

Faculty & student issue:
**Courage and wisdom beyond
business as usual**

BEYOND POLITICS: THE ECONOMIC CASE FOR MIGRATION

PLAYING OUT OF SYNCH: WHAT JAZZ TEACHES BUSINESS LEADERS

TALENT - TO BE AND NOT TO BE

FEMALES IN THE WORKFORCE: BREAKING FREE FROM THE DOLL'S HOUSE

June
2019

number
10

An alliance with a purpose

The Council on Business & Society

Recognising the enormous role business can and must play in helping solve large-scale, global issues facing the world, six business schools from around the world have formed a partnership: The Council on Business & Society. Through our individual and collective efforts, we strive to create and disseminate knowledge about those issues and train future business leaders capable of and committed to solving them.

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- ESSEC Business School, France, Asia-Pacific and Africa
- FGV-EAESP, Brazil
- School of Management, Fudan University, China
- Keio Business School, Japan
- Trinity Business School, Trinity College Dublin, Ireland
- Warwick Business School, United Kingdom

The partner schools share a commitment to and belief in the power of academic excellence, collaboration, innovation, and transformative leadership. Each is a recognised leader in management education and offers a wide range of business-related degrees and executive programmes.

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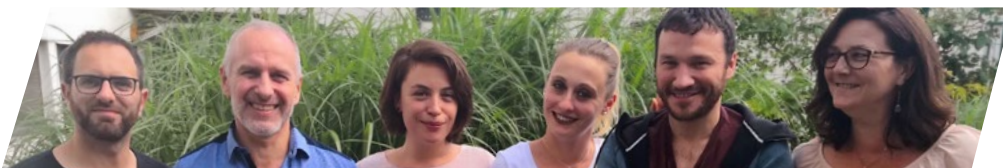
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THE DEANS OF THE COUNCIL'S MEMBER SCHOOLS



Dean and President Vincenzo Esposito Vinzi,
ESSEC Business School, France, Asia-Pacific, Africa.

"At ESSEC, we believe that training students and participants for responsible leadership is key for answering the challenges of a complex world. Together with the members of the Council on Business & Society, we strive to promote responsibility so as to impact today's economy and society, and shape tomorrow's world."

Dean Luiz Artur Ledur Brito,
FGV-EAESP, Brazil

"Being recognized worldwide as a think-tank, FGV-EAESP not only produces academic research in management and public policy, but also applies research via its close relation with the corporate world. Its participation in the Council on Business & Society enriches its global vision through the multiple perspectives generated by the Council's initiatives."

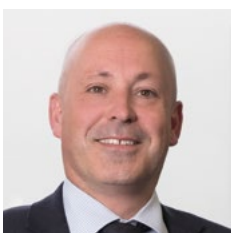


Dean and Professor Xiongwen Lu,
School of Management, Fudan University, China

"The School of Management, Fudan University joined the Council to communicate, exchange and collaborate with our global partners, absorb advanced management ideas and share China's unique experience. As a leading business school in China, we will make continuous efforts to drive the mutual development of global management education and the social economy."

Dean Hirokazu Kono,
Keio Business School, Japan

"As the leading business school in Japan, it is our duty to investigate how business should maintain a balance with global societal issues. We desire to explain to the world what Japan has experienced through rapid growth by means of the Council on Business & Society."



Dean Andy Lockett, Professor of Strategy and Entrepreneurship,
Warwick Business School, United Kingdom

"As a leading European business school at a world-class University, Warwick Business School is committed to developing ideas and people that shape how we do business. We believe in the power of education to create the leaders the world needs to tackle societies' great challenges, such as global warming, ageing populations and increasing inequality."

Dean Andrew Burke,
Trinity College Dublin Business School, Ireland

"We are the business school at the heart of a World renowned research-led university located at the centre of a European capital city and hub for global business. Our approach to education encapsulates this nexus of international research and industry expertise in a project-based approach where impact on both business and society are key. We are evolving from encouraging our students to graduate with a 'moral compass' to actually take a step further in order to excel at 'ethical leadership beyond the realm of the organisation' and so to develop business strategies that encourage ethical attitudes among consumers and investors. Our vision is that as this goal is achieved then even firms/governments who have little concern about issues such as fair trade, child labour, and climate change will find themselves increasingly compelled by market forces/votes to behave ethically."



/Editorial

By Tom Gamble, Associate Director, Council on Business Society



Dear Readers,

A warm welcome to this high summer issue number 10 which marks the launch of Global Voice magazine exactly two years ago. The magazine will hopefully accompany you throughout the summer months and your well-deserved holidays to September and our next quarterly issue.

The first six months of the year at the Council on Business & Society have been rich in activity. A special Asia-Pacific issue of Global Voice, focusing on the research expertise of our member schools based in Singapore (ESSEC Business School Asia-Pacific), China (School of Management Fudan University) and Japan (Keio Business School), was published in March.

In May, the Council on Business & Society was delighted to welcome on board its sixth member in the form of Trinity College Dublin Business School, Ireland – an establishment with a very bright future, very active in the field of social enterprise and CSR, and housed within the prestigious Trinity College Dublin.

To celebrate this occasion, and also to bring together a voice on Europe, a special Global Voice Europe issue was published on June 6th with place of honour going to our friends at Warwick Business School, UK during this exceptionally intense time in history for the continent and its stakeholders. Joining this issue was special guest IE Business School in

Spain, one of Europe's highest ranked institutions, and we hope this initial collaboration will lead to greater links and projects together in the near future.

This issue – number 10 – is special too in the sense that it includes contributions from our schools' students alongside those of our faculty. A special mention must be made to these unique young talents – winners, runners-up and finalists of the Council on Business & Society student CSR article writing competition, 2019. Not only do they offer a very relevant voice on today's burning issues of migrant flow and innovation, gender equality and enterprise for the common good, their writing style and argumentation are impeccable.

The Council on Business & Society is both ours – and yours. I invite you to join in the debate on the common good and keep up to date with our news and research insights by following us on Twitter @The_CoBS, visiting our Council Community blog or discovering our website at www.council-business-society.org where you can download a host of publications on business at the crossroads of society.

Kind regards and enjoy your reading,

Tom Gamble

Associate Director, Council on Business & Society



Tom Gamble
Associate Director
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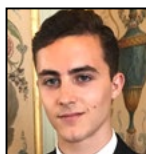
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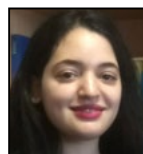
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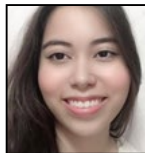
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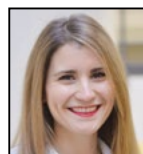
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/Contents

EDITORIAL /4-5
OUR CONTRIBUTORS /6-7



BUSINESS & SOCIETY / 10

The Future of Conceptualisation Lies in the Past
By Arthur Gautier / 11

'What those migrants are doing to our countries'
By Seamus Duferrera / 15

Gender equality: Because the patriarchy can only take you so far
By Ananya Tiwari / 21

Brazil: A hotbed for social businesses that transform lives
By Edgard Barki / 25

A glass half full: How migration bears good news for host economies
By Xiaoxiang Chen / 30

Social Entrepreneurship: Looking beyond the buzzword
By Savita Shankar / 35

Gender Equality Equates to Prosperity for All
By Solène Eveillard / 40

Migration and cities: big losses and bigger gains
By Andrea Tealdi / 44

Will Amazon's Whole Foods deal go the same way as L'Oréal and Body Shop?
By Tanusree Jain / 49

A Small Step for Woman, a Giant Step for Everyone: Why gender equality is a need, not a want
By Keerit Singh / 53

Beyond Politics: The Economic Case for Migration
By Nicolas Desarnauts / 58

Gender equality holds the key to your riches!
By Hiba Houmache / 62



MANAGEMENT, LEADERSHIP & SUSTAINABILITY / 66

Playing Out of Synch: What jazz teaches business leaders
By Andy Lockett & Deniz Ucbasaran / 67

Females in the Workforce: Breaking free from the doll's house
By Camila Morishita / 72

Yin-Yang balancing between the East and the West
By Qinqin Zheng / 75

Social contribution and profit – are companies
facing a trade-off?
By Midori Toya / 79

Talent - to Be and Not to Be
By Sachiko Yamao, Jennie Sumelius & Adam Smale / 82

Hiding In Broad Daylight
By Bernard Leca & Aziza Laguecir / 88

From Star Wars to Trade Wars and Conflict Management
By Lorna Doucet / 93

AI and the Rise of the Robots: A taxing question
By Maja Korica / 96



BUSINESS & SOCIETY

THE FUTURE OF CONCEPTUALISATION LIES IN THE PAST



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Ever wonder why some concepts just seem to have no fixed meanings? **Arthur Gautier**, Assistant Professor at **ESSEC Business School** and Executive Director of the **ESSEC Philanthropy Chair**, believes the fault lies in our ways of understanding these concepts.

PUTTING THINGS INTO PERSPECTIVE

“**THE CHICKEN FIRST OR THE EGG?**” is the longest debated question as far as mankind remembers. Some say the egg came first while the others choose to side with the chicken. With each one making an argument that is sound, it is hard to pick a clear winner.

Essentially contested concepts are much like these. W.B. Gallie, a political theorist and philosopher, introduced the notion of these essentially contested concepts (ECCs) to describe those concepts that bring about endless disputes on what they actually imply, especially for the people who use them. He created a framework which helped identify them based on a set of seven criteria.

This has helped researchers better understand the dynamics of contestation around key concepts such as “democracy” or “social justice”, by coming up with better meanings for them.



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Concepts have long been defined under two models. The classical model views concepts as constitutive elements of a phenomenon with clear boundaries, necessary and sufficient features, that can be tested empirically. A rival model, known as linguistic or language-focussed, suggests that concepts are contextual and dependent on multiple interpretations. There are, as such, no fixed boundaries or features, as different groups may use them while altering their definitions.

PHILANTHROPY AS AN ECC

Take, for example, the concept of philanthropy which is broadly defined as 'giving of gifts of time or valuables (money, securities, property) for public purposes'. Over the years, it has become a global phenomenon. But, in spite of this, there are recurring debates about what philanthropy really is or ought to be. Critics have depicted philanthropy as a mechanism which allows the dominant classes to avoid taxation while influencing public policy. Among sympathizers, there are disagreements on how philanthropy could be made more strategic or effective in order to fulfil its potential.

Building upon this, Siobhan Daly, a lecturer in political sciences, applied Gallie's framework to study the ambiguity surrounding philanthropy in the academic literature. Indeed, it seemed to validate all criteria of the ECC framework: strong normative valence, internal complexity, diverse describability, openness to revision, and so on. However, like most studies relying on Gallie's insights, it failed to take into account three important aspects: the social, cultural, and political

context of contestation; the identities, intentions, and roles of the social groups involved; and the historical nature of conceptual contestation.

As such, Daly's study revolved around the English form of the word and mainly cited authors based in the USA which passed off the study of American Philanthropy as a study of global philanthropy. Secondly, her article focussed only on the academic debates revolving around the concept, overlooking other contesting entities such as officials, journalists, non-profit executives, entrepreneurs, and philanthropists who have been part of intense discussions on the role of philanthropy in democratic societies. Thirdly, although Daly noted that the concept of philanthropy has evolved with the evolution of societies, she did not analyse this evolution in detail.

Arthur Gautier, Professor at ESSEC Business School, acknowledged these imperfections and used it as a backdrop for his philanthropy research, this time in the context of France during the "long nineteenth century". Through the course of his research, he was able to develop another model which overcame the shortcomings of Gallie's model.

Brief history of philanthropy in the context of France:

- **Before 1789**, Catholics viewed it as another name for charity, whereas secular philosophers and liberal elites believed that it was grounded in the natural goodness of man and not in religion.

- **During the Revolution and the rule of Napoleon Bonaparte (1789-1814)**, there were debates as to whether philanthropy was just an abstract ideal and if it should result into state-enforced public assistance or voluntary private initiatives.

- **Under the Bourbon Restoration (1814-1830)**, conservative Catholics viewed philanthropy as a godless, impure version of charity, while progressive Catholics and Protestants viewed it as a modern ideal compatible with Christian principles.

- **In the 1830s**, while liberals defined philanthropy as a progressive and effective way to deal with enduring social problems, others believed it was naïve and insufficient to tackle them at the root. For socialist intellectuals, philanthropy was nothing but a hypocritical strategy of the capitalist elite to protect its interests, and an impediment to real social progress.

- **By the end of the 19th century**, republican leaders considered charity and philanthropy as a first attempt (thesis) to achieve public good, socialism as a reaction (antithesis) against its contradictions and flaws, and *solidarité*, understood as state-enforced social welfare policies while protecting the institutions of capitalism, as the correct synthesis.

THE CHINKS IN GALLIE'S ARMOUR

By shifting the attention from ideas to the various agents who used them and their varying situations and intentions, and by limiting concept definitions to specific historical periods, Arthur Gautier was able to address the main limitations of the ECC framework.

He depicts that contestation is not a permanent feature of ECCs but arises through a historical process of political conflict between social groups. ECCs are not necessarily contested at birth. Seemingly consensual concepts only become contested when various social groups use them in controversial ways to achieve differing political goals. In the studied case, Catholic and secular thinkers in France used philanthropy and charity as synonyms in the first decades of the eighteenth century, and it was only later that the concepts were seen as conflicting.

“ Over the years, Philanthropy has become a global phenomenon. In spite of this, there are recurring debates about what philanthropy really is or ought to be.

”



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Secondly, he argues that analysing ECCs as isolated units is defective. Conceptual historians such as Quentin Skinner have emphasized that a single concept can hardly be understood without reference to other relevant concepts since they define each other reciprocally. In the French context, philanthropy was not only contested in itself, but also in light of concepts like charity and solidarity.

Thirdly, Arthur Gautier uncovers the process by which concepts become contested and the influence of time and groups in this contestation. Philanthropy and its related concepts (charity, solidarity) each had proponents and opponents among the various actors in the context, including progressive and conservative Catholics, liberals, and socialists. To understand why the concepts are contested, it is necessary to identify the contesting parties and the social setting at the time of the contestation.

Further, he shows that translating an ECC into a set of practices has catalytic and often unintended consequences for its meaning. As the application clarifies what the protagonists actually mean by their concepts, they also end up changing the relationship vis-à-vis rival concepts – either distancing or blurring their differences. As detailed in the case study, philanthropic societies launched innovative practices that distinguished them from traditional Catholic charitable organizations. Yet eventually their practices grew increasingly similar while they stood in sharp contrast ideologically.

Finally, Arthur Gautier suggests that opposing concepts can become synonymous if social actors propose an alternative concept that addresses their weaknesses and avoid the stigma attached to them. Republican statesmen, in the context of France's third Republic, viewed solidarity as the bridge between laissez-faire liberalism (and its reliance on charity or philanthropy) and revolutionary socialism, two perceptibly opposing concepts at that time.



PAVING THE WAY FORWARD

Through his research, Professor Arthur Gautier of ESSEC Business School reached the conclusion that ECCs need to be viewed in a different light and as historical concepts. A historical concept is limited to a specific historical period, and its definition can change along with political ideas and social reality.

As discussed above, studying ECCs as “historically contested concepts” could guide scholars and practitioners to a better understanding of how and why conceptual contestation unfolds over time. Taking stock of lessons from the past can potentially lead entrepreneurs, managers, and elected officials to make better decisions for the future. This approach could be fruitfully applied to current and ubiquitous debates about concepts such as climate change, sustainability, artificial intelligence, and transhumanism.

KEY
TAKE
AWAYS

ESSENTIALLY CONTESTED CONCEPTS (ECCS) ARE CONCEPTS THAT BRING ABOUT ENDLESS DISPUTES ON WHAT THEY ACTUALLY IMPLY, ESPECIALLY FOR THE PEOPLE WHO USE THEM.

PHILANTHROPY CAN BE CONSIDERED AN ECC: CRITICS SAY IT IS A MECHANISM WHICH ALLOWS THE DOMINANT CLASSES TO AVOID TAXATION WHILE INFLUENCING PUBLIC POLICY. AMONG SYMPATHIZERS, THERE ARE DISAGREEMENTS ON HOW PHILANTHROPY COULD BE MADE MORE STRATEGIC OR EFFECTIVE IN ORDER TO FULFIL ITS POTENTIAL.

CATHOLIC AND SECULAR THINKERS IN FRANCE USED PHILANTHROPY AND CHARITY AS SYNONYMS IN THE FIRST DECADES OF THE EIGHTEENTH CENTURY, AND IT WAS ONLY LATER THAT THE CONCEPTS WERE SEEN AS CONFLICTING.

HISTORICALLY IN FRANCE, PHILANTHROPIC SOCIETIES LAUNCHED INNOVATIVE PRACTICES THAT DISTINGUISHED THEM FROM TRADITIONAL CATHOLIC CHARITABLE ORGANIZATIONS. YET EVENTUALLY THEIR PRACTICES GREW INCREASINGLY SIMILAR WHILE THEY STOOD IN SHARP CONTRAST IDEOLOGICALLY.

ARTHUR GAUTIER SUGGESTS THAT OPPOSING CONCEPTS CAN BECOME SYNONYMOUS IF SOCIAL ACTORS PROPOSE AN ALTERNATIVE CONCEPT THAT ADDRESSES THEIR WEAKNESSES AND AVOID THE STIGMA ATTACHED TO THEM.

ARTHUR GAUTIER CONCLUDES THAT ECCS NEED TO BE VIEWED IN A DIFFERENT LIGHT AND AS HISTORICAL CONCEPTS. A HISTORICAL CONCEPT IS LIMITED TO A SPECIFIC HISTORICAL PERIOD, AND ITS DEFINITION CAN CHANGE ALONG WITH POLITICAL IDEAS AND SOCIAL REALITY.



Arthur Gautier

‘WHAT THOSE MIGRANTS ARE DOING TO OUR COUNTRIES’



Seamus Duferrena, PhD student and winner of the 2019 CSR student article writing competition at **ESSEC Business School**, highlights the topic of immigration and underlines the impact that different sources have on our assessment of their contributions.

[...] "Give me your tired, your poor,
Your huddled masses yearning to
breathe free,
The wretched refuse of your teeming
shore.
Send these, the homeless,
tempest-tost to me,
I lift my lamp beside the golden door!"
Emma Lazarus (The New Colossus)

The topic of migration steals our attention away from our daily responsibilities to occupations, families and favorite pastimes. News reports remind us of politicians' desires to raise barriers and to make arrests to enhance national sovereignty. Refugees, be they from the Middle East and North Africa or Central and South America, infiltrate the Western world through porous borders and among

them lurk dangerous elements with terror group and criminal gang affiliations. At the time of writing this article, the United Kingdom inches dangerously close to leaving the European Union without a suitable agreement to regulate commerce subsequent to a divorce – a dire situation in part the result of phobia towards migrants. Those people embody our greatest fears (and perhaps our

biggest mistakes). If there were only a means to keep people where they should be, naturally we would all be better off, at least in the Western world. What are we to do with the wretched refuse of the world's teeming shores?

WHAT ARE THE COSTS?

Immigration is a very costly affair to public coffers. Prior to March 2019, illegal immigration alone cost the United States \$18,959,495,168 (Kessler, 2019). That's to say, in less than two months, more than 25 million undocumented aliens residing in the US gobbled up the equivalent of the 2018 operating budget of the National Aeronautics and Space Administration (NASA). This is the same entity responsible for a plethora of innovations that not only took humans to the Moon and back, but whose innovations have spun off into consumer goods that we often take for granted such as HD cameras in mobile devices, rechargeable batteries, and space-foam mattresses ("NASA Spinoff - Consumer goods," n.d.). The billions of dollars generated in revenues by private firms on the backs of such spinoffs far surpass the annual public investment in NASA; and the benefits are tangible (i.e. employment for thousands, tax revenues, great products). Undocumented immigration presents a net economic drag.

The perpetration of crime committed by immigrants is the most unsettling aspect of the migration phenomenon. Nearly a quarter (23%) of federal prison inmates in the United States are undocumented immigrants. In just the state of Texas (perhaps amongst the most exposed states in the U.S. due to its extensive southern border with Mexico) between 2011 and 2018, undocumented aliens committed 292,000 crimes of which 539 were murders, 32,000 were assaults, 3,426 were sexual assaults, in addition to 3,000 weapons charges (Qiu, 2019). Thus, the social impact of at least illegal immigration cannot be ignored and the subsequent economic costs, that is, the costs associated with housing these inmates whom, beyond contributing to the employment of prison personnel, do not generate a net societal gain. Apprehending alien criminals again redirects resources away from programs with tangible social and economic benefits to our communities.



ALTERNATIVE FACTS AND ANTIQUATED IDEAS

The arguments made in the previous paragraphs were constructed around statistical figures derived from the tweets of one particularly high-ranking American politician (in some judicial circles known as "Individual 1"). Their impartiality has come under challenge by so-called experts and belong to a burgeoning school of thought based on contemporary "alternative facts". Many of my own compatriots (and probably some of yours too) have begun to subscribe to these cutting-edge notions and thus find merit in state-of-the-art solutions such as building solid, continuous structures commonly used in the edifices that we occupy on a daily basis (not ceilings and floors) to cleverly disincentivize migrant arrivals – an innovative take on what behavioral economists might call "nudging".

WHAT THOSE MIGRANTS ARE ACTUALLY DOING TO OUR COUNTRIES

Systematically derived facts from credible bodies tell a different story, however (and I fault my academic training for subscribing to such antiquated notions). Such facts come from governmental bodies (prior to being processed by Individual 1) and independent research entities whose findings may be counter-intuitive (and even inconvenient for some). For instance, the number of undocumented immigrants in the U.S. is likely closer to 12 million people (DHS, 2015; Gelatt & Zong, 2018). And in terms of economic costs, in the long term, immigrants overall present a net negative. That is, they pay dividends in terms of public revenues because they pay

more into the system than they receive back in public services to the tune of \$259,000 over a 75-year period (Blau & Mackie, 2017). This figure, though particular to the U.S., is echoed by the work of the Organization of Economic Cooperation and Development (OECD) – and of course it pains me to cite such a source – which references the same trend for European OECD member states as well as Canada and Australia with regards to immigrant contributions to, relative to their receiving of, public benefits (Dumont & Liebig, 2014).



The OECD 2014 Migration Policy Debate report additionally cites some other compelling figures. As regards migrants in OECD labor markets, it was found that: migrants represented a 47% increase in the overall U.S. workforce (2004-2014), compared with a 70% increase in Europe; they represented a 21% increase in the “highly educated” workforce in the U.S. (2000-2014), compared with a 14% increase in Europe; and they represented 22% of entries into health-care, STEM and other “strong-growing” occupations in the U.S., compared with 15% in Europe (presumably over the same period). Generally, regarding economic growth at the macro level, migrants have tended to be younger, working age adults whose economic participation grows GDP overall. Similarly, skilled migrants supplement host country human and intellectual capital and thus foster innovation and research within the host country.

With regards to crime, evidently, we should be more afraid of our fellow native-borns (citizens) rather than the recently-arrived. A more accurate account of the data regarding crime in the state of Texas for 2015 reveals that undocumented immigrants commit 899 crimes for every 100,000 illegal immigrants, legal immigrants committed 611 crimes for every 100,000 legal immigrants, while there were 1,797 crimes committed by natives per every 100,000 natives (Nowrasteh, 2018). In other words, at least in the state of Texas and contrary to the alternative facts previously noted, native Texans are nearly twice as likely to commit crimes as their undocumented immigrant counterparts and nearly three times as likely to commit crimes as documented immigrants. I'm reluctant to generalize these findings to the whole of the United States, or to all Western nations for that matter, but the effort to use Texas as an example of the dangers of migration speaks volumes for this new school of thought currently dictating policy.

As evidenced, immigrants overall have been demonstrated to be a net positive for host (or receiving) countries. Relative to their utilization of public resources, their contribution is higher. Again, they pay more into the system than they get out of it. With native populations aging in many developed nations such as the U.S., immigrants, in meeting labor demands, actually make financial contributions that support the native citizenry in their retirement and keep



the economy humming along. They provide needed labor and supplement human and intellectual capital in the application of their skills to more knowledge-intensive industries which, arguably, are those that make the largest contributions to future economic growth. Similarly, with regards to crime, immigrants should not be the priority of law enforcement resources nor should they represent the sum of our fears. Relative to their native-born counterparts, they put less of a dent in public budgets thus enabling, and not hindering, a better allocation of resources conducive to economic expansion, be that investment in public education or missions to other planets.

“As evidenced, immigrants overall have been demonstrated to be a net positive for host (or receiving) countries.”

