

Magazine

# Global VIEWS

Knowledge for a new world

THE JOURNEY OF THE CORPORATE HERO

HOW CORPORATE ENTREPRENEURSHIP SUSTAINS COMPANIES ABROAD

RECOGNISING EMOTIONS: A SUPERPOWER IN THE SERVICE INDUSTRY'S ARSENAL

HOW BOARDS CAN FIX CORPORATE SOCIAL (I)RESPONSABILITY

WHAT DOES IT TAKE TO BECOME A LEADER? NOT A CHECKLIST

number  
12

*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.

### The six schools that make up the Council on Business & Society



- 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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# 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,**  
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"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**

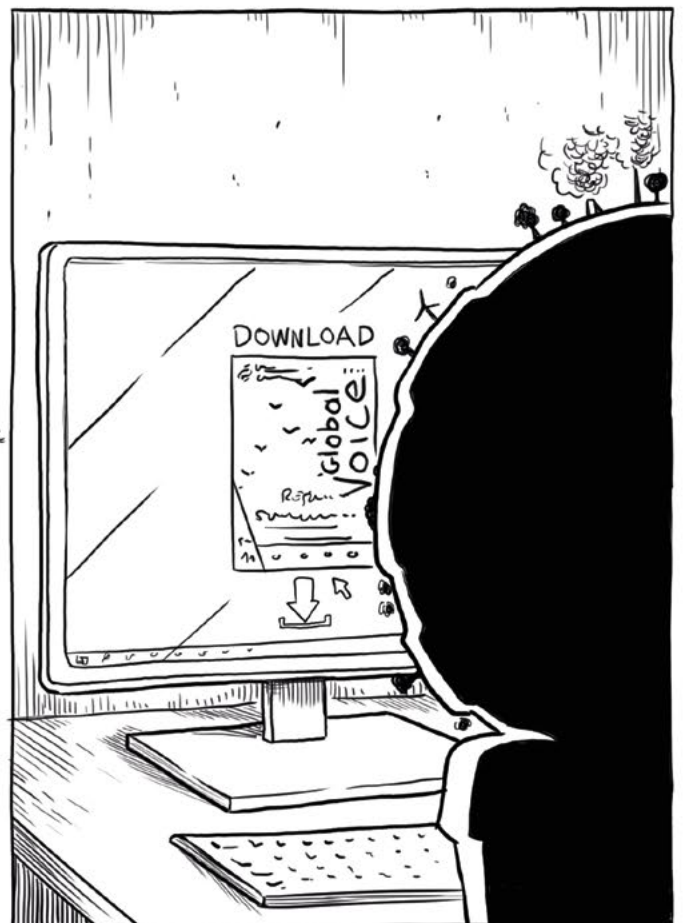
"As a leading European business school at a world-class University, Warwick Business School is committed to developing ideas and people that shape how we do business. We believe in the power of education to create the leaders the world needs to tackle societies' great challenges, such as global warming,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

**Dean Andrew Burke,**  
**Trinity College Dublin Business School, Ireland**

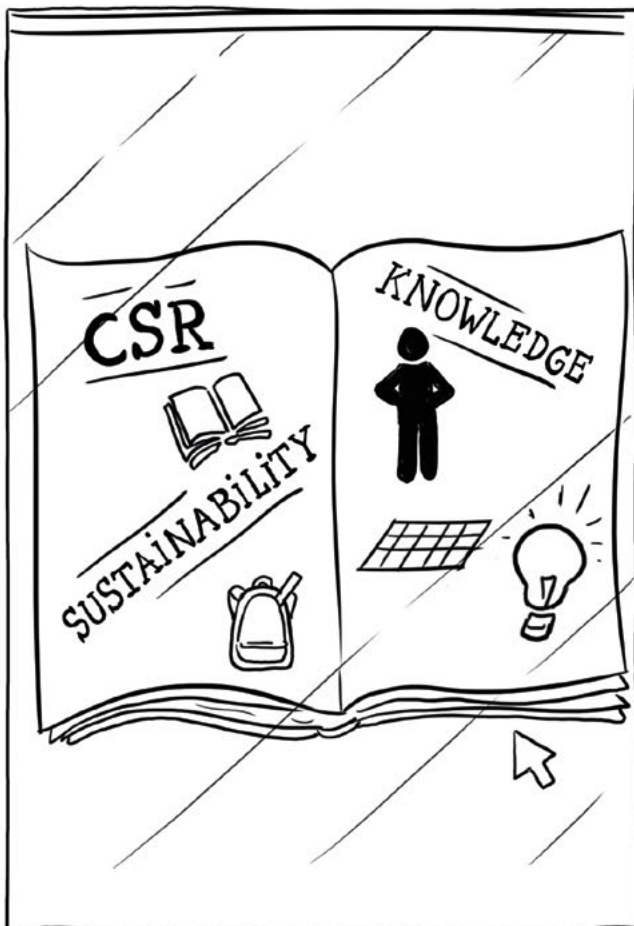
"We are the business school at the heart of a World renowned research-led university located at the centre of a European capital city and hub for global business. Our approach to education encapsulates this nexus of international research and industry expertise in a project-based approach where impact 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 Adrian Zicari, Executive Director, Council on Business Society



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**D**ear Readers,

The coming of Christmas gives us back our childhood memories. Family gatherings, candlelight, songs and gifts. And for those living in the Northern Hemisphere, the opportunity of playing with snow!

The end of the year is also time for reflection, pondering about what has been accomplished, and what remains to be done. Indeed, at the Council of Business & Society we can be happy of many achievements. Among others, the student CSR competition and the increasing number of people reached via the different CoBS digital platforms. In 2019, the Council has published 5 issues of Global Voice magazine, including three special issues on Asia-Pacific, Europe and Responsible Leadership, packed with cutting-edge research and insight made practical for those who read us.

We are now witnessing the surge of a vibrant community, as evidenced by the comments from readers and their participation in the CoBS blog. On this subject, the CoBS has opened up its Community blog to its readers' – every first Wednesday of the month – to contribute their voice on such issues as CSR, diversity and inclusion, education, sustainability and ethical leadership. Last but not least, we are particularly happy that Trinity Business School, Trinity College Dublin, became a member of the Council on Business & Society in June of this year. A warm welcome to them!

Happy as we are with these achievements, we want to focus on the next steps for the CoBS, our hopes and projects for 2020. We would like to strengthen and continue our common projects with students and faculty of the six member schools, as well as fostering greater links with partners and our readers, thus pursuing the global mission of the CoBS.

May each one of you, our readers, have a restful and peaceful Christmas.



**Prof. Adrian Zicari**

Executive Director

**Council on Business & Society**

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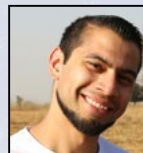
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# BUSINESS & SOCIETY



# BEYOND GIGS: THE “PROJECT ECONOMY”



“Project freelancers contribute an enormous amount to the economy and do much to drive economic performance through innovation.”

Professor **Andrew Burke**, Dean of **Trinity Business School**, Trinity College, Dublin, and chair of the Centre for Research on Self-Employment (**CRSE**) shines a light on the immense value of the growing freelancer “project economy”.

*Based on an original piece by Andrew Burke from his CRSE Report ‘The Freelance Project and Gig Economies of the 21<sup>st</sup> Century’.*

**AS PEOPLE INCREASINGLY GIVE UP** the nine-to-five job in favor of freelance work, the “gig economy” has come to dominate the global conversation. In fact, the term is so widely used in the media, it is sometimes difficult to avoid discussing it.

However, it is by no means the only form of work among the UK’s 4.8 million-strong self-employed community. A new report by Professor Andrew Burke from the Centre for Research on Self-Employment (CRSE) is shining light on the many other forms of

freelance work that exist beyond the “gig economy”. Most notably, the much larger and more productive “project economy”.



## FAR BEYOND THE GIG

Prof. Burke's report entitled *The Freelance Project and Gig Economies of the 21<sup>st</sup> Century* establishes the dominance not of the "gig economy", but rather of the aforementioned "project economy". Indeed, among highly skilled freelancers project work is five times more common than "gig" work. While in practice, both forms of freelancing are similar, it is the nature of the freelancers' work that differentiates them. The CRSE's report defines "gig" work as being paid to repeatedly perform the same task or gig for a client. In contrast, "project" work involves a freelancer being paid to help deliver all or a significant part of a particular business project.

Remarkably, Prof. Burke's research found that—with these definitions—there are currently five times as many

highly skilled “project” freelancers (those in the top three Standard Occupational Classifications) as “gig” freelancers. As a result of the availability of this talent, the “project economy” plays a vital role in driving the productivity of the wider economy. This is further manifested by the fact that these 2.1 million highly skilled freelancers—including managers, directors, professionals, and associate professionals—earn more than twice as much as equivalent full-time employees. Highly skilled freelancers are by far the most productive part of the self-employed sector:

Contributing an estimated £140-145 billion to the economy every year.

Unsurprisingly, most of this output is not generated through gigs. Project-based freelancers accounts for 73 per cent—or £104 billion—of the UK's £140-145 billion economic output of highly skilled freelancers. Gig-based freelancers, by contrast, account for just 14 per cent, or £20 billion, of this amount. The rest is made up by what Prof. Burke calls "portfolio" freelancers. Freelancers who do a variety of different kinds of work including both small gigs and entire projects.

