction or NPS can add a data-driven dimension to business model evaluation.
- ❑ Future research could focus on contributions from other disciplines, such as information systems management or entrepreneurship.



Leniency agreements seem set to remain a key tool in Brazil's long battle against corruption and asset recovery.



Prof. **Ligia Maura Costa, FGV-EAESP**, Director of the **FGVethics Research Center** and Senior Researcher **Roberto Di Cillo**, explore how ethics & compliance within a medical firm led to exposing misconduct and settling Brazil's first leniency agreement.

São Paulo, the most populous and richest city in South America, has reached its first leniency deal against corruption. In entering into a leniency agreement, a company provides information and documents to authorities, helping then reach other entities involved in the wrongdoings.

Switzerland's Medartis AG, the global innovation leader in implants for osteosynthesis in the fields of cranio-maxillofacial surgery, knocked on the door of City of Sao Paulo Comptroller General, known by the acronym CGM/SP in Portuguese. The leniency deal was signed from one side by the CGM/SP and the Attorney General's Office (AGO/SP) of the city of São Paulo and the other side Medartis' subsidiary in Brazil, Medartis Importação e Exportação Ltda.

BRAZIL: A HISTORY OF TACKLING CORPORATE (IR)RESPONSIBILITY

Brazil has long struggled with corruption making headlines, with high-profile scandals involving politicians, businesses, and public officials. Leniency agreements are essentially plea deals, in which a company admits the wrongdoing and agrees to cooperate with authorities in exchange for a reduction in penalties.

They have been used in several high-profile corruption cases, including the "Car Wash investigation" ("Lava Jato" in Portuguese), which uncovered a vast corruption scheme involving state control oil company Petrobras and quite a lot of politicians and business executives.

**ETHICS & COMPLIANCE:
SAO PAULO'S FIRST LENIENCY
AGREEMENT REACHED
IN LANDMARK CASE**



Despite concerns about transparency and lack of accountability of some people involved in the deals' negotiation and signature, and a recent challenge related to leniency agreements before the Brazil's Supreme Court on the motion of some political parties rather than individual parties, this sort of agreement seems to remain a key tool in Brazil's long battle against corruption and asset recovery.

ETHICS & COMPLIANCE IN ACTION

The Medartis settlement puts an end to several years of investigation (2011-2017) of a scheme to bribe medical doctors from public hospitals to speak favorably about Medartis acquired business' equipment and materials and bid riggings.

Back in 2016, Brazilian authorities became aware of this scheme due to a whistleblower report together with an audit performed by the CGM/SP office that found a contract for the sale of products above market prices, when compared to another company's prices in the bidding process.

In 2017, Medartis AG acquired the Brazilian company Extera Importação e Exportação Ltda., currently Medartis subsidiary. Announcements show that Medartis compliance department found out during an internal investigation that former Extera company had an administrative proceeding pending for violation of the Brazilian Clean Companies Act, related to bribes and bid rigging in the city of Sao Paulo.

LENIENCY DOESN'T MEAN AN END TO INVESTIGATION

As per Brazilian law, Medartis succeeds Extera in the liability for unlawful acts. Medartis Brazil voluntarily self-reports to CGM/SP and proposed a leniency agreement, disclosed on May 5, 2023, by Sao Paulo's city authorities.

As per the signed settlement, Medartis agreed to pay more than BRL 10 million (around US\$ 2 million), corresponding to fines, loss of earnings and compensation for the city of São Paulo. It is not yet public how exactly the BRL 10 million agreed payment breaks down.

However, under Brazilian law fines may have been reduced to up to one third when a leniency agreement is signed. Also, Medartis cooperation through a leniency agreement may have reduced the amount of the fine by up to 1.5% of the original amount, as per the law.

But the leniency settlement which Medartis and CGM-AGO/SP signed may not put an end to liability under criminal, administrative or civil laws of individuals and legal entities not covered by the settlement – and such party or parties may still need to look for its own agreements. ///

KEY TAKEAWAYS

- ❑ In entering into a leniency agreement, a company provides information and documents to authorities, helping then reach other entities involved in the wrongdoings.
- ❑ Leniency agreements are essentially plea deals, in which a company admits the wrongdoing and agrees to cooperate with authorities in exchange for a reduction in penalties.
- ❑ Under Brazilian law, fines may have been reduced to up to one third when a leniency agreement is signed.
- ❑ However, there are concerns about transparency and lack of accountability of some people involved in the deals' negotiation and signature.
- ❑ Leniency agreements seem set to remain a key tool in Brazil's long battle against corruption and asset recovery.



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BUSINESS & SOCIETY



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INTO THE LIVES OF SOCIAL ENTREPRENEURS: COMMITMENT, CHALLENGES, AND SOLUTIONS



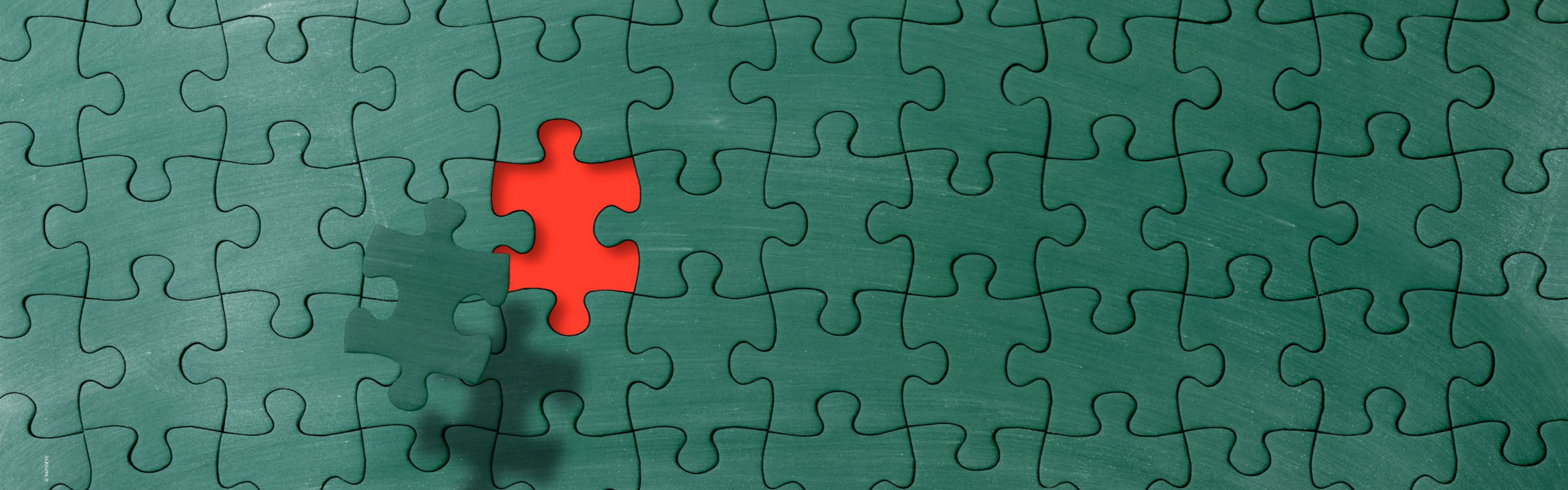
“
Founders should feel empowered to pursue the level of change that aligns with their mission, whether at a local, national, or global scale.”

Professors **Sheila Cannon**, Director of Engagement at the **Trinity Centre for Social Innovation, Trinity Business School**, and **Concepción Galdón**, Vice Dean of Sustainability at **IE University**, co-authors of the recently published book **Promise, Pitfalls, and Potential of Social Entrepreneurship: Positive Change Unleashed**, explore some of the fundamental challenges facing social entrepreneurs as they venture into impact for the common good.

SOCIAL ENTERPRISE: DISAGREEMENT AND DIFFERENCE IN DEFINING A COMPLEX CONCEPT

Different people and organizations approach social entrepreneurship from various angles, and the discrepancy in defining what constitutes social entrepreneurship is indeed a challenge. Should an alignment in criteria be made? “Not necessarily,” states Trinity Prof. Sheila Cannon, “the challenge of defining social entrepreneurship is one that we need to accept as inherently complex.” Indeed, both Profs. Cannon and Galdón agree that diversity is actually a strength of the field. “Rather than forcing a single, rigid definition,” adds Cannon, “it’s important to embrace a broad and inclusive approach that recognizes the value of different perspectives.”

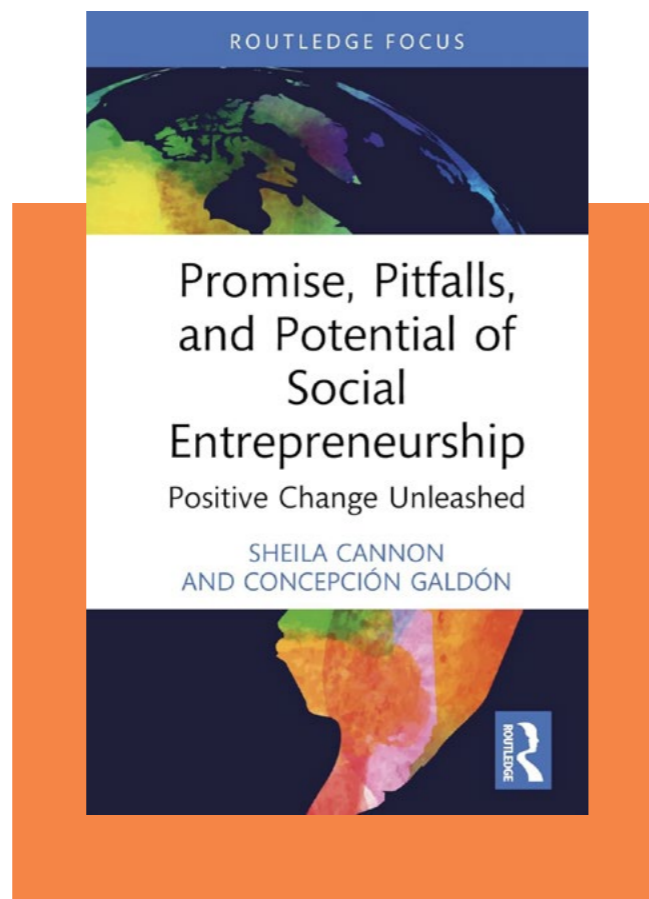
For Profs. Cannon and Galdón, ultimately, the diversity of definitions can coexist and even complement one another as they allow for a richer understanding of the many ways social entrepreneurship can create positive change. “Rather than seeking a strict alignment, the focus could be on recognizing and respecting these diverse approaches while ensuring that they all contribute meaningfully to the broader mission of social impact.”



THE PRESSURE OF THE ROLE – AND THE ECOSYSTEMS TO SUPPORT SOCIAL ENTREPRENEURS

The recently published book *Promise, Pitfalls, and Potential of Social Entrepreneurship: Positive Change Unleashed* features several chapters focusing on the challenges that would-be or established social entrepreneurs can face in their roles whom many refer to – for better or for worse – as “superheroes” in their own right. One of the key pressures that aspiring founders and startups face is the bias towards macro-level impact that can create transformational change. Is this bias justified or should there be more balance?

For Prof. Concépcion Galdón at IE University, the bias towards macro-level impact, which seeks to create transformational change, is certainly well intentioned and often valuable, but it can sometimes overlook the value of incremental, localized efforts. “Social entrepreneurship is a diverse field, and while systemic change is important,” she says, “it’s crucial to recognize that not all ventures are positioned to drive macro-level transformations. As we discuss in *Promise, Pitfalls, and Potential of Social Entrepreneurship: Positive Change Unleashed*, there’s a need for balance. Founders should feel empowered to pursue the level of change that aligns with their mission, whether that’s at a local, national, or global scale. The pressure to always aim for macro-level impact,” adds Galdón, raising a red flag to would-be social entrepreneurs, “can stifle innovation at other levels and lead to burnout among social entrepreneurs.” In this context, support is vital. “A truly supportive ecosystem must be inclusive of all types of social enterprises, regardless of their legal form, scale or focus,” asserts Prof. Sheila Cannon.



In their book, Profs. Cannon and Galdón emphasize that different actors in the ecosystem are better suited to support different types of social enterprises. “To create a comprehensively supportive ecosystem, we need interventions and platforms that facilitate better collaboration and knowledge sharing between these actors,” says Prof. Cannon. “This includes providing tailored resources aimed at supporting collaboration, fostering partnerships that span different approaches to social entrepreneurship, and creating platforms various actors can engage with each other. The goal should be to ensure that all social enterprises, regardless of their size or mission, have access to the support they need to thrive.”

SOCIAL ENTREPRENEURSHIP AND THE FUNDING FUNNEL

Promise, Pitfalls, and Potential of Social Entrepreneurship identifies a further challenge to startups in that of funding their social enterprises. Often, the issue arises of funnelling for the same type of social enterprise, with funds missing out on other impact startups or social issues. Given this, what causes would the authors choose to funnel for funding?

“The concentration of funding towards certain types of social enterprises often leads to a narrow focus on a limited range of social issues,” asserts Concépcion Galdón. “To diversify impact, we need to broaden the scope of funding to include underrepresented causes. If we could choose a couple of causes to funnel more funding towards, they would be education and the creation of job/economic development opportunities driven by environmental sustainability, particularly in underserved regions.”

“These areas have far-reaching impacts,” adds Sheila Cannon, “influencing everything from economic development to public health. In our book, we argue that by expanding the funding landscape to support a wider variety of social enterprises, we can address more of the pressing challenges our world faces today.”