THE NEW COLOSSUS

*“Not like the brazen giant of Greek fame,
With conquering limbs astride from
land to land;
Here at our sea-washed, sunset gates
shall stand
A mighty woman with a torch, whose flame
Is the imprisoned lightning, and her name
MOTHER OF EXILES. From her
beacon-hand
Glows world-wide welcome; her mild eyes*

*command
The air-bridged harbor that twin
cities frame.
“Keep, ancient lands, your storied pomp!”
cries she
With silent lips. [...]*

I study management accounting and control and am admittedly not an expert in economic or migration policies or trends. I merely assume myself capable (foolishly perhaps) of discerning credible sources from non-credible sources of information and have yet to find merit in alternative-fact based schools of thought. Perhaps I'm old-fashioned, but I find practical value in systematically derived facts, just as I find beauty in carefully crafted poetry.

Emma Lazarus' New Colossus is a touching and enthusiastic sonnet that greeted millions of immigrants seeking new beginnings in the United States. It embodies strength and confidence, as opposed to the anxiety reflected in modern discourse. In anthropomorphizing the Statue of Liberty, the poem expresses a wisdom that we've only recently been able to uncover through research: that as regards the movement of people, I stand to gain from what you've taken for granted. The enthusiasm expressed in accepting the weakest and most disdained among us may have been a mere reflection of high morals; but it may as well have reflected an understanding of the substantial contributions they were to make to our collective prosperity.





Seamus Dufferena

KEY
TAKE
AWAYS

INCREDIBLE SOURCES TELL A NOT SO CHEERFUL STORY:

PRIOR TO MARCH, 2019, ILLEGAL IMMIGRATION ALONE COST THE UNITED STATES \$18,959,495,168

THE SOCIAL IMPACT OF AT LEAST ILLEGAL IMMIGRATION CANNOT BE IGNORED AND THE SUBSEQUENT ECONOMIC COSTS, DO NOT GENERATE A NET SOCIETAL GAIN.

SYSTEMATICALLY DERIVED FACTS FROM CREDIBLE BODIES TELL A DIFFERENT TALE:

IN TERMS OF ECONOMIC COSTS, IN THE LONG TERM, IMMIGRANTS OVERALL PRESENT A NET NEGATIVE. THAT IS, THEY PAY DIVIDENDS IN TERMS OF PUBLIC REVENUES BECAUSE THEY PAY MORE INTO THE SYSTEM THAN THEY RECEIVE BACK IN PUBLIC SERVICES TO THE TUNE OF \$259,000 OVER A 75-YEAR PERIOD.

GENERALLY, REGARDING ECONOMIC GROWTH AT THE MACRO LEVEL, MIGRANTS HAVE TENDED TO BE YOUNGER, WORKING AGE ADULTS WHOSE ECONOMIC PARTICIPATION GROWS GDP OVERALL.

RELATIVE TO THEIR NATIVE-BORN COUNTERPARTS, THE MIGRANT POPULATION PUTS LESS OF A DENT IN PUBLIC BUDGETS THUS ENABLING, AND NOT HINDERING, A BETTER ALLOCATION OF RESOURCES CONDUCIVE TO ECONOMIC EXPANSION, BE THAT INVESTMENT IN PUBLIC EDUCATION OR MISSIONS TO OTHER PLANETS.

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The pioneering spirit

GENDER EQUALITY: BECAUSE THE PATRIARCHY CAN ONLY TAKE YOU SO FAR



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Ananya Tiwari, undergraduate student at **Warwick Business School** and a passionate proponent of women's rights, explores the different ways to establish gender equality in the world.

A SPANISH UPRISING FROM CLOSE QUARTERS

"MADRID SERÁ LA TUMBA DE MACHISMO"

This resounding chant from women, men and non-binary people on the streets of Madrid on 8th March, proclaimed that Madrid would be the fall of patriarchy. I experienced a strange adrenaline rush as a strong sense of community surged into me on that fine morning commemorating International Women's Day. It was the first time I was participating in an activist march, and I was pleasantly overwhelmed by the truly electric atmosphere and the spontaneous connection I felt with those around me. Madrid was buzzing with almost 400,000 people – young and old – all dressed in purple, the

official colour of the 8M Huelga. My fellow sisters and brothers had taken to the streets of central Madrid with placards and witty slogans on the patriarchy in unanimous support of one cause – EQUALITY.

Personally, I'm privileged enough to have grown up surrounded by independent, kind and intelligent women as well as open-minded and respectful men. But this march

really sparked a new fire within me. The words that one of my friends in Spain beautifully crafted on this Women's Day march sum up my feelings succinctly:

"I have encountered far too many people in my life who find this fight for equality foolish, offensive and threatening. Or they conclude that feminism in our 'developed Western world' is unnecessary because 'the law allows equal opportunity for everyone'. The truth is that usually these very people cannot comprehend the extent of oppression and discrimination women face in their day to day lives, as they have never lived through it or seen their loved ones suffer because of it – usually because the women they know have suffered alone, in secret."

Ragini Sood

HAS THE WEST REALLY ACHIEVED GENDER EQUALITY?

There is a shared belief harboured by many that equal rights are not needed in the developed western world. This dangerous assumption, simply put, is toxic. A World Bank report published in 2019 found that so far only six countries – Belgium, Denmark, France, Latvia, Luxembourg and Sweden – have given women completely equal legal rights in areas of wage, asset management, access to pension and rights around marriage and children. Moving to the United States, it's rather funny to note that in 2015, there were more CEOs named 'John' at the helm of companies than there were female CEOs.

Gender equality and feminism, however, do not simply refer to women's legal rights, it refers to changing our unconscious bias and giving complete and fair equity to all genders. Equity refers to recognising that differences in abilities and the notion of fairness often requires treating people differently so that they can achieve the same outcome. Let's take paternity rights as an example. According to UNICEF, almost two-thirds of the world's infants under the age of one live in countries where their fathers are not entitled by law to a single day of paid paternity leave. That's basically 90 million children growing up with an outlook that normalises men being at work and women being stationed at home, almost placing fathers on a pedestal as the main breadwinner of the



family, regardless of whether or not they are spending enough quality time with their children. The lack of paternity rights might very well be a key factor in the root of the gender inequality problem. The other crucial factor is the statistically proven wage gap, which widens dramatically once men and women get married and start having children.

THE CORRELATION BETWEEN EQUALITY AND ECONOMIC PROSPERITY

I attempted to calculate correlation coefficients for indicators of economic prosperity against those of gender equality. This entailed calculating the correlations between GDP per capita growth and the Women, Business and Legal (WBL) index, women literacy, infant mortality and all other combinations in between. To my dismay, I found them all to be insignificant. But there's one country which did confirm my hypothesis: Luxembourg! It received full marks on the WBL index and it also has the largest GDP per capita in the entire world. However, one of the major limitations of my brief macro statistical analysis is that it does not account for the differences in culture and key economic sectors in the different countries. Whilst we can accurately assume that gender equality can bring economic development, we cannot assert the opposite perspective that economic development brings about gender development.

A Harvard Business Review article tackled this issue and found that in the West, specifically, a 10% increase in Blau's gender di-

versity index related to roughly 7% increase in market value in the telecommunications industry. However, in the energy sector in the Middle East, which has historically not been gender-inclusive, gender diversity in firms was unrelated to company performance. Interestingly, even in countries with strong and established legal structures, gender diversity does not directly equate to economic prosperity when the cultures are strongly male-dominant. Japan, for instance, has some of the most generous parental and homecare leave policies globally but it also suffers from stiffly-patriarchal work cultures. The article concluded that firms in countries like Japan do not benefit as much from gender diversity as do firms in Western Europe where cultural acceptance is higher.



In his article “Low Schooling for Girls, Slower Growth for All?” Professor S Klasen has analysed the effect of female education on the upcoming generations. He found a general trend across the globe that a negative impact of education on female fertility resulted in a negative impact on the creation of human capital, and, consequently on long-term economic growth. Therefore, statistically proven data clearly show us that there is a positive correlation between better female education, stronger legal structures and most importantly cultural shift in attitudes towards women and a stronger economy.

WOMEN IN POLITICS – IS THAT THE ANSWER?

The burning question today is how do we really achieve equality? One way to ensure wide-spanning results may be to elect more women in positions of power. A study conducted by García, Brio and Victorio calculated women’s involvement in political areas as a statistically significant variable to prove economic growth. Their analysis found education and politics to be the two variables which are most strongly positively correlated to economic growth.

Unfortunately, only 24% of all national parliamentarians were women as of November 2018, a slow increase from 11.3% in 1995. Women in political power would be able to address issues and prioritise bills concerning women’s rights. For example, the issue of lack of sanitation products for menstruating women in jails was highlighted only recently by a female state representative in Colorado. Personally, I’m immensely inspired by Emmeline Pankhurst who played a pivotal role in early 1900s to ensure suffrage for British women.

According to a 2015 International Peace Institute report, when women are included in peace processes, the chances that the agreement will last at least 15 years jump by 35%. Jacinda Ardern is a shining example of such leadership. Following the Christchurch terrorist attacks in New Zealand, Ardern not only addressed gun regulations promptly but also showed incredible levels of empathy for the victims by visiting their relatives.



POWER TO MOVE MOUNTAINS

The Women’s Day march in Madrid opened up many lines of conversation. As I spoke to my friends and fellow sisters, it became clearer than ever before that gender equality is not only about ensuring economic prosperity. As such, the measures to ensure equality also need to come from many different avenues, not just from a regulatory angle. For example, the media can include more non-gender conforming ideas, teachers can teach against the bias of gender and corporations can promote mentorship practices amongst men and women.

In my opinion, the education of girls will have a catalytic effect in all dimensions of economic development. Gender inequality in education reduces the average amount of human capital in a society and therefore, obstructs economic growth. The necessary overhaul can be championed by women in power who can positively influence relevant legislation. In the end, however, everyone has to buy into the value of diversity, not just hear some rules about it. Diversity can move mountains once we all start believing in its intrinsic value.



“ The education of girls will have a catalytic effect in all dimensions of economic development. ”



KEY TAKE AWAYS

WHILE THE WESTERN WORLD MAY HAVE PROGRESSED SIGNIFICANTLY ON MANY INDICATORS OF ECONOMIC PROSPERITY, THEY ARE STILL FAR BEHIND IN ATTAINING GENDER EQUALITY. GENDER EQUALITY HAS A STRONG IMPACT ON ECONOMIC GROWTH.

ACHIEVING GENDER EQUALITY HAS AS MUCH TO DO WITH THE RIGHT LEGISLATIONS AS IT HAS TO DO WITH ELIMINATING THE UNCONSCIOUS BIASES PERMEATING SOCIETIES, SCHOOLS AND CORPORATES.

THE TRUE BENEFITS OF GENDER DIVERSITY CANNOT BE ENJOYED, DESPITE ESTABLISHED LEGAL STRUCTURES, IN COUNTRIES WHERE THE CULTURE HAS BEEN HISTORICALLY MALE-DOMINATED.

GENDER EQUALITY IN EDUCATION CAN SET THE STAGE FOR EQUALITY IN OTHER SPHERES OF LIFE AND FOR ECONOMIC PROSPERITY IN THE LONG-RUN.

MORE WOMEN IN POSITIONS OF POLITICAL POWER CAN HELP TO BRING WOMEN'S ISSUES TO LIGHT AND ACCELERATE THE FORMULATION OF LEGISLATIONS PERTAINING TO GENDER EQUALITY.



Ananya Tiwari

BRAZIL: A HOTBED FOR SOCIAL BUSINESSES THAT TRANSFORM LIVES



Edgard Barki, Professor of Social Entrepreneurship and Marketing Strategies at **FGV-EAESP**, along with **Prof Graziella Comini** and **Dr. Luciana Trindade de Aguiar**, illustrate the different perspectives on social businesses brewed in the Brazilian context.

Based on a paper entitled "A three-pronged approach to social business: A Brazilian multi-case analysis social businesses" penned by Edgard Barki, Graziella Comini and Luciana Trindade de Aguiar.

A LAND OF OPPORTUNITIES

BRAZIL IS A LAND OF OPPORTUNITIES. The living conditions of low-income population segments in Brazil have

undergone major transformation in recent years thanks to thriving social businesses. These social businesses present a new paradigm to capitalism, in which private companies, non-profit organizations and civil society join forces to co-create solutions to

social problems. Social enterprises or businesses have managed to bring together two goals which were once seen as mutually exclusive – financial sustainability and social value creation. No longer do we live in a world where the collaborative co-existence

of business and civil society is unfathomable. Today, private companies and nonprofit organisations engage in win-win partnerships.

Barki et al analysed three completely different social businesses in Brazil in order to illustrate three popular approaches to social businesses, namely:

- a) **The European perspective** which emphasises the role of civil society organisations with public functions
- b) **The American perspective** whereby private organisations apply market logic to the resolution of social problems
- c) **The developing country perspective** that prioritises market initiatives aimed at poverty reduction and transformation of social conditions for marginalised groups.



BANCO PÉROLA: A EUROPEAN PERSPECTIVE

A social enterprise in Europe may focus on producing goods or services with a social utility, or be driven by the aim to promote social inclusion and employment. Such an entity may even contain an element of social ownership, whereby local government and citizens participate in management of activities. Irrespective of the type, however, the primary purpose of a European social businesses is to achieve social goals rather than to maximise profits. Any profits in such companies are meant to be reinvested for social impact.

Banco Pérola in São Paulo replicates the characteristics of this European perspective rather well. It's a nonprofit NGO that offers credit to young people at the bottom of pyramid (BoP). There are many 18 to 35-year-olds in the lowest social segments of the Brazilian population who harbour a strong entrepreneurial spirit. It's a pity that this spirit runs the risk of getting extinguished due to lack of adequate finances. Banco Pérola's portfolio of products supports these budding entrepreneurs in the creation and expansion of their businesses. Alongside working capital and fixed capital, it also provides technical assistance for credit management. Its entrepreneurial solidarity groups are designed to ensure the socioeconomic sustainability of the different businesses. No wonder Banco Pérola has a default rate of only 0.5%.

Partnerships with other NGOs and a government bank has enabled Banco Pérola to structure its business model and offer an active portfolio. From the private sector, it has the financial support of Citibank to compose its loan portfolio. Perfectly in line with the European perspective, Banco Pérola's primary purpose is income improvement and the inclusion of youth in the job market.

COLETIVO COCA-COLA: A NORTH AMERICAN OUTLOOK

From the North American perspective, a social business is any entrepreneurial mar-

ket activity that has social impact within its business activities. This approach is distinct from the European one owing to the fact that the achievement of social goals is not the overarching priority here – rather financial returns and social impact are pursued concurrently. It is mostly the MNCs that are expected to catalyse the process of social business. As such, governance is through centralised, corporate decisions, but the idea of co-creation through partnerships is growing. Along with the idea of integrating social and economic value, there is also the emergence of business models that integrate the environment in a real triple bottom line view.

In Brazil, MNCs such as Coca-Cola are beginning to adapt this American view of social business. *Coletivo Coca-Cola's* primary objective is to contribute to the improvement of life at the BoP, by offering education to facilitate income generation and skills development. To make the programme relevant for the local communities, Coca-Cola partners with NGOs. But this programme is more than just a CSR initiative. Coca-Cola has the dual aim to provide financial independence to the young generation and enhance its brand equity at the same time. As such, Coca-Cola analyses and evaluates efficiency in terms of sales and distribution in the regions in which it has conducted its initiatives. At the end of the day, *Coletivo Coca-Cola* leads to circulation of more money in the neighbourhood. But at the same time, Coca-Cola benefits by gaining access to a market that is difficult to reach, thereby increasing its distribution and brand equity.



MULTI-PURPOSE INTERNET CAFÉS: AN EMERGING MARKET APPROACH

In emerging countries, inclusive businesses (the more common term for social businesses) exhibit a strong concern for poverty reduction initiatives. An inclusive business may take the form of an NGO or a for-profit private sector organisation or even a business owned by the disadvantaged, but it should be based on the premise of transforming the standards of living of low-income populations. Unlike the traditional BoP proposals, the proponents of this approach believe that the greatest impact emerges when low-income populations join the value chain as suppliers of large corporations, as opposed to serving as consumers only.

Grameen Bank and its microcredit facility – the brainchild of Nobel laureate Prof Muhammad Yunus – serve as an emblematic example of inclusive business. In Brazil, it inspired the foundation of **CDI LAN**, a social business that was created within an NGO named CDI (Committee for Democracy in Information Technology), a digital inclusion pioneer in Latin America. CDI LAN strives to provide digital inclusion and education to the low-income segments. It began by conducting a study on the usage of LAN houses (the local term for internet cafés) in partnership with the Wharton School of the University of Pennsylvania. The study revealed that LAN houses had the potential to be a place of transformation within the community. Since then, CDI LAN has engaged in myriad partnerships to bring together 6,200 affiliated LAN houses and improve the income generation of LAN house owners. The LAN houses now serve as online consultation points for aspiring entrepreneurs, study centers for distance training and even one-stop centres for financial services! The partnership with Banco do Brasil, one of CDI LAN's many partnerships, allows LAN owners to provide banking support to BoP communities who have never before had access to microcredit, bank accounts or savings accounts. On top of it all, CDI LAN also aims to transform affiliated LAN houses into distribution centers for goods and services linked with social media tools to have a higher social impact and gain scale within BoP communities. Imagine all of this stemming from mere internet cafés!



WHO IS THE RIGHT CATALYST?

Many academics believe that MNCs are better equipped to innovate and generate social impact at a scalable level. But then again, there are some who believe that local companies excel over MNCs when it comes to social causes. They cite three key reasons for this:

- While MNCs and local companies face the same challenges in emerging markets, the local companies are much better adapted to operate under the precarious circumstances.
- As they acquire some measure of success, companies from emerging markets can tap talent and capital in developed countries. For instance, it is much more common for these companies to list themselves in the New York Stock Exchange or NASDAQ and raise money than vice-versa.
- Many multinationals are reluctant to tailor their strategies to the needs of emerging markets, especially for the BoP.

HARMONY BETWEEN FINANCIAL SUSTAINABILITY AND SOCIAL VALUE

There are multiple perspectives on social businesses. The North-American perspective has a greater emphasis on the market whereas the European perspective has a more social approach, with the standpoint of emerging countries lying somewhere in between the two. But from the Brazilian examples it is clear that social businesses exist to address structural problems of the BoP population: Banco Pérola tackles credit, Coca-Cola Coletivo provides education and CDI LAN facilitates access to information and a host of services through technology.

The crucial ingredient for success in all three cases appears to be the partnerships and networks created around the business. One can look towards the future of social businesses with immense hope now that the two goals previously seen as incompatible – financial sustainability and social value creation – have become inseparable!



“

The crucial ingredient for success in Latin America, North America and Europe appears to be the partnerships and networks created around the business.

”



Edgard Barki

KEY TAKE AWAYS

FORMATS OF SOCIAL BUSINESSES VARY VASTLY WITH MARKET INITIATIVES DEVELOPED BY NONPROFIT ORGANISATIONS IN ONE EXTREME, AND INITIATIVES AIMED AT THE BOP MARKET CREATED BY MNCs AT THE OTHER.

UNDER THE EUROPEAN PERSPECTIVE, SOCIAL ENTERPRISES EXIST TO OFFER SERVICES, ORIGINALLY IN THE SPHERE OF THE PUBLIC SECTOR, AT LOWER COSTS AND TO GENERATE EMPLOYMENT OPPORTUNITIES FOR UNEMPLOYED OR MARGINALIZED POPULATIONS. BANCO PÉROLA IN SÃO PAULO WHICH OFFERS CREDIT TO ASPIRING ENTREPRENEURS, FOLLOWS THIS MODEL.

SOCIAL IMPACT, RATHER THAN PROFIT MAXIMIZATION, IS THE OVERARCHING PRIORITY IN THE EUROPEAN APPROACH.

THE AMERICAN VIEWPOINT ASSERTS THAT A SOCIAL BUSINESS IS FORMED WHEN MNCs ENSURES ACCESS TO GOODS AND SERVICES PREVIOUSLY AVAILABLE ONLY TO THE AFFLUENT POPULATION SEGMENTS. COCA-COLA COLETIVO IN BRAZIL FITS THIS VIEWPOINT.

THE EMERGING COUNTRIES PERSPECTIVE VIEWS INCLUSIVE BUSINESSES AS SMES OR NGOS WHICH FOCUS ON POVERTY REDUCTION INITIATIVES THAT EXERT A POSITIVE, EFFECTIVE AND LONG-TERM IMPACT ON SOCIETY. THIS OUTLOOK IS EXEMPLIFIED BY CDI LAN WHICH HAVE TRANSFORMED INTERNET CAFÉS IN BRAZIL.



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A GLASS HALF FULL: HOW MI-GRATION BEARS GOOD NEWS FOR HOST ECONOMIES



© Nita

Xiaoxiang Chen, undergraduate student at **School of Management Fudan University**, critically analyses the very relevant and contemporary issue of migration, at a crucial juncture for the global state of affairs.

Europe is currently cloaked in a shroud of panic: refugees are flooding into this continent, along with emerging social conflicts. According to a UNHCR report, the forcibly displaced population increased by 2.9 million in 2017 alone. While the radicals proclaim that refugees jeopardise the economy, I remain convinced that migration flow can stimulate the economy in more ways than one.

BUSTING SOME MYTHS

THANKS TO PREJUDICED PORTRAYALS in global media, many of us view migration flows essentially as a nuisance and disturbance for European countries. But did you know that it is, in fact, the developing countries which hosted a whopping 85% of refugee populations around the world in 2017? A study by the UNHCR revealed

that the top five countries offering asylum are Turkey, Pakistan, Uganda, Lebanon and Iran, while the trend is soaring dramatically in developing countries, such as Bangladesh, Ethiopia and Jordan. The findings appear counterintuitive given that most of these countries are neighbours with the refugees' native countries; but that does not change the fact.

As such, at this juncture, the economic effect of migration flows into developing countries, deserves our attention. The impact is manifold and can be explored from both supply and demand angles.



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SEIZING THE OPPORTUNITY FOR INDUSTRIAL TRANSFER

In line with the factor-proportions theory, we can assert that migration flows influence the capital-to-labour ratio in host countries. In most cases, migration results in enormous inflows of labour, but little of capital, especially in countries which host war refugees. Sometimes, refugees can make up a considerably large proportion of the population. For example, there are 164 refugees per 1,000 inhabitants in Lebanon, while the figures are 71 and 43 for Jordan and Turkey respectively.

A shift in the capital-to-labour ratio of a host country is inevitable. Fortunately enough, that change can be transformed into an advantage by these countries. It is proved by economic theory that lower capital-to-labour ratio contributes to lower marginal labour productivity, which means reduced labour costs. According to a report by the Structural Economic Research Department and Central Bank of Turkey, after receiving 2.7 million Syrian refugees between 2011 and 2015, Turkey's agricultural sector experienced a 29% wage decline. And this is not the case in Turkey alone. The good news is that this makes such countries attractive for labour intensive industries. For example, in

recent years, Crystal International Group Limited, a large apparel manufacturer based in Hong Kong, has moved its production facilities to Bangladesh. This strategic move has a lot to do with the fact that Bangladesh is currently hosting thousands of refugees from Myanmar. According to Andrew Lo, CEO of Crystal International Group, average monthly wage in Bangladesh lies in the region of \$150, compared with \$700 in southern China.

Lower labour costs can thus be considered as a key enabler for industrial transfers which benefit the economies of developing countries. Migration flows can effectively reinforce that advantage to a large extent by driving down labour costs. As such, it's really up to the developing countries to grab the opportunity to maximise cost advantages and herald new economic trends in a wide variety of sectors.

REFUGEE ENTREPRENEURSHIP: A VITAL, NEW SPRINGBOARD

As indicated above, refugees serve as a profound pool of labour. What's interesting here is that these refugees can not only engage themselves in existing jobs, often ones that locals are unwilling to do, but can also create new job opportunities. Let me introduce you to Annick Iriwacu, a refugee from Burundi and a mother of three. In 2015, Annick and her family were forced to flee from their country and settle in the Rwandan capital of Kigali. In order to sustain herself and her family, Annick started a cooking gas retail outlet. With the help of a business consulting company supported by the UNHCR, she successfully registered her own enterprise in Rwanda and started her business. Since then, Annick has been pushing forward with diligence and now her business employs five staff.



© Teddy Raven



Similar stories can be found everywhere, including America. For example, Sergey Brin, co-founder of Google, is a migrant from the Soviet Union. Google, of course, requires no introduction as we are all aware of the countless jobs that it has created directly and indirectly. There is thus enough reason to believe in the potential of refugee entrepreneurship in boosting labour markets.

It should be noted that a labour market comprised of migrants is actually great news for developed countries too. Many developed countries, such as Germany and Italy, are confronted with the rising challenge of population ageing. At the current rates, these countries may soon be suffering from a shrinking labour force. The Prediction Model of the European Union indicates that the majority of migrants are young adults, who can address the dual challenge of ageing population and shrinking labour market.