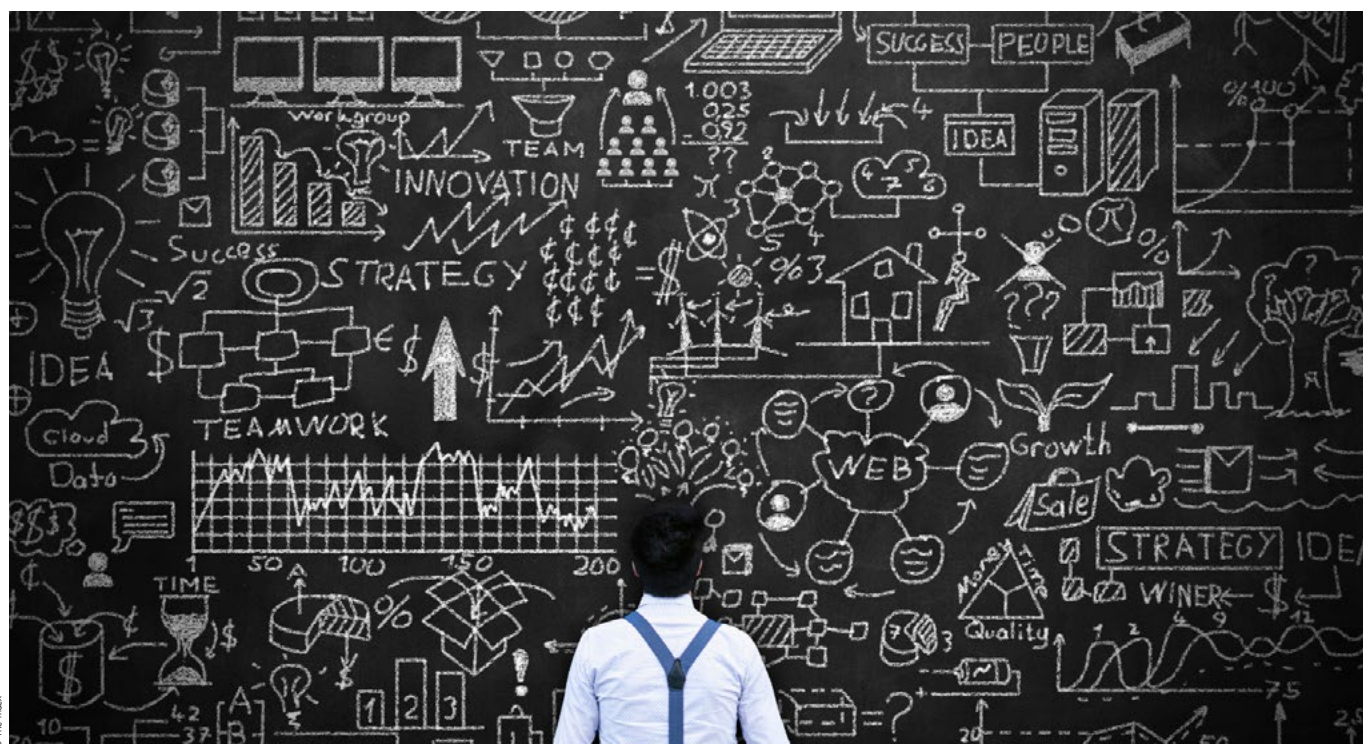
## FUELING INNOVATION-DRIVEN GROWTH

As Prof. Burke points out in the CRSE's report, much of the economic success of developed countries in the 21<sup>st</sup> century has been the result of their innovation-driven economies. Corporate growth and innovation, as well as entrepreneurship, have acted as the vehicles that delivered their outstanding growth. As a part of this economic machine, freelance work has undoubtedly proven to be a potent fuel.

Indeed, a vital part of the innovation enjoyed by developed economies can be attributed to the work of highly skilled freelancers. As Prof. Burke's qualitative research has demon-

trated, many firms are able to tap into human resources beyond the confines of their employees to embrace the flexible expertise of project freelancers for their innovation and growth work. In addition, these skilled freelancers also help them navigate peaks and troughs in demand due to their inherent flexibility and thus boost their productivity. The CRSE's report found that the contribution of skilled freelancers to the workplace and economy is indeed overwhelmingly positive.

This contribution is most evident in the realms of digital technology advances and new product development. Indeed, without access to these highly skilled freelancers for project work, success in these two key areas would be far more challenging for businesses across the board. Overall, the CRSE's report presents conclusive evidence that project freelancers contribute an enormous amount to the economy—more than the entire creative sector—and do much to drive economic performance through innovation. These findings are backed up by Prof. Burke's other recent quantitative research papers published in the *Small Business Economics* research journal, one of which finds a causal link between a firm's use of a freelancer intensive (greater than 11%) workforce and higher growth with net employee job creation while another shows that the level of new business start-up activity is positively related to the availability of freelancers in the workforce.



## KEY TAKE AWAYS

OF THE MANY FORMS OF FREELANCE WORK, THE "PROJECT ECONOMY" IS MUCH LARGER AND MORE PRODUCTIVE THAN THE "GIG ECONOMY"

HIGHLY SKILLED PROJECT-BASED FREELANCERS ACCOUNT FOR OVER 70% OF THE ECONOMIC OUTPUT GENERATED BY THE SELF-EMPLOYED SECTOR

MUCH OF THE INNOVATION-DRIVEN GROWTH WHICH DEVELOPED COUNTRIES OWE THEIR ECONOMIC SUCCESS TO TODAY HAS BEEN FUELED BY HIGHLY SKILLED FREELANCE WORK

MANY FIRMS ARE ABLE TO TAP INTO HUMAN RESOURCES BEYOND THE CONFINES OF THEIR EMPLOYEES TO EMBRACE THE FLEXIBLE EXPERTISE OF PROJECT FREELANCERS FOR THEIR INNOVATION AND GROWTH WORK

PROJECT FREELANCERS CONTRIBUTE AN ENORMOUS AMOUNT TO THE ECONOMY—MORE THAN THE ENTIRE CREATIVE SECTOR—AND DO MUCH TO DRIVE ECONOMIC PERFORMANCE THROUGH INNOVATION

TO BOOST ENTREPRENEURSHIP AND INNOVATION AMONG THE FREELANCE POPULATION GOVERNMENTS SHOULD IMPROVE ACCESS TO AND ENCOURAGE THE PROJECT ECONOMY.



© Václav Horánek

## FREELANCING FORWARD

Although the majority of Prof. Burke's analysis was based on UK data, the CRSE's report demonstrates that these findings could also apply to other similar innovation-driven economies such as most Western Europe and the United States. Today, developed economies would be far less entrepreneurial and innovative and, ultimately, would be more sluggish if their firms did not have access to highly skilled freelancers. As such, improving access to and encouraging participation in this freelance project economy may be a promising path forward for much of the developed world.



**Andrew Burke**





Trinity College Dublin  
Coláiste na Tríonóide, Baile Átha Cliath  
The University of Dublin

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# THE STATE VS. GLOBALISATION: ADAPTING TO SURVIVE



Prof. **Jamus Lim** of **ESSEC Business School, Asia-Pacific** explores the role of states in a future transformed by globalisation and argues that, in order to avoid becoming obsolete, they must adapt and find a new purpose that serves business and society.

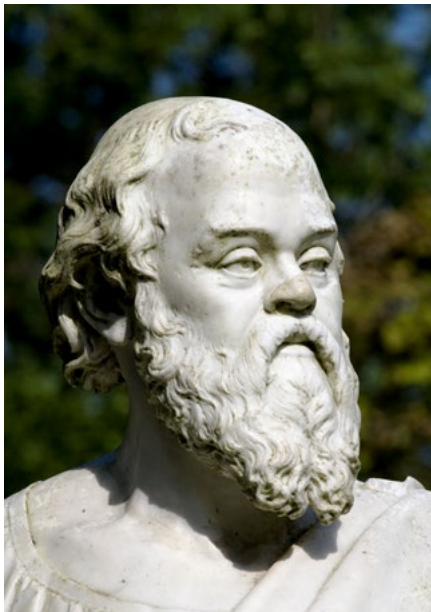
*From the paper On the Role of the State in an Increasingly Borderless World, by Jamus Jerome Lim.*

**ONLY A YEAR AGO**, President Trump stood in front of the United Nations General Assembly and proclaimed his rejection of globalism. However, in spite of the president's harrowing words, the forces of globalisation have not yielded—in the long run, the economic, social, and political in-

tegration of the world seems inevitable. In this hyper-globalized future, some have predicted the inevitable demise of the state, while others maintain that the state will continue to be the preeminent actor on the world stage – albeit with some international pressure. Prof. Jamus Lim of ESSEC Business

School, Asia-Pacific offers a more moderate view. He argues that, although the forces of globalisation are currently redefining the role of the state, it can still adapt to avoid becoming obsolete—and, in doing so, perhaps even save globalisation from itself.

## BACK TO THE FUTURE OF GLOBALISATION



Contrary to common belief, globalisation is not new to this generation. In 1919, the famed British economist John Maynard Keynes wrote of “the inhabitant of London [who] could order by the telephone, sipping his morning tea in bed, the various products of the whole earth, in such quantity as he might see fit, and reasonably expect their early delivery upon his doorstep.” In addition, Keynes describes the ease by which this same Londonian could do business abroad, travel, roam “foreign quarters, without knowledge of their religion, language, or customs” and regard “this state of affairs as normal, certain, and permanent, except in the direction of future improvement.” Globalisation today, however, has taken on a further dimension—becoming far more pervasive and encompassing than it was in Keynes’ days.

Indeed, Prof. Lim identifies three novel and somewhat overlapping aspects that distinguish globalisation in its present form from its past.

- First, the overwhelming real-time connectivity afforded by the advances made in information and communication technology that have made it impossible to be completely isolated from the rest of the world.
- Second, and as a consequence of the first, the unprecedented social and cultural globalisation best illustrated by the emergence of terms such as the “global village”

which is inhabited by “citizens of the world.”

- Third, the breakup of the Soviet Union and global retreat of Marxism worldwide which has broken down the main ideological barriers that divided the world in the past.

Together, these three developments have added fuel to globalisation’s fire, helping it spread more quickly and intensely than ever before.

In spite of the recent rise of nationalist movements around the world, in this increasingly globalized context states find themselves, more often than not, secondary players. Non-state actors ranging from multilateral organizations such as the United Nations and multinational corporations like Coca-Cola to terrorist groups like Boko Haram are gradually replacing states on the international stage. Nevertheless, Prof. Lim argues that, on certain issues – competition, security, and welfare, for example – the state still exerts sovereignty. But this remains subject to changes wrought by globalisation. As such, Lim underscores the need for states to adapt to these new circumstances and proposes policy options they can pursue to remain 21<sup>st</sup>-century relevant.

## THE STATE’S POLICY GUIDE TO SURVIVAL

The famous line “improvise, adapt, overcome” that is often repeated by Bear Grylls – star of the hit show *Man vs Wild* – may very well apply to states in the 21<sup>st</sup> century. Indeed, in the current episode of the imaginary *States vs Globalisation*, states have to improvise and adapt their role on the world stage if they wish to make it to the end of the season. Fortunately for them, their domination in certain areas gives them a window of time to implement this shift and overcome the current challenge of staying relevant.

When it comes to setting economic policy, the sovereignty of states is relatively secure. The right to print money and manage monetary policy, for instance, has long been a defining feature of statehood – although this too is now being challenged by the advent of cryptocurrencies like Bitcoin and Facebook’s Libra. Nevertheless, Prof. Lim argues that states can use their power to design economic policy that helps people to thrive

in a globalized context. One example of this is maintaining a stable and competitive exchange rate that fosters trust in the currency while enabling competitiveness in global markets.