PERFECTION CAN COME AT A (HUMAN) PRICE

One of the critiques mentioned in the book is that social entrepreneurship often tries to do too much, which can dilute impact and create confusion among stakeholders. “In *Promise, Pitfalls, and Potential of Social Entrepreneurship*,” states co-author Sheila Cannon, “we suggest that greater coherence can be achieved by focusing on alignment and collaboration. One approach is to streamline efforts around clearly defined missions and to prioritize partnerships that enhance collective impact. That said, simplification doesn’t mean reducing the scope of ambition – rather, it’s about ensuring that all efforts are strategically aligned and that resources are effectively utilized. By fostering more focused collaboration among social enterprises, we can create a more coherent and impactful ecosystem.”

Would it make sense to encourage a culture of less perfection, and more of learning from mistakes? Concépcion Galdón thinks yes. “Indeed, the tendency towards perfection in social entrepreneurship can be counterproductive, often leading to burnout and missed opportunities for impact,” she affirms. “In our book we advocate for a shift towards a culture that values learning from mistakes. Moreover, to



foster this culture, it's important to create safe spaces where entrepreneurs can share their failures and learn from each other without fear of judgment. Our advice to founders is to embrace imperfection as part of the journey." For Sheila Cannon, perfection is an illusion. "What truly matters," she adds, "is resilience and the willingness to adapt and learn. By focusing on continuous improvement rather than perfection, social entrepreneurs can sustain their efforts and ultimately achieve greater impact." ///

KEY TAKEAWAYS

- ❑ The diversity of social entrepreneurship definitions can coexist and even complement one another as they allow for a richer understanding of the many ways social entrepreneurship can create positive change.
- ❑ While systemic change is important, it is crucial to recognize that not all ventures are positioned to drive macro-level transformations.
- ❑ Founders should feel empowered to pursue the level of change that aligns with their mission, whether at a local, national, or global scale.
- ❑ The concentration of funding towards certain types of social enterprises often leads to a narrow focus on a limited range of social issues. By expanding the funding landscape to support a wider variety of social enterprises, we can address more of the pressing challenges our world faces today.
- ❑ If the authors could choose a couple of causes to funnel more funding towards, they would be education and the creation of job/economic development opportunities driven by environmental sustainability, particularly in underserved regions. These areas have far-reaching impacts, influencing everything from economic development to public health.
- ❑ Social entrepreneurship often tries to do too much, which can dilute impact and create confusion among stakeholders.
- ❑ The tendency towards perfection in social entrepreneurship can be counterproductive, often leading to burnout and missed opportunities for impact. By focusing on continuous improvement rather than perfection, social entrepreneurs can sustain their efforts and ultimately achieve greater impact.



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THE FUTURE OF HUMANITARIAN OPERATIONS: HOW RESEARCH CAN REVOLUTIONIZE DISASTER RELIEF



Humanitarian operations must learn how to utilize and adapt to Big Data, social media, and network optimization.



Optimizing humanitarian operations have become inevitably necessary over the years. Prof. **Susana Pereira** and Researcher **Rodolfo Nunes** at **FGV-EAESP**, explore how research on humanitarian operations can benefit the efficiency of logistics of these operations.

Related Research: Rodolfo Modrigais Strauss Nunes & Susana Carla Farias Pereira, 2022. "Intellectual structure and trends in the humanitarian operations field," *Annals of Operations Research*, Springer, vol. 319(1), pages 1099-1157, December.

In a world where unexpected crises have become the norm – COVID-19 shutting down entire continents, earthquakes in the Middle East causing more than 55,000 fatalities, forest fires wiping out hundreds of homes in Hawaii – the need for rapid, effective humanitarian operations has never been greater. Indeed, as the scale and complexity of these various crises grow – whether natural or even man-made disasters – so does the need for smarter, more efficient humanitarian responses.

It is about optimizing every aspect of responding to emergencies, from logistics to supply chain management, and research institutions all around the globe are under pressure to analyze the efficiency of humanitarian operations to offer the aid needed.

A NEW RESEARCH APPROACH THAT FOSTERS PARTNERSHIPS AND INNOVATION

Prof. Susana Pereira and researcher Rodolfo Nunes at FGV-EAESP in Brazil utilize bibliometric mapping techniques – computer-assisted review methodology that can identify core research or authors, as well as their relationship – to identify the intellectual structure of humanitarian operations. Using the [Web of Science \(WoS\)](#) database, they compiled a dataset of more than 1,000 articles that cover humanitarian operations research.

As such, this technique provided insights into the groupings of the most significant works in this research field – including their structure, future trends, and conceptual foundations of humanitarian operation (HO) literature.

As a carry over, such studies encourage partnerships between researchers and organizations leading to more innovative and efficient solutions for future humanitarian operations. The analysis of these articles provides us with the basic building blocks of humanitarian operation research, emerging trends in disaster response technologies, and what research needs to be further pursued.

LESSONS FROM HURRICANE MARIA

As we experience or learn of natural disasters some of us may be shocked as to why in many cases there is not enough humanitarian aid or – in the case of **Hurricane Maria in 2017** – there was too much. Maria devastated Puerto Rico in 2017, homes were destroyed, the power grids were demolished, and many areas were cut off from essential services. Many private and public institutions came to the rescue, with many areas ending up being flooded with supplies that could not be delivered. Reports indicated that aid distribution logistics were hampered by damaged infrastructure, miscommunication, and a lack of proper coordination.

First focusing on humanitarian supply chain management, Periera and Nunes’s findings pointed to recommendations that NGOs could have applied the efficiency, coordination, and technology of the commercial world to the urgent nature of disaster response. Distribution optimization in the supply chain – focusing on transportation, facility location, and supplies challenges – also highlighted the lessons to be learnt from the disaster in that logistics had remained unchanged and ill-adapted for decades previous and could have been customized to what was needed in such a disaster scenario.

HARNESSING EMERGING TECHNOLOGIES

It is worth investigating emerging trends in the research of humanitarian operations. As there are constantly new developments in technologies, humanitarian operations must learn how to utilize and adapt to these new methods, whether that be utilizing Big Data, social media, or network optimization. Big Data, for example, allows organizations to analyze trends and optimize responses in real-time. AI could be used for predictive modeling to prepare for disasters, like hurricanes and earthquakes.

Mathematical models are also being developed to optimize healthcare resource allocation in disaster-stricken areas, and organizations are beginning to use social media to reach potential donors. All in all, there is an immense amount of potential in harnessing more complex technologies on the logistics side of humanitarian operations.

It remains to be said that although research in the field of humanitarian operations is growing, many gaps remain,



especially in continuous aid operations and how emerging technologies – as mentioned above – can further revolutionize HO. There has also been no study adopting the bibliometric mapping approach as the main methodology such as that carried out by Pereira and Nunes. The need for more empirical studies and real-world applications remains a critical issue.

Given that the future of humanitarian operations relies on the research done in the present day, ensuring that we are focusing on what research is needed – data-driven, optimized, and collaborative – is imperative. Instead of reacting to the next crisis, research allows us to stay ahead through innovative studies, empirical evidence, and smarter strategies. The research tools and methodologies are already at our disposal. The question is, how will we harness them to drive meaningful change? **///**

KEY TAKEAWAYS

- There is an increasing need for efficient humanitarian operations. With the rise in both natural and man-made disasters, there is an urgent need for more efficient and effective humanitarian operations to deliver timely aid.
- Professors Susana Pereira and Rodolfo Nunes from Fundação Getulio Vargas utilize innovative research methodology – bibliometric mapping techniques – to analyze the research on HO. This method uncovers the intellectual structure of the field, identifying key research areas, trends, and future directions.
- The first finding of this research explains the efficient structure of HO research. There are 2 pillars that research addresses: Humanitarian Supply Chain Management and Distribution Optimization in Humanitarian Logistics. Identifying these fields in studies, develop more efficient discoveries in research.
- This study has also found that there are various emerging trends in research, specifically regarding the use of technology. The integration of Big Data, AI, and social media is revolutionizing humanitarian operations. These technologies enable real-time analysis, predictive modeling for disaster preparation, and more efficient resource allocation.
- Despite progress, significant gaps remain in continuous aid operations and how to fully leverage emerging technologies in humanitarian logistics. More empirical studies and practical applications are necessary to improve the effectiveness of humanitarian operations.
- This study urges the research community and humanitarian organizations to harness available tools and methodologies to drive innovation and efficiency in disaster relief efforts.



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THE COST OF LIVING CRISIS IN KENYA: ITS IMPACT ON YOUNG PEOPLE AND HOW THEY CAN PARTICIPATE IN POLICY-MAKING

“It is by listening to, opening up dialogue, working together and having a say in their future that youth will become supporters and not opponents.”



Brian Kaitano, Maseno University

Alumni and young voice on Kenyan issues, takes a look at the cost of living crisis that has particularly rocked Kenya this year and explores how governments can work with the young to improve stakeholder participation and effective policy.

The world is suffering a cost of living crisis as inflation has surged and disposable incomes have been squeezed. In 2023, consultants Deloitte polled 22,000 Generation Z (people born between January 1995 and December 2004) and millennial (people born between January 1983 and December 1994) respondents in 44 nations about the effects of soaring prices on their lives on household essentials, including food, mortgages, and rent among others, and found out that the cost of living was number one concern for both groups, ahead of worries of losing their jobs, climate change and mental health. The study found that many were feeling the financial squeeze so acutely that they had to take second jobs to help make ends meet and were pessimistic about their ability to enjoy benefits – like homes and families – taken for granted by previous generations. In short, they have fears and worries they shouldn't have to have.

In 2023, Kenya's population was estimated at 54,985,702, with Gen Z being the most populous group with 18,378,493 inhabitants representing 33.42% while millennials at 12,123,453 represented 22.05%. Put together, both generations make up 55.4% of the total population. In addition, 81.06% of Kenyans were estimated to be aged 39 years and below. Gen Z and millennials have a lot of similarities in their characteristics, but their formative years have been shaped by different worlds, resulting in differences in attitudes, interests and opinions. Some of the characteristics of Gen Z include the following: they are digital natives, connected through social media, pragmatic, influencers, adept researchers, global citizens etc.



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KENYA'S PUBLIC DEBT AND YOUTH-LED PROTESTS

Kenyans have been struggling to cope with several economic shocks caused by the impacts of COVID-19 pandemic, the war in Ukraine, two consecutive years of drought, and depreciation of the currency among others.

The government of President William Ruto who was elected in 2022 on a platform to uplift lives of the poor, has been caught between the competing demands of lenders such as the International Monetary Fund (IMF), which is urging the government to cut deficits to obtain more funding, and hard-pressed population. Kenya's public debt stands at 68% of Gross Domestic Product (GDP), higher than the 55% of GDP recommended by the World Bank and IMF. In 2023, the government used the finance bill to introduce a housing tax and raise the top personal income tax rate. This sparked anger, street protests and court challenges. The finance bill was aimed to raise an additional \$2.7 billion in tax as part of an effort to lighten Kenya's heavy debt load.

Protesters – especially young people – wanted the government to abandon the planned tax hikes, which they urge will choke the economy and raise the cost of living for Kenyans who are already struggling to make ends meet. The proposed measures that have triggered recent protests include new levies on basic

commodities like bread, vegetables, oil and sugar and a new motor vehicle circulation tax-pegged at 2.5% of the value of the car to be paid annually. An "eco levy" on most manufactured goods including sanitary towels and diapers was also on the cards. In addition to the new taxes, the bill proposed increments in existing tax taxes on financial transactions. On their hand, the government said that the tax measures were necessary to fund development programs and cut public debt.

The ongoing social media driven protest that lacks clear leadership structure intensified after the passing of the bill by parliament on June 25th and many young people pledged to keep demonstrating as hundreds of anti-tax protesters entered Kenya's parliament with part of the building set on fire. President Ruto acknowledged the youth-led protests and pledged to hold dialogue to address their concerns. He also declined to sign the bill and directed it back to the parliament for amendments. In addition, the president dismissed all cabinet secretaries and the attorney general. So far, it is estimated that over 26 people have died and more than 350 injured due anti-tax protests, with numbers likely to rise given the fact that the protests are still ongoing. All in all, it points to continuing clashes between protesters and police in different cities and towns in Kenya.

DO YOUTH DEMANDS EXPECT TO BE SUCCESSFUL?

There has been a significant increase in global protests in recent decades, with young people at the forefront. Young people prefer informal to formal political engagement, such as through protests and direct action, and various factors and grievances drive their mobilization. Young people diversify protest tactics and bridge online and offline activism.

As such, their participation could, in theory, contribute to more peaceful and inclusive activism, but even non-violent action faces preventive repression. Moreover, their participation can contribute to protest impact and social change but it might not necessarily produce direct gains. Some of the countries where there have been series of young people protests include Kenya, Taiwan, Bangladesh, the UK, the US, Europe and Australia among others.

IMPACTS OF THE COST OF LIVING CRISIS ON YOUTHS IN KENYA AND SOME RECOMMENDATIONS

Whilst this has an impact on adults, the cost of living crisis has impacted young people in Kenya in particular in the following ways:

1. The high cost of living is negatively affecting young people's ability to secure stable jobs. A major reason for this is lower wages which businesses pay to younger employees. As a result, young people feel that their time and effort is considered less valued by employers. As such, a solution lies in businesses and political leaders investing to create better jobs and opportunities for young people and equalize wages for all workers of legal adult age.
2. Demand for youth mental health services has surged dramatically amid the aftermath of the COVID-19 pandemic and ongoing cost of living crisis. Prolonged waiting lines for mental health support, and limited provision in schools and colleges, have left more young people in Kenya grappling with exacerbating mental health challenges struggling alone. This has a detrimental effect on their ability to engage with education and employment opportunities. One way around this is for the government to ensure that schools have a formalized mental health policy and permanent staff dedicated to students' mental health.
3. Digital poverty. This is defined as the inability to interact with the online world fully, when, where and how an individual needs to. The impact was felt more acutely during the COVID-19 pandemic when classes were taught virtually and students who lacked the required devices or had outdated ones couldn't access online classes. Digital poverty also can act as a barrier to access employment and other opportunities. The government can ensure that all information and resources related to financial support, employment and education to be available in hardcopy and make sure that digital devices and services are affordable and accessible by all. This can be made possible by digitally empowering Nyumba Kumi community policing – is a decentralized approach consisting of cluster of 10 households set up in various parts of the country to reduce crime, disorder and other challenges facing the community.
4. Young people from marginalized backgrounds, for example those with disabilities, women, LGBTQ+ folks and those from a lower socio-economic status are at a higher risk of poverty. This is because they are increasingly facing barriers in education and employment opportunities, and that the cost of living crisis has made these barriers "harder to overcome." One possible solution is for the government to work with local authorities to target support and help young people from disadvantaged communities to access education and employment opportunities.
5. Increases in the cost of rent, food and transport pose significant challenges for students in future and higher education. This financial insecurity negatively affects student's health. The government can increase financial support on education, for example increasing student maintenance programs in line with inflation, perhaps including an increase in student bursaries.