FISCAL EXPENDITURE VS SOCIAL INVESTMENT

Critics of migration insist that host countries suffer an enormous fiscal burden when they have to provide for refugees and migrants. Based on humanitarianism, governments indeed have the responsibility to offer financial or material aid to migrants and this adds up to large expenditures. For instance, the British government promises free accommodation and medical care for refugees, along

with 150 euros per month per refugee, as living expense. In Germany, migrants can receive up to 400 euros per month from the government and more assistance from various NGOs.

Yes, it does seem like quite the fiscal burden. But, in the long-term it all proves beneficial to the economy as a whole. The financial aid from government can barely cover the living expense of migrants. They are ultimately compelled to seek out jobs, meaning that the money spent on migrants is rapidly converted into social demand and national income. Hence, it would be wise to view welfare expenditures as an investment for future economic prosperity.

Nevertheless, it's true that some governments cannot really afford to bear the financial burden of offering welfare. In such cases, international assistance plays a critical role. The World Food Programme has found that cash assistance for refugees can directly fuel the local economy. They estimate that each family supported by WFP can raise the national income of Uganda by \$1 100. That's definitely some good news for developing countries!

Long story short, fiscal expenditure and international financial assistance both stimulate the growth of economy, be it in a developing or a developed country.

GLOBAL ECONOMY STANDS TO WIN

It's true that migrant flows come up with their own sets of obstacles. Some host countries simply do not have the infrastructure to support mass inflow of people. A sudden shockwave in such local labour markets may hurt the welfare of native low-skilled and low-paid workers. And international aid alone is often not adequate when distributed over a large number of refugees. But on the bright side, refugees often come from countries where they couldn't have contributed to economic welfare for the lack of a stable investment environment or a good infrastructure. Migration, thus, can be a way to ensure more efficient resource allocation and better utilisation of labour for the global economy.

Migration is not easy on any of the parties concerned. But it doesn't have to be a curse either. The whole world needs to cooperate on this issue, and put aside their prejudices for once and for all. Let's stretch out our helping hands, because hope still exists. As President Roosevelt said, "the only thing we have to fear is fear itself."





Xiaoxiang Chen

KEY TAKE AWAYS

WHILE A LARGE NUMBER OF MIGRANTS ARE FLOWING INTO EUROPE, DEVELOPING COUNTRIES SUCH AS ETHIOPIA AND BANGLADESH ARE ALSO HOSTING ASYLUM SEEKERS SILENTLY AND TRYING TO COPE WITH THE MIGRANT CRISIS.

AS LABOUR FORCE OF HOST COUNTRIES EXPAND, LABOUR COSTS ARE DRIVEN DOWN. THIS CAN BE AN ADVANTAGE AS IT FACILITATES INDUSTRIAL TRANSFER INTO DEVELOPING ECONOMIES.

REFUGEES AND MIGRANTS OFTEN SET UP THEIR OWN BUSINESS IN HOST COUNTRIES, AS A SOURCE OF LIVELIHOOD. THIS CREATES NEW JOB OPPORTUNITIES IN THE HOST COUNTRIES.

GOVERNMENTS HAVE TO SPEND HEAVILY ON WELFARE OF MIGRANTS. BUT THAT CAN BE VIEWED AS AN INVESTMENT FOR THE FUTURE BECAUSE MIGRANTS EVENTUALLY FIND JOBS AND CONTRIBUTE TO NATIONAL INCOME.

WITH MIGRATION COMES THE OPPORTUNITY FOR BETTER RESOURCE ALLOCATION BECAUSE REFUGEES AND MIGRANTS OFTEN FIND THEMSELVES IN A HOST COUNTRY WHICH HAS A MORE FAVOURABLE ENVIRONMENT FOR THEM TO EXPLORE THEIR FULL POTENTIAL.

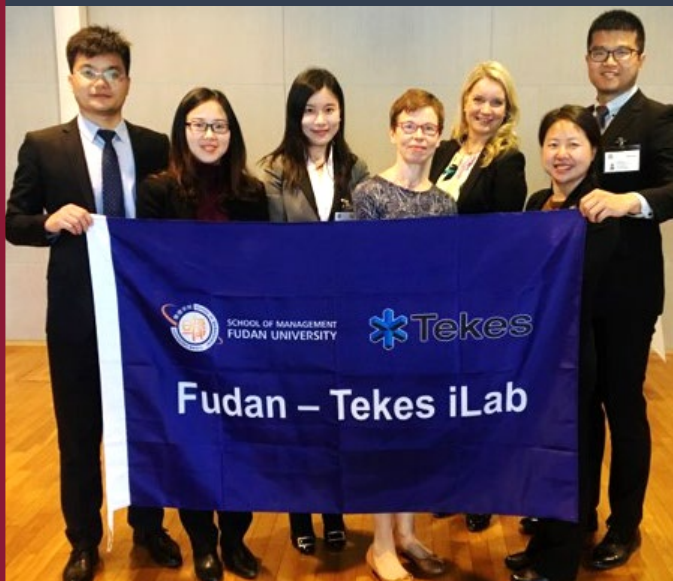
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SOCIAL ENTREPRENEURSHIP: LOOKING BEYOND THE BUZZWORD



Prof. **Savita Shankar** of **Keio Business School** takes a deep dive into social businesses in Asia and critically analyses the difference between Asian and Western social enterprises.

Based on the paper titled “*Social entrepreneurship in Asia: a literature review*” penned by Savita Shankar.

THE DAWNING OF A NEW ERA

WHEN **BILL DRAYTON**, the founder of Ashoka (a non-profit organisation to support a global network of social entrepreneurs) used the term “social entre-

preneurship” during the 1980s, literature around the concept began to take shape. But truth be told, social enterprises have been in existence from much before the time when the term was formally coined. Asia, in particular, has benefitted tremendously from social entrepreneurship in the

1970s and 80s. Grameen Bank, for instance, has been providing financial services to low income women in Bangladesh for decades now, while the Aravind Eye Hospital in India has been providing cataract surgeries to the poor at a cost that’s only a fraction of that in developed countries. The emergence of



“
The challenges faced by a society differ vastly based on the extent to which a country is developed.
”

such entities ushered in a new era where increasingly more emphasis is put in the creation of social value. Yes, economic value creation still continues to be essential, but merely as a means to ensure the sustainability of the venture.

However, empirical research in the field of social entrepreneurship is still in an embryonic phase. This is probably because a large majority of countries are yet to formulate a legislative definition of 'social enterprise'. As a result, not all organisations with social missions call themselves social enterprises. This makes the task of identifying social businesses in these countries quite challenging, as some may be "de facto" social enterprises as opposed to the ones that are "de jure." On top of this, a lot of the debates in social entrepreneurship literature have been rendered irrelevant to Asian contexts as they are framed in Western terms. As such, contributing to research in an Asian context is challenging without first redefining some of the theoretical concepts and restating the underlying assumptions.

TRANSFORMING ASIA, ONE SOCIAL ENTERPRISE AT A TIME

Sixty percent of the world's population lives in Asia – a region with rampant pressing unaddressed social problems, market failure, government failure and inadequate public budgets. No wonder that Asian coun-

tries are the frontrunners when it comes to social entrepreneurship. Bangladesh is a striking example where non-profit organisations have been flourishing as an aftermath of the liberation war in 1971. The Grameen Bank founded by Nobel laureate Muhammad Yunus in 1976 is one of the pioneering social enterprises in Bangladesh. It's a similar story in Indonesia where a relationship seems to exist between the growth of social enterprises and the social movement for independence. Pre-independence Indonesia was characterised by a quest for educational and economic empowerment. Today, social entrepreneurship in Indonesia is fuelled on by the perception that social enterprises promulgate economic empowerment, and to a certain extent, by the Islamic identity of social enterprises.

China started moving towards social entrepreneurship ever since market reforms were introduced in the late 1970s. This was a time when the government was expected to provide social protection alongside public services such as health and education. The private sector, too, began to take an active interest in CSR with a lot of international players aiming to foster social entrepreneurship in China

Moving further east to South Korea, it is interesting to observe that the concept of social entrepreneurship was rooted in civil society before finding a place in the government agenda. But the government eventually enacted the Social Enterprise Promotion Act in 2006. Today, one of the popular types of

social enterprises recognised by the South Korean government is the "work integration enterprise" where at least 50% of the employees are disadvantaged.

In Japan, the first generation of social enterprises dates back to the period from 1900 to 1975 when neighbourhood organisations with strong social orientation emerged. The second generation of enterprises appeared after the Great Kobe earthquake of 1975 and had a wider geographic scope. The third generation which emerged post 2000, is distinct from the first two owing to its greater market orientation and higher degree of innovation. The Takurojos or elderly care institutions in Japan are an innovative form of non-profit social enterprise in Japan. Unfortunately, though, unlike in Western countries, traditionally not-for-profit organizations in Japan do not enjoy much trust from the general public and are generally deemed to be less professional than private or government entities.

THROUGH THE LENS OF THE DEVELOPED WORLD

The challenges faced by a society differ vastly based on the extent to which a country is developed. While the developing countries in Asia have challenges of poverty, unemployment and health to address, in developed countries, social enterprises have a role to play to address other social problems such as long-term care for the aged.



SOCIO-ECONOMIC CONTEXT IS KEY

It is interesting to note that despite close geographic proximity, Hong Kong and Taiwan have very different notions of social entrepreneurship. In Hong Kong, social enterprises emerged subsequent to the Asian financial crisis in 1997 when unemployment levels shot through the roof. Subsequently, these social businesses are very market oriented in line with the capitalistic nature of society in Hong Kong. In Taiwan, however, the civil society is very strong. As such, the interest is more skewed towards community development than towards business-oriented enterprises.

A study has revealed that the number of social enterprises that obtain their revenues from sale of products and services is substantially higher in Hong Kong than in Taiwan. For Taiwan, the bigger source of revenues was government grants as their government entities are required to prioritise purchase from such enterprises. It was found that Hong Kong enterprises were more focused on financial independence than their Taiwanese counterparts. This goes to show that even within Asia, the nature of social entrepreneurship varies depending on the socioeconomic context in each country.

In developed countries social enterprises are credited with addressing social problems caused by market failures. In the United Kingdom for instance, social enterprises have been acclaimed for helping with social exclusion while in Australia, they are applauded for providing employment opportunities to marginalized individuals. The analysis becomes a tad more complicated for developing countries where there are often multiple market failures. Similarly, the political debates in Western countries regarding whether the government is using social enterprises in order to shirk its welfare responsibilities are irrelevant in developing countries with minimal welfare policies.

The funding for social enterprises in developing countries often comes from foreign sources, which changes the political equations considerably. Another stark difference between the two contexts is that while in Western countries there is debate about whether social enterprises can balance their social and financial goals, in developing countries the more important question is about the extent to which market-based approaches can be used to address the large development challenges.

MILES TO GO

The evolution of social enterprises in a country appears to be closely related to historical events in the country. But the ultimate model depends a lot on the country's socio-economic circumstances, cultural factors and regulatory environment. While in Western Europe, social enterprises can be said to be located "at the crossroads of market, public policies and civil society" in East Asia, they are currently located mainly at the intersection of state and the market.

Currently, most of the social entrepreneurship literature is from the business and entrepreneurship perspective. More research needs to go into the evaluation of the impact that social enterprises have on development indicators. In developing countries, the social entrepreneurship debate needs to include sociological and public policy perspectives in order to ensure a richer understanding of Asian social enterprises and their potential role in society and the economy.



KEY
TAKE
AWAYS

SOCIAL ENTREPRENEURSHIP HAS EXISTED IN SOUTH AND SOUTH EAST ASIA SINCE LONG BEFORE THE TERM WAS OFFICIALLY COINED.

THE CHALLENGES ADDRESSED BY SOCIAL ENTERPRISES ARE NOT THE SAME IN ASIA AND THE WESTERN WORLD. WHILE ASIA GRAPPLES WITH LARGE DEVELOPMENT CHALLENGES PERTAINING TO POVERTY AND UNEMPLOYMENT, THE MORE PROSPEROUS WESTERN COUNTRIES ARE LOOKING INTO PRESSING ISSUES SUCH AS ENVIRONMENTAL DEGRADATION AND THE NEED FOR GOOD QUALITY FOOD.

A CROP OF DIFFERENT TYPES OF SOCIAL BUSINESS EXIST WITHIN ASIA TOO – SOCIOECONOMIC CONTEXT AND CULTURAL FACTORS, RATHER THAN GEOGRAPHIC PROXIMITY, SHAPE THESE DIFFERENT FORMS.

LITERATURE ON SOCIAL ENTREPRENEURSHIP HAS TO BE REFRAMED FROM THE WESTERN CONTEXT TO A DEVELOPING WORLD CONTEXT IN ORDER TO MAKE IT MORE RELEVANT FOR ASIA.

THERE IS A PRESSING NEED TO STEP UP RESEARCH ON DEVELOPMENT INDICATORS AND HOW ADEPT SOCIAL ENTERPRISES ARE AT ACHIEVING THESE INDICATORS.



Savita Shankar



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GENDER EQUALITY EQUATES TO PROSPERITY FOR ALL



The Gender based pay gap actually costs more than what it saves for the companies. **Solène Eveillard, ESSEC Business School** student, shares her vision on the issue of gender inequality at the work place and how we can all draw benefit from equality.

THE PRICE OF INEQUALITY

IT IS OFTEN SAID that improvement starts with measurement and, here, the economic cost of gender inequality can actually be measured in terms of losses in human capital wealth. Human capital wealth is defined as the present value of the future earnings of today's labor force considering

individuals aged 15 and above and a World Bank report of 2018 has estimated that it incurs losses of \$160.2 trillion, twice the value of GDP globally, due to gender inequality. Not to mention that this value assumes that women would earn as much as men.

If gender equality in employment was reached, it could increase human capital

wealth by 21.7 percent. Moreover, recent calculations by the IMF in 2019 show that reducing the gap between female and male employment rates by 25% by 2025 could increase the global GDP by 3.9% compared with a business-as-usual scenario. The same is true with gender gaps in earnings that not only decrease women's bargaining power and voice, but also curbs the economic



crosses four thematic dimensions: Economic Participation and Opportunity, Educational Attainment, Health and Survival, and Political Empowerment.

A summary comparison of country rankings provided by each index reveals that, for 62% of the countries², the Prosperity IndexTM rank varies within a band 20% either side of the Global Gender Gap Index one. Frequency is even higher for the 30 best-performers and 30 poorest-performers (respectively, 67% and 70%) of the Global Gender Index ranking. The connection thereby suggested is not conclusive, yet it strengthens the instinctive tendency to consider that countries thrive on gender inclusiveness. The equal contribution of women and men in economic and societal transformation is critical. In the context of the Fourth Industrial Revolution, where human creativity is a key resource, societies cannot afford to lose out on the skills, ideas and perspectives of half of humanity. Therefore, achieving gender equality and empowering all women and girls has been set as the fifth Sustainable Development Goal.

growth: filling the gap between men and women salaries could increase global wealth by 14.0 percent.

These measurements are all the more significant that they incentivize policy-makers to narrow the global gender gap in work. As a result, not only could double the contribution of women to global GDP growth between 2014 and 2025, but it would be equitable in the broadest sense and contribute to prosperity, which implies as much wealth as wellbeing.

wellbeing. On the other hand, the Global Gender Gap Index has been first introduced by the World Economic Forum in 2006 as a framework for capturing the magnitude of gender-based disparities. Based on a scale from zero (disparity) to one (parity), it

GENDER EQUALITY AND PROSPERITY ARE NOT SEPARABLE

According to the Legatum Institute, prosperity is about enabling individuals, communities and nations to fulfil their potential by creating an environment of freedom, opportunity and security. Despite this overly expansive definition, prosperity - like gender equality - can be assessed with comprehensive ratings. The Legatum Prosperity IndexTM for instance captures the breadth of prosperity across nine pillars of prosperity¹ based on 104 indicators, each one displaying a statistically significant and meaningful relationship with at least wealth or



¹ The nine pillars are Economic Quality, Business Environment, Governance, Education, Health, Safety & Security, Personal Freedom, Social Capital and Natural Environment.

² Comparison of 134 countries which have been assessed and ranked by both indexes.



“ Equal opportunities for women not only prevent a waste of human resources and capacities, but also plant the seeds for higher levels of social and economic well-being. ”

A CALL FOR CHANGE IN SOCIETY

Due to their abilities in micro-management, women could be expected to run their own business much more often than they actually do. However, it would be forgetting the credit gap for formal, women-owned small and medium-sized enterprises estimated at about US\$300 billion dollars globally, and the gender gap in account ownership of 9.0 percent in developing economies. Globally, women are accorded only three-quarters of the legal rights that men enjoy, constraining their ability to get jobs or start businesses and make economic decisions that are best for them and their families.

This underlines the urgency for new regulations improving access to education and employment of women. Yet, they would still require important societal changes to ensure that gender equality in labor also reflects on the household management. As prosperity is all about people feeling they have the opportunity and ability to both run and enjoy their lives, the downsides of higher female employment rate should not be ignored. Alongside the difficult access to quality child-care, many dual-income families have to cope with disrupted family schedules, and role negotiation between parents often induces a heavier mental workload for women.

Redistributing care responsibilities is thus key to improve employment opportunities and the quality of working women's life, but unpaid and nonmarket work that women perform—running a household, bringing up children—could also be integrated into macroeconomic variables according to Economics researcher James Heintz. Not only due to the fact that women spend roughly three times as many hours in unpaid domestic and care work as men⁴, but especially because these unpaid activities contribute to the welfare of society and affect productive activities in the market economy. As prosperity involves more than just increasing and distributing wealth, the unpaid work of women for their families brings quantifiable value to the economy and participates to the social, cultural and spiritual dimensions of human well-being.

GENDER EQUALITY IN EMPLOYMENT IS AN ECONOMIC DRIVER

Over the past several decades, the connection between gender inequality and economic growth has become clearer, particularly when it comes to education and employment. Gender inequalities in education, for instance, artificially reduce the pool of talent which societies can draw from. When qualified girls are deprived of further education, the average amount of human capital in a country is reduced and it has an adverse impact on economic performance. With women representing 52.0 percent of the world's university students, but 49.0 percent of the global labor force, a better exploitation of their potential and knowledge could really entail an increase in productivity.

Moreover, promotion of female education leads to lower births per women, as educated women have greater knowledge

about family planning but also greater opportunities, sometimes more attractive than childbearing. And, as documented in economic literature, when lower fertility levels are associated with improved female education, the working-age population grows more rapidly than the overall population, boosting the per capita economic growth.

Besides, women's growing participation in the paid workforce can change power relations within families. Working women have a greater say in the allocation of the family's resources, resulting in favorable effects such as higher savings, more productive investments and better use and repayment of credit. Economics literature has also demonstrated that the more empowered women are at home, the higher were the investments in the health and education of children³ paving the way for a human capital accrual in the next generation.

³ Evidence from countries as varied as Brazil, China, India, South Africa, and the United Kingdom shows that when women control more household income—either through their own earnings or through cash transfers—children benefit as a result of more spending on food and education (World Bank, 2011).

⁴ Evaluation based on data collected between 2000 and 2016 from about 90 countries.

EQUAL RESPONSIBILITY FOR GENDER EQUALITY

Knowing that women account for 49,5% of the population, it seems quite obvious that global prosperity could not be achieved without them accessing education and health-care, having their ideas and talents nurtured, and their hard work rewarded. However, the unequal exercise of these abilities is exactly what gender inequality stands for. Reducing the gap in rights, responsibilities and opportunities between women and men is definitely a human rights issue, but it is also a precondition for, and indicator of, sustainable people-centered development.

Equal opportunities for women not only prevent a waste of human resources and capacities, but also plant the seeds for higher levels of social and economic well-being. Closing economic gender gaps - by fostering diversity and promoting inclusive growth - thus really makes sense to increase prosperity, but, projecting current trends into the future, it may still take 202 years for that to happen. This is the reason why advancing women's equality should be a top priority for everyone, including men who are - for now - better represented both in economy and politics.



KEY TAKE AWAYS

GENDER INEQUALITIES REPRESENT A LARGE AND GROWING NET DRAIN IN GLOBAL ECONOMIC WEALTH.

GLOBALLY, WOMEN ARE ACCORDED ONLY THREE-QUARTERS OF THE LEGAL RIGHTS THAT MEN ENJOY.

REDUCING THE GAP BETWEEN FEMALE AND MALE EMPLOYMENT RATES BY 2.5% BY 2025 COULD INCREASE THE GLOBAL GDP BY 3,9% COMPARED WITH A BUSINESS-AS-USUAL SCENARIO.

IMPROVING WOMEN EMPLOYMENT MAKES A SIGNIFICANT DIFFERENCE BOTH IN THE MARKET ECONOMY AND WITHIN THE HOUSEHOLD.

A VIRTUOUS CYCLE - BROADER GENDER EQUALITY LEADS TO BETTER-EDUCATED FUTURE GENERATIONS.

ECONOMISTS AND POLICY-MAKERS SHOULD TAKE INTO ACCOUNT UNPAID AND NONMARKET WORK THAT WOMEN PERFORM.

EQUAL OPPORTUNITIES FOR WOMEN NOT ONLY PREVENT A WASTE OF HUMAN RESOURCES AND CAPACITIES, BUT ALSO PLANT THE SEEDS FOR HIGHER LEVELS OF SOCIAL AND ECONOMIC WELL-BEING.



Solène Evillard

MIGRATION AND CITIES: BIG LOSSES AND BIGGER GAINS



Andrea Tealdi, ESSEC Business School MiM student and runner up in the 2019 CSR change-maker competition, puts the question of migration flow under the microscope to study their impact on innovation and economic growth.

SHENZHEN'S STARTLING modernity shoots up high in its hyper-futuristic skyline and stretches deep underground in the form of gleaming metro stations. There, commuters find themselves queuing neatly on spacious platforms and buying tickets ex-

clusively from electronic kiosks. Without the hanzi maps and hodgepodge of accents from all over China, it might be hard to tell this all apart from Tokyo's celebrated subways.

Yet, just over three decades ago, you would

be hard-pressed to find anything more than a market town where Shenzhen now sits. Since then, the city's population exploded from 30,000 to 20 million, with about half its residents today consisting of unregistered migrant workers¹. While the metropolis's

¹ (Shanshi, 2016)



of internal migration (from the rest of India and China respectively) and large volumes of investment. As a result, the former is now an ecosystem of tech start-ups growing alongside global monoliths, and the latter, a vibrant hub of both Chinese and foreign firms.

For most migrants, the proximity of firms offers a suite of benefits, such as diverse goods and services, varied career possibilities as well as more competitive salaries. For idea-based industries like tech and finance, clustering also facilitates innovation. A heightened rate of face-to-face interaction and the increased likelihood of employees shifting between firms encourage innovation and idea transfer⁵. Even for the least skilled of workers, the dense, prolific metropolis often offers more jobs and better pay than the isolated countryside⁶. Yet, it is true that skilled professionals disproportionately reap the benefits of urban booms, enjoying far higher wages, better job security and still, more mobility. The rosy experience of migration-fueled urban prosperity is awe-inspiring but it is far from being enjoyed by all.

THE LOSERS: LOW-SKILLED NATIVES

Low-skilled natives in the West are being outcompeted by immigrants—immigrants to cities far away from theirs. 7 million of

uncanny success was owed in large part to its business-friendly environment as China's first Special Economic Zone (SEZ)². Cities are ultimately built by people, not tax policies. The Shenzhen phenomenon happened on the backs of young migrants hailing from the Chinese hinterland, eager to escape poverty with the opportunities birthed by China's entry to the global market. Few expected the astronomical boom that gripped what is today known as the Pearl River Delta—the world's biggest and most populous megalopolis³.

well as the intensive agglomeration of firms⁴. Immigration to a city creates a positive feedback loop for its labor market: migrants move in for opportunities and add to its labor pool, starting and attracting businesses looking to capitalize on the growing market, thereby creating more jobs that, in turn, attract more talent. Talent begets opportunities beget talent. In our world of growing connectivity and internationally-mobile capital, this process can happen at a breakneck pace, with the dramatic growth and modernization of cities like Bangalore and Shenzhen as testament. Both have attracted steep levels

URBAN TRIUMPH: WHY RURAL-URBAN MIGRATION WORKS

Shenzhen's story is scarcely unique. From Rome to Baghdad, settlements across history have looked to immigrants for labor, skills, new ideas and consequently, development. Migrants too are drawn to urban centers seeking opportunities and a better life. Movement into cities had long given humanity the proximity needed for trade and innovation in the way of progress.