In addition to macro policy, states can also use their resources to dictate industrial policy. However, this industrial policy should both aim to provide strong infrastructure that enables entrepreneurial talent to thrive and avoid attempts to pick winning companies or industries. Prof. Lim highlights that this infrastructure includes – but is not limited to – bridges, ports, and other physical amenities that businesses can use. Indeed, non-physical infrastructure – such as strong institutions that ensure property rights and an education system that produces a talented workforce – are equally, if not more, important for the success of business and society at large.

A strong education system, of course, does much more than just benefit the economy. It also helps ensure social harmony and contributes more largely to the general welfare of society. Although non-state actors like UNICEF may provide welfare internationally through humanitarian missions, their reach is still limited. The vast majority of welfare services such as health insurance, poverty alleviation, and community welfare are still provided by states. As globalisation continues to dig the crevice of inequality dividing the rich and poor, redistribution of wealth through welfare programs is necessary to compensate those who have been hurt by the forces



of globalisation. For all that, Prof. Lim cautions that this redistribution should be implemented in such a manner as to avoid perverting people's incentives or becoming too large a burden on a state's limited resources.

Obviously, the role of states need not be limited to actions that only directly benefit the inhabitants of their own territory. Left to their own devices, multinational corporations would jump at the opportunity to ignore environmental concerns and prioritize their bottom line on a global scale. While organizations like the WWF and the United Nations strive to protect the environment through their own initiatives, states are the only actors currently capable of enforcing a sustainable development policy. Prof. Lim

notes that it is "all too easy to discount a sole state's impact on the larger global ecosystem." However, collectively, by implementing compatible incentive mechanisms that encourage sustainability, states can make all the difference – and perhaps find a new purpose for themselves in doing so.

## AN ANTIDOTE TO THE EXCESSES OF -GLOBALISATION?

According to Professor Lim, while today's phenomenon of hyper-globalisation – fuelled by technological advances – may be inevitable, it is also currently unbalanced, unjust, and untenable. Indeed, globalisation

is more than just a powerful engine of wealth creation – it also has negative side effects such as rising inequality and environmental degradation. By adapting economic, welfare, and environmental policies – among others – to support people in this more globalised context, states can avoid becoming what Lim coins artefacts of institutional history and remain relevant in the 21<sup>st</sup> century.



“ The famous line “improvise, adapt, overcome” that is often repeated by Bear Grylls – star of the hit show *Man vs Wild* – may very well apply to states in the 21<sup>st</sup> century. ”

## KEY TAKE AWAYS

ALTHOUGH THE FORCES OF GLOBALISATION ARE CURRENTLY REDEFINING THE ROLE OF THE STATE, IT CAN STILL ADAPT TO AVOID BECOMING OBSOLETE—AND, IN DOING SO, PERHAPS EVEN SAVE GLOBALISATION FROM ITSELF.

THE PHENOMENON OF GLOBALISATION IS NOT NEW TO THIS GENERATION. BUT TODAY, GLOBALISATION HAS BECOME FAR MORE PERVASIVE AND ENCOMPASSING THAN IN FORMER TIMES.

NON-STATE ACTORS RANGING FROM MULTILATERAL ORGANIZATIONS SUCH AS THE UNITED NATIONS AND MULTINATIONAL CORPORATIONS LIKE COCA-COLA TO TERRORIST GROUPS ARE GRADUALLY REPLACING STATES ON THE INTERNATIONAL STAGE.

THE STATE STILL EXERTS SOVEREIGNTY IN COMPETITION, SECURITY, AND WELFARE, FOR EXAMPLE, BUT THIS REMAINS SUBJECT TO CHANGES WROUGHT BY GLOBALISATION.

BUT STATES CAN USE THEIR POWER TO DESIGN ECONOMIC POLICY THAT HELPS PEOPLE TO THRIVE IN A GLOBALIZED CONTEXT.

INDUSTRIAL POLICY SHOULD BOTH AIM TO PROVIDE STRONG INFRASTRUCTURE THAT ENABLES ENTREPRENEURIAL TALENT TO THRIVE AND AVOID ATTEMPTS TO PICK WINNING COMPANIES OR INDUSTRIES.

REDISTRIBUTION OF WEALTH THROUGH WELFARE PROGRAMS IS NECESSARY TO COMPENSATE THOSE WHO HAVE BEEN HURT BY THE FORCES OF GLOBALISATION.

BY IMPLEMENTING COMPATIBLE INCENTIVE MECHANISMS THAT ENCOURAGE SUSTAINABILITY, STATES CAN MAKE ALL THE DIFFERENCE AND REMAIN RELEVANT – AND PERHAPS FIND A NEW PURPOSE FOR THEMSELVES IN DOING SO.



Jamus Lim



PARIS MANNHEIM SINGAPORE

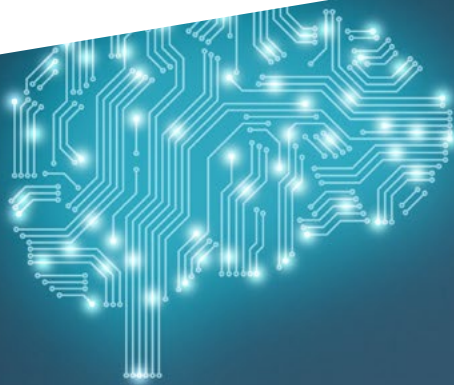


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# BENEFITS BEYOND CAFFEINE: COFFEE CORNERS, VIRTUAL VENTING AND CORPORATE CONTROL IN THE DIGITAL AGE



“While employees ‘public time’ used to be limited to their time at work, now, technology has facilitated increased interference by employers in time and space that was once private.”



© Jirak

Professors **Adriana Wilner** and **Mario Aquino Alves** of **FGV-EAESP**, and **Tania Christopoulos** of **USP-EACH** investigate the role of coffee corners as places for employees to express their emotions and the implications of their migration online..

From the paper *The Online Unmanaged Organization: Control and Resistance in a Space with Blurred Boundaries* by Wilner, A., Christopoulos, T.P. & Alves, M.A. J Bus Ethics (2017) 141: 677.

From Ottoman coffeehouses to office coffee corners, Man's favourite caffeinated beverage has been at the centre of social discussion and political resistance since its popularization. Employees in organisations around the world meet for coffee in corners

of production plants, business offices, and stores to freely express themselves and vent their feelings. For people with emotionally laborious jobs—such as flight attendants who must remain calm while handling enraged passengers—these “unmanaged” spaces al-

low the release of suppressed emotions and help avoid burnout. However, with the rise of social media, employees are increasingly expressing their “inappropriate emotions” online. For employers, the migration of this emotional “resistance” from private office



coffee corners to public social media is problematic. In a recent paper, Professors Mario Aquino Alves and Adriana Wilner of the Fundação Getúlio Vargas (FGV) – with the collaboration of Professor Tania Christopoulos of USP-EACH – examine the implications of this transition for both employers and employees.

## FACE-TO-FACE TO FACEBOOK

Over time, most organisations have reduced their use of time registers and strict rules as a means of controlling employees. Instead, they have developed “ideal images of behaviour” that employees must exhibit. According to Prof. Alves and Wilner, this has given rise to “emotional labour” where employees are “limited to institutionally approved expressions”. The training of flight attendants exemplifies this concept as airlines require their crews to show “modest but friendly smiles” and act in “vivacious but not effervescent” way. However, this affects far more than just the airline industry. Research cited by the professors estimates that “one-third of American workers perform emotional labour—with this including half of the female labour force.” Moreover, emotional labour

is not limited to the service sector; it can extend to any role that involves interpersonal interactions. While organisations might allow their employees to vent their feelings in specific situations such as coffee corners and office parties—a space the professors define as the “unmanaged organisation”—this must remain on a “private backstage”. Prof. Alves and Wilner coin the term “resistance through distance” to describe this new predominant method of resistance to employers’ control used by employees. “Humour, irony, rumours, scepticism, cynicism” and other demonstrations that usually occur at coffee corners are typical of this resistance.

With the Internet, it has become easier than ever to spread a message worldwide. When the space for “resistance through distance” moves from physical coffee corners to virtual arenas, employees can express their emotions through various new channels such as social media and blogs. According to Alves and Wilner, the Internet enables anyone to easily become the producer of images and fantasies which makes “the boundaries of ‘unmanaged organisation’ fall apart”. Indeed, it is challenging to differentiate between people’s private and public spheres online. This has spurred legal debates. Employees that post text and images online expressing emotions

that break the “prescribed scripts of organisations” have been punished and dismissed. These underlying tensions have created what the professors call “new contested terrain” as both employers and employees are affected by the loosening of boundaries of the “unmanaged organisation”. For employers, undesired emotions may escape from the previously delimited backstage to an uncontrolled virtual sphere. In order to preserve their reputation, organisations, therefore, may seek to expand their control of employees beyond the physical workplace. For employees, if venting offline in spaces like coffee corners is restricted, social media make it possible to express themselves—albeit at the risk of losing control of the message and suffering the associated consequences.

## NEW CONTESTED TERRAIN

In order to understand the characteristics of employees’ discourse that escape organisations through blogs and social media, Profs. Alves, Christopoulos and Wilner conducted primary research online. They targeted pictures and texts published on the Internet with the aim of discovering meaningful themes to be investigated. As part of their data identification, the researchers collected cases involving the publication of images and texts by employees acting outside organisation control on blogs and various social media channels such as Facebook, Twitter, and Instagram. By searching using keywords in both English and Portuguese, they succeeded in identifying 300 cases that became public through different media channels. All the cases they found involved employees that were punished or dismissed by their employers for their posts online. This enabled the professors to investigate the tensions underlying these disputes in the “new contested terrain”. From the 300 cases identified, Profs. Alves and Wilner narrowed them down to 50 that exhibited “higher consistency in terms of details and credibility”. The purpose was to focus on cases involving employees who posted revealing pictures, information, or opinions. The professors note that they studied cases involving different jobs in different countries “which means that [their] cases emerged from myriad legal and cultural frameworks”. Most notably, their analysis of these cases revealed a significant ambiguity on the Internet regarding the definition of public and private spaces—and their boundaries.