YOUNG VOICES IN POLICY-MAKING

Many young people in Kenya and around the world feel excluded from policy-making process that directly has an impact on their lives. While there are instances of successful models in other legislatures where young people actively engage with policy-makers, opportunities remain scarce for direct engagement with national policy at both official and ministerial level. The lack of meaningful engagement deprives young people of the chance to voice their perspectives, concerns and aspirations in decision-making. Governments around the world are learning that is essential to listen to and consult young people more to understand the barriers they are facing. The bottom line is that consulting young people on initiatives and policies which affect them could help governments and concerned organizations to target support more effectively.

Cooperation and initiatives under such a policy might include working closely with young people to design, test and iterate policies and services at an early stage. As such, it can be one of the most effective ways to easily create new evidence when there are gaps in knowledge.

Furthermore, governments can provide more opportunities for young people to feed into policy decisions that affect them, including engagement with officials and ministers. Consultations can happen at an early stage in the policymaking process, so that young people's input can have an impact on formulating policy. Following the consultations, the government can give feedback on how young people's input has shaped policies, so that young people feel that their voices are valued.

Improved consultation with organizations that support young people on policies, especially with organizations that work with young people from marginalized communities, might be proposed. And finally, why not create a specific and dedicated post of Minister for Young People – as some countries have done – for the specific needs and concerns of young people. It is by listening to, opening up dialogue, working together and having a say in their future that youth will become supporters and not opponents ///

KEY TAKEAWAYS

- ❑ Deloitte polled 22,000 Generation Z people about the effects of soaring prices on their lives on household essentials, including food, mortgages, and rent among others, and found out that the cost of living was number one concern for both groups, ahead of worries of losing their jobs, climate change and mental health.
- ❑ Many were feeling the financial squeeze so acutely that they had to take second jobs to help make ends meet and were pessimistic about their ability to enjoy benefits – like homes and families – taken for granted by previous generations.
- ❑ Kenyans have been struggling to cope with several economic shocks caused by the impacts of COVID-19 pandemic, the war in Ukraine, two consecutive years of drought, and depreciation of the currency among others.
- ❑ The cost of living – exacerbated by a government housing tax and increase in top personal income tax rate – added to the former causing riots to erupt across the country in 2023.
- ❑ The cost of living crisis affect Kenyan youth in a number of ways, including: young people's ability to secure stable jobs; Lower wages businesses pay to younger employees; Prolonged waiting lines for mental health support, and limited provision in schools and colleges; Digital poverty; Young Kenyans with disabilities, women, LGBTQ+ and those from a lower socio-economic status are at a higher risk of poverty, increasingly facing barriers in education and employment opportunities; increases in the cost of rent, food and transport pose significant challenges for students in future and higher education.
- ❑ It is by listening to, opening up dialogue, working together and having a say in their future that youth will become supporters and not opponents.



A key argument for corporate donations and charitable foundations is that their scale or expertise may allow for more efficient giving.



Prof. **Lynnette Purda**, Associate Dean of Graduate Programs and RBC Fellow of Finance at **Smith School of Business, Queen's University**, offers an insight into trends in philanthropy – the motivations and types of giving, the influence of national cultures, and what makes philanthropy impactful. From an interview with Prof. **Adrian Zicari, ESSEC Business School**.

Related Research: Lynnette Purda, 2023. **"International trends in corporate philanthropy and the influence of institutional context,"** Chapters, in: Anthony Goerzen (ed.), *Research Handbook on International Corporate Social Responsibility*, chapter 7, pages 92-107, Edward Elgar Publishing.

Adrian Zicari: You review several motivations for philanthropy, and you link them to different national institutions, that is the broad context of the company, its legal framework, tax code, and political situation, among others. Which institutions would ideally be more conducive to impactful philanthropy? What would be your advice to public policy officers and civil society in that sense?

Lynnette Purda: A good starting point for considering the institutions that allow for impactful philanthropy is to first consider what we mean by impactful. Here, I would suggest that impactful should be perceived to imply more than simply the volume of giving. There exists a great deal of empirical evidence across many countries that links political institutions to the volume of corporate philanthropy. In these scenarios, donations are frequently used as an alternative mechanism for persuasion, political, and regulatory influence. While this philanthropy may have a significant benefit for the firm, it's unclear whether it is impactful for society at large.

A SPOTLIGHT ON TRENDS IN PHILANTHROPY

In contrast to political institutions, there lies multi-country research that shows a more positive relation between strong legal and regulatory institutions and corporate philanthropy. When the legal environment is strong and political corruption low, philanthropy is likely to be more aligned with altruistic motivations than political ones.

In environments with sound legal systems, governance of both corporations and charitable organizations is likely to be stronger, ensuring enhanced monitoring of giving, its motivations, and its resulting impact. Charities Aid Foundation (CAF) advocates explicitly for fair, transparent regulation of civil society organizations who in turn are charged with ensuring good governance and honest reporting of their impact (Charities Aid Foundation, 2019).

Adrian Zicari: You raise an interesting point: the substitutability of corporate versus individual giving. Indeed, this point was at the core of the famous Friedman (1970) argument against corporate social responsibility. To what extent – if any – can companies' donations be interchangeable with individual giving? Do you see a "crowding out" of corporate versus individual donations – or vice versa?

Lynnette Purda: While there is surely some overlap in the kinds of institutions that influence both sources of giving – for example taxation policies are likely to impact both corporations and individuals to encourage gifts – I don't see that one will crowd out the other.

Fundamentally, the motivations behind an individual vs a corporate gift are likely to be different. A key argument for corporate donations and charitable foundations for that matter, is that their scale or expertise may allow for more efficient giving. This is particularly apparent when we see corporations provide donations not just of cash, but "in kind" donations of goods or services that they may be particularly oriented to provide.

Adrian Zicari: You explore the important role of informal institutions – for instance national culture influences – in framing or influencing specific modes or approaches to philanthropy. How would these influences operate in today's multicultural societies?

Lynnette Purda: This is a great point. One way is that we do see that individual founders, executives, or board members have a significant influence on a company's giving decisions. As a result, their individual culture, beliefs, spirituality and so on may be reflected in the company's choices.

At the same time, we also note that measures of culture at the national level tend to change very, very slowly. While it is clear that some countries are becoming much more diverse, it's not clear that we have captured that diversity and those changes adequately in some of the standard measures we use to reflect a country's cultural norms. As a result, we probably have not yet seen a significant influence on giving at the national level based on these metrics.

Adrian Zicari: After having published this work, what would you like to continue exploring about corporate philanthropy?

Lynnette Purda: In follow up work, I have been looking more explicitly at the use of corporate philanthropy as a means of political persuasion. Again, we do this work in a cross-country setting and find that when corruption levels are higher, so too is corporate philanthropy.

When we dig slightly deeper, we see that the higher level of giving tends to be concentrated in firms that don't have other means of political persuasion. For example, firms that have a political member on the board or those with minority state ownership, donate significantly less than otherwise similar firms who don't have these same means of persuasion.

Adrian Zicari: And finally, would you like to give any particular message to our readers?

Lynnette Purda: Readers are likely familiar with the significant range in motivation that exists for why companies participate in philanthropy. They may be used to being skeptical and have likely heard of giving as a motivation to detract from regulatory scrutiny or to boost reputation in the face of challenges. While it is good to be skeptical at the individual company level, it is also useful to be mindful of whether national institutions systematically influence company motivations as well. ///

KEY TAKEAWAYS

- Impactful philanthropy should be perceived to imply more than simply the volume of giving.
- There is evidence across many countries that links political institutions to the volume of corporate philanthropy: donations are frequently used as an alternative mechanism for persuasion, political, and regulatory influence. While this philanthropy may have a significant benefit for the firm, it is unclear whether it is impactful for society at large.
- The higher level of giving tends to be concentrated in firms that do not have other means of political persuasion.
- In environments with sound legal systems, governance of both corporations and charitable organizations is likely to be stronger, ensuring enhanced monitoring of giving, its motivations, and its resulting impact.
- A key argument for corporate donations and charitable foundations is that their scale or expertise may allow for more efficient giving, for example when corporations provide donations not just of cash, but "in kind" donations of goods or services.

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FEEL THE NOISE: WHY PEOPLE ARE SO UNPREDICTABLE



Randomness lies at the very core of how our brains deal so successfully with a complex and uncertain world.



Warwick Business School Prof. Nick Chater, author of the award-winning book **The Mind is Flat** and co-author of **The Language Game**, leads us through the fascinating labyrinth of how our brains function and how human unpredictability can be an ally.

First published on [Warwick CORE Insights](#). With kind acknowledgements. **Related research:** Zhu, Jian-Qiao, León-Villagrà, Pablo, Chater, Nick and Sanborn, Adam N. (2022) Understanding the structure of cognitive noise. *PLoS Computational Biology*, 18 (8). e1010312.

One of the delights, and frustrations, of dealing with people whether in business or in everyday life is that you can never tell what they going to do next. Think how boring life would be otherwise! Imagine tennis, for example, with all the variability in human nature magically removed.

The succession of shots in each rally could be forecast in advance; each serve would be the same – perhaps relentlessly out wide, or always down the centre, and hit with the very same speed and spin; and every serve would be ‘in’ of course. Needless to say, the outcome of the match itself would be predictable and very dull.

The fundamental unpredictability of human nature plays an equally crucial role in just about every aspect of life, from the wild uncertainties of entrepreneurship and the gyrations of the stock market, to the impossibility of guessing with any certainty future fashions, fads, trends, political victories, armed conflicts, GDP growth or rates of inflation.



UNPREDICTABILITY CAN BE AN ALLY AND AN AGENT OF CHANGE

Where does all this variability come from? One answer, of course, is that human behaviour is usually the outcome of a complex interaction of many factors – in individual brains, organisations, or whole economies. Small variations in any of these can lead to unexpected and large changes in the outcome.

A second reason is that sometimes unpredictability is crucial to success. Tennis players want predictably to hit their shots 'in' – but they want to make their choice of shot as unpredictable as possible. In the same way, unpredictability can be crucial in outwitting the competition in business.

But looking closely at human psychology, the sheer randomness of behaviour seems so widespread that it seems it must have an even more fundamental origin.

Suppose, to pick a standard and much-studied type of lab task, people are asked whether they'd like to play a lottery – with a known chance of winning a large-ish sum of money – or whether they'd prefer to 'play it safe' (taking a smaller amount of money for sure).

Psychologists and economists have used tasks like this, with real money, to work out how much risk people are willing to take, how they balance gains and losses, and much more.

But a really striking finding, often ignored, is that people's choices are incredibly unstable. If asked the very same questions twice in the course of an hour's session in a lab (mixed together so that they are unlikely to notice), people quite often give different answers – indeed often around one quarter of the time.

It is the same with surveys: market researchers often ask people the same question several times in different ways and take the average.

PUTTING VARIABILITY TO THE TEST

Here's a particularly extreme example of variability gone 'wrong'. Take a biased coin, which comes up heads two-thirds of the time and tails for a third of tosses. The task is to successively to predict the next coin flip.

Typically, people mostly guess heads (in fact, about two-thirds of the time); but sometimes guess tails (about a third of the time).

A stream of guesses might be: HHTHHHTTHHTTHH... (notice people tend to favour irregular 'random-looking' orders – but biased towards heads of course).

But this is completely the wrong thing to do. Every choice is really the same choice: there is always a 66 per cent chance of being right if you guess heads and a 33 per cent chance of being right if you guess tails (you'll win five times out of nine if you do this).

So you should always guess heads and you'll win two thirds of the time, which is six times out of nine. Yet even in this incredibly simple task, almost nobody does the 'right thing'. It just seems too weird just to guess HHHHHHHHHHHHHH... indefinitely. The human urge to throw in some variability seems to overwhelm us.

HOW DO PEOPLE MAKE DECISIONS?

In short, human behaviour is noisy, even when it shouldn't be. Indeed, high levels of noisiness seem to be built into the way our minds work. So, what is going on?

Together with Adam Sanborn, of the University of Warwick's Psychology department, and a brilliant team of post-docs and PhD students, I've been exploring a new explanation of human unpredictability, which assumes that noisiness is not a 'bug' that needs to be eliminated, but is essential to how the mind works.

The essential insight is that the brain needs to deal with an uncertain world, but can't possibly do the complicated mathematical calculations demanded by probability theory.

But AI and statistical research confronts this problem daily: almost all real-world problems are too complex to calculate out precisely, so they've devised 'tricks', justified by elegant mathematics (so-called Markov chain Monte Carlo, or MCMC), to quickly get approximate answers. Perhaps these tricks are also used by the brain.

PUTTING THE BRAIN TO THE TEST

To get an intuition for how this might work, suppose you hear that an 'animal' has escaped from a nearby zoo. Should you be worried? Well, figuring out the probability that the animal is a tiger/lion/giraffe/koala etc. is way too difficult (there are so many animals!), let alone how dangerous an encounter might be.