By the late 20th Century, however, this trend reached new heights in a wave of cities rising to global prominence. From Bangalore to Cape Town, urban specializations arose from a series of global trade agreements, improved technology, enlightened policy as



2 (Stoltenberg, 1984) / 3 (Mead, 2015) / 4 (Clark, 2016) / 5 (Glaeser, 2011) / 6 (Hugo, 2015)



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Shenzhen's fluctuating population consist of factory workers⁷. Millions more from across China have moved to other cities in the Pearl River Delta, working a plethora of manufacturing jobs from apparel sewing to appliance assembly. Half a century ago, these jobs were still located in Western industrial cities, when multinational firms could not shift factory operations to the developing world due to closed markets and enormous logistic costs. This changed quickly with the liberalization of economies across Asia and rapid improvements to technology. With costs being driven down, increasingly complex manufacturing was moved East, where labor was more abundant and far cheaper. Today, leading corporations like CISCO and Foxconn locate their biggest factories in Chinese manufacturing cities. In what economist Jeffrey Sachs coins "the labor effect", China and India's entries to the global market meant the introduction of hundreds of millions of citizens into an increasingly integrated global labor pool⁸. Western deindustrialization had since been inevitable. The decline of developed industrial cities like Detroit and Liverpool was fueled by rural-urban migrants to cities like Donggshan and Zhuhai, who easily outcompeted the highly unionized workers of the West. With fast-improving connectivity, even back-end office processes like accounting and customer support have been offshored to fast-growing cities like Manila and Bangalore.

Low to middle-skilled Americans in these declining industries envy the generation preceding them for not needing a college degree to live a middle class life. Many think immigrants to the US are a threat to this security, with twice as many Americans believing that they steal jobs as believe they improve them, according to the Gallup Pools⁹. This arises from the fallacious belief that the supply of jobs in an economy is fixed. As the Oxford Migration Observatory points out, immigrants generate greater demand for goods and services, hence creating new jobs. They also have little to no impact on average wages, with any drops in wage from low-skilled competition being largely short-term¹⁰. While the woes of stagnation are understandable, Mexican immigrants are simply not culpable for the loss of jobs in manufacturing and heavy industry. As these sectors increasingly move East, governments have to invest more in education and job training, as well as channel low-skilled labor to alternative industries like hospitality or healthcare.

THE DILEMMA: CIRCULAR MIGRANTS

Things are even more complicated for migrant workers in Asia, and in particular, China. For one, many do not leave home with the intention of resettling permanently, with 'circular migrants' moving to the city for work

and returning home periodically. There are real benefits to this. Higher-paying jobs in cities allow migrants to spread the risk of income failure from agriculture. Remitted earnings from the city also last longer in villages, where costs are far lower. In the bigger picture, wealth can be redistributed from urban areas to peripheries, which often do not receive other forms of direct investment. Some argue that this has allowed for a more even urbanization of China outside a few economic hubs. Unfortunately, systemic divides are created between city natives and newcomers. The Chinese *hukou* system divides households into rural and urban. It is notoriously difficult for poor and uneducated migrants to 'upgrade' to an urban *hukou*, even if they have worked in a particular city for years. As citizens receive location-specific benefits according to their *hukou* status, migrants are left to fend for themselves when natives are receiving pensions, better education and healthcare. Consequently, 80% of migrants leave their families in their hometowns or villages while they work in larger urban centers¹¹. While this system is being reformed, it has long prevented most migrants from settling permanently in the cities where they worked. More pressing challenges are also posed by the rising costs that come alongside development, with housing in Shenzhen quickly becoming too expensive for the workers who built it¹².

7 (Erickson, 2018) / 8 (Sachs, 2011) / 9 (Gallup Pools, 2019) / 10 (The Migration Observatory, 2018) / 11 (Hugo, 2015) / 12 (Erickson, 2018)

One can find parallels of this in other Asian cities with systems in place differentiating migrants and locals. In certain countries, citizenship is highly exclusive but heavily determine access to services. Global “gateway” cities like Dubai and Singapore are attractive to their very large migrant populations because of abundant job opportunities and high wages, but do not promise much in the way of permanent resettlement. In the United Arab Emirates (UAE), naturalized citizenship is nearly impossible, whereas Singaporean citizenship is highly selective. This means key benefits, including education and healthcare subsidies, are not promised to migrants. While highly-paid managerial expatriates might well be able to afford bringing their families and settling long-term, many migrants remain circular and have to decide whether better economic prospects outweigh the social cost of being separated from family.

THE WINNERS: MNCS AND DESTINATION CITIES

Despite the woes of circular migrants and low-skilled workers in the developed world, high rates of migration into cities have generated unquestionable profit and growth. In the case of Chinese industrial cities, the inflow of vast volumes of migrant factory workers and dense agglomeration of firms have led enormous economies of scale. Multinational corporations (MNCs) with the capital and logistic competence to leverage on cheaper labor and low tax environments (in the case of SEZs) have profited greatly through sub-contracting to Chinese manufacturers or entering into partnerships with Chinese stakeholders. The Chinese government has, in many sectors, restricted access to China’s growing market by forcing foreign firms and governments to form partnerships with local firms¹³. The migration of highly skilled (and highly-paid) Western expatriates into Chinese cities for these lucrative projects have led to technological transfer¹⁴, gradually contributing to the rise of Chinese competitors even in specialized fields. Today, Chinese manufacturers compete with Western counterparts in everything from computers to cars to renewable energy.

It is in this way that migration and urbanity are virtuous—they accelerate the exchange of ideas between people and, consequently, encourage innovation. In recent decades, this has prompted the “leapfrogging” of technologies in emerging economies. When technical and managerial knowledge is transferred by skilled migrants, countries like India and China have been able to absorb and implement the newest, most relevant technologies, allowing them to skip investments in transitional and outdated technology¹⁵. Beyond that, these countries become better-placed to invest and innovate, enabling further development and, subsequently, diffusion of expertise. A prime example of this can be seen in Shenzhen, where mobile payment methods are ubiquitous. Having developed in the era of smartphone technology, this city has made a direct change from cash to mobile payment, largely skipping intermediary debit and credit card technology.

MIGRATION: A CATALYST FOR INNOVATION AND GROWTH

Migration is valuable because it entails the movement of talent and ideas. As it seems, cities are also excellent conduits for the pooling of this talent and the exchange of these ideas. Shenzhen’s whirlwind emergence illustrates the powerful effect migration has on economic growth and development. The broader, global imbalances that have resulted from migration also tell us more has to be done to make this prosperity equitable. Still, that a metropolis can be built in four decades reminds us we live in dynamic times. By being open to the movement of people and ideas, we are staying open to rapid innovation and fast-emerging possibilities. We should not fear migration, but instead find ways and strategies to let it spark innovation and incite growth.



By being open to the movement of people and ideas, we are staying open to rapid innovation and fast-emerging possibilities.



¹³ (Cai & Elmer, 2019) / ¹⁴ (Andreosso-O’Callaghan & Wei, 1999) / ¹⁵ (Gallagher, 2006)

KEY
TAKE
AWAYS



Andrea Tealdi

MIGRANTS TO URBAN AREAS CREATE THE LABOR CONDITIONS CONDUCTIVE FOR BUSINESS, SPURRING ECONOMIC GROWTH AND PROSPERITY.

PROSPERITY IS NOT EVENLY SPREAD. THE GROWTH OF MANUFACTURING IN ASIA ALSO PRECEDES ITS DECLINE IN THE DEVELOPED WORLD. THIS LEADS TO LOSSES FOR IMMOBILE LOW-SKILLED WORKERS.

CIRCULAR RURAL-URBAN MIGRANTS WIN BIG FROM BETTER PAYING JOBS, BUT OFTEN DO NOT ENJOY THE SAME SECURITY AND ACCESS TO SERVICES AS NATIVES.

MNCs MAKE IMMENSE PROFITS FROM LOWER LABOR COSTS WHEN LARGE VOLUMES OF MIGRANTS FORM LARGE LABOR POOLS INDUSTRIAL CITIES. THE AGGLOMERATION OF FIRMS ALSO DRIVES DOWN COSTS.

THE MOVEMENT OF HIGHLY SKILLED WORKERS FACILITATES KNOWLEDGE TRANSFER AND SPURS INNOVATION IN DESTINATION CITIES.

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WILL AMAZON'S WHOLE FOODS DEAL GO THE SAME WAY AS L'ORÉAL AND BODY SHOP?



Prof. **Tanusree Jain** of **Trinity Business School** takes a sharp look at the Amazon takeover of Whole Foods and how two apparently conflicting corporate visions are dealing with the clash.

With kind acknowledgements to The Conversation

IN LATE 2017, online retail giant Amazon made a decisive move into food retail. The acquisition of US grocer Whole Foods, a pioneer in organic, healthy food shopping for well-off consumers, brought together two businesses with contrasting reputations. This type of scenario is nothing new. Neither the problems such a takeover brings with it.

Amazon's mission is to build a place where people can find "anything they might want to buy online". In the Whole Foods mission statement, however, it promises to "not sell just anything" but to deliver the highest quality that encompasses the greater good. We perhaps shouldn't judge a deal by highlighting that the corporate PR seems to be at

odds, but this discrepancy does raise some profound questions about the purpose of a business and how that purpose is accomplished.

For years, Amazon has been criticised for its business practices. A burnout-inducing work culture, limited focus on recycling and



What marks out a so-called “purposeful” business is its ability to stay true to that mission, rather than drifting inexorably towards life as an engine of growth for investors through continuous expansion.



PRESSURE OFF?

But let's not get carried away. Amazon is more than 20 years old, and remains a laggard in the sustainability movement. Its venture into renewables was not a matter of business philosophy, but was driven by market and competitor pressures and the push to align with the previous US administration's stand on climate change. In contrast, Whole Foods has followed a mindful approach to sustainability, winning its first Green Power award from the US Environment Protection Agency (EPA) more than 13 years ago. With the Trump administration's renewed focus on coal, the US withdrawal from the Paris Climate Agreement, and overhaul of the EPA, the pressure on Amazon to progressively adopt green tech may ease.

It is also hard to see how Amazon will handle the strong views of John Mackey, CEO of Whole Foods and a proponent of conscious capitalism. He has been quoted as saying:

a lack of transparency on sustainability reporting have all come under fire. Compare that to Whole Foods' value-based culture of caring for worker communities, adoption of responsible recycling and its foray into solar energy. It feels like a strange marriage.

TROJAN HORSE

In fact, it does bring to mind 2006, when L'Oréal, the corporate beauty giant with a deeply questionable animal testing record, acquired Body Shop, the socially conscious beauty company known for its ethical products and friendly environmental practices. The deal was made through an agreed buyout with Anita Roddick, the founder of Body Shop. Agreements were made that Body Shop would continue to run independently, and Roddick was quoted as saying Body Shop could act as “a Trojan horse” and positively influence the way L'Oréal did business.

However, over time, the lack of a cultural fit between the two companies, and growing competition from other ethical beauty brands, led to a decline in Body Shop's appeal. Sales fell, as did operating profits and market share. Now L'Oréal is looking to sell Body Shop a decade after a deal that shocked many. Clearly, there is more to an acquisition than just potential financial rewards, and that mismatch of ideology and purpose can lead to reduced value for investors themselves.

The Whole Foods deal has echoes of that Body Shop-L'Oréal story, but there are some important differences. Amazon has responded to criticisms over its sustainability credentials and signalled a positive shift by significantly expanding its sustainability team. It has also announced a series of goals in this direction, ranging from solar-energy-powered fulfilment centres to construction of its largest wind farm. However, new evidence suggests that parent-company Amazon, in a bid to reduce the prices Whole Foods offers customers, has cut ties with small, niche suppliers of foodstuff to deal with bigger, national brands. Announcements have also been made that Amazon is to acquire 2,000 or so small-sized supermarkets in which they hope to sell at a lower price than Whole Foods and under a different name.



Business (in America) is about a bunch of greedy bastards running around exploiting people, screwing their customers, taking advantage of their employees, dumping their toxic waste in the environment, acting like sociopaths.

The Whole Foods approach is to create long-term value for its owners, shoppers, workers, suppliers and local residents. What marks out a so-called “purposeful” business is its ability to stay true to that mission, rather than drifting inexorably towards life as an engine of growth for investors through continuous expansion.

Now, Amazon has focused on long-term growth and is a customer-centric company, but its attitude towards workers, communities and the environment has often been drastically different from that of Whole Foods, leading to the obvious question of how Whole Foods will be run within Amazon.

MISFITS

The fear must be that the rationale for the Whole Foods acquisition is to make cost cuts and secure a good outcome for investors. There has been much chat in the media about Amazon’s warehouse robots being let loose on Whole Foods, at the expense of jobs and this seems to fit with Amazon’s traditional price war strategy – reaching out to people’s wallets more than their hearts and concerns for sustainability. The door is already ajar. Pressure from investors has already led to an overhaul of the Whole Foods’ board of directors, where long-standing conscious capitalism supporters have been replaced by corporate leaders interested in market growth and investor wealth maximisation. Amazon workers too, have been hired to work in Whole Foods, including a senior compensation manager, and this has had the typical post-merger effect of raising concerns among Whole Foods employees to the extent that there has been a call to unionise. How Amazon reacts to that remains to be seen.

Ultimately, there is clear business potential for Amazon, but an equally clear lesson from past acquisitions where a poor cultural fit has proved detrimental for everyone involved and for the brand itself. Whole Foods has become synonymous with ethical consump-

tion through its careful selection of vendors and products. Despite competition, it has an ardent following of ethical consumers.

There is a genuine risk that this acquisition will muddy the waters for Whole Foods shoppers. Will they be faced with shelves full of “anything” that can sell, rather than the benign niche products they were used to? Nearly two years down the road, how leadership works in this post-acquisition period will be key: how and why decisions are made, and by whom, will dictate whether the upscale grocer loses its claim to conscious capitalism. The deal could be a success, but if lessons aren’t learnt, Whole Foods could even go the same way as the Body Shop, and end up on the auction block in a decade’s time.



Tanusree Jain

KEY TAKE AWAYS

A PROBLEM ENCOUNTERED WITH MERGERS IS THE CORPORATE FIT IN VALUES AND CULTURE. THE LACK OF CULTURAL FIT BETWEEN L'ORÉAL AND THE BODY SHOP, FOR EXAMPLE, AND GROWING COMPETITION FROM OTHER ETHICAL BEAUTY BRANDS, LED TO A DECLINE IN BODY SHOP'S APPEAL. SALES FELL, AS DID OPERATING PROFITS AND MARKET SHARE.

SUCH AN ISSUE HAS OCCURRED BETWEEN AMAZON AND WHOLE FOODS. THE WHOLE FOODS APPROACH IS TO CREATE LONG-TERM VALUE FOR ITS OWNERS, SHOPPERS, WORKERS, SUPPLIERS AND LOCAL RESIDENTS. ON THE OTHER HAND IS AMAZON'S TRADITIONAL PRICE WAR STRATEGY – REACHING OUT TO PEOPLE'S WALLETS MORE THAN THEIR HEARTS AND CONCERNS FOR SUSTAINABILITY.

IN ADDITION, AMAZON IS KNOWN FOR ITS COST-CUTTING STRATEGIES AND ROBOTISATION OF ITS BUSINESS ACTIVITIES. THIS MAY CAUSE CONFLICT.

WHAT MARKS OUT A SO-CALLED “PURPOSEFUL” BUSINESS IS ITS ABILITY TO STAY TRUE TO THAT MISSION, RATHER THAN DRIFTING INEXORABLY TOWARDS LIFE AS AN ENGINE OF GROWTH FOR INVESTORS THROUGH CONTINUOUS EXPANSION.



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A SMALL STEP FOR WOMAN, A GIANT STEP FOR EVERYONE: WHY GENDER EQUALITY IS A NEED, NOT A WANT



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Keerit Singh, undergraduate student at **Warwick Business School**, delves into the age-old conflict of gender equality and its significance in the present day in paving the path towards a prosperous future.

WE ALL BELIEVE that every pivotal moment in history began with the need for change. But if we look carefully and critically, reading between the lines of every significant movement in the last century, we can see that it all began the moment we realized that change had arrived and was no longer a figment of our imagination of the far future.

We live in a time where change is yet again

no longer on the horizon: it is here, and it is a formidable force to be reckoned with. It did not arrive at our doorsteps on a silver platter; it was fought for. It would be a shame to squander this progress if we didn't fight for what we want now that we have the opportunity to do so. So, it is no surprise that we no longer choose to snub the age-old argument on gender equality and the requirement of it, in a malleable world like ours.

The question that lingers after every discussion on gender equality is its significance in today's times. As society begins to question the actions we have made in the past with regards to the way we treat people based on their gender, a key concern is whether the issue of gender equality is an issue worth exhausting innumerable resources on. Another concern is whether any of our solutions will accurately solve the 'crisis' at hand. But

perhaps one of the many reasons why the question still remains unanswered is because we have never truly broken down what the debate on gender equality actually entails. Therefore, before arguing on the merits of gender equality, it is important that we understand what exactly it means.

GENDER EQUALITY AND ITS MANY FACES

It is a conversation starter at dinner parties, when everyone has decided that they need to address the elephant that was never in the room but had been brought in as a party trick. It is a trump card for corporations who want to show that they employ as many women as they do men, without realizing that they had managed to dig themselves another grave through positive discrimination. We have seen in the recent news that it is the nagging gum at the bottom of a politician's shoe, making it difficult for them to move forward in their campaign unless they address it, when the truth is that they are not exactly too sure what the issue really is.

Gender equality can be best described as the idea that both men and women can be treated equally at the workplace, at home and in society. But the problem is that it is habitually ignored solely out of the convenience of not having to address it. It is often overlooked as a 'woman's' problem, and that most people do not realize that the consequences of gender inequality impact more than just one gender. They tend to overlook the fact that gender equality is also about the way men are treated in light of the inequality that is tightly interwoven into the bedrock of our predominantly patriarchal society.

Consequentially, people like to believe that the way to justify the need and importance of gender equality would be to highlight its impact on men. But that too squanders the whole purpose of the argument. For decades now, all it has turned into is an argu-

ment with two distinguished sides, for and against, with no signs of either side coming up with a conclusive answer. We have allowed ourselves to be lost in years' worth of arguments, which have perhaps limited our hindsight as to why we need gender equality at all.

WHY WE NEED GENDER EQUALITY THE WAY WE NEED THE LATEST IPHONE

The most simplistic way to describe why we need gender equality would be to understand what gender inequality has done to us. Inequality has rendered us insecure and prone to worrying about defending ourselves rather than living our lives. We wear it like a new pair of sunglasses, which show us everything the other person has that we do not. According to Leon Festinger's well-known Social Comparison Theory it is human nature to compare one's self-worth by using other people's lives as a benchmark (Festinger, 1954). So when we begin to feel insecure of what the other person has, we begin to try and find what makes them different. We begin to discriminate because the only way they could have

what we do not is because they are different from us. This has essentially made us create strife between each other by highlighting our differences without understanding what those differences actually mean.

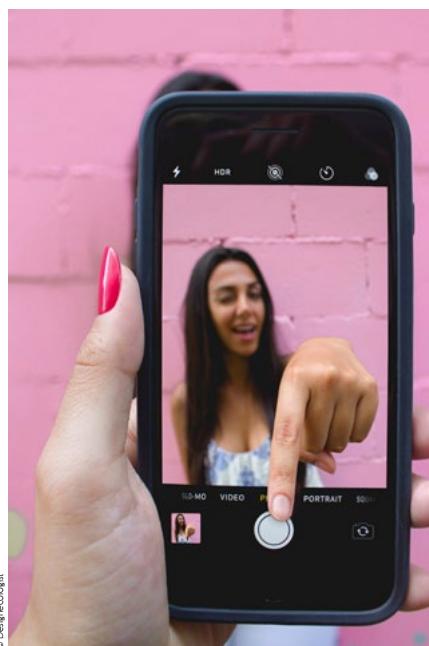
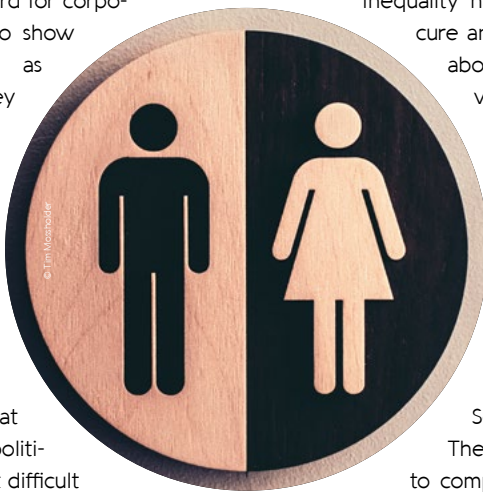
Dr. Nirao Shah at Stanford Medical School had researched on the cognitive differences between the male and female brain in 1998. It suggested that men and women are wired to think differently and behave differently in order to achieve the different goals that they have (Shah, 1998). The idea appears to be logical, however many find it offensive because they do not see how those differences impact them. For example, on average, women succeed men in comprehension and fine-motor skills, while men are more likely to succeed in tests with memory. Does this mean that either of them is intellectually inferior to each other? No, it simply means that the two of them are inclined to different skills and comparing them would be illogical. If we keep trying to argue on how one person has something we do not, without understanding how or why they have that one characteristic, we will never truly find ourselves in a peaceful state.

If we were all equal in each other's eyes, the initial wall between us and the road to a flourishing future would no longer exist. In recent days as much as we all have a hate-love relationship with walls, this wall is one that holds us back from achieving a more prosperous world. It holds us back from seeing that the road to prosperity is not as long as we had paved it to be in our minds. It is in fact a rather journey of recognizing each other's strengths and weaknesses without using it against each other.

But then, if the solution is so simple, why are we still stuck behind the wall?

THE ROAD TO A PROSPEROUS FUTURE IS LITTERED WITH POTHOLES

The road is not long, but it is plagued with obstacles that ironically, we have placed out. These hurdles can disappear with a snap of our fingers, but as much as we would all love (not) to be Thanos, the reason why we have not gotten rid of them already is because we need to understand what these obstacles are and what impact they have on us.





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One of the major hurdles in our way is our lack of acceptance. We are all aware that the world around us is changing, but we need to accept how we contributed to the need for change. By refusing to acknowledge our involvement in allowing gender inequality to grow into a big, bad ugly monster from our nightmares, we are still encouraging its existence. Acceptance will not only lighten the burden we have unnecessarily taken onto our shoulders, but it will also help us see the need for equality clearer.

Beyond this, the truth is that gender equality is not the only goal we need to achieve in order to live in prosperity. There are far too many situations that we have created, solely because we do not understand the reason why differences occur. Achieving gender equality will perhaps help us learn the many things we need in order to create a more peaceful and understanding world. Learning to accept each other's differences as each other's strengths and weaknesses might help us understand why there is beauty in difference. We live in a world that is so intricately

unique, with a million different perspectives and ideas, based on our innumerable cultures and histories. It would be a shame to expect ourselves to all be the same.

Therefore, the answer to the long-debated argument is that gender equality is not the only hurdle in our way. In fact, it is a wake-up call to help us see what our underlying issues really are and how solving them is not a matter of simply changing laws and increasing pay, it is about acceptance.

THINGS WE NEED TO REMEMBER

Gender equality affects everyone, perhaps not equally, but everyone's experience with it matters. It is not one of the Twelve Labors of Heracles. It is achievable, and it is a step in the right direction. When we learn to accept our differences, the burden of comparing ourselves will no longer weigh down on our shoulders like the weight of the sky.

Prosperity is not as hard to achieve, as we all like to think it is. Perhaps the only reason why we imagined it to be a challenge is because it is easier to say that something is impossible rather than trying out the possible solution.



“ Gender equality affects everyone, perhaps not equally, but everyone's experience with it matters. ”

KEY
TAKE
AWAYS



Keerit Singh-

ONE OF THE MANY REASONS WHY THE QUESTION ON GENDER EQUALITY STILL REMAINS UNANSWERED IS BECAUSE WE HAVE NEVER TRULY BROKEN DOWN WHAT THE DEBATE ON GENDER EQUALITY ACTUALLY ENTAILS.

GENDER EQUALITY CAN BE BEST DESCRIBED AS THE IDEA THAT BOTH MEN AND WOMEN CAN BE TREATED EQUALLY AT THE WORKPLACE, AT HOME AND IN SOCIETY.

ON AVERAGE, WOMEN SUCCEED MEN IN COMPREHENSION AND FINE-MOTOR SKILLS, WHILE MEN ARE MORE LIKELY TO SUCCEED IN TESTS WITH MEMORY. DOES THIS MEAN THAT EITHER OF THEM IS INTELLECTUALLY INFERIOR TO EACH OTHER? NO, IT SIMPLY MEANS THAT THE TWO OF THEM ARE INCLINED TO DIFFERENT SKILLS AND COMPARING THEM WOULD BE ILLOGICAL.