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Most demonstrations the team studied were personal expression of emotions—from humour to anger—that may have defied power but not necessarily intentionally. Many of the employees acted in an “imaginary private realm” which was thereafter invaded by a larger public audience. For instance, a Brazilian municipal school teacher who was fired for posting pictures of students sitting a classroom with open umbrellas to keep themselves dry from the room’s leaky roof had taken numerous precautions to avoid identifying the school. Moreover, she posted the pictures on her own personal Facebook account. However, these precautions were ultimately ineffective as the online community was able to identify the school by determining that the teacher was a public servant working for a state-managed institution. The professors argue that people consider the separation of their “private and public spheres as given” but that this is, in fact, an “illusory assumption”. In contrast, organisations consider their private sphere to comprise all internal activities they do not want to publicly show which they enforce “through manuals and codes of ethics, or implicitly, through behaviour”. On the other hand, organisations’ public spheres are conferences, advertisements, and other public relations instruments. According to the researchers, for employees “the modern division between public and private has become blurred”. While their “public time” used to be limited to their time at work, now, technology has facilitated increased interference by employers in time and space

that was once private. Indeed, people might have the illusion that no boundaries exist when in fact they do.

## BENEFITS BEYOND CAFFEINE

With the rise of social media, the venting and expression of “inappropriate emotions” traditionally reserved to office coffee corners have migrated online. For both employers and employees, this transition has profound implications. In recent years, employees have been punished and dismissed as they share their frustrations with work online. Meanwhile, employers’ reputations have been exposed. While some recommend that organisations should protect themselves by reasserting their control in this “new contested terrain”, Profs. Adriana Wilner, Mario Aquino Alves and Tania Christopoulos and argue that there must be a boundary between people’s private and public lives. To encourage their employees to vent privately, perhaps the most effective tactic organisations can employ is to provide more opportunities to share a cup of joe in the office.



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**Mario Aquino Alves**

## KEY TAKE AWAYS

UNMANAGED" SPACES SUCH AS COFFEE CORNERS IN COMPANIES HAVE TRADITIONALLY ALLOWED THE RELEASE OF SUPPRESSED EMOTIONS AND HELP AVOID BURNOUT.

WITH THE RISE OF SOCIAL MEDIA, EMPLOYEES INCREASINGLY EXPRESS THEIR "INAPPROPRIATE EMOTIONS" ONLINE: FOR EMPLOYERS, THE MIGRATION OF THIS EMOTIONAL RESISTANCE FROM PRIVATE OFFICE COFFEE CORNERS TO PUBLIC SOCIAL MEDIA IS PROBLEMATIC.

ORGANISATIONS HAVE SHED TIME REGISTERS AND STRICT RULES AS A MEANS OF CONTROLLING EMPLOYEES, DEVELOPING "IDEAL IMAGES OF BEHAVIOUR" THAT EMPLOYEES MUST EXHIBIT.

WITH THE RISE IN ONLINE SOCIAL MEDIA, EMPLOYEES NOW EXPRESS THEIR "RESISTANCE THROUGH DISTANCE".

FOR EMPLOYERS, UNDESIRED EMOTIONS MAY ESCAPE FROM THE PREVIOUSLY DELIMITED BACKSTAGE TO AN UNCONTROLLED VIRTUAL SPHERE, LEADING THEM TO EXPAND THEIR CONTROL OF EMPLOYEES BEYOND THE PHYSICAL WORKPLACE.

PEOPLE CONSIDER THE SEPARATION OF THEIR PRIVATE AND PUBLIC SPHERES AS GIVEN, BUT THIS IS AN ILLUSORY ASSUMPTION. TODAY THE BOUNDARIES ARE BLURRED.

EMPLOYEES HAVE BEEN PUNISHED AND DISMISSED AS THEY SHARE THEIR FRUSTRATIONS WITH WORK ONLINE AND EMPLOYERS' REPUTATIONS HAVE BEEN EXPOSED.

TO RE-CREATE A CLEAR DISTINCTION BETWEEN PUBLIC AND PRIVATE LIFE, ORGANISATIONS SHOULD RETURN TO PROVIDING EMPLOYEES WITH MORE OPPORTUNITIES TO VENT THEIR EMOTIONS IN THE WORKING ENVIRONMENT.

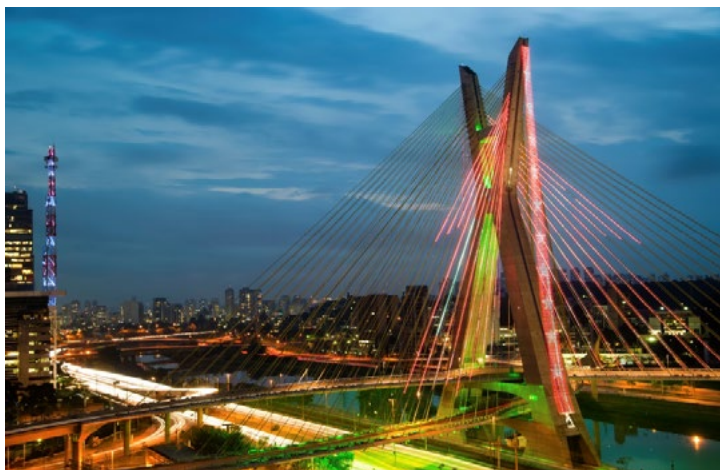


**Adriana Wilner**



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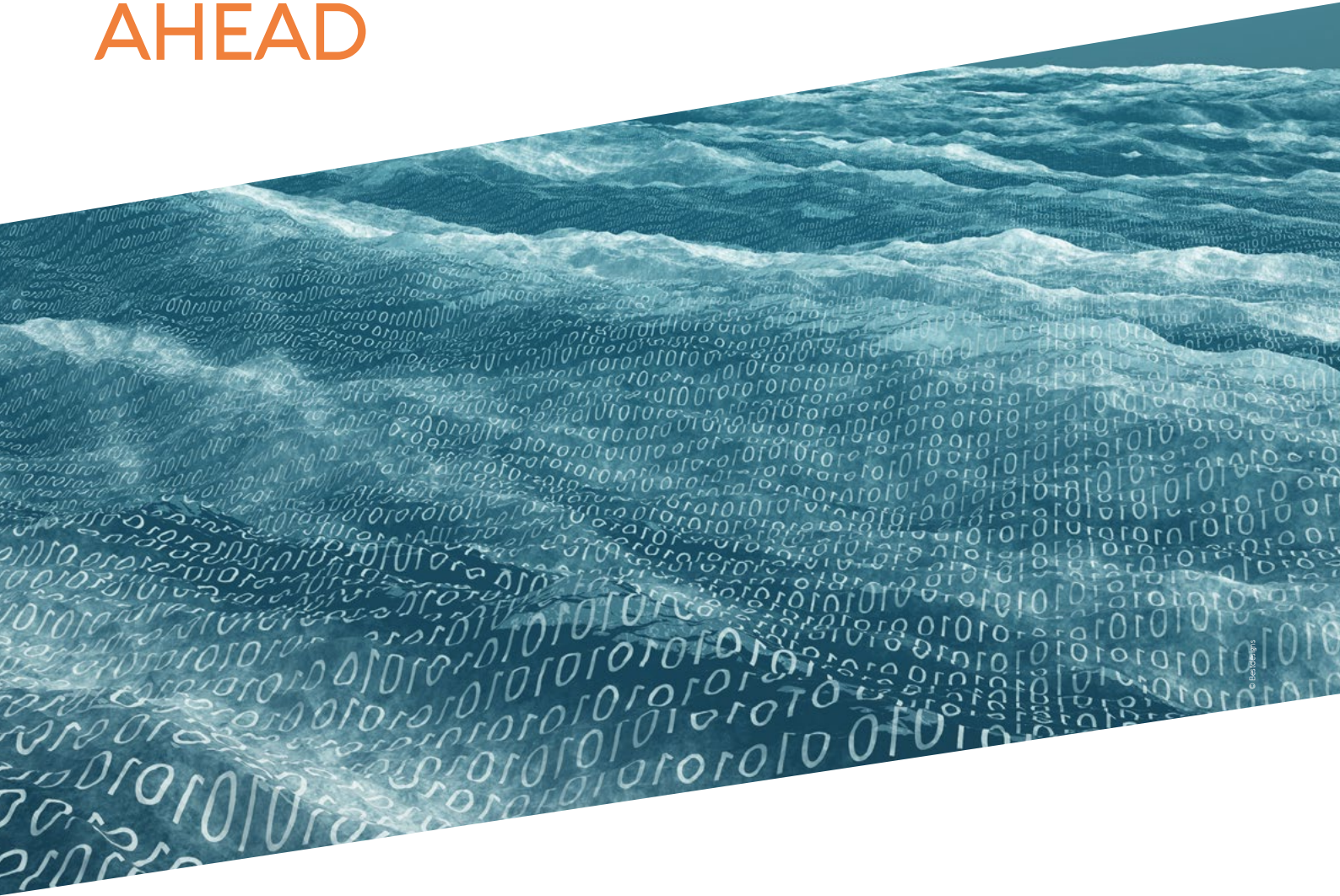


***"Education is the way  
to liberate every human being."***

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



# THE WORLD AND BLOCKCHAIN: A ROUGH RIDE AHEAD



As the world follows the future of Blockchain with expectation, Prof. **Markos Zachariadis** from **Warwick Business School** argues why we might be in for a rough ride.

**BLOCKCHAIN WEIGHS HEAVY** on the shoulders of investors for all the expectation that has been set upon it. Touted as the next step in the Internet, blockchain has been referred to as a revolutionary technology which many experts claim will “do to the financial system what the Internet did to media”. The Economist goes so far as to refer to blockchain as the ‘trust machine.’

Is blockchain ready to don the crown of expectation that has been set upon it? Prof. Zachariadis of Warwick Business School argues that despite experimenting that began in 2015, four years later it still seems remote that blockchain will rid the world of banks as intermediaries in payment systems. He points out several challenges that the technology must overcome if it is to be accepted as part of the financial system.

## THE NUTS AND BOLTS BEHIND BLOCKCHAIN

Blockchain is defined by a tamper-proof system of distributed ledgers that does away with intermediaries on the internet. The technology is undoubtedly complex, with many versions in existence, but all distributed ledgers share a basic premise which shapes their day-to-day operation and go-

“  
Liability will  
need to be  
cleared up before  
the public can  
begin trusting  
blockchains.”  
”



vernance: they offer a decentralised infrastructure to maintain a 'single version of truth', recording all changes made on the blockchain database since its formation. This implies that there could be no need for a central authority as all blocks across the network share the same full copy of the database – the shared ledger – and thus no administrator needs to hold a 'master version'. The blockchain allows the creation of trust without relying on intermediaries for it.