But the brain may be able to give us a rough estimate by randomly sampling a few animals (for example a lion, tiger, leopard...), roughly in proportion to their probabilities, and making a decision using just these examples.

The theory of MCMC shows how, with the right random sampling method and enough samples, this strategy can work very well (the samples will eventually be a good representation of the entire probability distribution of animals).

But our brains mostly don't have time for that. We hastily draw a few samples, and act accordingly. Of course, which random samples we draw will matter. Sampling lion, tiger, and leopard may lead us to hurry fearfully indoors; sampling mongoose, tapir, and platypus probably won't. So this is where unpredictability comes from. We think about uncertainty by filling in a few specific scenarios and reasoning as if one of those will come true. Different random samples will lead to different choices.



UNPUZZLING THE PUZZLING UNPREDICTABILITY OF HUMAN BEHAVIOUR

The same point applies everywhere. Thinking about current economic woes, we might draw scenarios based on past recessions – some indicating a lasting malaise, others rapid recovery.

Wondering about the implications of a new infectious disease, we sample memories of similar outbreaks. But the samples will be different between people and between when we think about it. A business proposition that seemed a sure-fire winner one night might, when we recall a few failed start-ups, feel doomed to fail the next morning.

The 'brain as MCMC sampler' viewpoint can be turned into a specific computational model of the mind, with a wide range of predictions, about how we retrieve information from memory, judge probabilities and the fine-details of the timing of behaviour of all kinds.

We've been building models, testing, and refining them for nearly a decade now. Intriguingly, some of these patterns are strangely reminiscent of statistical patterns in the stock market –possibly suggesting that the psychology of individual traders might be 'leaking through' to overall market behaviour. It turns out, too, that this viewpoint has independently been proposed by neuroscientists, trying to understand noise in brain activity.

But as we've seen, the most fundamental consequence of our approach is that it explains the otherwise puzzling unpredictability of human behaviour.

Noise isn't a nuisance, to be eliminated. Instead, randomness lies at the very core of how our brains deal so successfully with a complex and uncertain world. ///

KEY TAKEAWAYS

- ❑ The fundamental unpredictability of human nature plays a crucial role in just about every aspect of life, from the wild uncertainties of entrepreneurship and the gyrations of the stock market, to the impossibility of guessing with any certainty future fashions, fads, trends, political victories, armed conflicts, GDP growth or rates of inflation.
- ❑ Human behaviour is usually the outcome of a complex interaction of many factors – in individual brains, organisations, or whole economies. Small variations in any of these can lead to unexpected and large changes in the outcome. Sometimes unpredictability is crucial to success.
- ❑ People's choices are incredibly unstable. This is why market researchers often ask people the same question several times in different ways and take the average.
- ❑ Human behaviour is noisy, even when it shouldn't be. High levels of noisiness seem to be built into the way our minds work. Noisiness is not a 'bug' that needs to be eliminated, but is essential to how the mind works.
- ❑ The brain needs to deal with an uncertain world, but cannot possibly do the complicated mathematical calculations demanded by probability theory. Like AI that uses algorithms to obtain approximate answers, the brain might also have recourse to such "tricks".

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SUSTAINABILITY & THE SDGs



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ACHIEVING A NET ZERO CARBON WORLD ON CREDIT



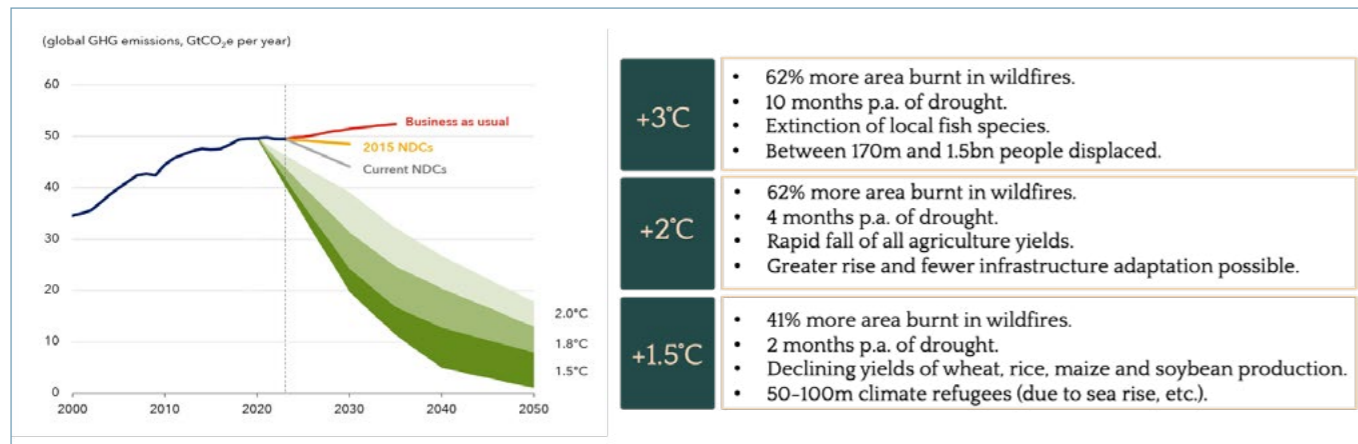
Despite lacking a formal structure, many larger companies have implemented internal carbon pricing to prepare for possible future mandatory pricing or control measures.



Stéphane Hedont-Hartmann, ESSEC Alumnus, and Head of ESG at **MoZaiC Asset Management**, **Valentin Lautier**, expert in the mandatory market at **Homaio**, and **Erwan Le Méné**, involved in the voluntary market with **Eco Tree**, explore how carbon credits and permits will shape a decrease in carbon emissions in a bid to reach Net Zero.

Scientific studies at the IPCC show that avoiding climate disruption requires limiting the increase in the planet's average temperature to 1.5°C. Indeed, preventing the exceedance of this critical temperature means limiting net greenhouse gas (GHG) emissions to return to the pre-industrial baseline level.

In this light, stopping the accumulation of greenhouse gases in the atmosphere that has primarily contributed to climate disruption means that the world must set emission targets at absolute values close to zero while deploying solutions to eliminate the surplus. As the following table emphasises, solutions are indeed required, as even keeping to an ideally lowest +1.5°C increase in temperature, the forecast consequences for society and the planet are dramatic.



Sources: IMF Blog (Link) | Represents GHG Scenario forecasts; Daphni - Voluntary Carbon Offsets report - 2023

INVESTING TO MITIGATE THE FUTURE RISKS

With a clear picture of the likely scenarios, we see two types of investment being logically necessary to mitigate these risks. The first of these is transforming infrastructure, with the double goal of preserving economic efficiency – that is, value creation – while seeking to reduce the carbon impact of this infrastructure.

A second investment is sequestering and eliminating carbon in the atmosphere. Here, observers note that if the "Net Zero" level is to be reasonably achieved by the middle of the century, the current emissions level must average (+) 38 billion tons of CO2 per year (2022, IEA).

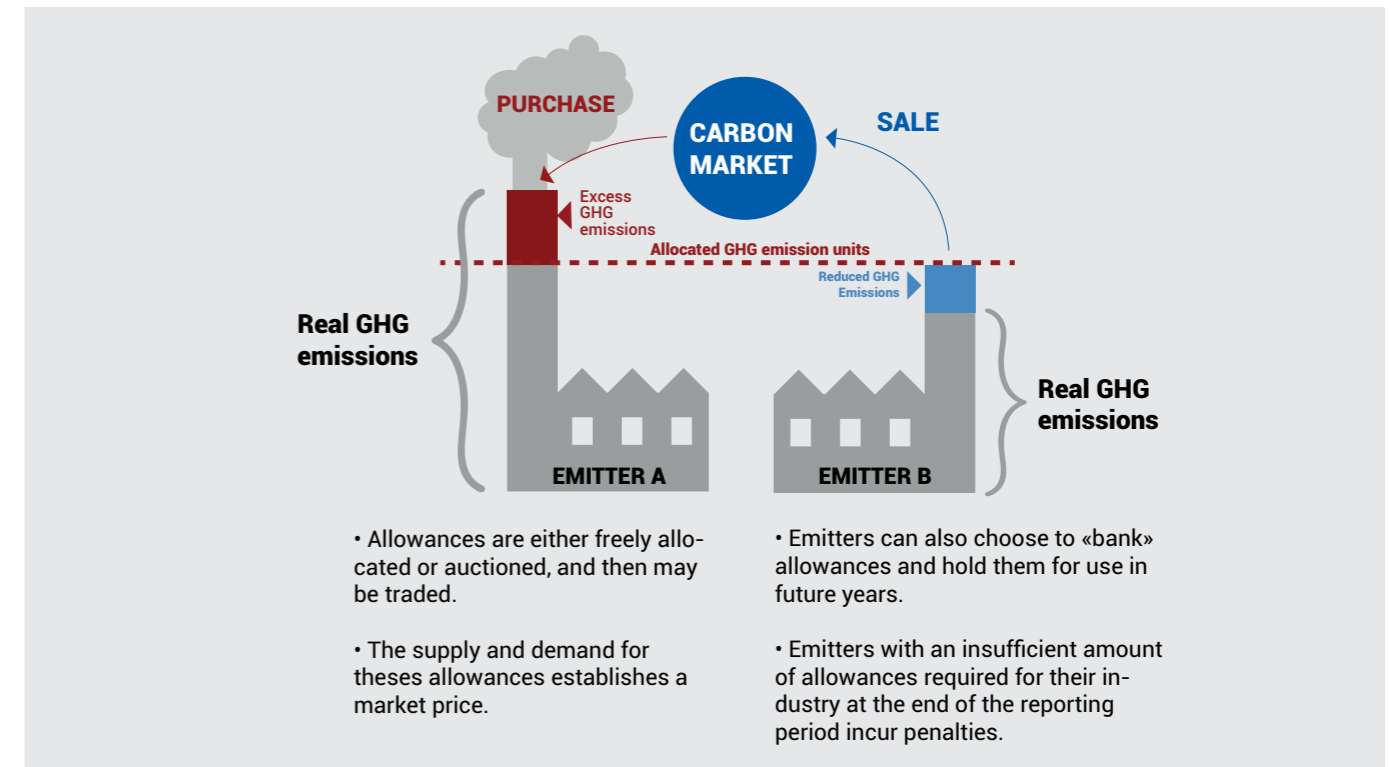
However, progress could be faster. Given the inaction of economic actors and the paradoxical behaviour of citizens, governments have accelerated a range of legislative constraints, including SFDR, CSRD, green taxonomy, carbon taxes at European borders, and establishing a "carbon" market. Carbon credit trading is a system where companies and countries can buy and sell allowances that permit them to emit a certain amount of carbon dioxide (CO2).

The European legislator has taken responsibility within the framework of the "Green Deal"

The European Commission has motivated the economy to decarbonise to enforce the economic model's transformation and ensure citizens' protection. Following COP 21 in 2015 in Paris, the volume of carbon emissions produced by the economy resulted in a "carbon budget" – a closed envelope set as a baseline. This budget is allocated to support decarbonisation according to both the regulatory and voluntary markets.

THE REGULATORY MARKET:

In the former, the rules of the regulatory market are strict. Since January 2024, regulations aim for mandatorily integrating sectors of activity – cement, fossil fuels, steel and maritime transport, to name several – into the system by imposing the monitoring of their decarbonisation trajectory. Furthermore, the initiative has allocated an annual volume of carbon permits per country. Here, the European Commission sets a price for carbon per ton and grants the right to freely distribute licenses to countries that wish to preserve their economy's competitiveness while consequently losing a source of financing for their transformation – for example, aid to individuals.



Sources: Carbon Credits.com | Carbon Markets 101.

Finally, every company within a regulated sector is allocated a certain number of carbon permits each year. Some companies emit more than their limit and are therefore compelled to buy carbon credits on the market, depending on their availability.

THE VOLUNTARY MARKET:

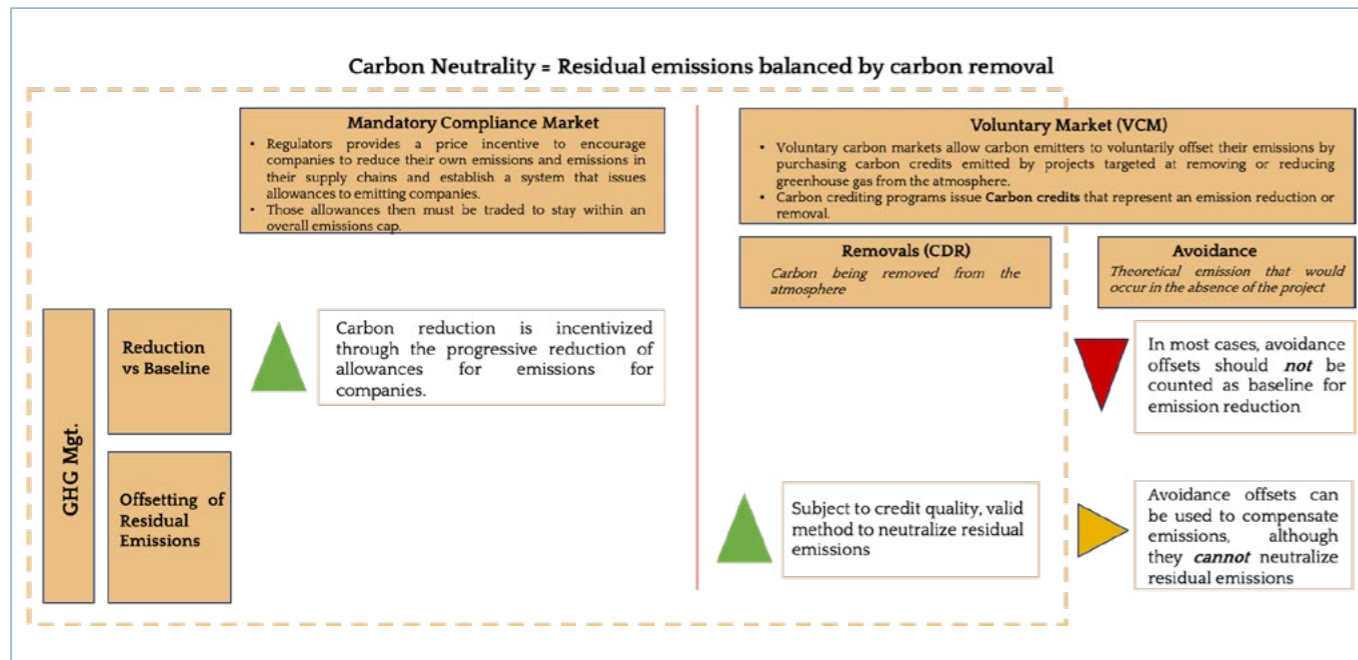
As mentioned, the European "carbon budget" also aims to impact the currently contested rules of the "voluntary" market, which is marginal in size. By registering carbon credits – "Carbon Offset" – linked to projects with a decarbonisation objective through the following steps:

- **Design** by project developers (documentation);
- **Verification and validation** by a third-party auditor (due diligence and audits);
- **Project development:** from construction to operation (financing by companies or institutions seeking to offset their emissions and support climate R&D);
- **Certification:** project control and verification by an accredited body;
- **Registration and sale** of carbon credits directly to end buyers or following indirect procurement through brokers.