IF WE KEEP TRYING TO ARGUE ON HOW ONE PERSON HAS SOMETHING WE DO NOT, WITHOUT UNDERSTANDING HOW OR WHY THEY HAVE THAT ONE CHARACTERISTIC, WE WILL NEVER TRULY FIND OURSELVES IN A PEACEFUL STATE.

LEARNING TO ACCEPT EACH OTHER'S DIFFERENCES AS EACH OTHER'S STRENGTHS AND WEAKNESSES MIGHT HELP US UNDERSTAND WHY THERE IS BEAUTY IN DIFFERENCE.

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BEYOND POLITICS: THE ECONOMIC CASE FOR MIGRATION



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Nicolas Desarnauts, Global BBA student at ESSEC Business School, tackles the challenge posed by anti-immigration sentiments head-on, and categorically defends the need for migration in his insightful piece.

A PERPETUAL BONE OF CONTENTION

IMMIGRATION is a contentious issue. In recent years, xenophobic political movements have surged in popularity across the West. Emboldened by flawed prejudices, these parties have often claimed that immigration is detrimental to the economy. In fact, the opposite is true. Migration flows contribute to economic prosperity, not only

through their positive demographic impact but also through their propensity to induce innovation through their supply of unique talents and abilities.

DISTORTING FACTS TO SERVE POLITICAL AGENDA

Across the West, a wave of fringe political movements has succeeded in bringing an-

ti-immigrant sentiment into the mainstream. According to an NBC News poll conducted one week before the Brexit vote, nearly 75% of prospective “leave” voters cited immigration as the most important issue in the referendum. And just a few months after the victory of Brexit proponents, Donald Trump was elected to the U.S. presidency. Indeed, much of these politicians’ rhetoric has fallen on sympathetic ears. With rapid globalisation contributing to increased inequality in deve-

veloped countries, immigration is a seemingly obvious culprit for those who have suffered economic woes. Nevertheless, politicians are largely to blame for making this association. In July 2015, the then presidential candidate Donald Trump expressed his belief that immigrants are hurting the U.S. economy, saying: “They’re taking our jobs. They’re taking our manufacturing jobs. They’re taking our money. They’re killing us.” However, as much as Mr. Trump may believe that his wall will bring prosperity to his country, his claims about the economic impact of migration flows are based on flawed prejudices against immigrants.

A popular misconception about migration is that immigrants are unskilled and uneducated, making them a drain on a developed economy. In December 2018, Tucker Carlson, an American political commentator, echoed this idea on his primetime Fox News show, telling his audience: “we’re getting waves of people with high school educations or less” and that “as an economic matter this is insane.” This is fiction. According to the Pew Research Center, recently arrived immigrants in the U.S. are more educated than ever before – over 75% have at least graduated from high school and 41% have at least completed a bachelor’s degree. Furthermore, studies have shown that even low-skilled immigrants positively contribute to the economy by performing jobs that employers often struggle to fill with native workers. This brings another benefit: by producing goods and services at a lower cost, low-skilled labour increases the purchasing power of high-skilled workers in the country, making them relatively richer. However, critics argue that the issue being overlooked here is that immigrants lower the wages of low-skilled natives by “stealing” their jobs.

The extent to which immigration negatively affects natives by filling low-skilled positions is contested. Research has found evidence that wages can be pushed down by immigrants willing to work for less. But the effect measured is only marginal. For low-skilled natives, the greater concern should be the rise of automation in numerous industries. From manufacturing to agriculture, technological innovations are enabling robots to perform increasingly complex tasks that have traditionally been reserved for humans. Millions of jobs are at the risk of getting displaced. The threat from low-skilled immigration pales in comparison – not to mention that it is also



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significantly outweighed by the benefits of immigration as a whole. However, the political expediency of blaming immigrants has pushed some to ignore this fact at a time when migration flows may in fact be more critical to economic prosperity than ever.

A COUNTERBALANCE TO DEMOGRAPHIC DECLINE

In much of the developed world, countries are facing a demographic challenge as their populations age and begin to decline due to low fertility rates. According to a study by the OECD, the share of people aged 80 years and over in developed countries is expected to rise from 4% in 2010 to nearly 10% in 2050. Meanwhile, Japan and several European countries have started to experience population decline as yearly deaths surpass births. Although the severity of this change varies from country to country, the general direction of the trend is clear. Almost all developed countries will struggle to maintain the size of their active workforce. The few exceptions owe their continued growth to migration flows.

There is little doubt that migration can solve the problem of population decline. After

all, for a population to grow it simply needs more people. Aging is more troubling. The increase in the elderly population will entail greater expenditure on social programs for healthcare and pensions – further straining developed countries’ workforces. More than just a lack of people, developed countries will lack economically active people. This is why migration is critical to economic prosperity. On average, migrants are younger than natives and they possess skills and abilities that increase the stock of human capital of the host country – filling in gaps in the labour market. The U.S. has long benefitted from this. By filling manual jobs, migrants with little education in the country have pushed similarly-skilled natives into better jobs requiring more intensive communication and social skills. In addition, the growing presence of these migrants in the “household services” sector – which includes services such as cleaning, gardening, and child care – has enabled highly educated native women to join the workforce and dedicate more time to their careers. These economic benefits cannot be overstated. However, the positive effect of migration is not limited to demographics.

DRIVERS OF INNOVATION

TIME TO FACE THE FACTS

Despite the evidence that migration flows contribute to economic prosperity, the perpetuation of flawed prejudices about migrants by fringe political movements has brought anti-immigrant sentiments into the mainstream. This comes at a time when the demographic challenge facing much of the developed world should, in fact, encourage these countries to adopt a more open policy toward migration. Moreover, as knowledge-intensive activities become ever more important to economies around the globe, the demand for migrants' unique talents and abilities will only continue to grow. As such, to achieve economic prosperity, policies must be redesigned to be more open to migration flows – further driving their positive impact on demography and fuelling their contribution to innovation for growth.



Nicolas Desarnauts

KEY TAKE AWAYS

IN RECENT YEARS, XENOPHOBIC POLITICAL MOVEMENTS IN THE WEST HAVE PERPETUATED THE IDEA THAT MIGRATION IS DETRIMENTAL TO THE ECONOMY BASED ON FLAWED PREJUDICES ABOUT MIGRANTS' SKILLS AND EDUCATIONAL ATTAINMENT.

MIGRATION WILL BE CRITICAL TO THE ECONOMIC SUSTAINABILITY OF MANY DEVELOPED COUNTRIES AS THEY FACE THE BURDEN OF AGING AND DECLINING POPULATIONS.

AS THE GLOBAL ECONOMY BECOMES EVER MORE KNOWLEDGE-BASED, MIGRANTS' UNIQUE TALENTS AND SKILL SETS WILL BECOME INCREASINGLY IMPORTANT TO INNOVATION SECTORS.

THROUGH THEIR DIRECT AND INDIRECT CONTRIBUTION TO NEW INVENTIONS, INCREASED PRODUCTIVITY AND OTHER BENEFITS OF INNOVATION, MIGRANTS HELP MAKE NATIVES MORE PROSPEROUS BY IMPROVING SKILLS, CREATING JOBS AND DRIVING UP WAGES.

GENDER EQUALITY HOLDS THE KEY TO YOUR RICHES!



Hiba Houmache, MiM student at **ESSEC Business School**, voices out on the topic of Gender equality and how it can unlock prosperity for the society.

The 4th of April is an important day indeed. It is a day that reminds us of the existence of a significant inequality between men and women in the work place. In fact, if for a man, a year of working lasts from January to December, a woman needs to work until the 4th of April in order to earn as much as her male counterpart. This wage gap represents an annual loss of \$10,470 and a \$418,800 lifetime loss for a 40-year career for women. Why does this gap still exist in an era where women are believed to be equal, as efficient

and as productive as men? How can closing the discrepancy benefit societies and increase their prosperity?

GENDER INEQUALITY IN ALL WALKS OF LIFE

A SURVEY CARRIED OUT by the World Economic Forum in 2017 shows that a lot remains to be done in order for us to reach gender equality, especially in edu-

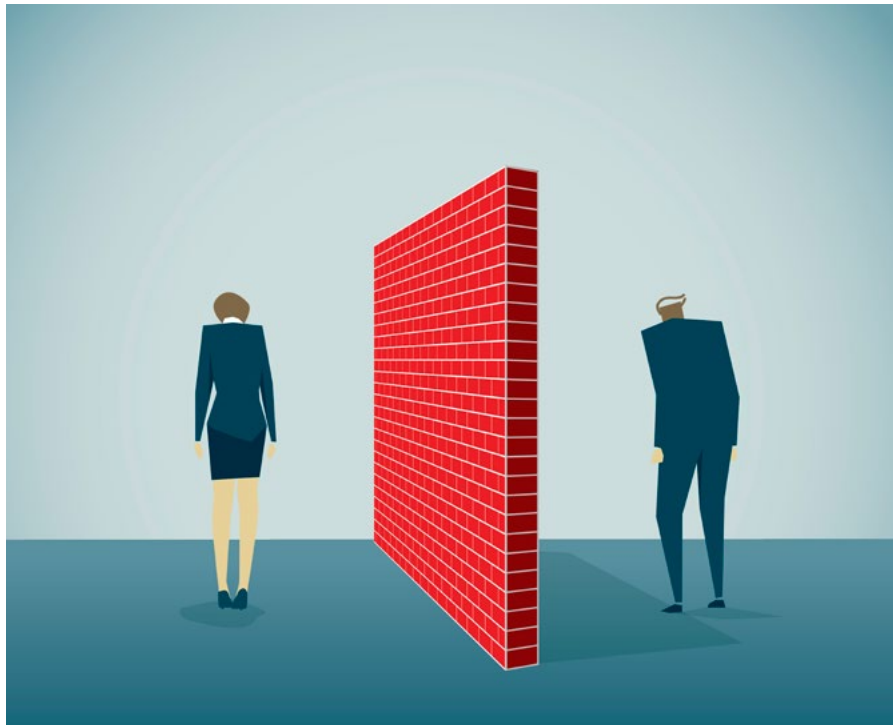
cation and wages. In fact, according to the rankings, apart from Scandinavian countries like Iceland, Norway and Finland that score the highest in terms of gender equality, the disparities still exist in developed countries such as the United Kingdom, the United States of America and France. The UK ranks 15th and the United States 49th because women are paid on average 66% of men's wage no matter what the job or the sector are. Indeed, even in female dominated sectors such as healthcare and education, men are

EQUALITY EQUALS PROSPERITY

Throughout history women have struggled to own their rights. They were believed to be inferior to men, treated differently based on untrue beliefs, assigned to house chores, meant to raise the children and expected to look after the household. However, today, mindsets have evolved, and women have been given the opportunity to prove that they are every bit as good as their male counterparts at work and that they can manage to balance between both their professional and personal lives.

Nowadays, women are more involved in the political life, they occupy more seats in parliaments. Indeed, their rate of representation has increased from 11.8% in 1998 to 23.5% in 2018 which shows that societies are seeking for more equality. Their participation improves democracy, quality of life and gender equality because they are more likely to fight for girls' education, for women's and minorities' rights and to satisfy the citizens' needs. For that matter, they appear to be more efficient than men in bringing concrete solutions to problems societies are facing.

Some are at the head of states like Angela Merkle, and Theresa May, others are running multi-million dollar companies like Indra Nooyi, former CEO of Pepsico and Irene Rosenfeld, the CEO of Kraft Foods. Today, even in countries like Saudi Arabia that resisted gender equality, women are no longer oppressed and are regarded as leverage for



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still paid higher than their female counterparts. In education for instance, even though men represent only 2.5% of kindergarten teachers in the USA, they earn 13% more than their female counterparts.

Moreover, disparities exist even in sports. In the list of the 100 paid athletes worldwide, only one woman, Serena Williams, appears in the ranking amongst 99 men, and she is ranked 51st. And obviously, female team captains are paid less than their male counterparts. For example, Stephan Houghton, the female English team captain is paid £1,200 a week, whereas the former captain of the male team used to earn £300,000 per week.

Inequality exists not only in the work place, it starts with education. Although enrolment in primary school is compulsory, and many efforts have been made in this field, male enrolment is still higher. For a country as developed as the United Kingdom that has a woman as head of state, numbers are disappointing in terms of girls' education. The monarchy ranked 36th in educational attainment, which is quite paradoxical for a society where girls represent a higher percentage in the population. These quantified disparities are the proof that the fight is not over and that changes need to occur.



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growth. As such, they are now allowed to take part in the work force and occupy jobs like their male counterparts in Saudi Arabia.

Their involvement and contribution in the labour market is a source of economic growth and social development. In fact, if we take the example of India, we can see that a simple tool for empowering women had a significant impact on a larger scale. The microcredit initiated by the Grameen Bank has enabled rural women to become breadwinners, to start their own projects and increase their household income. Moreover, by lending them small amounts of money, their standard of living has improved, and they have become decision makers. Therefore, rural areas like Punjab have witnessed an improvement of livelihood and the onset of new agricultural activity – women have invested in animals and are able to make an income out of these investments.

Empowering women and guaranteeing gender equality not only benefit the economy but also society. Countries that are the most gender equal are also the ones who score the highest on happiness scale, like Finland, Norway and Denmark. Moreover, companies promoting gender equality are the

ones with lower job turnovers, higher job satisfaction and higher rates of productivity. Multinationals like General Motors, L'Oréal and Kering that make it to the top rankings in terms of gender equality are not only well performing, but also tend to be more attractive and the values they share become a source of business advantages leading to higher financial returns.

Apart from the professional world, positive changes are also seen within families. When the parents share housework and childcare, their kids are seen to do better in school, they have lower rates of absenteeism, higher rates of achievement and the couple has a higher marital satisfaction. Thus, we can say that it is a win win situation.

ACHIEVING GENDER EQUALITY

We have already seen that when women are on equal footing with men, countries do better, and societies live better. Despite the changes that have occurred in the past decade regarding women's rights, progress in the matter is still to be made. Achieving gender equality starts with changing mindsets

and promoting feminism: women are not identical to men, but they are their equals.

Confronting men and making gender visible to them is a step that might engage them to support gender equality. Improving girls' self-confidence and giving them the opportunity to opt for whatever career they want is a step to more equality. Encouraging girls at school, changing the image given of women in the advertising industry and showing them that they don't have to choose between their careers and family lives will indeed be a step forward.

In the work place, in order to close the wage gap, there should be more pay transparency - companies should disclose their wages and make this data public. In sports, a way to promote gender equality is by encouraging female sports, having women in positions of power as coaches, managers and owners of teams, and by covering and sponsoring more female sports events. Furthermore, in politics, women need to be more vocal and run for higher positions without having to choose between their jobs and families, like Pakistan's Benazir Bhutto did in the early nineties when she campaigned while being pregnant and also gave birth while in office.

Keeping the 4th of April in mind will remind us of the necessity to fight more for gender equality because if we continue at this pace, the pay gap will be closed in 44 years. Young or old, educated or uneducated, white or black, women are capable of the best and their potential is to be benefited from. Empowering women is the key for companies to be more productive and successful, and for societies to be more prosperous and happier.



Hiba Houmache

KEY
TAKE
AWAYS

THROUGHOUT HISTORY WOMEN HAVE STRUGGLED TO OWN THEIR RIGHTS. THEY WERE BELIEVED TO BE INFERIOR TO MEN, TREATED DIFFERENTLY BASED ON UNTRUE BELIEFS, ASSIGNED TO HOUSE CHORES, MEANT TO RAISE THE CHILDREN AND EXPECTED TO LOOK AFTER THE HOUSEHOLD.

IF FOR A MAN, A YEAR OF WORKING LASTS FROM JANUARY TO DECEMBER, A WOMAN NEEDS TO WORK UNTIL THE 4TH OF APRIL IN ORDER TO EARN AS MUCH AS HER MALE COUNTERPART. THIS WAGE GAP REPRESENTS AN ANNUAL LOSS OF \$10,470 AND A \$418,800 LIFETIME LOSS FOR A 40-YEAR CAREER FOR WOMEN.

ACHIEVING GENDER EQUALITY STARTS WITH CHANGING MINDSETS AND PROMOTING FEMINISM: WOMEN ARE NOT IDENTICAL TO MEN, BUT THEY ARE THEIR EQUALS.

COUNTRIES THAT ARE THE MOST GENDER EQUAL ARE ALSO THE ONES WHO SCORE THE HIGHEST ON HAPPINESS SCALE, LIKE FINLAND, NORWAY AND DENMARK.

IN THE WORK PLACE, THERE SHOULD BE MORE PAY TRANSPARENCY - COMPANIES SHOULD DISCLOSE THEIR WAGES AND MAKE THIS DATA PUBLIC.

EMPOWERING WOMEN IS THE KEY FOR COMPANIES TO BE MORE PRODUCTIVE AND SUCCESSFUL, AND FOR SOCIETIES TO BE MORE PROSPEROUS AND HAPPIER.



MANAGEMENT, LEADERSHIP & SUSTAINABILITY

PLAYING OUT OF SYNCH: WHAT JAZZ TEACHES BUSINESS LEADERS



Andy Lockett, Dean of **Warwick Business School** and Professor of Strategy and Entrepreneurship together with **Deniz Ucbasaran**, Professor of Entrepreneurship at Warwick Business School, strike a high note with their research into how business leaders can learn from jazz. From the paper.

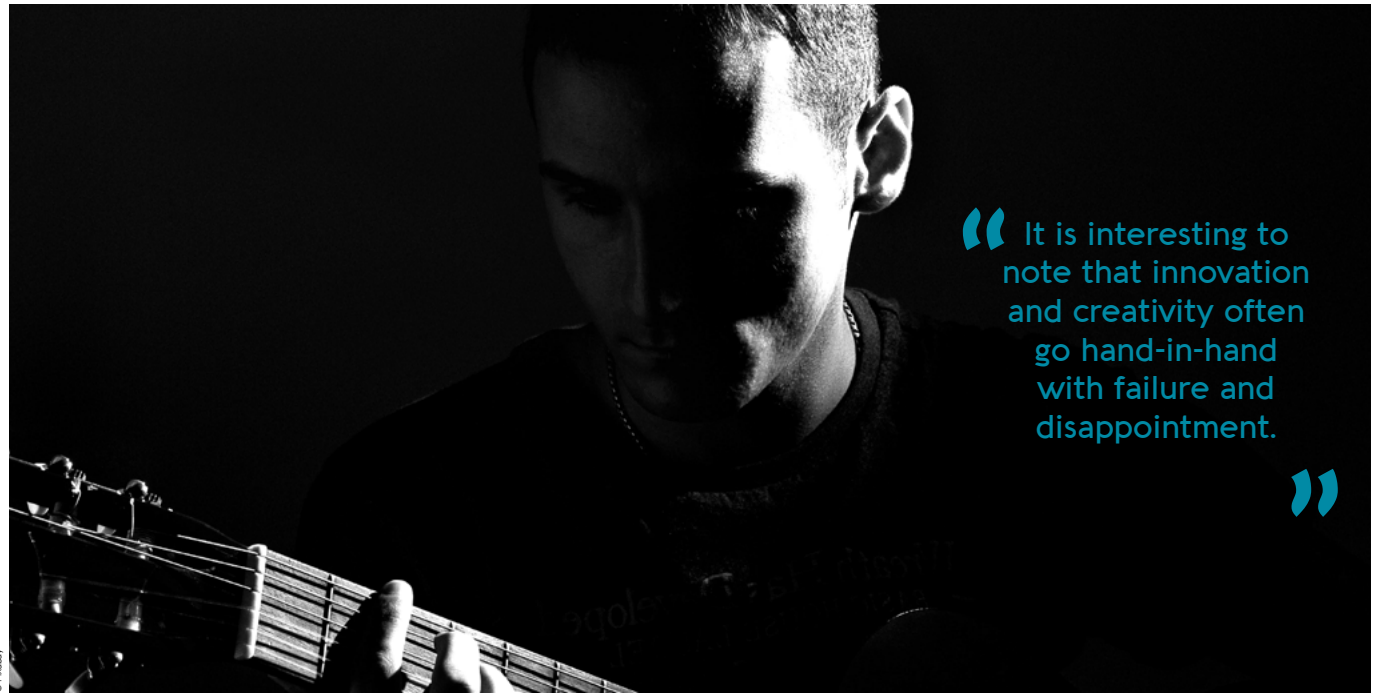
Adapted from an original piece appearing in Core Insights, Warwick Business School, March 2019.

EVER HEARD THE METAPHOR of the leader as an orchestra conductor? Chances are that if you're in the working world you have. Its roots go back to the management guru Peter Drucker who, in a 1988 Harvard Business Review issue, first made the compari-

son that the business world has been exploring ever since – from the Boston Philharmonic Orchestra conductor Benjamin Zander and his book on leadership and creativity, to John Kao, innovation expert and former Harvard faculty, with his book Jamming, a refrain

on improvisation and creativity.

In tune with this is a new book Leading Entrepreneurial Teams: Insights from Jazz penned by Warwick Business School's Deniz Ucbasaran, Professor of Entrepreneurship, and Andy Lockett, Dean and Professor of



“ It is interesting to note that innovation and creativity often go hand-in-hand with failure and disappointment. ”

Strategy and Entrepreneurship, and the fruit of their research into famous jazz musicians and the insights they could provide for entrepreneurial team leaders.

STRIKING CHORDS

Why go for jazz? For a start, assert Ucbasaran and Lockett, jazz bands are synonymous with creativity, improvisation and innovation – all essential ingredients for entrepreneurship. Moreover, jazz groups and their members often operate in uncertain and dynamic environments characterised by unpredictable and rapid change – much like those of the entrepreneur. And yet, through collective endeavour many famous jazz bands find their own structure and harmony, despite apparent disorder, and become profitable enterprises – both creatively and commercially.

Initially, Deniz Ucbasaran and Andy Lockett carried out a series of interviews with celebrated names in the jazz world – among them Wynton Marsalis, Jean Toussaint, and the trumpeter Sean Jones. Further research focused on three names that repeatedly came up in their interviews – the jazz trinity Duke Ellington, Miles Davis and Art Blakey – and notably the way that these jazz greats created and managed their musical enterprises. In particular, the research focused on three specific areas of leadership activity: team formation, team co-ordination and team turnover.

A number of strong similarities soon became apparent between the three greats, especially in the way the band leaders used to constitute their diverse teams of talent. In particular, they looked for musicians with a different and unique sound or style that would improve the overall sound of the band – this uniqueness having as much to do with personality as technical proficiency. In a work context, if we take organisations and how they tackle diversity, the conventional approach is to think in terms of gender, ethnicity, cultural background and functional skills. But the evidence from the jazz world suggests that team leaders could attempt a wider concept of diversity when building their teams that takes into account cognitive and personality difference as desirable team attributes. This can be especially relevant for ventures and teams where high levels of creativity are needed – for instance in the media industry, biotech, or high-tech start-ups.

CONFLICTING NOTES

However, highly disparate teams, many different personalities, and high levels of creativity is a spicy recipe for group conflict. It was not surprising then that there was plenty of dysfunctional conflict and disruptive and destructive clashes of egos and personalities in the jazz ensembles.

Traditional team leadership theory suggests that to achieve the best team performance

a leader should foster conflict that promotes productive behaviours – functional conflict – while minimising and eradicating dysfunctional and destructive conflict. But this is difficult when the sources of productive and destructive conflict are the same – that is, differences in personality and thinking.

How does this chime with the past jazz greats? Well, it didn't seem to bother the likes of Ellington, Davis and Blakey. Their attitude was "the music comes first". As such, discordant behaviour was tolerated on a journey towards overall harmony. The bad behaviour of individuals, whether turning up late for practice, or stepping out of a performance to eat a previously ordered steak, was seen as a small price to pay for the moments of musical genius, when everything came together.

Altogether, according to Ucbasaran and Lockett, dysfunctional behaviour appears to go hand in hand with the creative process in these highly disparate teams. Instead of trying to muffle the squabbling, team leaders obtain better results by deploying strategies to benefit from the creative upside of tension and conflict, all the while accepting the problems that arise from "bad" behaviour. In the jazz context, if musicians were late for practice, for example, Duke Ellington did not get angry – he just started without them. What kept these leaders' teams together, however, was an overarching higher goal: to create the best music.



© Andrey Gromov

PLAYING OUT OF SYNCH

It is generally assumed that teams must co-ordinate their behaviour and action to achieve a positive outcome, with the team leader assuming a number of different roles – mentor, model, coach, supervisor, for example – when helping the team achieve its objectives. Indeed, some leaders are very directive, detailing what tasks they want team members to perform, and how they want them to go about those tasks.