Experts and blockchain investors predict the technology will do away with the need for banks to act as intermediaries, so that when a person purchases groceries online it would immediately be recorded on the distributed ledger, rather than taking a couple of days to register in their account. This is unlike the system used by banks where they contact each other based on a system invented in the 1970s: the blockchain takes care of it instantly.

## WHO'S MAKING THE RULES?

Blockchain functions as an ecosystem of communities, with formal procedures to initiate and implement change in the technology being non-existent. Decisions regarding updates and improvements take place through huge debates in the community, with groups forming and arguing over issues such as the length of a block, the number

of transactions it should hold and how quickly they should be chained. As such, there is often no solution to these debates, with no way to organise these communities and make decisions. This has, on numerous occasions, resulted in a split, a famous example being that of bitcoin founder Vitalik Buterin's creation in 2016 of a new form of ether following the 'theft' of some \$60 million's worth in equivalent and traditionalists' determination to carry on using the old ether, now known as ethereum classic.

Democracies rely on predefined processes to mediate, resolve debates and gain consensus which prevents them from getting stuck – as such, blockchain's lack of a central authority can prove to be a hindrance. Prof. Zachariadis raises the question of who should really be in charge of such a dynamic system, for unlike Apple – which releases operating systems upgrades, as and when it deems it necessary – blockchain lacks a decision-maker to decide how the technology functions and if it needs updating. Another dimension is the enforcement and adjudication of rules. If they do exist, then who should be responsible for administering them? An obvious solution would be to introduce a voting mechanism to make decisions, as in the case of most democratic systems, but the introduction of a voting system would weaken the very principle of the blockchain, leaving it vulnerable to lobbyists or to active contributors wishing to seize control.

## WHO'S TAKING THE BIG DECISIONS?

In order for blockchain to become the global payment norm, it must be able to process enough transactions to service its user's needs. Despite blockchain's popularity, it still functions on a very small scale compared to other forms of electronic payments. Currently Bitcoin's blockchain can sustain 2,000 transactions every 10 minutes – whereas Visa handles more than 65,000 transaction messages every second.

A burning debate over appropriate block size continues to smolder within blockchain communities. Proponents of a smaller block size argue that blocks be kept small to encourage more participants to mine crypto-currencies, but critics insist on the need to scale-up in order to increase transactional capacity and increase its user base – this could mean fewer specialist developers mining larger blocks. On the other hand, backers of a smaller block maintain that increasing block size would increase participation costs, thus reducing decentralisation.

The inability to resolve what became known as the 'block size debate' has resulted in multiple splits since the launch of Bitcoin in 2009. As such, the debate on scale needs to be resolved for blockchain to grow big enough to become part of the world's financial plumbing.



## WHO SETS THE STANDARDS?

Currently, Bitcoin owners cannot take their cryptocurrency to different platforms such as Ripple or Litecoin and exchange them. Interoperability is the big elephant in the cryptocurrency room. This is because blockchain transactions use proprietary formats for the messaging to exchange tokens, with no agreed universal layout of the transaction information among the various blockchains. In a financial payment, a block will hold the person or company's name, account information, payment, location address and other relevant information, but different cryptocurrencies employ different systems, thus making convertibility a challenge.

The need to create standards for the information and how it is systematically laid out hangs in the air. To resolve this, Prof. Zachariadis proposes that a body – such as the Internet Engineering Task Force (IETF) for the internet – take the lead and establish a general consensus regarding standards.

## WHO BEARS LIABILITY?

When the traditional banking system encounters a problem, clients turn to the bank. And if the banks fail, the economy turns to the government. However, when a blockchain malfunctions, no one is liable. Prof. Zachariadis insists liability will need to be cleared up before the public can begin trusting blockchains in case of failure. To resolve this, he calls for the need for regulation in the space of cryptocurrencies and blockchains in general.

## WHO HAS ACCESS?

Transactions on the blockchain are visible to all users – users are pseudo-anonymous, meaning that they are not obliged to identify themselves in any way, but can still be traced through their alphanumeric address – which facilitates the auditing and tracing of transactions. This implies that other users can see the amount of crypto currency going from one address to another, but are unable to link a name to the address. But as coins are spread across the universe of blockchain and buying one gives the user a key to unlock their movement, users are indeed able to track who 'owns' the crypto currency.



Prof. Zachariadis argues that although blockchain's transparency is its strength, eventually the lack of a digital identity and identification framework will be problematic for many users and investors as it is a fundamental premise on which the financial system resides.

Sources:

<https://medium.com/scalar-capital/understanding-the-block-size-debate-351bdbaaa38>

## BLOCKCHAIN'S STRENGTHS BECOME OUR DOWNFALL?

While experiments with the technology continue, blockchain currently looks more like a complement to the system in place rather than the internet's native currency. Projects such as Libra – a permissioned blockchain digital currency proposed by Facebook which has received mixed responses – seek to tackle some of the challenges Prof. Zachariadis has raised. Despite these efforts, a world dominated by blockchain-based cryptocurrency is afar.

While blockchain revels in the absence of a central authority and celebrates the decentralisation that the system brings, the void left by the lack of a governing body leaves a gaping hole. Can blockchain technology sufficiently fill this without requiring intervention? The success of blockchain hangs in the balance as financial institutions and communities scramble to find the answers in the race to crown it as a 'foundation technology'.



## KEY TAKE AWAYS

BLOCKCHAIN ALLOWS THE EXISTENCE OF TAMPER-PROOF SYSTEMS OF DISTRIBUTED LEDGERS THAT DO AWAY WITH INTERMEDIARIES. BLOCKCHAIN EXISTS IN MANY DIFFERENT VERSIONS AND OFFER A DECENTRALISED INFRASTRUCTURE TO MAINTAIN A SINGLE VERSION OF THE TRUTH, RECORDING ALL CHANGES EVER MADE ON THE BLOCKCHAIN.

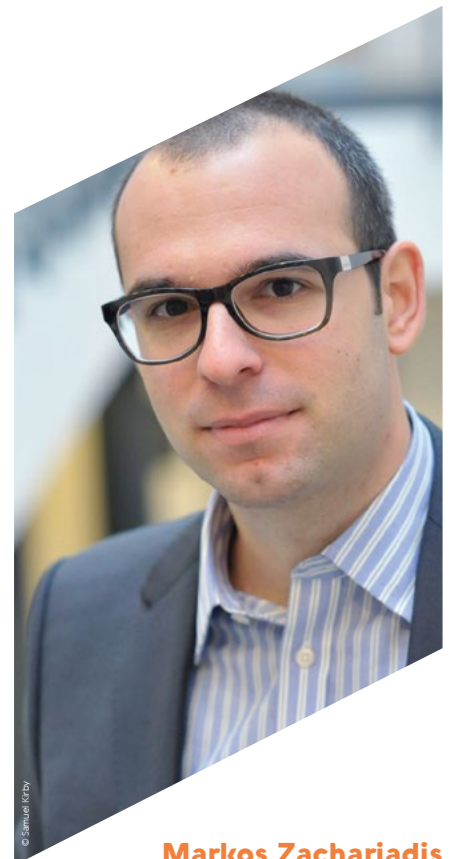
BLOCKCHAIN DOES NOT REQUIRE A CENTRAL AUTHORITY WHICH RESULTS IN LACK OF A GOVERNING BODY. DECISIONS ARE MADE AND DEBATED BY COMMUNITY WITHOUT ANY FORMAL PROCEDURE.

THE SIZE OF THE BLOCK IN A BLOCKCHAIN DETERMINES THE CAPACITY OF THE BLOCKCHAIN TO HANDLE TRANSACTIONS. A BLOCK SIZE DEBATE RAGES IN THE COMMUNITY WITHOUT CONSENSUS. BIGGER SIZE PROPONENTS ARGUE LARGER NUMBER OF USERS AND WIDESPREAD ADAPTATION. CRITICS MAINTAIN SMALL SIZE MEANS MORE DECENTRALISATION AND LOW PARTICIPATION COSTS.

DIFFERENT CRYPTOCURRENCIES USE DIFFERENT SYSTEMS TO RECORD INFORMATION ON A BLOCK PREVENTING EXCHANGING BETWEEN DIFFERENT KINDS OF CRYPTOCURRENCY. SHOULD STANDARDS BE PUT IN PLACE TO MAINTAIN CONSISTENCY?

THE LACK OF A GOVERNING OR CENTRAL BODY WHO OWNS THE BLOCKCHAIN MEANS THERE IS NO ONE TO CLAIM LIABILITY IN CASE THE BLOCKCHAIN MALFUNCTIONS. THIS IMPLIES LOW LEVELS OF CLIENT TRUST IN THE TECHNOLOGY.

THE BLOCKCHAIN SYSTEM PROVIDES PSEUDO-ANONYMITY. TRANSACTIONS AND PARTIES' ADDRESSES CAN BE ACCESSED BY ALL USERS, HOWEVER THERE IS NO LINK TO ACTUAL USER IDENTITIES. THIS CAN IMPROVE AUDIT AND TRACEABILITY, BUT CAN EVENTUALLY BE A PROBLEM COMPARED TO CONVENTIONAL FINANCIAL SYSTEMS.



**Markos Zachariadis**

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# FOR A THOUGHTFUL AND RESPONSIBLE INNOVATION



“

Innovators must understand that they are as much a “citizen” as a professional.

”

Professor **Xavier Pavie**, Associate Academic Director of the Grande Ecole programme at **ESSEC Business School, Asia-Pacific** and Director of the iMagination Center, sets the blueprint for our need for an enlightened and sustainable approach to innovation.

*By Prof. Xavier Pavie*

**AFTER DECADES OF INNOVATION** without real awareness, the question is, can innovators now risk turning a blind eye to their environment and ecosystem for the sake of profit?

In recent decades, two major phenome-

na have taken hold of economic, political and social debates: innovation on the one hand, and the environment on the other. Although, by definition, innovation is not new, in the economic sphere it did not really emerge until the beginning of the twentieth century, with an even stronger emphasis

from the 1960s onwards. It was precisely at this moment in time when major innovations were to unfold, be it the Internet, DNA sequencing, genomic manipulations, advances in transhumanism or even nanotechnologies.