After that, the carbon credits and the associated projects are withdrawn from the market. As such, we distinguish between two complementary markets:

A **regulated market** with supervision of compliance with mandatory international, national, or regional carbon management regimes (such as the European Union Emissions Trading System | EU ETS) and a "cap-and-trade" system where regulated entities receive allowances for a particular share of overall emissions, which they can then trade with others.

A **voluntary market** in which companies can work with project developers and committed individuals who propose technologies and projects that can result in the issuance of credits equivalent to the impact of decarbonisation they create. Moreover, the existence of this market stems from the desire to support transformation in developing countries, serving as a source of capital to aid decarbonisation and provide social assistance.



Source: Daphni VCM report – 2023.

THE DIFFERENCE BETWEEN CARBON CREDITS AND CARBON PERMITS

	Carbon Credit	Carbon Permits
Description	Certificate that awards 1 tonne CO2e (e: equivalent)	Project or activity that reduces or prevents carbon emissions
Framework	Public policy, Registry, Regulated market	CSR, voluntary market managed at the project level, highly fluctuating prices
Regulation	National standards and registers	Heterogeneous regulation depending on the actors
Type	Reduction / Sequestration	Activity with an impact on carbon emissions
Eligibility	Validation by the Market Agent	Validation by independent third-party auditing firms
Companies concerned	Covered sectors	Project leaders

EARLY DAYS – THOUGH LARGE COMPANIES HAVE STARTED LEADING THE WAY

Just as jurisdictions have a choice of carbon pricing measures they can implement to drive reductions in GHG emissions, commercial entities in those jurisdictions have a choice in how to respond. In the case of mandatory regimes such as cap-and-trade, corporations face financial penalties for noncompliance, such as the EU ETS' EUR 100/tonne fine and a requirement to surrender any missing allowances. The alternative is to invest in emission abatement measures (less carbon-intensive Scope 1 processes).

Cap-and-trade markets can be seen as effective as carbon taxes in compliance, as companies seek to avoid legal entanglements, adverse publicity, and financial penalties.

However, the success of carbon pricing in driving corporate policy in industrial sectors is mixed. Since most cap-and-trade systems currently distribute a large share of free permits to industrial firms exposed to international trade, it is challenging to calculate the extent to which the cost of carbon emissions is driving investment decisions or whether other factors are at play. And because carbon offsetting is voluntary, assessing companies' responses is more challenging than determining compliance markets.

Despite lacking a formal structure, many larger companies have implemented internal carbon pricing to prepare for possible future mandatory pricing or control measures. Measuring an internal carbon footprint involves many of the same monitoring, reporting, and verification procedures, which can lead to a greater understanding of a company's operations' climate impact and identifying ways to reduce emissions voluntarily.

A more extreme response to carbon pricing is to relocate a business to another jurisdiction without a carbon price regime. This practice is known as "carbon leakage."

For these reasons, many large corporate business lobbies have called for a more international carbon price regime, which would aim to establish a single global price for GHG emissions.

Use Case – ECOTree, a French Company in the European voluntary market

European leader in Nature-based Solutions, EcoTree is a B Corp labelled company. It allows individuals and companies to engage in the fight against climate change and the erosion of biodiversity by participating in projects to protect, sustainably manage and restore natural ecosystems.

Ecotree concretely supports company management, from the definition of their climate strategy to the contribution to Nature-based Solutions in Europe. The partner companies thus support ethical, high-quality projects carried out in the field by EcoTree's men and women. Each project, from carbon capture in forests to the preservation and restoration of ecosystems (wetlands, peatlands, beehives, etc.), is enhanced

by indicators that allow clients to monitor their project's environmental and social impact accurately, in compliance with recent regulations and voluntary reporting frameworks. (Regulation (EU) 2023/1115 - European Parliament and of the Council of 31 May 2023)

CASE OF A COMPANY COMMITTED TO A NET ZERO STRATEGY

In the context of shareholders and customers incentivising companies to commit to a concrete and ambitious climate strategy, more companies also know that their business model is at risk due to climate change and biodiversity collapse. (55% of the world's GDP depends on biodiversity (Swiss Re, 2020), which provides food, raw materials, energy, etc.)

Choosing a solution from Ecotree means reducing emissions and contributing to carbon sequestration by purchasing carbon credits. Wishing to act for biodiversity, Ecotree wishes to finance carbon credits generated through a forestry project that impacts carbon sequestration and biodiversity.

EcoTree identifies a project to reforest an ecosystem (a wasteland, a burned forest, or an agricultural abandonment). It defines a sustainable forest management plan. Planting and managing trees will sequester tonnes of CO2e. The company then purchases and claims certified carbon credits. It communicates them to its stakeholders in its environmental report, which is mandatory for many.

CASE OF A COMPANY WISHING TO INVEST IN A FOREST

The company wants to invest in a sustainable reforestation project. It does not only want carbon credits but to own land that EcoTree sustainably manages. This land brings him several ROIs:

- The planting and sustainable management of trees involve some tree cutting: the company recovers the fruit of the tree cuttings in the medium term.
- The trees sequester tonnes of CO2e, and carbon credits are then issued and distributed to the company. Given the expected increase in the cost of carbon credits, the company may choose to resell these credits to other players.
- The KPIs of biodiversity, soil and water impact are given to the company, which can choose to claim them in its non-financial reports. ///



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KEY TAKEAWAYS

- ❑ Scientific studies show that avoiding climate disruption requires limiting the increase in the planet's average temperature to 1.5-∞C.
- ❑ Preventing the exceedance of this critical temperature means limiting net greenhouse gas (GHG) emissions to return to the pre-industrial baseline level.
- ❑ Stopping the accumulation of GHG means that the world must set emission targets at absolute values close to zero while deploying solutions to eliminate the surplus.
- ❑ Two types of investment being logically necessary to mitigate these risks: Firstly, transforming infrastructure, with the double goal of preserving economic efficiency – that is, value creation – while seeking to reduce the carbon impact of this infrastructure. Secondly, sequestering and eliminating carbon in the atmosphere.
- ❑ Given the inaction of economic actors and the paradoxical behaviour of citizens, governments have accelerated a range of legislative constraints, including SFDR, CSRD, green taxonomy, carbon taxes at European borders, and establishing a "carbon" market.
- ❑ Carbon credit trading is a system where companies and countries can buy and sell allowances that permit them to emit a certain amount of carbon dioxide (CO2).
- ❑ Many large corporate business lobbies have called for a more international carbon price regime, which would aim to establish a single global price for GHG emissions.
- ❑ There are two types of market for carbon credits and permits:
 - A **regulated market** with supervision of compliance with mandatory international, national, or regional carbon management regimes and a "cap-and-trade" system where regulated entities receive allowances for a particular share of overall emissions, which they can then trade with others.
 - A **voluntary market** in which companies can work with project developers and committed individuals who propose technologies and projects that can result in the issuance of credits equivalent to the impact of decarbonisation they create.

WHAT WE DO



A TRANSFORMATIONAL WEEK AT SCHOOL OF MANAGEMENT FUDAN UNIVERSITY



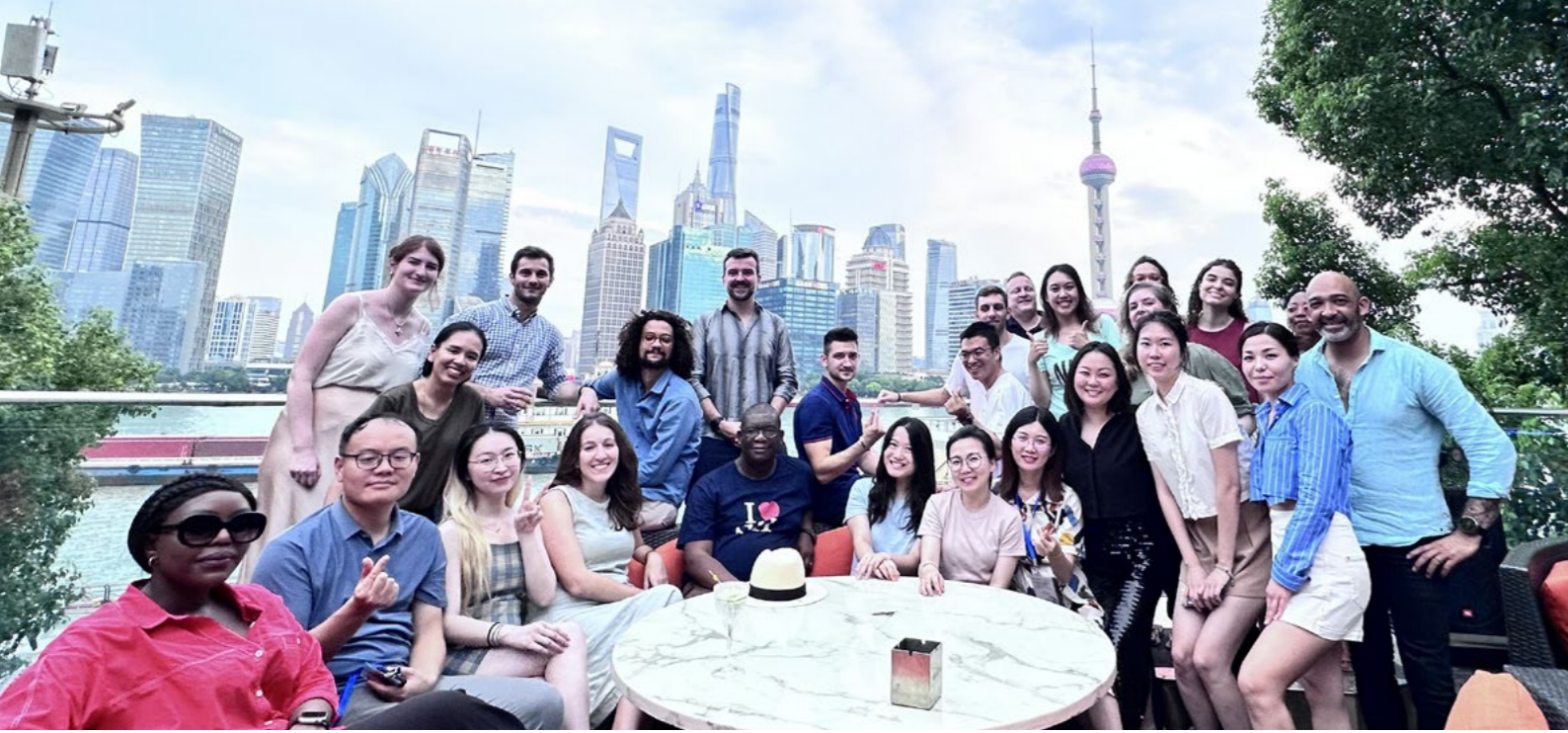
Seeing people at work, listening to them, and understanding more about each business is crucial for managers like ourselves who face increasingly complex challenges.



Shanghai – Mid-July 2024, and the **School of Management at Fudan University** hosts the inaugural Council on Business & Society **Advanced International Certificate in Responsible Business Practices** in a transformational week highlighting the business practices and impact of Chinese firms in ESG.

First posted on the Fudan of Management Fudan University website under the title [Successful Hosting of the Intensive Week for the CoBS Advanced Certificate Program at School of Management, Fudan University](#). With kind acknowledgements.

During the Intensive Week, 35 students from renowned business schools ESSEC Business School, FGV-EAESP, Monash Business School and Stellenbosch Business School gathered at School of Management Fudan. These students represented countries and regions including China, France, Germany, the Netherlands, Russia, Thailand, Australia, Brazil, Kazakhstan, and South Africa. Through a series of lectures, company visits, and cultural experiences, the students not only enhanced their understanding of China's economic development and ESG practices but also broadened their perspectives through diverse cultural exchanges.



BRINGING TOGETHER THE WORLD IN ONE PLACE

"Multiculturalism allows our social interactions to return to the most authentic state. Although our time together was brief, the connections we formed were incredibly genuine," said Menghan Li from ESSEC Business School. "When people from different countries come together to discuss the same topic from various perspectives, I feel the charm of diversity and inclusiveness. These small moments are the most joyful and brilliant highlights of our week."