But it was different for the approach that Ellington, Davis and Blakey adopted. Informal was the key note and direct, explicit instructions were kept to a minimum. In this sense, the jazz leaders acted more as facilitators, empowering the musicians to collectively co-ordinate their behaviour and action to produce the desired outcome. As Ucbasaran and Lockett note, Davis discouraged band members from rehearsing in case it led to musical clichés from over-practice. Similarly, he often asked his musicians to play a piece in an unusual key, so they did not rely on well-established fingering patterns.

However, this didn't mean that the performers were left to their own devices. The leader created a framework within which team members could work. To quote Ucbasaran and Lockett "this framework balanced guidance and structure with freedom to ex-

plore, express and make mistakes". Ellington, for example, often composed small musical phrases or musical triggers for each musician. This ensured a basic level of co-ordination and pointed them in the right direction, while still providing freedom for the band member to ad-lib and improvise. It is interesting to note that innovation and creativity often go hand-in-hand with failure and disappointment. The courage to try things out inevitably leads to some team members succeeding, others failing. For Profs. Deniz Ucbasaran and Andy Lockett, team leaders should therefore create an environment in which their team members feel safe to experiment, to improvise and take risks. "Do not fear mistakes. There are none." Miles Davis is credited as saying.

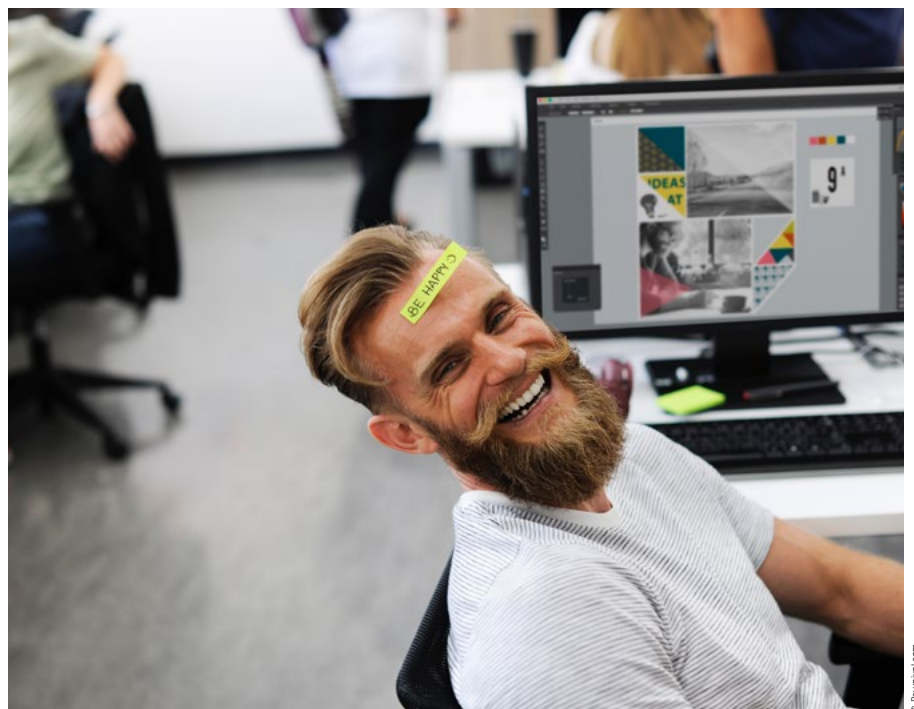
ON AND OFF THE BANDWAGON

The third aspect of leadership covered by their research is that of managing team turnover – people joining and leaving the team. Here again, the general idea in management is that retention of talent is a preferred factor in order to guarantee stability and longer-term results. Not so for the jazz greats: in the jazz ensembles studied, musicians joined and left on a regular basis. Despite the resulting loss of knowledge and skills, this was seen in a positive light, partly because of the benefits of on-boarding new knowledge, ideas and creativity when new members

joined. Moreover, a common reason for jazz musicians leaving was that they felt sufficiently qualified to go and run another band. The three great band leaders were understanding about this, particularly as it was a process they had also been through themselves and in some cases, in particular with Blakey, they actively encouraged and coached team members to become leaders. In other cases, team members left only to return at a later date, and it is here that Ucbasaran and Lockett compare this feature to organisational techniques such as rotational assignments that encourage individuals to gain new skills and knowledge elsewhere and bring them back to the group. It could also be seen as similar to the sabbatical, taking time away from the group and returning with renewed vigour and a fresh perspective on their work.

ENDING ON A HIGH NOTE: THE KEYS TO ENTREPRENEURIAL LEADERSHIP

As the jazz greats Ellington, Davis and Blakey would no doubt agree, there is no magic score that if followed note by note will make you a great leader of creative talent. However, Ucbasaran and Lockett's study of these jazz leaders offers some useful lessons for modern-day entrepreneurial leaders, especially where innovation and creativity are cardinal.



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- Accept that things can go wrong: jazz leaders embraced mistakes as part of the process of creating something new and valuable.
- Create room for experimentation and be forgiving of failure en route to success.
- Maintain a positive relationship with departing talent: in this way, team leaders expand their network where they might find new talent. And there's always the possibility that the departing team member might one day return.
- Tolerate and embrace discordant behaviour.
- Promote individualism and egalitarianism
- Create the space for team members to express themselves and experiment.
- Maximise creativity by minimising authoritarianism and rigidity, and value ambiguity over clarity.
- Restrain from micro-management though create frameworks, triggers and cues, set direction, and provide inspiration.
- Break up routines, stimulate and provoke new responses by proposing new (and uncomfortable) situations.

Take an entrepreneur, a few cues from the aforementioned jazz trio, mix in a little improvisation, and you are more likely to hear the sweet sound of success. As Louis Armstrong once sang: "Now that's jazz".



Andy Lockett



Deniz Ucbasaran

KEY TAKE AWAYS

THROUGH COLLECTIVE ENDEAVOUR, MANY FAMOUS JAZZ BANDS FIND THEIR OWN STRUCTURE AND HARMONY, DESPITE APPARENT DISORDER, AND BECOME PROFITABLE ENTERPRISES – BOTH CREATIVELY AND COMMERCIALY.

IN A WORK CONTEXT, IF WE TAKE ORGANISATIONS AND HOW THEY TACKLE DIVERSITY, THE CONVENTIONAL APPROACH IS TO THINK IN TERMS OF GENDER, ETHNICITY, CULTURAL BACKGROUND AND FUNCTIONAL SKILLS.

EVIDENCE FROM THE JAZZ WORLD SUGGESTS THAT TEAM LEADERS COULD ATTEMPT A WIDER CONCEPT OF DIVERSITY WHEN BUILDING THEIR TEAMS THAT TAKES INTO ACCOUNT COGNITIVE AND PERSONALITY DIFFERENCE AS DESIRABLE TEAM ATTRIBUTES.

FOR THE JAZZ GREATS, DISCORDANT BEHAVIOUR WAS TOLERATED ON A JOURNEY TOWARDS OVERALL HARMONY.

EXPLICIT INSTRUCTIONS WERE KEPT TO A MINIMUM: THE JAZZ LEADERS ACTED MORE AS FACILITATORS, EMPOWERING THE MUSICIANS TO COLLECTIVELY CO-ORDINATE THEIR BEHAVIOUR AND ACTION TO PRODUCE THE DESIRED OUTCOME.

LEADERS SHOULD THEREFORE CREATE AN ENVIRONMENT IN WHICH THEIR TEAM MEMBERS FEEL SAFE TO EXPERIMENT, TO IMPROVISE AND TAKE RISKS.

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FEMALES IN THE WORKFORCE: BREAKING FREE FROM THE DOLL'S HOUSE



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Camila Morishita, undergraduate student at **FGV-EAESP**, articulates her thoughts on how we can put an end to violence against women and the role that corporates can play in the emancipation of modern women.

STAY HOME AND LOOK PRETTY

IT'S NO BREAKING NEWS that women have it harder when it comes to entering - and staying - in the labour market. Up until the 19th century, women's role in society was to stay at home, and take care of their children and cook meals for their husbands. Not only were they not allowed

to work, they were also considered intellectually inferior. Many scientists actually believed that the female mind was dictated mostly by emotions in lieu of rational thoughts.

Even during critical times, such as the Great Depression of 1929, the importance of incorporating females in the workforce was ignored. The universal attitude was to discourage women from seeking jobs, with a

general warning to "stay away from a man's place". It wasn't until World War II, when millions of men were away in the call of duty and wartime production was booming, that employers really started to recruit women. This, however, was not the end of this deep-rooted problem. Even though women were allowed to get a job, their work conditions were far from ideal. Women were often paid less, never occupied any positions of power

and were constantly subject to sexual harassment in the workplace.

Fast-forward to 2019, and we cannot say that a lot has changed over the years. Although women have certainly conquered many rights, they are still perceived as inferior. This happens because the problems females face in the labour force are reflections of society. Yes, some laws may have changed in favour of equality but the general mentality remains the same. The fact that women are really as capable as men is still a very bitter pill to swallow for many. As a consequence of this mindset, women are more prone to be victims of rape, human trafficking and domestic violence. What these three felonies have in common is the motivation: they are all, directly or indirectly, statements of power. The American Psychoanalytic Association believes that men violate and kill women because they view the opposite sex as weak.

THE DOLL THEORY

"One is not born a woman, but becomes one" is the central theme of *The Second Sex*, the most famous book written by the existentialist philosopher, Simone de Beauvoir. She argues that femininity is nothing but a social construct, and that girls are often taught to behave like their dolls. This means that, in the same way as dolls are supposed to be "waiting" at home - all prettied up - for their "owners" to come back

from school, women are trained to objectify themselves and wait patiently at home for their husbands to come back from work. They are not expected to have any thoughts or voice of their own, as if they were just an accessory, a living doll. In order to break free from this scenario, women need to realise that they are not obligated to comply with the status quo. But how can they understand that if there is no representation for them? How can they dream of being a leader when there are barely a handful of examples of female leadership in the world?

Women who get trapped in feelings of worthlessness become vulnerable to psychological manipulation. According to a few studies conducted by UN Women, 70% of women have been in an abusive relationship and almost 40% of murders of females are committed by an intimate, male partner. One factor that further exacerbates the situation is the fact that many people who suffer domestic violence are not even aware of it. This is because for many, the concept of abuse is limited to physical violence whereas in reality it encompasses psychological, sexual, financial and emotional abuse. Because of this misconception, the victims often do not know how to seek out help, and even worse, they sometimes begin to blame themselves for their situation.

Female unemployment is a key factor that fuels the occurrence of domestic violence. An article published by Professors Anderson, Rainer et al argues that "an increase

in risk of male unemployment decreases the incidence of intimate partner violence, while a rising risk of female unemployment increases domestic abuse". This happens because when a man who is predisposed to violent behavior faces difficulties in finding a job, he conceals his true nature for fear of losing his partner. On the other hand, when a woman can't find a job, she becomes financially dependent on her husband and, therefore, the man assumes the position of the provider and believes that even if he is aggressive, his wife won't leave him.



COMPANY CULTURE IS KEY

Some companies are already aware of the power they hold over equality issues and are creating new policies to guarantee a more balanced work environment. Goldman Sachs, for instance, is focused on hiring more women and minorities, and aims to have a 50% female representation among incoming analysts by 2021.

Just hiring more women, however, is not enough. While it's a start, nothing will change unless people stop perceiving women as weaker and inferior. If businesses only focus on getting more females inside firms but do little to change the general mindset, they will continue to be underpaid and to suffer harassment and discrimination at every step in their career path. At Accenture, executives have realised this and are thus now more focused on highlighting their philosophy of "belonging" to attract and retain more female employees.





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Besides having a more inviting culture, it is crucial that businesses develop campaigns both inside and outside the company to increase awareness of gender gaps. One way in which they could do this is by developing partnerships with NGOs that strive to encourage women to become more independent and powerful. The Brazilian firm Magazine Luiza, for example, is constantly creating advertisements that bring attention to inequality issues and its president, Luiza Trajano, frequently gives speeches about the difficulties of being a female leader.

Companies should also have a very strict policy towards sexual harassment and violence. Anyone who tries to diminish a person based on their gender should be immediately fired, regardless of the position they hold within the firm. While doing the standard background check, human resources employees should also be instructed to turn down anyone with a history of domestic violence or aggression, especially towards women.

A WIN-WIN SCENARIO

Some people might wonder, why would a business go through the trouble of making so many changes? Why should they care about diversity if their ultimate goal is to maximise stakeholders' profit? The answer to these questions is rather simple, and can be based on an economic concept: open competition is good because it allows the use of resources in the most efficient way. Translating that into the gender gap scenario, it is possible to say that the labour market currently does not operate under open competition because men sustain an unfair advantage over women and, therefore, it is not using its resources (in this case, employees) efficiently. The lack of

diversity directly translates into biased points of view, lack of richness in insight and creativity, and missing out from some knowledge that can only come from what women experience.

THE FUTURE STARTS NOW

Before we can take any corrective measures, it is essential for us to acknowledge that women have always been marginalised and underestimated. For a long time, females were thought to be guided by emotions alone, and to be less competent than men. Even though much has changed and feminists have conquered many rights, the general mentality that women are weaker still hovers over our society. The feelings of being powerless make women more susceptible to domestic violence and other forms of aggression. Companies have the very important responsibility to ensure adequate female representation in the workforce and to inspire women to pursue leadership positions. By doing this, businesses will also profit because the diverse environment can serve as a source of competitive advantage.



Camila Morishita

KEY TAKE AWAYS

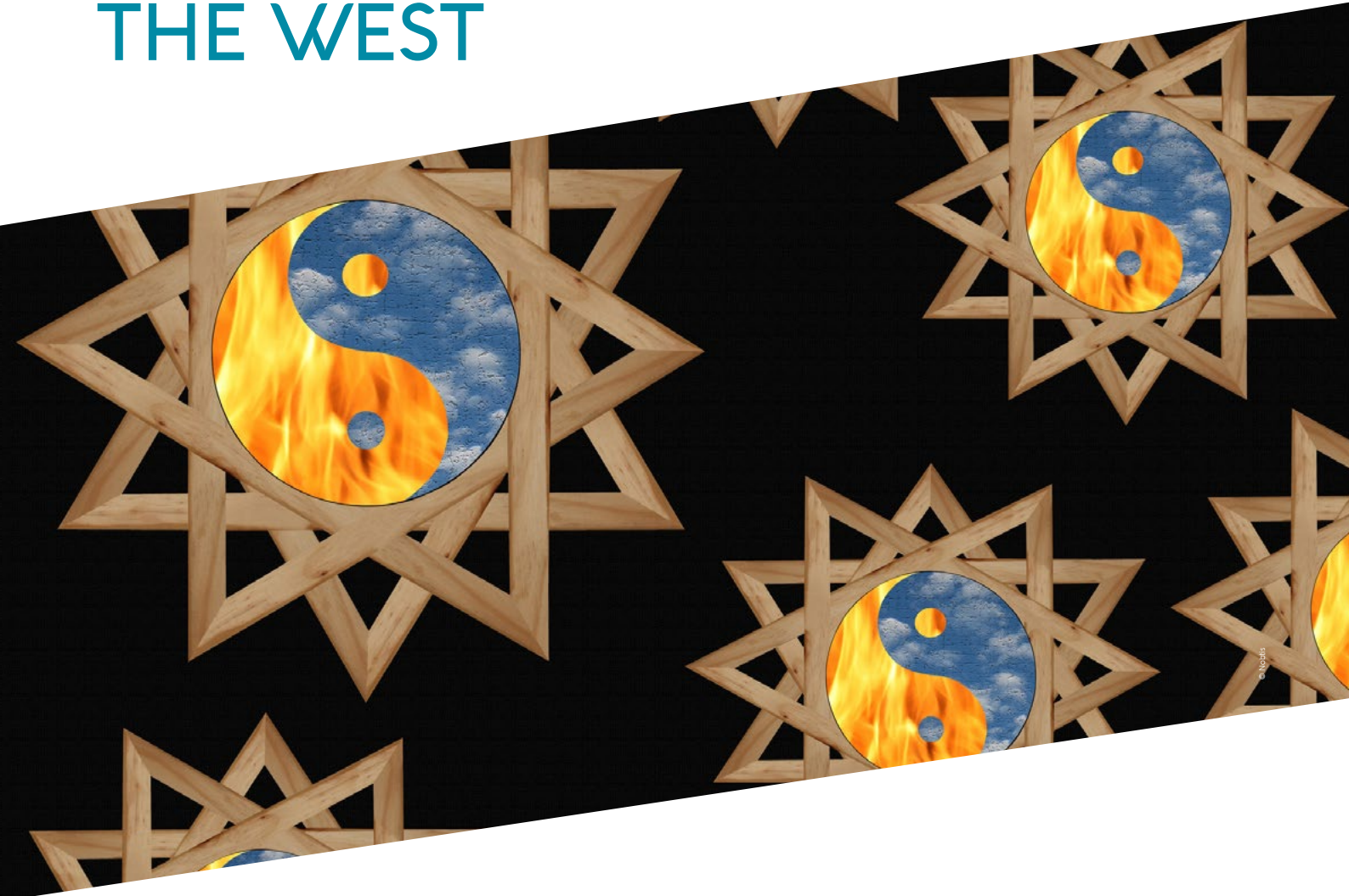
WOMEN HAVE ALWAYS BEEN PERCEIVED AS THE WEAKER SEX AND THIS NOTION MAKES THEM ALL THE MORE VULNERABLE TO ACTS OF DOMESTIC VIOLENCE AND OTHER FORMS OF ABUSE.

BUSINESSES HAVE A HUGE RESPONSIBILITY TO CHANGE THE GENERAL MINDSET BECAUSE IF THEY HIRE MORE WOMEN AND CREATE MORE EXAMPLES OF FEMALE LEADERSHIP, MORE WOMEN WILL BE INSPIRED TO SEEK OUT AMBITIOUS, LEADERSHIP POSITIONS.

ALONG WITH INCLUSIVE HIRING POLICIES, COMPANIES NEED TO FOSTER THE RIGHT CORPORATE CULTURE AND PHILOSOPHY TOO. THEY SHOULD HAVE A ZERO-TOLERANCE POLICY TOWARDS SEXUAL HARASSMENT AND DOMESTIC ABUSE.

THE ECONOMY ALSO WINS WHEN THE LABOUR MARKET BECOMES MORE DIVERSE, BECAUSE THE RIGHT BALANCE OF MALES AND FEMALES REALLY HELPS TO BRING IN UNPRECEDENTED LEVELS OF INSIGHTS AND CREATIVITY IN THE WORKFORCE.

YIN-YANG BALANCING BETWEEN THE EAST AND THE WEST



Prof **Qinqin Zheng** of **School of Management Fudan University** and Prof **Yadong Luo** of University of Miami analyse the differences between Western and Eastern management philosophies to propose a solution to manage complexity in the post-modern era.

By CoBS Editor Afifeh Fakori, from the paper "Competing in complex cross-cultural world: Philosophical insights from Yin-Yang" by Yadong Luo, Qinqin Zheng, Cross Cultural & Strategic Management, Vol. 23 Issue: 2, pp. 386-392.

ALTHOUGH THE ACRONYM VUCA (Volatile, Uncertain, Complex and Ambiguous) was first coined in 1987, the concept of a 'VUCA World' has probably never been more relevant. How should managers operate

in a VUCA world that is also more interconnected than ever before? Well, for the past five decades, Western management philosophies have prevailed. But as articulated by Prof Peter Ping Li of Copenhagen

Business School, it might be time to finally pay attention to Eastern perspectives which have been in existence for much longer, and yet, have failed to quite make it into the limelight... until now, at least. Confucianism,

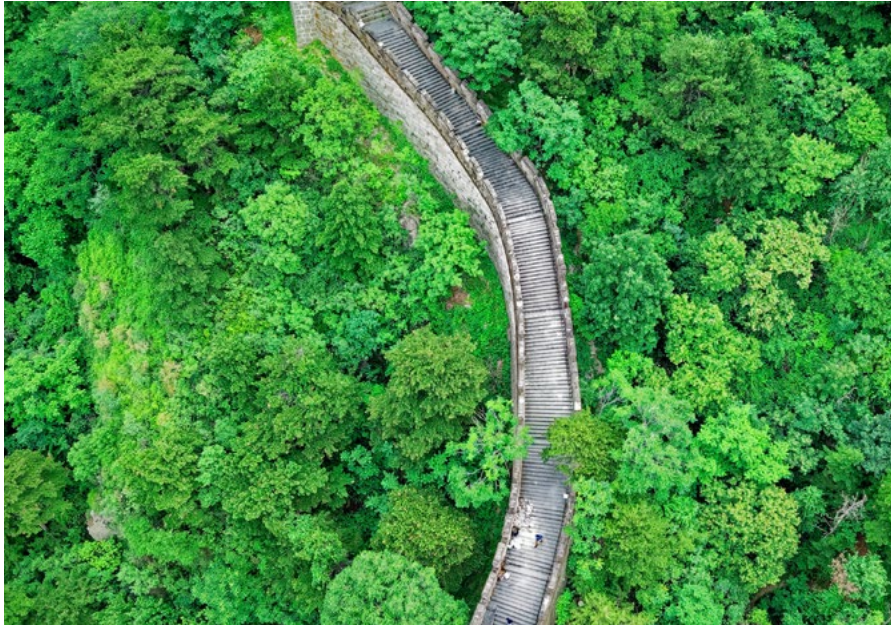
WHEN WEST MEETS EAST

Eastern and Western philosophies are based on very different assumptions. For instance, 'ambiguity' has a rather negative connotation in the Western culture whereas the Chinese embrace ambiguity as not only inevitable but also desirable. Then there is also the fact that the concept of Yin and Yang appreciates "what is" whereas the Western style focuses more on "what ought to be." This means that the West can often come across as more self-centred and aggressive towards the "external world."

Aristotle's "either/or" logic has a very strong hold on Western style of management, triggering Westerners to avoid and deny paradox with an absolute separation of mental opposites. As a result, they have a hard time reconciling intuition with analysis. They are content to sacrifice one of the two, the one often being intuition. It is true that this conscious endeavour to substitute complexity and uncertainty with simplicity and certainty, has resulted in the dramatic advances in modern sciences in the West. The Eastern approach may have failed to lead to the modern sciences, but right now it appears to be compatible with the post-modern era where business and environment must work together in pursuit of the dual goal of short-term returns and long-term growth. Business relationships with external stakeholders such as suppliers, competitors and the government are increasingly more collaborative and competitive today, and this necessitates the ambidextrous balancing between the two.

The Eastern approach is more ambidextrous in the sense that it follows a "either/and" duality, with the "either" indicating the existence of tension and trade-off, and the "and" signifying harmony, synergy and complementarity. The modern notion of "blue ocean strategy" is consistent with Yin-Yang balancing since it aims to strike a fine balance between high value and low cost, rather than pursuing the "either/or" approach. In fact, the blue ocean strategy highlights the power of Yin-Yang balancing by postulating that the best competition is no competition!

But at this point it would be unfair not to note that there are also some Western management theories, such as organisational ambidexterity, loose coupling, collaborative competitive advantage and co-opetition,



Taoism and Legalism have been in existence for about 2,500 years now, and in his paper on Yin-Yang balancing, Professor Li asserts that Eastern philosophies may be better suited to handle some of the complexities of today.

THE YIN TO YOUR YANG

The Yin-Yang philosophy is one of the central notions of Taoism which teaches us how to act in accordance with nature. "Tao" refers to a natural course, which is spontaneous, eternal and indescribable. It manifests itself through several natural principles, one of which is the Yin-Yang duality. This duality concerns complementary opposites and asserts that there is no life without death, no good without evil, and no day without night. The ubiquitous symbol of Yin-Yang - the white swirl with a black dot and the black swirl with a white dot - embodies the philosophy that coexistence and unity of opposites are necessary to form a meaningful whole.

Today's corporate world is brimming with seemingly contradictory needs - efficiency and flexibility, competition and cooperation, stability and adaptation, exploitation and exploration, global and local, market-based and relationship-based strategies, and long-term and short-term. Such complex new business realities require ambidexterity if competing needs are to be satisfied simultaneously and dynamically. The wisdom of Yin-Yang balancing is an important guide to understanding these paradoxes and tensions. It treats two

opposite elements of any paradox as partial trade-off as well as partial synergy within a spectrum of holistic balancing.

This approach can accomplish a multitude of conflictual and competing goals not just in the East but also in the more developed Western world. For instance, the Danish toy-maker Lego has already adopted eleven paradoxical principles similar to the practices in China. Lego's paradoxical principles include "to build a close relationship with one's staff... and to keep a suitable distance" and "to lead... and to hold oneself in the background." The Chinese practices include "maintaining both distance and closeness" and "treating subordinates uniformly while allowing individualization."



which share some core values of Yin-Yang balancing. But such sharing has not been articulated explicitly yet.