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The second major phenomenon is the environment in which innovations have played and continue to play a major role. As a result of innovations, populations and animal species are disappearing. The massive development of technologies, products, and consumer goods, both every day and sporadic, has a direct impact on the depletion of natural resources. There is, without a doubt, a degradation of the atmosphere, of soils, of the oceans, because of human activity, and of the permanent search for economic growth. Increasing urbanisation is changing the balance of the biosphere in a sustainable way. And these challenges are global – acid rain and radioactive pollution are borderless, and the “7<sup>th</sup> continent”, made of plastic, drifts in the Pacific, outside national waters. These consequences are directly linked to the lack of reflection on the development of certain innovations, the lack of implementation of a certain circularity of manufactured products or the unpredictability of innovations that can be introduced into a market.

## TOMORROW'S INNOVATORS WILL HAVE TO BE ACCOUNTABLE FOR THEIR ACTIONS

In view of this, it is clear that we can no longer innovate as we have been doing for the past several decades – that is, without thinking, or giving so little thought, about the consequences of our innovations. And the first to be concerned by this responsibility is obviously the innovator. They bear a responsibility for the world they design through the new products and services they launch on the market. And this responsibility is even more important as innovators find themselves in a new world, which articulates both the modern period in

which we find ourselves, and the search for a sustainable and responsible development with a view to preserving humankind and its environment. It is up to the innovator to think and integrate this new imperative. Some have already done so, like Yvon Chouinard, the founder of Patagonia, who made product recycling central to his strategy from the first climbing spikes he began to reuse in the early 1960s; or Anita Roddick, the founder of The Body Shop, which was the first brand in the late 1980s to engage in fair trade in the field of beauty. We must bear in mind that, until then, spontaneous innovation has only emerged from human beings. Innovation is always the product of the innovator (whether they are a scientist, doctor, engineer, astrophysicist, financier, etc.). In fact, this is both worrisome and encouraging, because if the innovator has such control over living organisms by deploying their ideas, novelties, and innovations they can also change the world, by integrating the dimension of responsibility in their projects. To do this, innovators must understand that they are as much a “citizen” as a professional, and that in their hands arise the philosophical choice of a humanly sustainable future.

This requires a new type of innovator: an informed innovator, able to question short, medium and long-term issues, to assess both opportunities and risks. In other words, to act responsibly. And it may be in these terms that the figure of tomorrow's innovator must appear: a responsible person who is able to formulate the right questions not only to make their organisation sustainable – which is a prerequisite – but also to be considerate of the whole ecosystem. As such, only philosophy will allow the emergence of a new innovator – to infuse thought, awareness, re-

flection, questioning, and to develop a critical approach.

## RECONCILING PROFIT AND HAPPINESS

It also requires companies to deal with certain problems. Firstly, they should question their mental representations and visions. How can we reconcile the acceleration of time, the bias of action, with taking a step back, being aware, and reflect on the consequences of our actions, and in the same spirit, how can we act and think simultaneously? Or how can we combine the demand for short-term results with heightened competition on the one hand, and common good and justice on the other hand? How can we better balance the issues between different stakeholders? Purpose-related approaches and how they are adapted within the framework of a mission-based company can represent true leverage to guide responsible innovation. They indeed seek to combine economic results with social and environmental goals. They define a strategic compass that guides the innovator in his/her attempt to reconcile profit and happiness, and take into account the needs of various stakeholders. “Improving health everywhere, every day” – it is easy to understand that by redefining its purpose, Danone is opening up new fields of innovation and, at the same time, setting itself boundaries not to be crossed. In 2007, Danone became the first agribusiness player in the world to position itself in the health market, establishing itself as a specialist in medical nutrition through its Nutricia brand. More recently, in 2017, Danone acquired the American company WhiteWave to innovate on plant-based products that are nutritionally and environ-



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mentally healthier than traditional dairy yoghurts. As another example, by taking a nutritional improvement approach, the company defines minimum levels of nutritional value for each of its products (except water, where there is no justification for doing so), both in terms of nutrients to be developed and nutrients to be limited. In 2020, Danone committed to offering a 100% salt- and sugar-free Blédina range.

## FROM SCHNEIDER ELECTRIC TO DANONE

More operational issues are also emerging. How can the skills of those who undertake innovation be developed? Methodologies

such as the agile approach or design thinking have led to the development of new skills and even new occupations. A good example is the Chief Transformation Officer, or change manager – an emerging position at the intersection of digitalisation, innovation, and IT. Should we develop “soft skills” beyond those already being promoted? How can we support innovators so that they show concern and attention to the planet and human welfare? Several cases illustrate this particular attention. For example, some companies have embarked on incubation activities associated with developing projects for the poorest, such as Schneider Electric with its programme dedicated to the Bottom of the Pyramid (people living on less than two dollars a day) to bring lighting to the poorest; or Danone, which, via Danone

Communities, funded projects on nutrition and access to water notably based on social entrepreneurship in Africa or Asia.

Beyond this necessary awareness, the issue is one of challenging and reviewing both the processes of innovation and how it is managed – not only in order to properly assess risks, but also to assess the potential social and environmental benefits. This can be done, for example, by ensuring that certain innovation management indicators quantify, and allow the monitoring of, the indirect impact of a product on the market, employment, sustainable development, and public policy, etc. There is indeed still a long way to go, but one thing is certain: today, companies can no longer pretend to ignore this reality.



**Xavier Pavie**

## KEY TAKE AWAYS

INNOVATION AND THE ENVIRONMENT HAVE BECOME MAJOR TOPICS THAT ARISE IN CURRENT GLOBAL DEBATE.

INNOVATION REALLY EMERGED AT THE DAWN OF THE 20<sup>TH</sup> CENTURY WITH STRONGER EMPHASIS FROM THE 1960s ONWARDS, PAVING THE WAY FOR MAJOR INNOVATIONS SUCH AS THE INTERNET, DNA SEQUENCING, GENOMIC MANIPULATIONS, ADVANCES IN TRANSHUMANISM AND NANOTECHNOLOGIES.

UNBRIDLED INNOVATION, WITH THE DEVELOPMENT OF TECHNOLOGIES, PRODUCTS AND CONSUMER GOODS, HAS LED TO LARGESCALE NEGATIVE IMPACTS ON THE ENVIRONMENT AND WILDLIFE.

THESE CONSEQUENCES ARE DIRECTLY LINKED TO LACK OF THOUGHT DURING THE DEVELOPMENT STAGE, LACK OF CIRCULARITY REGARDING MANUFACTURED PRODUCTS AND UNPREDICTABILITY OF CERTAIN INNOVATIONS LAUNCHED ON THE MARKET.

THIS HAS GIVEN RISE TO THE NEED FOR RESPONSIBLE INNOVATION, WITH THE INNOVATOR HAVING TO UNDERSTAND THAT HE/SHE IS AS MUCH A CITIZEN AS A PROFESSIONAL WITH THE PHILOSOPHICAL CHOICE OF A HUMANLY SUSTAINABLE FUTURE.

COMPANIES NEED TO ENSURE THEIR OWN FINANCIAL SUSTAINABILITY WHILE AT THE SAME TIME BEING CONSIDERATE OF THE WHOLE ECOSYSTEM OF STAKEHOLDERS, INCLUDING THE ENVIRONMENT.

COMPANIES NEED TO TRAIN A NEW BREED OF INNOVATOR AND DEVELOP THEIR SKILLS WHILE RAISING AWARENESS OF THE NEED TO SHOW CONCERN FOR THE PLANET AND HUMAN WELFARE.

COMPANIES AND THEIR INNOVATORS NEED TO CHALLENGE THE PROCESSES INVOLVED IN INNOVATION AND HOW INNOVATION IS MANAGED IN ORDER TO ASSESS RISKS AND POTENTIAL SOCIAL AND ENVIRONMENTAL BENEFITS; AS WELL AS MONITORING THE IMPACT OF THEIR PRODUCTS.



# NONPROFIT VERSION 2.0: ARE NONPROFITS ALLOWED TO REINVENT THEMSELVES?



Do nonprofits disappear into thin air after they achieve their missions? Or can they re-orient around a new and different purpose? Prof. **Sheila M. Cannon** from **Trinity Business School** and Prof. **Karin Kreutzer** from **EBS Universität für Wirtschaft und Recht** take us down the road less taken.

From the paper *Mission accomplished? Organizational identity work in response to mission success*, by Cannon, S. M., & Kreutzer, K. (2018) *Human Relations*, 71(9), 1234–1263.

## SUCCESS, OH NO!

This is not a tale about how two nonprofits achieved success, neither is this a cautionary tale about how they didn't. We shall neither provide council on how a nonprofit

might achieve its mission nor on how it might create a good mission for itself. Instead we shall sojourn to the barely touched lands of what it might mean to have an existential crisis as a nonprofit: mission-success.

Once upon a time, born on the eve of World War II, the National Foundation for Infantile Paralysis (NFIP) was a systematic program created to uncover the mysteries of polio and to lend a helping hand to Americans suffering from the disease. It achieved instan-

taneous popularity, reflecting that of its founder Franklin D. Roosevelt. Little was known about Polio then. However, soon fortune struck. The Polio vaccine was invented, and a fearsome disease was put to rest. Mission accomplished! But what of the NFIP? Where would it go from here and did this mean closure? And how could the NFIP respond to successfully completing the very purpose it had been created for? It attempted to fight Arthritis, but those efforts were wasted.

Very little has been said about what happens to nonprofits post-mission success, perhaps because mission success represents the single greatest achievement for any organisation. Is closure an inevitable next step? A study conducted in 2007 indicates that mission completion was the primary cause for closure among Spanish Nonprofit Associations. Closing shop, though easier, may not be the only option it would seem. Professor Sheila M Cannon and her team believe that social organisations can effectively and efficiently shift their focus to address new related challenges once they have successfully achieved what they set out to do, rather than recreating new organisations each time. However, most existing advice to nonprofits is to avoid “mission drift” at all costs.

## THE QUEST FOR PURPOSE

Not unlike this world's struggle to reuse and recycle, a nonprofit's struggle to reuse its own organisation too proves to be a formidable challenge. As nonprofits achieve success, they are faced with a major threat – a threat to their identity. With success in hand, organisations experience a period of identity ambiguity triggering a need for management to alter the organisational mission.