Celine, a German student from ESSEC Business School, believes that the Intensive Week was a rare and unique opportunity, bringing so many students from around the world together. "We had nearly every continent represented, and everyone made invaluable contributions to this experience. Although we all come from different cultural backgrounds, we all came together over the incredible Chinese food that the Fudan students organised for us."

"Being able to participate in the Intensive Week and meet fellow students from different industries, is really exciting," said Deliang Chen, an MBA alumnus of Fudan University. "As a member of the group and a student of School of Management, I felt the School's generosity as a host. The Intensive Week design and itinerary were meticulously planned, allowing friends from all over the world to feel warmly welcomed," said Xueman Ma.

Throughout the Week, Professors from School of Management offered courses on topics such as Chinese Economy Overview, Sustainable and Responsible Investing, Chinese Customer Insights and New Marketing Practices in Ethical Consumption, and E-commerce in China.

A TRANSFORMATIONAL WEEK AT FUDAN

"The value of education has made a profound impression on me," said Kirill, a Russian student from Monash University. "You surrounded us with professors who actually care about fun and a gamified approach to learn. The school looks beautiful, and I appreciate that the facilities are at a good level."

"The learning atmosphere is excellent. Every professor is enthusiastic and proactive, engaging patiently with the students and encouraging everyone to participate, creating a warm learning environment," said Li Menghan. "The meals arranged by the School were incredibly generous, not only catering to the dietary habits of international students but also introducing them to Chinese cuisine. Additionally, students from School of Management would spontaneously organize activities to help international students better understand Chinese culture and experience Chinese food."

"Participating in the Intensive Week was worthwhile!" said Luke Parker from Stellenbosch Business School. "The four professors delivered outstanding courses related to ESG, approaching the topics such as macroeconomics, corporate innovation, financial investment, marketing, and digitalization. Their unique insights presented a diverse and multi-dimensional view of the ESG world, making me think outside the box."

When asked which course left the deepest impression, Celine found it difficult to choose just one, as each class offered unique perspectives and experiences. "All the professors were very knowledgeable in their fields and offered interesting perspectives. I enjoyed learning about the Chinese business ecosystem and sustainable finance, which gave me new insights on the best strategies for ESG investments. Considering my personal interest in marketing and e-commerce, I also found these two lectures invaluable in terms of the knowledge and experience the professors could convey."



The students visited renowned companies such as Lenovo and Ctrip, gaining firsthand insights into the efforts and achievements of Chinese enterprises in ESG and CSR (Corporate Social Responsibility). These company visits not only provided the students with a tangible understanding of the operational models of Chinese businesses but also allowed them to witness the active role that Chinese enterprises play in promoting sustainable development.

DISCOVERING ADVANCES IN ESG IN CHINA

During the visits, Celine observed the remarkable achievements that China has made in ESG and CSR. "I think that the topics of CSR and ESG go hand in hand with a multicultural atmosphere. The climate crisis is something we can only solve together, so for me it makes sense that we also study this topic together. We need to foster an understanding of the country-specific challenges of sustainability which is why we need more study trips like the CoBS x Fudan intensive week." Celine said.

The Lenovo Future Center left a deep impression on Xueman Ma, an MBA student from Fudan University. "It not only showcased Lenovo's cutting-edge achievements in technological innovation but also provided an immersive experience, allowing visitors to feel how future technologies will transform our lives." The various high-tech products and solutions in the Lenovo Future Center highlighted Lenovo's efforts in driving digital transformation and sustainable development. "During the few days of visits, I also noticed Chinese state-owned enterprises have the responsibility for rural revitalization and common prosperity, vigorously promoting ESG principles," she added.

Kirill mentioned that Ant group integration of a tree plant system was one of the most memorable for him, giving him a deep understanding of the enormous potential and practical value of ESG principles in modern corporate operations.

"I greatly enjoyed visiting the two companies. Being able to see beyond the public reports for investors is always interesting for business students," said Jacqueline from FGV-EAESP, "Seeing people at work, listening to them, and understanding more about each business is crucial for managers like ourselves who face increasingly complex challenges. Learning about different organizational cultures and working methods gives us the chance to reflect and identify opportunities for improvement in our own companies, teams, and business models."

"I am very thankful for the great time I passed at School of Management Fudan University. The students and staff were incredibly welcoming and always happy to help us and share their culture with us." Celine remarked, reflecting the shared sentiment of all the students who participated in this study tour week.

NOT FORGETTING THE CULTURAL EXPERIENCE!

In addition to company visits, the students also experienced a variety of Chinese cultural activities, including tours of the Zhengli New Campus, tasting regional Chinese cuisines, practicing Tai Chi, and learning about traditional Chinese medicine. For the international students, all of whom were visiting China for the first time. These cultural experiences not only deepened their understanding of traditional Chinese culture but also enhanced their awareness of Chinese society.

It is particularly noteworthy that the four Fudan MBA students played a crucial role during the Intensive Week. They not only



demonstrated leadership in academic discussions but also acted as guides during cultural experiences, embodying the spirit of ownership and international perspective of Fudan students.

"I felt the distance between people was reduced in a relaxed and pleasant atmosphere," Luke Parker recalled. He remembered everyone sitting together, experiencing Chinese board games, and sharing their own countries' food cultures and life stories. He thought the Intensive Week provided not only delicious food but also an opportunity for cultural exchange and deepening friendships.

In addition to tasting local Shanghai food and admiring the beautiful night view of the Bund, Luke marveled at the remarkable achievements of modernization in Shanghai. At the same time, he was gradually captivated by the profound depth of traditional Chinese culture. "The regimen such as traditional Chinese medicine and the Taoist idea of 'Heaven and Man Are United as One', are very interesting. I intend to continue exploring these ideas and applying them in my daily work and life," he added.

CHINA: AN EXPERIENCE THAT OPENS MINDS AND HEARTS

"For me, the best part of China is its people and history," Jacqueline said. "Fudan students gave me a wonderful impression of hospitality, making their effort to ensure we experienced the best of China and learned more about Chinese history and its significance. I have felt the rapid modernization and safety of China. There is still much to explore and discover in China, so I want to come to China again with my family and experience the similar wonderful journey as this time."

"I would definitely be willing to explore more of China! It is a massive country, and I believe with Shanghai, I have only seen a very small part," Celine said. "I think this would have to be with Fudan students accompanying me on the trip as well, as this would guarantee me a first-class China experience!"

The CoBS Intensive Week at School of Management has successfully provided international students with a platform to gain in-depth understanding of Chinese business, culture, and society. Students not only enhanced their knowledge of Chinese enterprises' practices and business impact in the ESG field but also forged deep friendships through exchange and collaboration. The School looks forward to hosting more such activities in the future to promote the exchange and growth of Chinese and international students. ///

The Fudan Executive MBA

Fudan University is one of the first thirty higher education institutions approved by the State Council Academic Degrees Committee to offer an EMBA degree program. Dedicated to developing "commanders", Fudan EMBA Program provides well-educated and highly-experienced executives with a China-oriented world-class EMBA education which cultivates executive elites and superior leaders for economic growth and social development. Through the two-year program, students are expected to complete the required credits and pass an oral defense of their thesis to earn a Fudan University MBA degree (EMBA focus).

Program features

The program offers an international curriculum structure based upon increasingly wide international cooperation:

- Teaching delivered by senior teachers and professors from home and abroad, emphasizing both a broad international visual field and the domestic reality.
- Inherits the cultural connotation of Fudan University's one hundred years of existence and advocates the humanistic education of entrepreneurs.
- Builds top ranking business platforms through utilizing the advantages of geographical location and a powerful alumni association.

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SCHOOL OF MANAGEMENT
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GUIDING THROUGH OBSTACLES: EMPOWERING YOUTH WITH DISABILITIES FOR THE JOB MARKET



The career prospects of youth with disabilities are strongly shaped by the quality of support and resources provided in educational environments.



Guidance is something we all look for, whether it is for juggling life decisions, regular advice, or career choices. Yet, how does this guidance influence those with disabilities and does it have the same impact? **Dr. Armand Bam, Stellenbosch Business School**, unveils critical research insights into the impact of career guidance on those with disabilities in South Africa.

Related Research: Bam, A., Kriger, S. & Cottle, Z., 2023, 'A (mis) guidance of disabled youth: Post-secondary schooling transition experiences in South Africa', *African Journal of Disability* 12(0), a1293. <https://doi.org/10.4102/ajod.v12i0.1293>

THE UNEQUAL SUPPORT

The United Nations Convention on the Rights of Persons with Disabilities is a landmark international treaty designed to safeguard and advance the rights and dignity of individuals. It marks a major shift in global perspectives on disability, transitioning from solely a medical model to a framework centered on human rights. Despite this convention – in addition to the hundreds of others that have contributed to this cause – there is still a global disparity blatantly apparent for people with disabilities post-schooling in the countries of the signatories.

South Africa – one of these countries – continues to lack overall economic and local support. There continue to be blurred lines regarding disability and the implementation of associated policies and practical support. For example, recent political unrest has contributed to further marginalizing this community, as this study has found that schools that supported mainly white disabled persons were extremely well-resourced compared to schools with mainly black students.

FROM CLASSROOM TO CAREER

The education system of South Africa has taken on the responsibility of providing the guidance needed, whether it be in public or specialized disability schools. Schools provide countless services for preparing youth to start their professional career, whether by providing various courses for students to discover their interests, or by offering career counseling sessions. Career guidance has been proven to be the most effective form of support needed as those with disabilities enter the workforce. These sessions can either be one-on-one or in small groups providing youth with tools and resources to establish career goals, identify skills, and learn how to handle time spent unemployed.

Previous studies have addressed this issue. However, Professor Armand Bam of Stellenbosch School focuses his study on the impact of the experiences and barriers that influence the preparation of high school students with disabilities for post-secondary education and work opportunities in South Africa. Using in-depth interviews, this study seeks to fill a specific gap in existing research on how career guidance affects the post-school career paths of youth with disabilities in South Africa.

OVERCOMING LIMITATIONS THROUGH GUIDED SUCCESS

As mentioned above, career guidance is integral for youth in deciding what their future looks like. This is even more important for those with fewer opportunities available. The career prospects of youth with disabilities are strongly shaped by the quality of support and resources provided in educational environments.

This responsibility within schools of providing the right amount of support falls mostly on teachers. The former must go through specialized training and conduct group sessions. Moreover, specialized training allows teachers to understand the needs and limitations of the students they work with, offer tailored job positions, and push students to reach their full potential. Indeed, interactions between teachers and students are one of the main drivers of school dropouts. Teachers unable able to look past their students' disabilities, focusing on what they could not do rather than what they could do with their education, contributed to feelings of discouragement and self-doubt.

In addition to the training of teachers, group sessions were found to improve this potentially uncertain experience. The need for integration and communal input in these sessions enabled students to feel at ease and not pressured when understanding the importance of their careers.

The study found that another barrier is the under-funding of the schools. Many schools sponsored by the state do not have enough resources to offer what is needed. This leads to higher school dropout rates adding to further exclusion of this group.



SHIFTING MINDSETS

Armand Bam and his colleagues' research stresses the urgent need for targeted reforms in career guidance programs, specifically tailored to meet the unique needs of students with disabilities. Governments and education departments are called to prioritize the development of comprehensive training programs for teachers and counselors. "By equipping educators with strategies to overcome unconscious biases and empower diverse career aspirations," asserts Dr. Bam, "we can foster environments that truly support the successful transition of youth with disabilities into the workforce."

Ultimately, the study advocates for a mindset shift that not only raises awareness but also translates into practical, equitable outcomes for all students, creating pathways to a more inclusive and supportive society. ///

KEY TAKEAWAYS

- **Guidance is Crucial:** Career guidance plays a critical role in shaping the future of youth, especially those with disabilities. It can help them navigate career choices and overcome barriers.
- **Education System's Role:** Schools in South Africa bear the responsibility of preparing disabled youth for professional careers through career guidance and counseling, although disparities in resources persist between well-funded and underfunded schools.
- **Impact of Career Guidance:** Effective career guidance helps disabled youth set career goals, identify skills, and deal with unemployment, which is especially crucial in shaping their professional lives. This effectiveness comes from proper training for teachers and providing interactive group guidance sessions.
- **Underfunded Schools:** Many public schools in South Africa lack the necessary resources to adequately support disabled students, leading to higher dropout rates and further marginalization.
- **Mindset Shift is Needed:** The study highlights the urgent need for targeted reforms in career guidance programs to address the unique needs of disabled students, calling for better teacher and counselor training. A broader shift in mindset is needed to address unconscious biases and create more equitable opportunities, ensuring disabled youth can transition into the workforce successfully and inclusively.



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Saara Hamunyela, alumnus

The world is fraught with challenges and an abundance of potential to choose a more desirable future of all. Against a backdrop of climate change, inequality, and the struggle against gender-based violence, it is crucial that the business you choose challenges you to change the world. This is why Stellenbosch Business School is so strongly committed to delivering learning experiences that will help you to become a responsible leader.

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Digital payments contribute to promoting gender equality and financial inclusion.

BREWING CHANGE: INTRODUCING DIGITAL PAYMENT SYSTEMS TO TEA WORKERS IN ASSAM



In many countries and industries, it is common for employees to receive their salaries via bank transfers. However, tea workers in Assam continue to be compensated in cash, resulting in significant negative impacts on their living standards.

Professor Savita Shankar from **Bloustein School of Planning and Public Policy, Rutgers University**, assesses the benefits and challenges of transitioning from a cash-based to a digital payment system at tea plantations in Assam.

Related research: *Empowering Female Tea Workers through Digital Payments* – An exploratory study, Savita Shankar.

Historically, tea and payment systems have a long and closely intertwined relationship. In Southeast Asia, the expression “tea money” describes a bribe; in Afghanistan and Iran, the expression “poul-e-chai”, money for tea, has the same meaning. However, despite the nefarious implication of “tea money”, actual tea money as a currency was real.