HOW MUCH TENSION IS HEALTHY?

Disagreements and conflicts are quite necessary in the early stages of organisational development. But it is also critical to ensure that paradox management leads to synergistic gains instead of just endogenous trade-offs, which may sometimes result from Ying-Yang integration. Opposing elements can find a unique fit only by sharing common objectives and emphasising on values added by the system as a whole. Since Yin-Yang balancing is more of a philosophy than a science, it is difficult to use a scientific approach to empirically verify it. But then again, one must also acknowledge that in the real business world, management is often an art rather than an exact science. As such, managerial philosophies such as Yin-Yang may be more relevant and valuable to managers than scientific hypotheses and propositions.

Opposite elements also need to be well-aligned in order to manage the right level of complementarity. For example, in business ethics we may be disturbed by legal standards that are not always consistent with ethical standards. In such cases, it is important to determine which threshold is more important to abide by for paradox management. Effective organisational practices, culture, leadership, routines and processes are required if we want to build healthy tension and achieve a good balance that leads to organisational effectiveness.

A FINAL WORD ON INTRODUCING CALM INTO CHAOS

Increased competition and interdependence in the business world will only cause more, and not less, paradoxes than before. Western and Eastern management philosophies have their respective strengths and weaknesses, and in isolation, neither one is adequate to manage all types of problems. Thus, the panacea lies in integrating Eastern and Western systems into a geocentric meta-system. The post-modern world characterised by global interconnectivity requires a combination of organic complexity and mechanistic simplicity and clarity.

Enlightened by Yin-Yang balancing, there is a great potential of co-evolution, convergence and co-reinforcement of different philosophies. But we still need further research to determine how micro-foundations such as teams, culture, human resources management, information sharing and inter-unit collaboration, can foster the execution of Yin-Yang balancing.



Qinqin Zheng

KEY TAKE AWAYS

CONFUCIANISM, TAOISM AND LEGALISM MAY BE BETTER SUITED TO HANDLE SOME OF THE BUSINESS AND MANAGEMENT COMPLEXITIES OF TODAY.

THE YIN-YANG PHILOSOPHY IS ONE OF THE CENTRAL NOTIONS OF TAOISM WHICH TEACHES US HOW TO ACT IN ACCORDANCE WITH NATURE AND FORWARDS THE NOTION OF DUALITY.

IT TREATS TWO OPPOSITE ELEMENTS OF ANY PARADOX AS PARTIAL TRADE-OFF AS WELL AS PARTIAL SYNERGY WITHIN A SPECTRUM OF HOLISTIC BALANCING.

EASTERN AND WESTERN PHILOSOPHIES ARE BASED ON VERY DIFFERENT ASSUMPTIONS: 'AMBIGUITY' HAS A RATHER NEGATIVE CONNOTATION IN THE WESTERN CULTURE, WHEREAS THE CHINESE EMBRACE AMBIGUITY AS NOT ONLY INEVITABLE BUT ALSO DESIRABLE.

THE EASTERN APPROACH IS MORE AMBIDEXTROUS IN THE SENSE THAT IT FOLLOWS A "EITHER/ AND" DUALITY, WITH THE "EITHER" INDICATING THE EXISTENCE OF TENSION AND TRADE-OFF, AND THE "AND" SIGNIFYING HARMONY, SYNERGY AND COMPLEMENTARITY.

IT IS CRITICAL TO ENSURE THAT PARADOX MANAGEMENT LEADS TO SYNERGISTIC GAINS INSTEAD OF JUST ENDOGENOUS TRADE-OFFS.

INCREASED COMPETITION AND INTERDEPENDENCE IN THE BUSINESS WORLD WILL ONLY CAUSE MORE, AND NOT LESS, PARADOXES THAN BEFORE. WESTERN AND EASTERN MANAGEMENT PHILOSOPHIES HAVE THEIR RESPECTIVE STRENGTHS AND WEAKNESSES AND BOTH CAN BE USED TO ADDRESS THESE.

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SOCIAL CONTRIBUTION AND PROFIT - ARE COMPANIES FACING A TRADE-OFF?



Should companies give up maximizing their profits to do good for society? What does profit actually mean for a company in the first place? **Midori Toya, ESSEC GBBA** student, tackles the issues and calls for a new form of hybrid business model.

SHIFT IN THE FOR-PROFIT SECTOR

BY LETTING THE NON-PROFIT SECTOR deal with social problems, companies have long been focused on increasing sales and maximizing profits. In other words, companies have kept a distance from social matters, their sole interest has been to keep

generating the revenue. However, there has recently been a major shift in this corporate attitude in different fields, ranging from companies' CSR (Corporate Social Responsibility) practices to their marketing strategies - for example, *social marketing*: a strategy that aims at influencing an individual's behavior for the benefit of society as a whole. Moreover, companies are now actively taking

part in a wide range of social movements, such as combatting gender discrimination.

By actually engaging with social and environmental concerns - rather than operating business outside of them - companies are slowly but surely taking part in the work which a few decades ago was thought to be the that of the non-profit sector.

SHIFT IN THE NON-PROFIT SECTOR

There has also been a big shift in the non-profit sector, the conventional approach to combatting social inequalities. Dan Pallotta, activist and fundraiser, gave the inspiring talk “*The way we think about charity is dead wrong*” at a TED conference in 2013, urging us to change our presumption on nonprofits.

When it comes to the non-profit sector, we generally think that any work must be voluntary and should not be compensated. Because of this tendency to believe that working in the non-profit sector will not – or rather, *should not* – be highly paid, many talented people, even though they aspire to make social changes, face a trade-off between their ambition and economic sacrifices, and end up working in the for-profit sector.

In addition, doing charitable activities is deeply welcomed by society, whereas promoting these activities in the way that a business does – by means of marketing and advertisement – is not. As such, even great accomplishments and innovative ideas to improve our society get disregarded. The non-profit sector should spend more on “advertising” their activities and raising public awareness – something that would eventually improve overall welfare in society. In a word, Dan Pallotta believes that the non-profit sector can achieve better, and greater social good by applying methods used in the for-profit sector.

Combined together, for-profit companies behaving like non-profits and non-profits leaning towards the for-profit business model can create a new form of business: a hybrid of for-profit and non-profit. However, the biggest question is “how can we make a profit out of it?” And this brings us back to the very first question “what does *profit* actually mean?”

WHAT DOES PROFIT MEAN?

The apparent answer to the question “what does profit mean?” is, of course, money. Money has served as a measure of success in the world of business, from a company’s net income to stock price. Yet behind all these numbers, there are real human beings. It may seem evident, but once a business starts to get off the ground and grow bigger, it can easily be covered by all those spectacular numbers on financial statements. And just as there are infinite numbers between 1 and 2 – 1.0001, 1.0002 – there are infinite human interactions behind the word profit. When companies focus only on the numerical side of profit, they are trapped in myopia: a number is just a consequence – therefore, it should not be the end in itself.

What companies should focus on instead are the human interactions behind profit and improving customer experience that requires further engagement in social issues by companies. For example, the improvement

“ When companies focus only on the numerical side of profit, they are trapped in myopia: a number is just a consequence – therefore, it should not be the end in itself. ”

of employee working condition. By focusing on the human side of profit – values that cannot be measured in money – companies will be able to create a virtuous cycle, better customer experience leading to long-term customer loyalty and, thus, sustainable business revenues. The good news is that more and more companies are starting to realise it. But the bad news is that they are few to actually do it.



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BUYING IS VOTING

So, what should we do? As a consumer, we should not wait for companies to change – we should change, too. We blame business for wrongdoings in society and environment, but as a member of society each of us is also responsible. And being a consumer means that we have a “right to vote” for companies to which we entrust our future. Buying is voting. When we buy things, we are ultimately voting for the entire chain of operation of the company, declaring “Yes, we support your business and I want you to continue.” What is essential for us consumers in the 21st century, where social challenges and environmental crises are in the hands of business activities which are based on consumption, is to reflect on what we are buying and from whom we are buying. We need to understand the consequences of



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our actions and be proactive in the improvement of social well-being by using our “right to vote” properly.

A WIN-WIN IS POSSIBLE

Should companies give up maximizing their profits to do good for society? The answer is no; companies will not face a trade-off between social contribution and profit in a society where consumers are aware of the impact of their buying behaviour. Consumers will buy products from companies that are socially responsible and environmentally sustainable, allowing them to continue generating revenues and thus profit.

In addition, the non-profit sector is beginning to market itself – higher salaries attract more talented and skilled people, and the promotion of their activities through advertisement increases public visibility and attention. This accelerates charitable actions and, as a result, achieves greater social good. For-profits, non-profits and consumers – each stakeholder has a crucial role to play in building a better future. If they work together cooperatively in a responsible way, there will no longer be a trade-off: each social contribution creates a profit, and each profit created contributes to society.



Midori Toya



KEY TAKE AWAYS

MORE AND MORE COMPANIES ARE ENGAGING IN SOCIAL/ENVIRONMENTAL ISSUES.

NONPROFITS ARE SEEKING TO CAUSE BIGGER SOCIAL IMPACT BY APPLYING METHODS USED IN FOR-PROFIT SECTORS.

THE MONETARY SIDE OF PROFITS SHOULD NOT BE THE END IN ITSELF, COMPANIES SHOULD INSTEAD FOCUS ON THE PROCESS OF GENERATING PROFITS: HUMAN INTERACTIONS.

CONSUMERS SHOULD BE AWARE OF THE CONSEQUENCES OF THEIR BUYING ACTION AND BE RESPONSIBLE FOR IT; BUYING SHOWS SUPPORT FOR THE ENTIRE BUSINESS PRACTICES OF A COMPANY.

SOCIAL CONTRIBUTION AND PROFIT GENERATION CAN BE ACHIEVED SIMULTANEOUSLY, SO LONG AS CONSUMERS USE THEIR “VOTING RIGHT” FOR COMPANIES THAT ENHANCE SOCIAL WELL-BEING.

TALENT – TO BE AND NOT TO BE



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Prof. **Sachiko Yamao** of **Keio Business School** joins forces with Profs. **Jennie Sumelius** and **Adam Smale** of **University of Vaasa** to explore the imperative, albeit sensitive issue of recognising high-potential employees in an organisation.

From a paper entitled "Mixed signals: employee reactions to talent status communication amidst strategic ambiguity".

WHO DOESN'T ENJOY a bit of recognition? You would probably be deluding yourself if you said you didn't. But surprisingly the joy of recognition can be rather fleeting in cases where recognition is shrouded

in ambiguity. Organisations approach talent management with the goal to ensure long-term efficiency in terms of higher productivity and lower turnover. Yet, the way they manage talent can sometimes lead to the

exact opposite of the original intent – employee dissatisfaction and resentment, not just from the employees who are not identified as 'talents' but also from the ones identified as high-potential. Ironic, isn't it?



The talents had a difficult time comprehending why they were the chosen ones.



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ZOOMING IN ON THE TALENT MANAGEMENT OF FINNS

There is a plethora of evidence to suggest that differential management of employees according to their relative potential contributes to an organisation's competitive advantage. But what is equally important, and often ignored, is how companies communicate about talent status to their employees. As such, Profs. Yamao, Sumelius and Smale decided to examine the reactions of the high-flyers and 'B' players on finding out about their status in an organisation.

The researchers conducted 24 in-depth, qualitative interviews of individuals who are either working for or have worked in the past for the Finnish subsidiary of a US technology firm. This firm, dubbed FinnTech, adopts an approach of strategic ambiguity in talent status communication. This means that only employees identified as 'talents' are formally notified about their status on a one-to-one basis. While this comes with special access to various projects and trainings reserved exclusively for the talents only, these high-flyers are still in the dark about the long-term consequences of their status upgrade. Meanwhile, the 'B' players –

or those not identified as talents – receive no communication whatsoever on the existence of talent pools. This, by itself, is innocuous, until the grapevine creeps in to reveal to these employees about the existence of talent pools and their exclusion from that pool. This method of talent management does not sit comfortably in Finland, which is hallmarked by strong egalitarian values.

YOU ARE IT!

It is no surprise that FinnTech employees identified as talents experienced pride and a sense of achievement upon being recognised by the top management. The initial excitement of having gained recognition was, however, rapidly replaced by a more complex emotion revolving around the following:

- 1) **Why me?** The talents had a difficult time comprehending why they were the chosen ones. Was it just because of their good performance or did it also involve factors such as marketing oneself and building a good relationship with supervisors?
- 2) **Am I always going to be considered a high-potential employee?** In addition

to not being aware of the criteria for talent pool inclusion, talents were also not aware of the duration of their status, and what was required to maintain it. This uncertainty was definitely a source of unease for them. Making sense out of this new psychological contract between themselves and the organisation was not very simple.

- 3) **Do I have to burn the midnight oil now?** The talents also wondered if their status upgrade meant having to work significantly more, and not necessarily on value-adding projects. Our Finnish talents mentioned that they had to engage in preparation of corporate kick-off meetings and in planning of new work premises after their status upgrade. They perceived these tasks to be an unsolicited burden on their existing workload rather than an activity meant to nurture their personal development. In addition, these talents felt that they were being constantly scrutinised by top management. This exerted upon them a pressure to invest additional time in their work to prove that they were worthy of the special status.



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THE WOES OF THE UNCHOSEN ONES

For the 'B' players who were not deemed worthy of receiving the 'talent' status, the misery comes in two tiers. As our respondents confided, first, they were disappointed not to have been among the cherry-picked in the organisation. But then the disappointment was further amplified by the fact that they were not even notified about the existence of a talent pool or the requirements to get into one.

The self-awareness of 'B' players about their status in the company emerged through a blurred, iterative process of analysing subtle signals in the corporate grapevine. It is quite natural that this process of discerning one's

own status based on informal cues was not a pleasant experience. They, too, wondered why some of their peers were chosen and they were not. Was it really a lack of merit or was it because they had not engaged in ostentatious displays of self-promotion? Was it because they had not networked with the 'right' people? So, in the end, it was their perception about their status that bothered them more than the status itself. The unease led to resentment and uncertainty about their future with the company, eventually leading some to quit the company.

It is understandable that FinnTech probably opted for ambiguous, targeted communication in order to reduce potential negative reactions such as envy, decreased motivation, and turnover intentions from the 'B'

players. However, this is a rather myopic approach as deliberately maintaining information asymmetry can cause unhealthy, unconfirmed assumptions to persist. At the same time, one could say that it is also a tad bit unethical to keep employees in the dark about their careers.

Organisations need to acknowledge the fact that most 'B' players will eventually find out about their non-status one way or another. Openness about the existence of talent pools may thus be a better approach. But then again, explicit communication on talent pool should always be accompanied by a way-forward on future development opportunities for those not in the talent pool.

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THE FINNISH CONTEXT

The Finns harbour a mentality of discouraging those who stand out as achievers, and instead emphasise the role of the collective rather than the individual in achieving success. The ambiguous communication of talent status at FinnTech was probably a result of its US roots. While this approach may have worked in some cultures, it was rather unacceptable – amongst the talents and ‘B’ players alike – in Finland. The one thing that Finns are absolutely incapable of doing is tooting their own horns. The high-flyers interviewed at FinnTech emphasised the importance of remaining modest and maintaining a low profile despite their status. Not only do they feel it is grossly inappropriate to flaunt a special status but also know that any indication of complacency would render them a target for collegial contempt. This line of thinking can perhaps best be described by the ‘Law of Jante’ – a term used widely in the Nordic countries to describe a condescending attitude towards individuality and success.

SIDESTEPPING A STICKY SITUATION

There is no doubt regarding the myriad benefits of recognising talent. Employees who are rightly recognised exhibit positive behavioural outcomes when it comes to commitment and motivation. But what is important is to maintain an element of distributive justice when recognising talent. In this regard, transparency of identification criteria is of critical importance for the talents and ‘B’ players alike. In the end, what matters more than the status itself, is the perception of the employees about the status. A higher level of perceived fairness is more likely to translate into positive attitudes among employees.

Professors Yamao, Sumelius and Smale’s findings reveal that the effects of strategic ambiguity on employee reactions are markedly different for talents versus ‘B’ players, yet in both cases the longer-term consequences were mostly negative from the individual’s point of view. So, it is safe to conclude that MNCs may need to make more concerted

attempts to understand the meanings attached to exclusive TM practices and how local employees in different parts of the MNC view this status. Alternatives such as ‘talent teams’, or other forms of positive feedback and status-enhancement such as interesting assignments and opportunities to pursue own projects, may in some contexts be more culturally acceptable than identifying individual talents.





Jennie Sumelius



Sachiko Yamao



Adam Smale

KEY TAKE AWAYS

ORGANISATIONS APPROACH TALENT MANAGEMENT WITH THE GOAL TO ENSURE LONG-TERM EFFICIENCY IN TERMS OF HIGHER PRODUCTIVITY AND LOWER TURNOVER.

THE WAY OF MANAGING TALENT CAN SOMETIMES LEAD TO THE EXACT OPPOSITE OF THE ORIGINAL INTENT - EMPLOYEE DISSATISFACTION AND RESENTMENT FROM HIGH POTENTIALS AS WELL AS THE UNRECOGNISED.

THE WAY HOW COMPANIES COMMUNICATE ABOUT TALENT STATUS TO THEIR EMPLOYEES IS IMPORTANT.

TALENTS MAY HAVE DIFFICULTY COMPREHENDING WHY THEY WERE THE CHOSEN ONES. TALENTS MAY ALSO BE UNAWARE OF THE DURATION OF THEIR STATUS, AND WHAT IS REQUIRED TO MAINTAIN IT. TALENTS MAY ALSO WONDER IF THEIR STATUS UPGRADE MEANS HAVING TO WORK SIGNIFICANTLY MORE, AND NOT NECESSARILY ON VALUE-ADDING PROJECTS.

ALTERNATIVES SUCH AS 'TALENT TEAMS', OR OTHER FORMS OF POSITIVE FEEDBACK AND STATUS-ENHANCEMENT SUCH AS INTERESTING ASSIGNMENTS AND OPPORTUNITIES TO PURSUE OWN PROJECTS MAY BE SOLUTIONS TO THE ABOVE.

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***“Education is the way
to liberate every human being.”***

**Hirokazu Kono, Dean and Professor,
Operations Management, Keio Business School**

HIDING IN BROAD DAYLIGHT



Ever wonder how people get away with fraud? Profs. **Bernard Leca, ESSEC Business School**, and **Aziza Laguecir of IESEG** shed light on the mechanism of fraudulent activity and how modern-day employees use 'strategies of visibility' to beat the system.

Based on the paper by Prof. Bernard Leca and Prof. Aziza Laguecir, 'Strategies of visibility in contemporary surveillance settings: Insights from misconduct concealment in financial markets'.

THE ART OF DECEPTION

MAGICIANS ARE NOTORIOUS for employing distraction and deception to trick the audiences, often making them fo-

cus somewhere while the magic takes place elsewhere. But this art is not limited only to these enchanters. History has long talked of wars which have been often won through excellent use of such a strategy - the Trojan

horse is an excellent attestation to this fact.

Even in today's world, deception is an integral part of the society. Husbands buy expensive jewellery for their wives to solve

STRATEGIES OF VISIBILITY: THE THREE ACTS OF DECEPTION

Through their research, Profs. Leca and Laguecir have found that Kerviel utilized, what can be termed as strategies of visibility to carefully deceive all the three avenues of surveillance. Building on the research of Erving Goffman, a notable sociologist, the researchers suggest that Kerviel performed activities to appear in a positive light to the respective monitoring parties to conceal the fraudulent activities he carried on in the backend.

The strategy of visibility involves three components – identifying the expectations of the audience, putting up an image of oneself that complies with these expectations, and at the same time concealing what one does not want revealed.

For instance, a magician essentially identifies whether his audience is composed of oblivious and unsuspecting children, usually at birthday parties, or of rational adults with an eye for detail. This helps him vary his tricks according to the group, allowing him to subsequently get that ‘wow’ reaction from each of them.



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arguments, culprits falsify alibis to get away with murder and executives and politicians bring up other issues to take the spotlight away from their fraudulent activities.

Particularly in the field of finance, ‘financial fraud’ has become a household term these days owing to several ‘popular’ scandals such as the Lehman brothers, AIG and Enron cases. These cases were a result of malpractices which remained undetected for years, ultimately leading to the companies’ collapse. Surprisingly, all these frauds were committed while under the scrutiny of dedicated departments for surveillance. One can argue that the surveillance systems then were primitive and under-developed and thus unable to detect the frauds in time.

SURVEILLANCE IN A CONTEMPORARY SETTING

The technological advancements that followed over the years has led to vast improvements in the surveillance systems in terms of increased speed and volume of data collection. Managers in companies can now detect such frauds using complex algorithms and reports instead of depending upon accountants as was the earlier practice. Furthermore, the growth of organisations has led to the development of multiple avenues or departments of surveillance at these companies which have helped create a sense of transparency like never before.

With the advent of such developments, it is easy to believe that committing fraud would become harder and its detection, easier and swifter. But is it really so?

Profs. Bernard Leca and Aziza Laguecir have thoroughly analysed the 2008 SocGen securities fraud to help us understand the downside of these advancements and how an individual was able to exploit it for personal gains and in the process, costing the company nearly €5 billion in losses.

PUTTING THINGS INTO PERSPECTIVE

Société Générale, founded in 1864, is one of the oldest banks in France. With over 150,000 employees and revenues of €24 billion today, it could very well be one of Europe’s largest financial services organisations. A loss of €5 billion would be nothing short of devastating for such an organisation.

The shortfall can be traced back to the trading activities of one employee, Jerome Kerviel, who executed numerous high-risk trades over several years. He knew his trade well and worked in close quarters with his fellow colleagues. At all times, he was under the scrutiny of three entities – his immediate supervisor and colleagues, the Risk department and the compliance department.

With regards to the Société Générale fraud, the research points to evidence that Kerviel strategically put up convincing fronts for all three of his audiences to portray a positive image while he went about his misdeeds.

- As a trader, his supervisor and fellow traders expected him to be a gambler, to take high risks in exchange for high returns. Kerviel accordingly portrayed himself as a high performer, engaging in malpractices whenever necessary. His image as an excellent trader, his supervisor's lack of trade knowledge and the fact that the team benefitted from Kerviel's actions, helped in covering up his little secret.
- The Risk department's expectations of him were that of a low risk trader who did not put the company at too much risk of loss. To put up a façade of a low risk, he balanced out his high-risk trades through various underhand tricks like post-dating his transactions, generating false low risk trades and masking trades as internal activities of the firm.
- Lastly, the compliance department's role was to monitor and ensure that the employees followed internal procedures and complied with the law. Kerviel engaged them in a friendly manner while at the same time portraying superiority over them by using technical trade jargons – terms which the department members were unfamiliar with. This ensured a general leniency of the department towards Kerviel's overall conduct, which helped him mask his illicit actions.

Jerome Kerviel was eventually found guilty of thousands of fraudulent transactions which remained unreported to the authorities until it was too late.

SERVING HALF-COOKED ANSWERS

It is evident that despite the multiple monitor entities, Kerviel managed to deceive all of them by employing these strategies of visibility. Researchers believe that the very factors that would prevent misconduct in fact played key roles in the success of his deception.



Firstly, even though multiple surveillance systems meant increased visibility of the traders, they lacked coordination in between them. This lack was emphasised through the various strategies that Kerviel used to satisfy the various expectations. As a result, each of the entities only had a partial view of what he was doing. As such, not only existence, but the coordination between surveillance entities is necessary if one wants to prevent misconduct.

Secondly, although technical advancement of surveillance systems would ideally favour the monitors, in this case it empowered Kerviel. He used his technical trade knowledge to skilfully outmanoeuvre all the departments who themselves were not very technically sound. Although the surveillance systems were empowered enough to provide all the necessary information towards the detection of this fraud, the employees simply lacked the literacy to utilize it. This underlines the fact that it's not enough to only have advanced surveillance systems. One must also have the technical literacy to utilize these resources.

Finally, the researchers highlight the various aspects of strategies of visibility and how they could be potentially used to deceive the surveillance systems in order to stay wary of them.

Yet, authors also show that competent direct supervision can reduce the changes of deception. Overall the study suggests that even in a high-surveillance setting misconduct and unethical behaviours are possible and need to be addressed not only through controlled systems but also in a human and managerial perspective with competent supervisors paying attention to what employees do and not only 'checking the boxes' for mandatory procedures of control.



Particularly in the field of finance, 'financial fraud' has become a household term these days owing to several 'popular' scandals.





Aziza Laguecir



Bernard Leca

KEY TAKE AWAYS

TECHNOLOGICAL ADVANCEMENTS HAVE LED TO VAST IMPROVEMENTS IN THE SURVEILLANCE SYSTEMS IN TERMS OF INCREASED SPEED AND VOLUME OF DATA COLLECTION.