This may be different than organisational change as we are familiar with it. In a more conventional for-profit context, organisational change is usually triggered by dynamic external factors (economic unpredictability, changing technology, fierce competition etc.). Moreover, it has a poor track record: as per the Boston Consulting Group, 50% of change programs fail to achieve their objectives and the failure rate increases to 75% for more complex programs. In light of these bleak numbers, a change in mission is even more daunting. Mission success requires a more fundamental identity change if social organisations wish to be resurrected. Finding a new organisational purpose, that can inspire internal and external stakeholders and at the same time attract potential investors or funders, proves to be an intimidating task.

## IN WITH THE OLD, IN WITH THE NEW

Professor Cannon and her team studied two Irish peacebuilding organisations (Alpha and Beta for the purpose of this article) over six years to explore what happened when their raison d'être was fundamentally challenged. A successful peace process in Northern Ireland resulted in reduced support for peacebuilding organisations and a perception of their missions accomplished. Mission success paradoxically threatened the very being of these organisations as it led to member and donor dissociation. The organisations started asking themselves: 'Maybe we've done ourselves out of a job?' Consequently, these two organisations adopted two different approaches in dealing with this bubbling existential crisis. While Alpha decided to turn outwards for funding opportunities and external consultants, ridding itself of old members to grapple with

the challenge, Beta decided to turn inwards, by involving stakeholders to figure out who they wanted to be in the future. Beta proved to be more successful.

Alpha took a competitive approach to finding itself. Followed by a restructuring effort and a strategic review process which involved bringing in a new CEO, stakeholders from Alpha rejected founding beliefs such as the idea of community in the race to embrace newer ones (the idea that Alpha is a formal business-oriented organisation). Conversely Beta took an integrative approach to this burgeoning need to redefine itself. In engaging with its founding values, members negotiated the tension between old (the belief that they are a community) and new beliefs (the potential to be a formal business-oriented organisation), therefore more successfully managing to integrate these values than letting one defeat the other. By embracing potentially conflicting identity beliefs and turning to its stakeholders, Beta was able to reinvent a new purpose with which members and donors could identify. In this way, Beta was able to continue its operations at a consistent level, whereas Alpha experienced contractions and downsizing.

## IN INTEGRATION, THERE IS LIGHT

In the quest to define a new mission, setting new identity beliefs in competition with old ones can lead to fragmentation and an inconsistent organisational identity. On the contrary, drawing on founding beliefs and integrating old values with new ones helps bring coherence and consistency – which can be key in successfully reforming organisational identity. Organisations however, are prone to taking on the competitive approach. Redefining organisational identity is a cyclical process. Professor Cannon's research suggests that if organisations take the competitive approach (where certain beliefs are rejected in favour of others), they are very likely to end up with more ambiguity and eventually return to the process of redefining themselves. However, eventually members will find ways to integrate some of the competing parts and converge on a new identity, or else the organisation will break up, possibly leading to closure.



© Black



“  
An NGO's mission success should be the occasion to step back, question, and ask ourselves if it is always prudent to let the curtain fall – or revive and launch version 2.0  
”



## MUST THE CURTAINS FALL?

What has skipped the attention of governments and funding bodies involved in addressing social needs, is to measure the impact of mission success on organisations and individuals when a mission ceases to exist or is replaced by a new one. Skills, knowledge and procedures developed in response to one social challenge can be redirected to address other challenges rather than allowing those resources to disappear with organisation closure. As such, policy-makers could offer funding to support reorientation initiatives by organisations – an approach that might be more efficient and effective than the establishment of new nonprofits for each new set of challenges. Of course, if the new mission is too different, the NPO constitution needs to be re-written.

While the idea of redeploying an already existing organisation seems efficient, the survival of nonprofits' post-mission success continues to be questionable. Survival for the self-serving goal of preserving the organisation does not seem prudent. A nonprofit mission is both a way of expressing certain values, and an aim that can be accomplished. You can never finish the former (expressing your values), but you can achieve the latter, accomplish your mission, like find a cure for Polio. For Prof. Sheila Cannon, an NGO's mission success should be the occasion to step back, question, and ask ourselves if it is always prudent to let the curtain fall – or revive and launch version 2.0.

## CAN WE BE X AND Y AT THE SAME TIME?

While previous studies have indicated that having conflicting ideas may lead to clash, Professor Cannon's research proves otherwise. A multi-vocal identity - when different organisational members have different perceptions of the organisational identity - does not necessarily invoke fragmentation. What can help social organisations in such a context, is a pluralist approach i.e. stakeholders bridging the gaps between various identity beliefs by acknowledging the difference between different beliefs, while expressing the possibility of their coexistence simultaneously. Different members may have different perceptions of the organisational identity and to reach a new one, all stakeholders must be engaged to reconcile conflictual positions.

on the other hand introduce potential risks. Subsequently, as organisations advance to defining their identity, consistency between values and action, between the past and the present must be preserved for organisational survival as it helps in retaining and attracting volunteers, skilled employees and even funds in the long-run.

Returning to NFIP, only recalling their core identity beliefs ('citizen army against disease') enabled the NFIP to voice a new mission ('to promote health for pregnant women and babies') - which was then widely shared by volunteers and other stakeholders. Renaming the organisation as 'March of the Dimes', the name of a very successful fundraising campaign in the past, further strengthened the bonds with the organisation's history. The example of 'The March of Dimes' shows us that when a nonprofit actually does achieve its mission, it is possible, although challenging, for that organisation to retain the loyalty of its members and redirect its mission to a new cause, while also displaying consistency in its identity.

## HOW TO RESOLVE AN NPO IDENTITY CRISIS?

For practitioners dealing with mission redefinition, the best way to respond to an identity crisis post mission-success is by being aware of the need to reinvent organisational identity. Organisational leaders must trigger the strategic planning process to provide room for reinventing the organisation's purpose. Although turning outwards to secure funding seems to be a more obvious reaction, turning inwards and carefully reflecting upon history values and mission may prove more beneficial. Active co-creation of identity change through various actors at all hierarchical levels is pertinent to the development of coherent identity. Bringing in financial experts on board and introducing managers into the mix may





## KEY TAKE AWAYS

NONPROFIT MISSION SUCCESS DOES NOT NECESSARILY IMPLY ORGANISATION CLOSURE. BY WAY OF FINDING A NEW MISSION AND NEW IDENTITY, NONPROFIT ORGANISATIONS MAY BE REPURPOSED AND REDEPLOYED TO FULFILL A NEW MISSION.

MISSION SUCCESS CAN LEAD MEMBERS TO QUESTION ORGANISATIONAL IDENTITY IN THE FACE OF AN OUT OF DATE MISSION. ORGANISATIONS MUST REINVENT ORGANISATIONAL IDENTITY BY EMPLOYING SELF-REFLECTION AND INVOLVING STAKEHOLDERS ACROSS HIERARCHIES.

AN INTEGRATIVE APPROACH - ACKNOWLEDGING CONFLICTING BELIEF AND PERMITTING THEM TO CO-EXIST - HAS PROVEN TO BE MORE SUCCESSFUL THAN EMPLOYING A COMPETITIVE APPROACH - THE REJECTION OF CERTAIN BELIEFS IN FAVOUR OF OTHERS.

USING AN EXTERNAL FRAME OF REFERENCE SUCH AS BRINGING NEW MEMBERS IN, RIDDING OF OLD MEMBERS, AND LOOKING FOR SHORT-TERM FINANCIAL SOLUTIONS MAY LEAD TO AN IDENTITY CRISIS AND THE EXTINCTION OF THE ORGANISATION.

FINDING A NEW ORGANISATIONAL IDENTITY THAT IS CONSISTENT WITH EXISTING ORGANISATIONAL VALUES, INTEGRATES CONFLICTING MEMBER BELIEFS, AND BRINGS TOGETHER OLD AND NEW BELIEFS ENABLES MEMBER LOYALTY AND REDIRECTION OF THE ORGANISATION.

FUNDING FROM GOVERNMENTS AND OTHER DONORS TO SUPPORT REORIENTATION INITIATIVES BY NONPROFITS MIGHT BE MORE EFFICIENT THAN BUILDING NEW ORGANISATIONS FOR A NEW PURPOSE.



**Sheila M. Cannon**

# SOCIAL ENTREPRENEURSHIP AND ITS MULTI-FOLD IMPACT



Taking the unconventional route has its benefits – both for individuals and society. An exclusive interview with **Davoud Mohamed, ESSEC Alumnus**, an upcoming social entrepreneur in France.

## SOCIAL ENTREPRENEURSHIP AS A CAREER CHOICE

Not all businesses have the sole objective of making profit. Not all businessmen want to become billionaires. Some Entrepreneurs step into the field with a clear objective of impacting society and environment in a positive way.

Social Entrepreneurs have existed ever since the 19<sup>th</sup> Century. We may have all heard of Verghese Kurian and the AMUL revolution, Bill Drayton and his Ashoka Foundation or Muhammad Yunus of Grameen Bank in Bangladesh. However, the notion of Social entrepreneurship became popular in the 2000s, especially after the publication of "The Rise of the Social Entrepreneur" by Charles Leadbeater. It involves creating businesses with the primary goal of social change which may

or may not be accompanied by profit generation. Today, in UK alone, there are over 450,000 social enterprises! So, what makes social entrepreneurship so attractive? They certainly aren't in it for the money.

Davoud Mohamed, a young social entrepreneur and a recent alumnus of ESSEC Business school shares his journey with us and uncovers what makes social entrepreneurship lucrative for him and his team.



But all of this would not be impossible to do single-handed. Davoud believes that the movement has only been successful due to the undying contribution of his teammates, or 'pearls' as he likes to call them.

## HIS NECKLACE OF 'PEARLS'

With a strength in numbers, upwards of 40, Davoud states that the team is the most important part of an organisation and that the very existence of organisation depends on it. However, not everyone who joins necessarily stays. People are enthusiastic and supportive of his cause, but it takes a certain passion and drive to stay put with the rigorous challenges, especially when there is no monetary gain associated with it. As such, the ones who endure and remain turn out to be the most driven and dedicated individuals he has ever met. These individuals are highly valuable and rare according to him, which is why he calls them 'pearls'. He believes that for individuals staying committed to a cause and undergoing the challenges that come with it is difficult, especially when there is no monetary gain associated with it. As a result, the ones who stay are the ones who are passionate and committed to the cause beyond comprehension. In his eyes, this makes them special.

So back to the question: Why are people taken to social entrepreneurship?