Between the 9th century and the mid-20th century, compressed tea bricks functioned as currency in China, Myanmar, Tibet, Turkmenistan, Siberia, Russia, and Mongolia. Their value was determined by factors like quality, weight, colour, fermentation process, and the proportion of tea leaves to twigs. Notably, the value of tea bricks appreciated over time, effectively accruing interest.

In the early 20th century, you could purchase a sheep in Mongolia for 12 to 15 average-value tea bricks. It's estimated that at one point, the amount of tea money circulating in Asia reached 500,000 taels, with one tael being roughly equivalent

to one ounce of silver. Tea money was prevalent in the remote regions of Central Asia and Siberia until at least 1935 when an average brick was worth one rupee. And the use of tea money continued even after 1949 when it was utilised as currency by communist government officials in China.

Nowadays, tea money would seem to be a thing of the ancient past. In times of QR codes and digital payments, large money transfers in cash are also becoming inconceivable. Ironically, however, the tea industry is very much stuck in the past. While no longer using tea money, many plantations still pay their workers' salaries in cash. In a recent research paper, Professor Savita Shankar at Rutgers University analyses how and why these tea plantations should make the transition from a cash to a digital payment system for their female tea plantation workers.

TEA LEAVES AND TECH – NEW OPPORTUNITIES FOR ASSAM'S TEA WORKERS

Professor Shankar's research examines the benefits and challenges of offering digital payments to female workers in Assam's tea sector, highlighting how such initiatives can enhance their autonomy.

The COVID-19 pandemic and related digital initiatives have underscored the benefits of digital payments, including safety, security, transparency, and greater ease of saving. Prof. Shankar examines the notable social benefits, particularly for female workers, as digital payments contribute to promoting gender equality and financial inclusion. Her research highlights the benefits for tea plantations, such as lower administrative costs and the potential to forge stronger relationships with international buyers.

However, adopting a new payment method presents challenges due to the insufficient banking infrastructure in the remote regions where tea plantations are located. Deployment of digital payment systems must be carried out in stages, requiring careful adjustments along the way.

BANKING ON EQUALITY – DIGITAL PAYMENTS TO IMPROVE FINANCIAL AUTONOMY

As financial technology and digital solutions evolve, new opportunities emerge to provide better access to financial services to women and other underserved segments of the population.

When people lack access to financial services, they face many disadvantages that can significantly impact their lives. Without a bank account, they have to deal with cash, which is very often unsafe. Additionally, this situation disincentivizes saving – beyond safety concerns, workers miss out on interest rate benefits typically provided in a formal system. This means that in case of emergencies, households are dependent on other, unregulated sources of financing such as "loan sharks" charging exorbitant interest rates that require default borrowings.



Moreover, being outside the formal banking system limits people's choices for credit sources that they could reasonably use to make investments and, in turn, diversify their income sources and elevate their standard of living. On top of that, the lack of remittance and insurance products makes money transfers cumbersome and high-risk and limits opportunities for risk management.

Women, in particular, can benefit from digital payments. It protects against the risk of having their cash earnings taken away forcibly – sometimes even by members of their own household allowing them to take control of their finances. Through digital payments, women can more easily save their earnings and build assets in their own name, giving them greater autonomy over their money. Having savings also enables them to prepare for emergencies and important life events, making women more independent and self-reliant. As they establish a digital footprint, they gain access to loans in the formal financial system. Moreover, by using financial services such as insurance, they will necessarily increase their financial literacy skills.

UNDERSTANDING ASSAM'S TEA GARDENS

The tea industry shapes an environment that has its unique reasons, challenges and requirements for introducing financial technology.

India is the world's second-largest tea producer, and Assam the largest tea-producing state in the country boasting a 200-year-long history and 762 tea-producing estates. Assam produces nearly 700 million kg of tea annually, which is about half of India's overall tea production. Large tea plantations typically employ 700,000 people daily, with about 50% of the workforce comprised of women who usually engage in low-paying work like tea plucking. Overall, the tea sector employs about one million women in Assam.

The tea industry is driven by seasonality. Tea is a nine-month crop, with harvesting taking place in three periods – called flushes – between March and November. The first flush between late February and April is in high demand as the tea is known for its light flavour and high quality. The second flush, between April and May/June, has a stronger and bolder taste due to the strong sun and is usually used for breakfast teas. The final flush is in October/ November. During harvest, plantations employ temporary workers to deal with the workload. And in the following winter months, work on tea plantations primarily consists of maintenance activities.

Due to the labour-intensive nature of tea cultivation, the Assam tea industry has historically relied on migrant labourers. During India's colonial period, workers from various parts of the country and different castes were brought in to work on the tea plantations, and their descendants continue to work there today. These individuals are referred to as "Tea Garden Tribes." The Assamese government recognises them as a socially and educationally underprivileged group with low literacy levels.

BREAKING THROUGH SHOPPING AND SPENDING HABITS

Typically, tea workers live within the tea plantations, which are usually located in rural, remote locations. Weekly (cash) payments are supplemented with food rations, free housing, healthcare and primary education for immediate dependents as required by the Plantations Labour Act of 1951.

On payday, local businesses set up markets where workers can purchase groceries and clothing. Usually, workers spend their full cash payments that day and do not save. This makes them vulnerable to local moneylenders who charge exorbitant interest rates of 10 to 20% per month, whenever they are in need of additional funds. This can result in lifelong debt burdens. Additionally, moneylenders often seize the annual bonus payments immediately, as they usually know when they are disbursed.

While supervisory staff are paid through bank accounts – and most staff members and workers do have a basic bank account through the 2014 "Pradhan Mantri Jan-Dhan Yojana" government scheme – workers are still paid in cash. This is because, due to the remote location of the plantations, there are no ATMs or bank branches. Workers needing cash would be required to travel to a city with an ATM which would cause them to miss a precious day of work and income. Furthermore, many female workers are not comfortable using ATMs and may trust younger family members to make withdrawals, over which they have no control. Additionally, while many younger family members own smartphones, these are not widely available among female workers, making mobile solutions equally unviable.

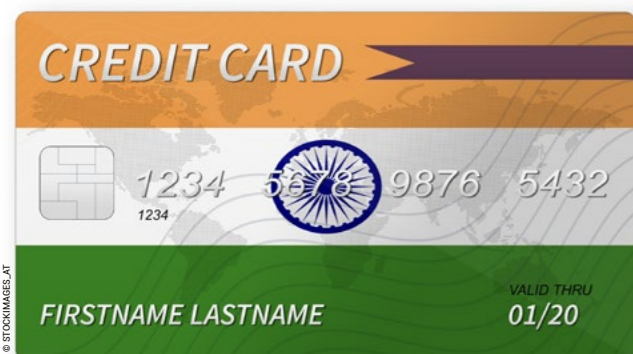
LEARNING FROM PILOT PROJECTS IN ASSAM AND UGANDA

To understand the practical implications of introducing a digital payment system in tea plantations, Prof. Shankar analysed the strategy and learning outcomes of two pilot projects at Dikom Estates in Assam and McLeod Russel tea plantation in Uganda.

Dikom Estates, home to 8,000 residents, decided to transition from cash payments to a digital system for distributing annual bonuses. The switch was voluntary, receiving the workers' union's endorsement. To ensure a smooth transition, Dikom took several steps, first screening movie clips and cartoons highlighting the benefits of having a bank account and using digital payments. Furthermore, management encouraged workers to obtain national identity cards and assisted them with the necessary paperwork to open bank accounts. They collaborated with two public sector banks to facilitate this introduction. Workers could go to the administrative staff to submit their bank books. Once the bonuses were issued, bank staff updated the passbooks and returned them to the workers. Additionally, management strongly incentivised saving by offering monetary prizes for reaching certain savings milestones.

The McLeod Russel plantation in Uganda similarly faced challenges with cash payments. Here, cash needed to be dropped by plane to pay the workers, which was costly, labour-intensive, and risky. To address this, McLeod Russel partnered with local mobile network operators Airtel and MTN, along with UNCDF, to move payroll from cash to mobile payments. To find out exactly which financial services their workers needed, McLeod Russel conducted a survey, discovering that a central requirement was remittances to family members. Like in Assam, plantation management also conducted informational sessions to assist with enrolment. Overall, they estimate that this programme could save 6.5% of employee salary costs.

On another McLeod Russel plantation, this time in Rwanda, the UN Sustainability Goals played a role in the country's economic digitalisation programme – successfully serving the transition to digital payments for workers in the tea sector.



OVERCOMING OBSTACLES WHEN INTRODUCING A NEW PAYMENT SYSTEM

There are various challenges associated with introducing digital payments to female workers, which the pilot projects at least partly considered.

First, helping female tea workers develop their digital and financial literacy in order to confidently use digital payments is challenging, as more than half of Assam's tea workers are illiterate. This can be overcome if such initiatives were to show cartoons to teach digital and financial literacy as well as setting up women-self-help groups.

A further challenge is to set up an eco-system that offers user-friendly and affordable avenues for workers to easily use their wages to purchase the items they need. In tea plantations, ATMs are uncommon as servicing them is unviable and expensive. The alternative, having individual agents act as customer service points (CSPs), is also not ideal as they sometimes demand a commission, alongside the possibility of them being robbed. Biometric identification is also not feasible for workers, as their work as tea pluckers corrodes the nature of their thumbs. On the side of businesses, QR codes sometimes allow workers to pay digitally. However, this system is by no means universally accepted. As such, the successful implementation of digital wage payments also requires a solution for a functioning, easy-access cash withdrawal system and/or the possibility of making digital payments in markets.

Lastly, a significant hurdle in implementing the new system involves the stakeholders: they must be encouraged to transition from cash to digital payments. Since this switch requires initial investments of time and money, stakeholders need to see the long-term benefits of this change clearly.

DRIVING SUCCESS FOR ALL STAKEHOLDERS

As mentioned, digital wages play a crucial role in integrating female tea workers into the financial system. Currently, these workers utilise their bank accounts sparingly, primarily for receiving government benefits. Digital payments facilitate easier access to funds, enabling workers to later benefit from financial services like insurance and microfinance. The latter is vital for helping tea workers enhance their income by starting other activities, such as raising livestock or cultivating vegetables. Temporary workers could especially benefit from such initiatives, as they do not earn a wage outside the harvest season.

The Ethical Tea Partnership is currently conducting a pilot project with the International Institute of Information Technology in Hyderabad. This project tests a new web application aimed at helping workers access potentially available government schemes. Additionally, the ETP intends to train local youth to assist tea workers by connecting them with officials who can advocate on their behalf. Moreover, there are programs aimed at training tea workers to diversify their income. For instance, a Sunday school conducted by

local government officials teaches tailoring, empowering tea workers to launch their own micro-enterprises.

Digital payments are also an important means of giving female tea workers greater control over their earnings. For example, in Bangladesh, 43% of women who worked in the textile industry reported that their husbands took away their salary when receiving cash payments, compared to 23% when receiving digital payments.

From a business standpoint, digital payments can lower administration expenses for plantations. Again in Bangladesh, managers observed a 53% decrease in administrative costs after adopting a digital payment system, allowing workers to extend their shifts by an additional 25 minutes.

Digital payments crucially also provide greater transparency for tea buyers regarding the wages that plantations pay to tea workers. International buyers from the EU and the US typically must adhere to stringent laws and regulations related to human rights and supply chains. Due to this increased transparency, plantations can foster stronger connections with international buyers.

NO LONGER READING TEA LEAVES – A BLUEPRINT FOR A SUCCESSFUL TRANSITION

Overall, Prof. Shankar identified four essential steps that facilitate a successful transition to digital payments. Firstly, it is important that plantations raise awareness and educate workers on the benefits of digital payments. Secondly, they need to actively help their workers to fulfil the formalities to open a bank account or mobile money account. At the same time, the plantations need to make sure that the tea workers have an avenue to access their earnings conveniently without incurring additional expenses. Lastly, in order to achieve all this, they need to develop partnerships with appropriate agencies such as local banks, mobile companies and non-profit organisations.

To dive deeper into the details of this blueprint, Prof. Shankar proposes a phased transition. First, employers should pay lump sum payments like annual bonuses and retirement benefits digitally. Following that, they can partially digitise wage payments. Additionally, plantations can collaborate with non-profit organisations to provide workers with financial literacy training which demonstrates the benefits of saving. If workers then give their agreement, a suggestion might be automatically saving 10% of their wages in workers' bank accounts while handing out the rest of the salary in cash. The savings amount can gradually increase, supported by a functioning cash withdrawal system. Establishing these systems requires partnerships with banks and secure, monitored additional CSPs. Furthermore, encouraging local vendors to adopt digital payments can reduce the need for a cash withdrawal system. Ahmad Tea, a U.K. based tea company that sources tea from Assam, used Professor Shankar's research to help guide their social impact in the tea gardens and in particular to support a pilot digital bonus scheme aimed at widening financial access and filling the living wage gap for tea workers.

All in all, when employers implement digital payments for tea workers in a phased manner, workers can get greater control over their earnings and gain access to a wider range of financial services, including savings, remittances, insurance, and microfinance loans, resulting in a positive impact on their lives. ///

KEY TAKEAWAYS

- ❑ Digital payments protect women against having their earnings taken away by others and give them greater control over their finances, allowing them to save money and build assets.
- ❑ Using digital financial services can increase financial literacy skills, give workers access to microfinancing to diversify their income, as well as insurance and remittances.
- ❑ Financial and digital literacy training and improving the financial infrastructure on the tea plantations can contribute to bridging the digital divide.
- ❑ Adoption of digital payment systems can be encouraged by highlighting long-term benefits to plantation owners and developing user-friendly platforms for tea workers.
- ❑ Partnerships with local banks, mobile companies, and non-profit organisations to provide necessary services and support, as well as incentives to adopt the new system, are central pillars for a successful implementation.
- ❑ Professor Shankar suggests introducing digital payments gradually, starting with lump sum payments and continuing with regular wages.