MANAGERS IN COMPANIES CAN NOW DETECT SUCH FRAUDS USING COMPLEX ALGORITHMS AND REPORTS INSTEAD OF DEPENDING UPON ACCOUNTANTS AS WAS THE EARLIER PRACTICE.

USING THE SOCIÉTÉ GÉNÉRALE AND JEROME KERVIEL FRAUD EXAMPLE, PROFS. LECA AND LAGUECIR HAVE FOUND THAT KERVIEL UTILIZED WHAT CAN BE TERMED AS STRATEGIES OF VISIBILITY TO CAREFULLY DECEIVE AVENUES OF SURVEILLANCE.

THE STRATEGY OF VISIBILITY INVOLVES THREE COMPONENTS - IDENTIFYING THE EXPECTATIONS OF THE AUDIENCE, PUTTING UP AN IMAGE OF ONESELF THAT COMPLIES WITH THESE EXPECTATIONS, AND AT THE SAME TIME CONCEALING WHAT ONE DOES NOT WANT REVEALED.

TYPICAL MALFUNCTIONS IN SURVEILLANCE SYSTEMS INCLUDE: LACK OF COORDINATION BETWEEN BODIES ENTRUSTED WITH SURVEILLANCE, LACK OF TECHNICAL SKILLS IN USING THE SURVEILLANCE TOOLS, LACK OF HUMAN SUPERVISION AND MONITORING "IN THE OFFICE".

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FROM STAR WARS TO TRADE WARS AND CONFLICT MANAGEMENT

“

Different patterns of laughter serve different purposes with consequently different effects on team communication and effectiveness.

”

Professor **Lorna Doucet** of **School of Management Fudan University** shares research into how US and Chinese business people manage conflict.

Based on the paper Cross-cultural differences in conflict management: An inductive study of Chinese and American managers by Lorna Doucet, Karen A. Jehn, Elizabeth Weldon, Xiangming Chen, Zhongming Wang, published in the International Journal of Conflict Management.

TAKE ME TO THE STARS

FROM STEEL, aluminum and soya beans to automotive parts, halibut and, heavens forbid, a long list of necessities that also includes loo paper. After imposing billions of dollars' worth of tariffs on each other's goods, US and Chinese delegations met

on 7th January in Beijing to hold talks aimed at resolving the damaging trade dispute that has seen Chinese consumers shun Apple iPhones and moved US manufacturers to choke software supplies to Chinese chipmakers.

What's more, the trade war has exacerbated

the 'publicity' war. Recently, China successfully tested an anti-satellite missile, as well as stealing the stage with their close-to-home landing on the dark side of the moon – while all the US had to offer was the mere feat of filming Ultima Thule up close, the farthest and oldest space object ever visited by a spacecraft.



or askew team members. Their American counterparts, however, generally omitted this aspect when describing critical incidents occurring in work-related situations.

The results confirm analyses showing that shaming peers and moral education are more important means of social control in Asian societies than in Western ones. Embarrassing or shaming a 'wrongdoer' involves public exposure with the risk of rejection from the group plus a hefty exhortation to reform. Given the traditional collectivism in China where the group has priority over the individual, such tactics are considered effective punishment. The other glove – packing a moral message – finds its roots in traditional Confucianism that puts the accent on moral development to produce socially responsible behaviour. Such a tactic reached a height in the so-called 'struggle sessions' of the cultural revolution back in the 1960s when people accused of counter-revolutionary behaviour were forced to announce their alleged misdeeds in public and declare their intentions to reform. After admitting their mistakes, the accused were often sentenced to political and moral re-education to promote personal reform. Of course, that may translate in today's working world as receiving a dressing down in front of the colleagues and having to fill in a daily performance sheet for a month or two, but this historical emphasis on public exposure and moral reform still influences current day responses to conflict at work in a Chinese context.

The internationalisation of business activity has long since demonstrated the importance of understanding cross-cultural differences in negotiation and conflict management behaviour. The trade war standoff in progress since early 2018 seems to call more than ever for an urgent return to the classroom. The bottom line is this: as many business people have discovered, ineffective negotiations and poor conflict management often contribute to problematic international operations. This is where several stars from the academic world come in.

English to ensure equivalence. The data obtained from both groups was analysed separately – to avoid transferring preconceived conceptions across cultures and the risk that certain words might have different meanings for the two.

NO PUNCHES PULLED

What came out of the research was that American and Chinese business people go about handling conflict differently. Chinese managers described the use of embarrassment and teaching a moral lesson as important when dealing with underperforming

SEARCH AND UNDERSTAND

Research undertaken by Prof. Lorna Doucet, School of Management Fudan, and colleagues Karen A. Jehn, Elizabeth Weldon, Xiangming Chen, and Zhongming Wang set out to compare the behaviours of American and Chinese managers in a bid to uncover differences in how they approach conflict. The findings might just offer insight to the negotiators in Beijing.

Using inductive research to get behind how US and Chinese managers actually perceive conflict management, Prof. Doucet and her colleagues surveyed 66 American and 52 Chinese managers working in China to describe a conflict they had experienced involving a manager from the same culture. The interview questions were translated from English to Chinese, then translated back to





© Patrick Vél

KID GLOVES

In contrast, the results for American managers showed a belief in harnessing their emotions, separating behaviour – or ‘wrongdoing’ – from the person and personal characteristics when disciplining. The Harvard experts on negotiating Fischer and Ury indeed summon their manager-readers to ‘separate people from the problem’. Whether this behaviour among the US managers surveyed is a result from their reading *Getting to Yes* or not may be a question to ask. Managers are also advised to tick off and advise their team members in private when discussing performance, away from other team members, and this is consistent with the notion that Americans do not focus on shaming (although in other contexts such as family it might be true) as a means of social control in the workplace.

Altogether, the results for US managers show that hostility and vengefulness – wanting to harm the other’s interests – are considered to be in direct opposition to cooperative or collaborative approaches to conflict management and problem-solving that run deep in Western modern management. As such, the conflicts described by the managers during the surveys featured low levels of hostility, quite distinct from previous research which honed in on indifference towards the other party’s interests. It’s important to note here, that the Chinese managers did not find hostility or vengefulness to be important elements of conflict management.

NO, THANKS – NOT TODAY

What if there was a third way to manage conflict? Namely – the simple fact of avoiding it? Previous research has pointed to avoiding conflict as either the result of a lack

of concern for one’s own wants and needs among Western managers, or, for Asians, as a way in which to maintain relationships. In Prof. Doucet’s research, something new cropped up, with American managers, importantly, identifying a key motive for avoiding conflict as being a lack of confidence. Given the cultural stereotype of the big, brash and over-confident American (i.e. Donald Trump), this is surprising. What is even more surprising is that the data analysed from the Chinese surveys indicated that Chinese managers gave no mention of confidence, or the lack of it, when speaking about conflict behaviour. This element, it seems, is out the Chinese agenda.

So after a year of costly trade war, jostling for the media spotlight and threatening the world with a lack of loo paper, it might just be time for the US and Chinese delegations to read their books before returning to the negotiating table. Pulling no punches does not necessarily mean an outright call for a fight. And wearing kid gloves in your talks does not necessarily invite an easy push over.



Lorna Doucet

KEY TAKE AWAYS

THE INTERNATIONALISATION OF BUSINESS ACTIVITY HAS LONG SINCE DEMONSTRATED THE IMPORTANCE OF UNDERSTANDING CROSS-CULTURAL DIFFERENCES IN NEGOTIATION AND CONFLICT MANAGEMENT BEHAVIOUR.

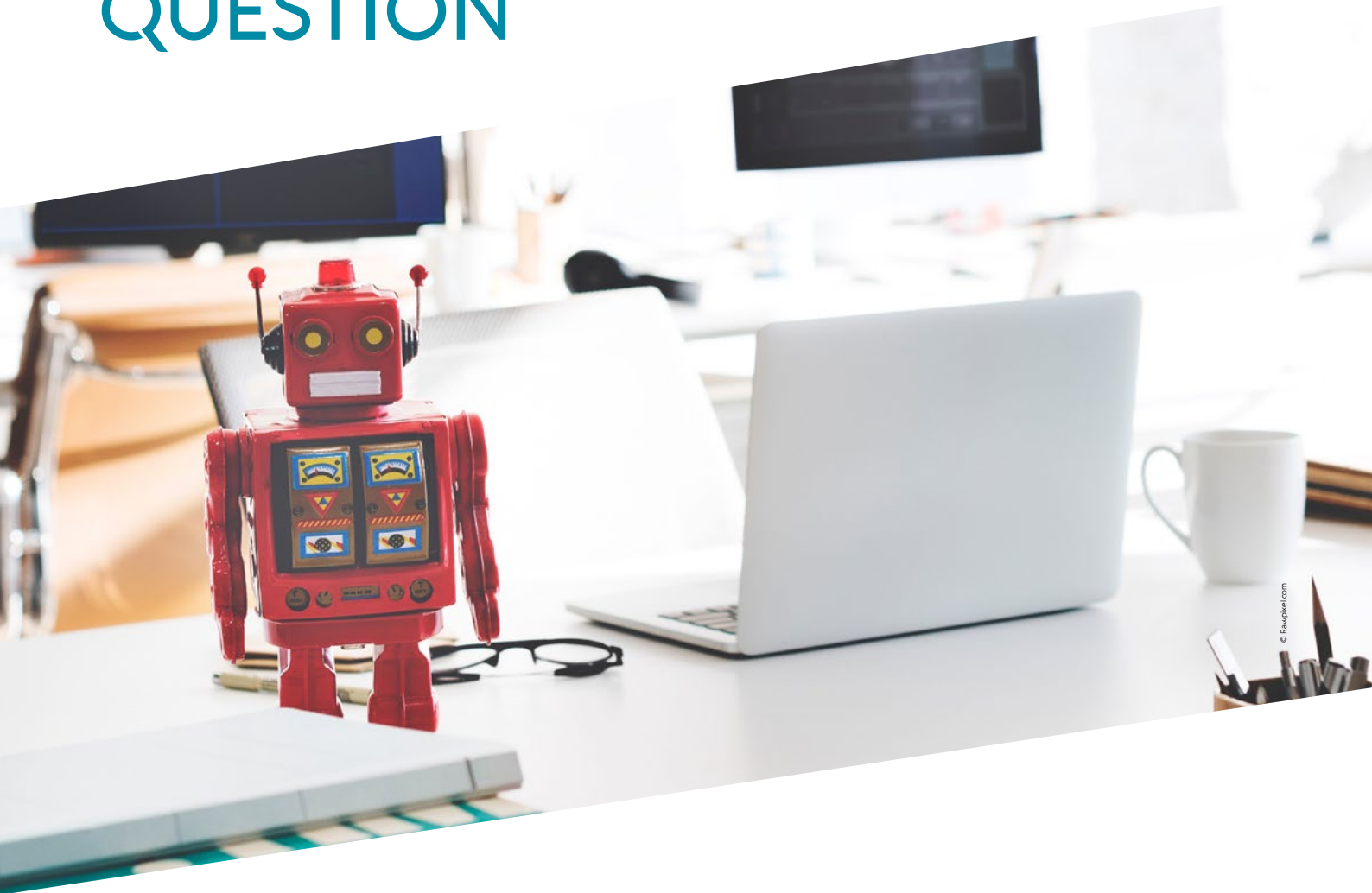
CHINESE MANAGERS DESCRIBED THE USE OF EMBARRASSMENT AND TEACHING A MORAL LESSON AS IMPORTANT WHEN DEALING WITH UNDERPERFORMING OR ASKEW TEAM MEMBERS.

AMERICAN MANAGERS SHOWED A BELIEF IN HARNESSING THEIR EMOTIONS, SEPARATING BEHAVIOUR – OR ‘WRONGDOING’ – FROM THE PERSON AND PERSONAL CHARACTERISTICS WHEN DISCIPLINING.

US MANAGERS ARE ALSO ADVISED TO TICK OFF AND ADVISE THEIR TEAM MEMBERS IN PRIVATE WHEN DISCUSSING PERFORMANCE, AWAY FROM OTHER TEAM MEMBERS.

AMERICAN MANAGERS IDENTIFY A KEY MOTIVE FOR AVOIDING CONFLICT AS BEING A LACK OF CONFIDENCE, WHEREAS CHINESE MANAGERS GAVE NO MENTION OF CONFIDENCE, OR THE LACK OF IT, WHEN SPEAKING ABOUT CONFLICT BEHAVIOUR.

AI AND THE RISE OF THE ROBOTS: A TAXING QUESTION



Dr. **Maja Korica**, Associate Professor of Organisation at **Warwick Business School**, speaks up on how AI and the fourth industrial revolution will impact society.

AUTOMATION HAS BEEN HERE FOR A WHILE – IS IT APPROACHING CRITICAL MASS?

A NUMBER OF INDUSTRIES have been automated for years, and that automation continues at pace. What is perhaps most concerning is the speed at which the biggest players are introducing these changes. If you

take a company like Amazon, for instance, in 2017 it was said to have introduced more than 50,000 new robots, a 100 per cent increase from the previous year. Estimates suggest some 20 per cent of its workforce may already be made up of robots.

This shift is highly visible, and of course highly effective. After all, robots can work much closer to 24/7, 365 days a year than

humans, they do not have unions, they do not complain, there are less costs associated in terms of providing an acceptable working environment, and they come with great efficiencies (after a period of adjustment). As such, they present a powerful incentive for other firms to do the same.



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THE RISE OF THE ROBOTS IS UNDERWAY IMAGES PAR ELEVATE

Whether it's AI or robots, the impact of their development on work is similar. There may be humans involved still, but fewer and not always in better jobs. And this is not just in Western economies. In China, for instance, the scale of investment in robots and displacement of workers is huge.

The traditional doctrine is that other jobs will be created to make up for those lost by the introduction of a new technology. This time, the suggestion by experts like Martin Ford is that these jobs will mostly move to the service industry, specifically where empathy and judgement is involved. However, traditionally better paid jobs, like lawyers, surgeons and financial advisors, are increasingly a target for automation too. This constitutes a new paradigm – different from technology advances that have eradicated jobs in the past. It used to be the case that with new technological advances came new opportunities, and often better, and better paid work. This is no longer necessarily the case, and this has significant consequences – not just in terms of economics, because of reduced purchasing power spread across fewer people, but also in terms of social and political consequences. What happens when millions of people discover they no longer have long-term meaningful careers, or a stable, dignified job at all?

A CUTTING TEMPTATION

If we only look at the bottom line – from the perspective of a shareholder in a corporation deploying automation – lower headcount, lower costs, and greater productivity equal more profits. That's a positive for shareholders. As such, cutting workers is one obvious solution. The robots pay for themselves in a short time, so the investors might expect to do very well.

However, the problem is that calculation is no longer appropriate. You can fly under the radar and hope for the best, but we can already see some of these things having well-publicised broader social and political

consequences. National publics are increasingly living those consequences, so losing patience with this type of thinking. Couched in those terms, it becomes clear that here short-term investor interest doesn't match the interest of the public, nor of national governments, certainly not in the longer term.

A TAXING QUESTION

There are several solutions available. One is the so-called 'robot tax'. Here, the idea is to use tax as a redistribution mechanism of corporate gains from automation. Obviously, some policymakers and business leaders object on the basis that a levy against automation is a levy against progress. The argument goes that technological advances are inevitable and essential, so we need to avoid any kind of tax that would make business less likely to invest in technological progress like AI and robots. There is also the fear that nations would be at a competitive disadvantage if they levied such a tax.

The dilemma is that if we accede to the "don't tax progress" argument, then we may well contribute to further wealth inequality. Indeed, the capturing of wealth created by automation has been clearly shown to go almost entirely to business owners in recent years, certainly in countries like the UK and US. And it is not really being redistributed. Neither to employees through increased employee ownership options, for example, nor more broadly, for instance via Universal Basic Income.



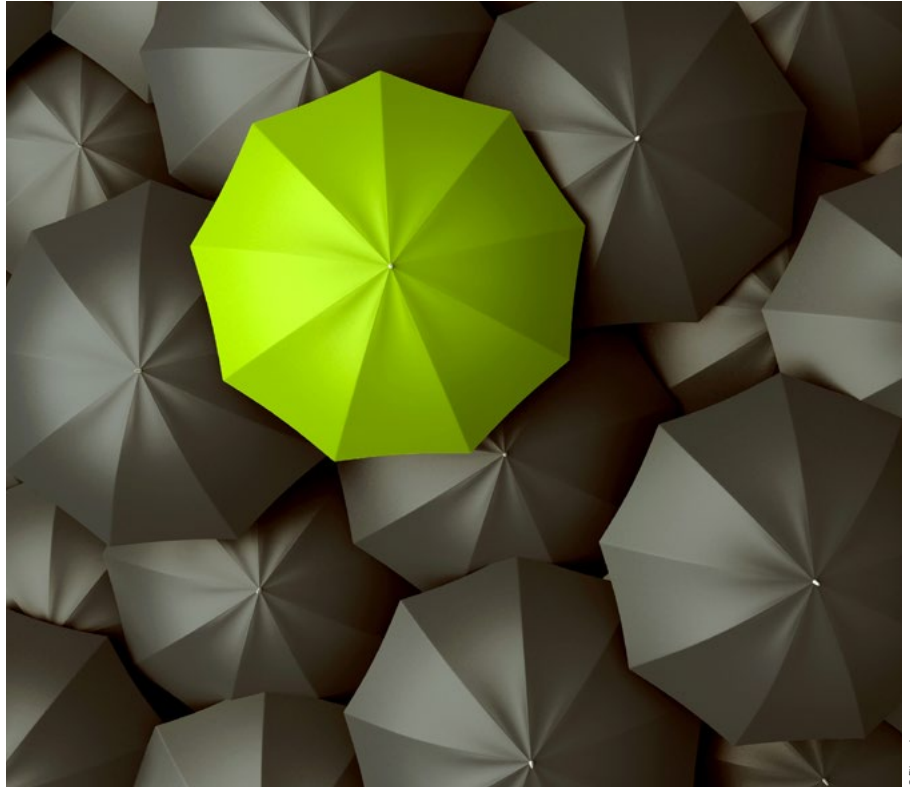
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For many average workers in such countries, their wages have stagnated or fallen over time – whole communities struggle to find dignified work for decent wages. Social structures begin to buckle, especially if at the same time governments have less tax income, or political desire to provide safety nets for displaced workers. In short, while the benefits of automation are clear for business owners, the externalities and the negative social and economic consequences presently fall on local communities and society more broadly.

RECONCILING COMPETING INTERESTS

According to Dr. Korica, one meaningful counterpoint to those kinds of incentive structures is targeted work by governments at a pan-national level, based on a shared set of principles concerning the social contract. The EU, for example, can take collective action if there is enough political will. In the absence of this, expecting companies to be responsible is basically saying 'whatever you are happy to do, you can do'. Self-regulation may work in some cases, but given the powerful incentives to introduce robots in the present market environment, it is highly unlikely that they would choose not to adopt these technologies. They might of course raise the salaries of the people that remain, but this would still have limited impact more broadly. In short, governments play a key part in mitigating those effects, and working out solutions.

Without intervention, the scenario described is one of an increasingly fractured world, as shareholders become considerably wealthier, while the majority of people struggle to earn a reasonable salary or find dignified work. This fracturing speaks to the wider world we find ourselves in. As such, Dr. Korica believes policymakers and business leaders should be thinking about how to collaborate across organisational boundaries to deal with these so-called 'wicked (or complex) problems'. "The idea that, as a company, you can forget about other people, that as an entity you have fixed boundaries, and can therefore choose to engage in the world however you want on your own terms - that notion is crumbling before our eyes. Sitting on the sidelines is no longer an option," states Korica.



Importantly, it hasn't always been this way. For instance, the so-called titans of business historically played a great role in public life of the US, based on the sentiment that we are all living together in this society, and so need to take some responsibility for what happens at our back door. Today, though, for many large multinationals, there is less sense of belonging: they are everywhere and nowhere. Their boundaries are so porous, they don't even know who their employees are or aren't, who or what they are responsible for, where they start or end. And there is also a much greater, detrimental focus on the bottom line in the short term.

ORGANISATIONS AND A DIFFERENT APPROACH

A different approach from companies demands a different kind of leadership and management. "We need a stewardship model, where leaders and organisations are contributors to broader well-being," says Dr. Korica. "For a CEO, this shift means practical reorientations too. CEOs should be thinking whether their staff at all levels can meet this challenge – do they have the skills that allow them to work with others across boundaries to deal with 'wicked problems'?" Do they have the capacity to create imaginative realities for different futures? Do they have the means to break through the ceiling of

information that surrounds every executive without reducing complexity? Are they continually asking critical questions?

In the end, the bigger crucial question is one of who owns the gains and the losses. "We need to train people to face a different kind of reality and/or enable people to exist with dignity in a future with less labour," she states. "How are we going to do that and who pays? And even if we figure out the payment element, what does this mean for individual identity and meaning? We talk about dignity of labour. Today's paid work is already short on dignity for many. What happens if we lose the labour part too? What will we do? Who will we be? These are some of the fundamental questions we need to answer for different contexts, and pretty soon too."



“

We need to train people to face a different kind of reality and/or enable people to exist with dignity in a future with less labour.

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Maja Korica

KEY TAKE AWAYS

WITH AI OR ROBOTS, THERE MAY BE HUMANS STILL INVOLVED IN THE WORKPLACE, BUT FEWER AND NOT ALWAYS IN BETTER JOBS.

EXPERTS TODAY FORECAST THAT JOBS WILL MOSTLY MOVE TO THE SERVICE INDUSTRY, SPECIFICALLY WHERE EMPATHY AND JUDGEMENT IS INVOLVED. HOWEVER, TRADITIONALLY BETTER PAID JOBS, LIKE LAWYERS, SURGEONS AND FINANCIAL ADVISORS, ARE INCREASINGLY A TARGET FOR AUTOMATION TOO.

FROM A PURELY ROI PERSPECTIVE, AI AND ROBOTS WILL BE POSITIVE FOR SHAREHOLDERS: LOWER HEADCOUNT, LOWER COSTS, AND GREATER PRODUCTIVITY EQUAL MORE PROFITS.

SHORT-TERM INVESTOR INTEREST DOESN'T MATCH THE INTEREST OF THE PUBLIC, NOR OF NATIONAL GOVERNMENTS IN THE LONG-TERM.

ONE SOLUTION IS THE 'ROBOT TAX' - USING TAX AS A REDISTRIBUTION MECHANISM OF CORPORATE GAINS FROM AUTOMATION - BUT IF USED, NATIONS WOULD BE AT A COMPETITIVE DISADVANTAGE.

THE DILEMMA IS THAT NOT USING THE "ROBOT TAX", WE MAY WELL CONTRIBUTE TO FURTHER WEALTH INEQUALITY.

GOVERNMENTS AND INTERNATIONAL BODIES (EX: THE EU) PLAY A KEY PART IN MITIGATING THOSE EFFECTS, AND WORKING OUT SOLUTIONS.

FOR PROF. KORICA, A DIFFERENT APPROACH FROM COMPANIES IS REQUIRED THAT DEMANDS A DIFFERENT KIND OF LEADERSHIP AND MANAGEMENT: A STEWARDSHIP MODEL, WHERE LEADERS AND ORGANISATIONS ARE CONTRIBUTORS TO BROADER WELL-BEING.



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TIMES HAVE CHANGED



Time to follow
@The_CoBS

CoBS *reader comments*



This is one of the best sites [for articles] I have ever visited. We all need to support women entrepreneurs in every aspect. The content is very informative. Thank you for sharing it.

Ashwin

These articles or blog posts are genuinely wonderful and I routinely move them on to my college students who're facing/struggling with exams and research competencies – they listen to you in a very way they really don't to me!

Moinc

Thanks for sharing this stuff, teaching innovation is one of the best points I found here, keep up the good work.
Best Regards.

Fek

This is inspiring and thought-provoking. As businessmen, we indeed need to learn to live with sustainability and mind and we should also learn how to respond to environmental emergencies.

Chelsea L

Hi, I like your articles every week. Your writing style is witty, keep up the good work!

Anon

I love the advice for students about fostering intellectual curiosity. It seems like this can lead to a love and passion for almost anything, especially the energy sector. My brother in law is very interested in futures trading. He's looking into energy market reports.

Jake G

I absolutely love your blog and find a lot of your posts to be what precisely I'm looking for. I wouldn't mind publishing a post or elaborating on a lot of the subjects you write regarding here. Again, awesome blog!

Rudolphe H



The Council on Business & Society: *What we do*

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on critical issues at the crossroads of business and society involving academics, students, policy-makers, NGOs and professionals.

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bringing together the students of all member schools and all programmes to write a CSR-oriented article, with a certificate, prize money and appearance in Global Voice.

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