Any individual has to be interested in sustainability given how the challenges are shaping the economic landscape.



An interview with **Marie-Pierre Schickel**, Managing Director, **Sounya Kiniffo**, Head of Ecological and Social Impact, and **Claire Hallier**, Head of Lifelong Learning and Career Projects, at **ESSEC Alumni**, on their initiative to develop the online Impact Learning Hub dedicated not only to accompany alumni and others throughout their careers, but with a special focus on the skills and knowledge required for the ecological transition.

Behind every innovation are they people who developed it. Such is the case with the Impact Learning Hub – an online source of free content focusing on sustainability, social impact, and more broadly, the ecological transition.

Both based at the *Maison des ESSEC* – the headquarters of the Alumni association at ESSEC Business School – located in the 8th arrondissement of Paris, **Sounya Kiniffo** and **Claire Hallier** now manage the hub they developed from ideation to implementation.

Head of Ecological and Social Impact at ESSEC Alumni, Sounya is responsible for guiding the ESSEC alumni community on all matters related to the ecological and social transition. "This is accomplished through a comprehensive action plan aimed at raising awareness among alumni, providing them with the necessary tools, and empowering them to take meaningful-action," states Sounya.

Beginning her professional journey in digital project management, she quickly transitioned to the social and solidarity economy sector. Since then, she has had the opportunity to support various social initiatives, including programs focused on integrating young people facing significant challenges in the labour market and promoting cooperative entrepreneurship. "My roles have

THE IMPACT LEARNING HUB: AN ESSEC ALUMNI INITIATIVE FOR THE PLANET AND THE COMMON GOOD

Never stop learning!

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been diverse and cross-functional," she says. "They have involved a wide range of responsibilities such as fundraising, partnership management and development, community building, communications, creating and implementing training programs, and supporting vulnerable groups."

The ESSEC Alumni community is global and spans a wide variety of sectors. "By raising awareness and equipping this extensive network of more than 70,000 alumni to drive change within their organisations, we have a powerful lever to contribute to the positive transformation of our society," says Sounya. "This is why I chose to engage with the ESSEC Alumni community!"

For her part, Claire Hallier has a background in International Business and her professional journey has seen her gain a comprehensive understanding of global business management through diverse work and study experiences across multiple countries. Her career began in international marketing, communication, and brand management within the industrial sector, where she successfully led cross-functional and global projects.

"Motivated by a deep-seated desire to contribute to impactful initiatives," she says, "I transitioned to the nonprofit sector, where I honed my skills in fundraising, advocacy, volunteer community management, and partnership development."


This move, combined for a passion for lifelong learning and education, led her to ESSEC Alumni, where she currently serves as Head of Lifelong Learning and Career Projects. "In this role," she states, "I guide alumni throughout their professional journeys by offering a constantly evolving range of content, training programs, and support mechanisms designed to facilitate career transitions."

"Most recently, Sounya and I launched the Impact Learning Hub, an online resource centre focusing on the social and environmental transition. The project has combined our professional expertise with our commitment to creating meaningful change."

A PROVEN ALUMNI INTEREST IN SUSTAINABILITY AND SOCIAL AND ENVIRONMENTAL IMPACT

How interested in sustainability – and more broadly social and environmental impact – are alumni? Enter **Marie-Pierre Schickel** who, from her early years at Bain & Company to eight years spent in higher education Italy and now Managing Director of ESSEC Alumni, has a commitment to the common good in her personal DNA. For her, there is no doubt that alumni are very much concerned by the topics. "It's part of the roots of our school and hence its alumni," she says, recalling that ESSEC was a pioneer in integrating sustainability and social impact in its programme curricula, "and part of our founding values linked to highlighting initiatives for the common good and the environment into business practices. "In the current situation," she adds, "any individual – whether a graduate from ESSEC or any other school – has to be interested in sustainability given how the challenges are shaping the economic landscape."

Indeed, prior to the launch of various initiatives at ESSEC Alumni, including the Impact Learning Hub, a survey was carried out with **ObSoCo** – the French watchdog on society and consumption – on ESSEC alumni thoughts on the matter. The results were revealing.



Global assessment report on biodiversity and ecosystem services

Report

More than 1h

Global reference document on biodiversity by IPBES, the "IPCC of biodiversity".

Biodiversity

<https://zenodo.org/records/3553579>



TIME TO SHIFT (English Edition) - Psychology of Change: Helping others transition towards low-carbon practices


Podcast

10 to 30 min

In this episode we will talk about the psychology behind our behaviors, why it is so hard to change them, and what we can do about it. Some tips and advice about our brains, and how we can trigger change around us through relationships, experiences, and patience.

Change management

podcast.ausha.co/time-to-shift



International journal of sustainability in higher education

Article

2 pages

Green finance for support emergency services strategies and sustainable development goals (SDGs)

emerald.com/insights/sdgs

71% of the alumni surveyed expressed the need to acquire new competencies to tackle environmental and sociological challenges. With only 6% feeling adequately supported to manage this skills and knowledge gap. Their interests ranged from topics such as sustainability (82%), gender parity (86%), and diversity & inclusion (74%). A resounding 68% of those surveyed declared themselves to be interested by the training offered by ESSEC Business School and the professional development tools provided by ESSEC Alumni as part of the lifelong learning offer.

"Our study showed that our alumni thought only 15% of the companies and organizations are engaged in a much needed radical transformation," says Marie-Pierre Schickel. "A strong 20% declared they were personally engaged in the active transformation of their organisations. Among these, 25% of alumni had just started and wanted to increase their commitment. Another 35% declared to be aware – however, they were a bit at a loss as to how to take action. Finally, an encouraging 48% of younger graduates expressed the desire to reorient their career toward jobs with impact."

ESSEC Alumni counts among its mission guidelines the "Together to Act" pillar entirely centred on the SDGs, and how to act collectively to improve its impact for the planet and the common good. Tangible examples of how ESSEC Alumni is promoting those topics transversely into their ecosystem of services include, among others, the ESSEC Transition Alumni and ESSEC Alumni Sustainable business clubs who regularly partner with other regional or professional Clubs to organize roundtable, debates and conferences on crucial sustainability and social impact topics. "Independently" states Marie-Pierre Schickel, "all our Clubs have included impact initiatives in their programs. Our lifelong learning and career offer also ideated 1-hour webinars baptized "Transition Workshops" to which alumni regularly sign up as they focus on "hot topics" crucial for companies & organizations. Not forgetting our cycle of Impact Jobs in collaboration with Birdeo, the sustainability talent agency. I'll stop here – but you can get the idea of the importance of this pillar for our alumni community."

THE IMPACT LEARNING HUB: ITS MISSION

The Impact Learning Hub centralises a relevant selection of resources, key individuals, and information on the ecological and social transition.

This collection of resources, created specifically for those with an interest in sustainability, CSR issues and social impact, offers the opportunity not only for ESSEC Alumni, but also for the wider community, to learn, stay informed, and acquire essential knowledge to improve understanding of these crucial issues at the heart of the transition. Moreover, the Impact Learning Hub is an evolving project, shaped by user feedback.

"The Impact Learning Hub offers a wide range of resources that allow users to stay informed, learn, and acquire the essential knowledge to understand and take action on major ecological and social challenges," states Sounya Kiniffo. Indeed, the initiative leverages the collective expertise of **the ESSEC Business School** network, including the Center for Social and Sustainable Innovation (CISE), numerous clubs and centres within ESSEC Alumni, as well as the CEDI (Center for Equality, Diversity, and Inclusion) and ESSEC Together, the department within the school that manages the strategic shift towards sustainability in the institution as a whole.

The latest newcomer to this knowledge cluster is the Council on Business & Society (CoBS) – a global alliance of leading international business schools coordinated from ESSEC's main campus in Cergy-Pontoise, and which has been active in the fields of responsible leadership and CSR since 2011. The Impact Learning Hub platform is accessible free to all ESSEC alumni – and the wider public – in French and English versions. For Sounya it demonstrates ESSEC's shared commitment to being active participants in the transition.



WHY LAUNCH THE IMPACT LEARNING HUB?

"As an alumni association," says Claire Hallier, "one of our core missions, particularly through the Lifelong Learning division, is to support our community in continuously educating and informing themselves throughout their careers. When it comes to environmental and social transition topics, this can be quite challenging," adds Claire. "For those beginning to explore these areas, it's easy to feel overwhelmed by the vast amount of available information. It's not always clear where to start or which sources are trustworthy."

The Impact Learning Hub was initially created with the purpose of guiding alumni who wish to deepen their understanding and enhance their skills in the fields of environmental and social transition. Rather than designing the platform for experts, the choice was made to offer it to those on the journey of learning about these crucial issues. The choice was also made to open the platform to the wider public – as part of the institution's belief in serving the wider community and the common good. And while the Impact Learning Hub is accessible to everyone, its focus is not on the academic sector or those already deeply embedded in the impact space. Instead, the hub aims to cater to those at the beginning of their journey, providing an introduction and path of discovery. "For those who are already active in the impact field," adds Sounya, "we encourage you to explore the resources offered by the ESSEC Center for Social and Ecological Innovation (CISE), which focuses on developing concrete initiatives to drive social and ecological transition."

To ensure the quality and relevance of the resources offered, the Impact Learning Hub relies on the expertise of a validation committee composed of key players from the ESSEC Alumni transition ecosystem:

- The **ESSEC Transition Alumni Club**
- The **ESSEC Sustainable Business Club**
- The **Center for Social and Ecological Innovation at ESSEC Business School**
- The **ESSEC Equality, Diversity, and Inclusion Center**
- The **ESSEC TOGETHER** team
- The **Council on Business & Society** team.

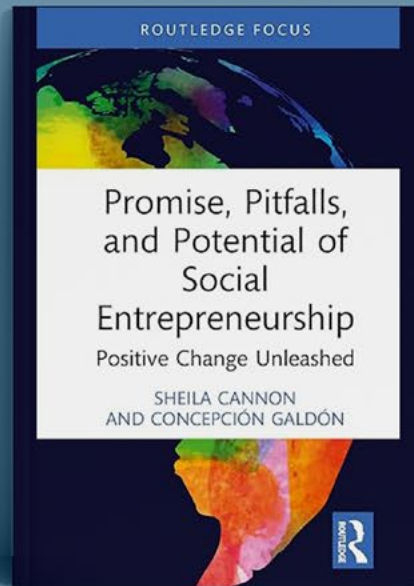
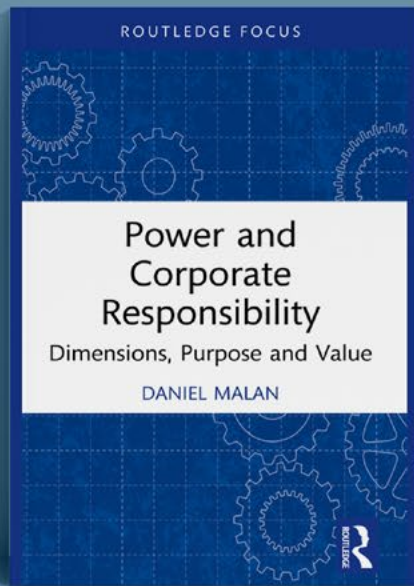
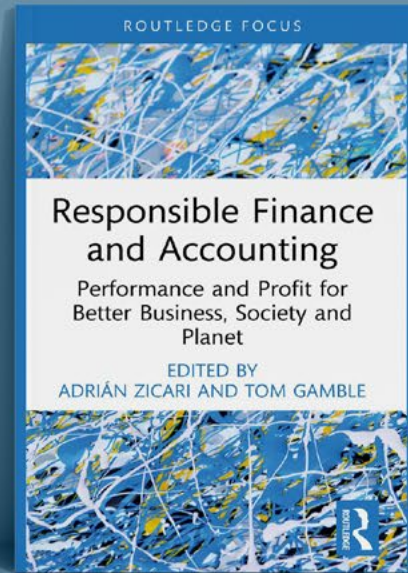
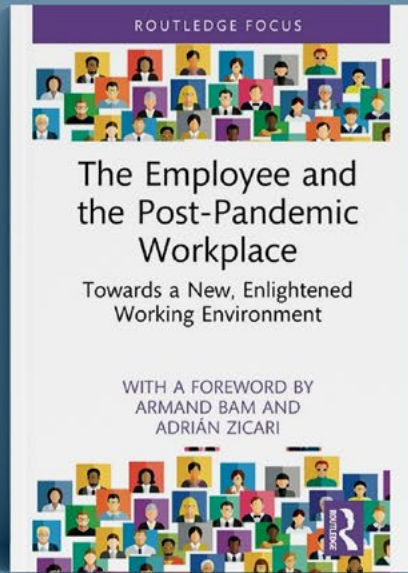
"We add new resources every quarter and update the existing content every six months to remove any that may have become outdated," says Claire. "This ongoing effort ensures that the Hub remains a valuable and up-to-date tool for our community."

The **Impact Learning Hub** stands as a crucial resource for alumni and the wider public navigating the complexities of the environmental and social transition. By providing curated, accessible information and knowledge, it empowers users to take meaningful steps in their personal and professional lives.

As the Hub evolves, driven by community feedback and expert guidance, it remains committed to fostering lifelong learning and collective action. "My advice for visitors to our website is to explore," says Marie-Pierre Schickel. "We do not have an academic purpose, but more of a call-to-action purpose that we encourage through serious games, articles, MOOCs, podcasts and reports curated from experts within our ecosystem." "Together," echo Sounya Kiniffo and Claire Hallier, "we can make informed choices that contribute to a more sustainable and equitable future." ///



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