## THE QUESTION WHY

It is believed that to work for the betterment of society, one's motivation must be in the right place. Davoud first began to challenge his resolve during his engineering years. Realising that engineering was not the right choice for him, he quickly dropped out and switched career lines, joining the field of business administration. Being a self-motivated individual, Davoud realised that the quickest way to test out his motivation and skills was to start his own venture. So began his journey towards social entrepreneurship.

As a youth from the 21<sup>st</sup> century, Davoud had multiple interests, of which two were particularly significant. As a conscious teenager, he always volunteered for social causes, particularly with regards to the global water crisis. On the other hand, he was a sports fanatic and loved to organise sporting events and tournaments in his locality. As such, an amalgamation of these two things led to the foundation of *Unité du Monde* in 2016.

*Unité du Monde* was started with the objective of raising funds in the form of events, sporting or otherwise, and utilising them to construct wells in regions that face relevant water issues. In the last 3 years, he and his team have organised over 20 events, constructed just as many wells in countries such as Senegal and Mali, and engaged with over 5000 people. As such the idea is simple – funding social initiatives through commercial events and activities. But what takes the cheese is his execution.

On one hand, Davoud and his team leveraged their connections to reach out to the masses for marketing their events. An early

endorsement from Moussa Dembélé, a renowned football star, was instrumental in his success. In the span of the next three years, the team has garnered support from several footballers and artists like Presnel Kimpembe, Kingsley Coman, Dadju and Marwa Loud as well as the Facebook community. You can picture how many people attend his events now!

On the other end, in order to garner support and expedite the process of his activities, he forged strong connections with local communities and activists in drought-affected regions. Involving the locals in the activities seemed to make the process even faster and engaging, he believed.







## THE MULTI-FOLD IMPACT OF SOCIAL ENTREPRENEURSHIP

Davoud believes that the social enterprise has four impacts. On the front end, a social enterprise is like any other business – adding value to the lives of people by providing them with a service or a product at the right price.

In a social enterprise, the revenues generated from the sales are utilised for the betterment of society. In the case of Unite du Monde, funds are raised through entertainment and sporting events in the city areas on the front end and used for the providing hygienic and clean water sources for affected regions.

A third impact that Davoud talks of is that working for a social cause sensitises individuals about the hardships faced by the affected populations. This has a network effect and pushes more and more individuals to lead meaningful lives.

And finally, social enterprises such as his give the volunteers an opportunity to face real-world challenges and tasks which help them to grow as professionals. Davoud pushes for autonomy and pushes his team to tackle issues on their own by putting them in full control of individual projects. He believes this will empower them to start their own initiatives someday and increase their impact.

Seeing the benefits of social entrepreneurship and the challenges associated with it, one can conclude that this line of work is certainly not for the mild-hearted.

For those who wish to embark on the path of social entrepreneurship, Davoud recommends that it is essential to first find out one's own motivation for doing it. The main objective should be to impact lives and not to make a profit off one's activities.

Secondly, you should be clear on your vision and share it with your team to ensure that everyone's objectives are aligned. The social impacts should be well defined for each of the stakeholders involved.

And lastly, you should not be afraid of failures. Because it is only through failures that you actually learn the right way of doing things. In failure, it is the team and the shared vision that will help you to get support.

Davoud smiles as he quotes one of his favourite author, Mark Twain: *"The two most important days in your life are the day you are born and the day you find out WHY."* So go find your why.

“

In failure, it is the team and the shared vision that will help you to get support.

”



## KEY TAKE AWAYS

SOCIAL ENTERPRISE INVOLVES CREATING BUSINESSES WITH THE PRIMARY GOAL OF SOCIAL CHANGE WHICH MAY OR MAY NOT BE ACCOMPANIED BY PROFIT GENERATION.

FOR DAVOUD, THE TEAM IS THE MOST IMPORTANT PART OF AN ORGANISATION AND THE VERY EXISTENCE OF ORGANISATION DEPENDS ON IT. FOR HIM, SOCIAL ENTERPRISE HAS 4 IMPACTS.

A SOCIAL ENTERPRISE IS LIKE ANY OTHER BUSINESS - ADDING VALUE TO THE LIVES OF PEOPLE BY PROVIDING THEM WITH A SERVICE OR A PRODUCT AT THE RIGHT PRICE.

IN A SOCIAL ENTERPRISE, THE REVENUES GENERATED FROM THE SALES ARE UTILISED FOR THE BETTERMENT OF SOCIETY.

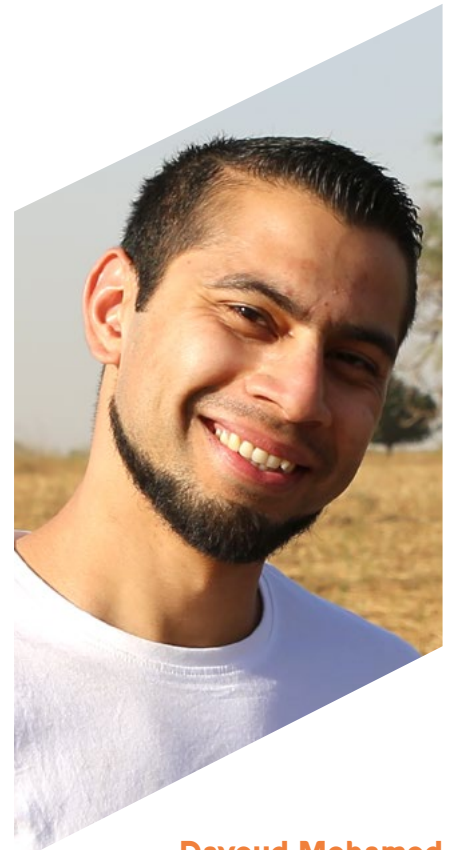
WORKING FOR A SOCIAL CAUSE SENSITISES INDIVIDUALS ABOUT THE HARDSHIPS FACED BY THE AFFECTED POPULATIONS: THIS HAS A NETWORK EFFECT AND PUSHES MORE AND MORE INDIVIDUALS TO LEAD MEANINGFUL LIVES.

SOCIAL ENTERPRISES GIVE VOLUNTEERS AN OPPORTUNITY TO FACE REAL-WORLD CHALLENGES AND TASKS WHICH HELP THEM TO GROW AS PROFESSIONALS.

FOR THOSE WISHING TO EMBARK ON THE PATH OF SOCIAL ENTREPRENEURSHIP, DAVOUD RECOMMENDS: FIRST FIND OUT YOUR MOTIVATION FOR DOING IT. THE MAIN OBJECTIVE SHOULD BE TO IMPACT LIVES AND NOT TO MAKE A PROFIT OFF ONE'S ACTIVITIES.

BE CLEAR ON YOUR VISION AND SHARE IT WITH YOUR TEAM TO ENSURE THAT EVERYONE'S OBJECTIVES ARE ALIGNED. THE SOCIAL IMPACTS SHOULD BE WELL DEFINED FOR EACH OF THE STAKEHOLDERS INVOLVED.

DON'T BE AFRAID FAILURE - IT'S HOW YOU LEARN THE RIGHT WAY OF DOING THINGS!



**Davoud Mohamed**

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# A FOOD SYSTEM REVOLUTION: FORGET THE NIBBLE, GIVE IT BITE



© Sharon McCutcheon, Reuters

**Dr. Norah Campbell**, associate professor of Marketing at **Trinity Business School**, says that producers of ultra-processed food are making small changes, but what is needed is a revolution.

*Based on an article by Norah Campbell and Francis Finucane in The Conversation*

## SUGAR AND SPICE ARE NOT NECESSARILY NICE

The results of a recent study on ultra-processed food appearing in *Cell Metabolism* magazine has scuttled the notion that “all calories are the same”. In the experiment, one

group of people were fed ultra-processed food, another unprocessed food – their meals being matched precisely for calories, salt, sugar, fat and fibre. Logic tells us that no difference should occur, but despite this and in the space of two weeks, those on ultra-processed foods ate more and gained

more weight. The findings mount support to other studies that link ultra-processed foods to obesity, cancer, heart disease and early death.

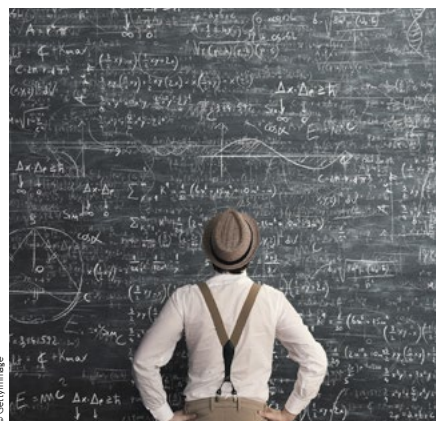
It is not processing as such that is to blame. For most foods we eat require some levels

of processing such as freezing or pasteurisation to ensure shelf life, food safety, and commercial viability. However, “ultra-processed” products have little or no intact “food” remaining, being assembled from already-processed matter such as potent sugars, modified oils and salts, as well as cosmetic processes such as emulsification, thickening and carbonating. As such, no longer really foods, they are better thought of as formulations.

## CHANGING THE FORMULA – FOR HEALTHY PEOPLE OR HEALTHY PROFIT?

‘One strategy to make ultra-processed products less harmful is to reduce the amount of salt, sugar and unhealthy fats in them through what is known as “reformulation”’, states Dr. Norah Campbell. This means redesigning an existing processed food product with the objective of making it healthier. For Campbell, reformulation could help if it had adequate scope and intensity – bolstering other sugar, salt and fat reduction strategies such as taxes or improved product labelling. ‘But while about a dozen countries have mandatory salt and trans-fat limits, none have set legal limits for sugar and saturated fats in foods.’

Since its appearance in the early 1980s, food reformulation has always been considered a “win-win” policy for large food brands, enabling them to compete for health-conscious consumers. But from the mid-2000s on, it has become a regular strategy for food companies seeking to avoid mandatory nutrient limits. Many governments throughout the world now collaborate with the food industry to reformulate ultra-processed foods – a recipe that has gained widespread and enthusiastic endorsement from senior policy makers.



The recent report by Food Drink Ireland, Reformulation and innovation: supporting Irish diets, is one such example. However, as part of the Trinity Research in Social Sciences (TRiSS) initiative, Prof. Campbell and her fellow researchers have found what they consider are selection biases, ecological fallacies and inappropriate study design that they argue make the conclusions about the benefits of industry-led reformulation in this report unsound. ‘Others have described how methodological weaknesses limit the policy “relevance” of similar industry reports,’ states Campbell. ‘In seeking to lead and influence national dietary strategies, the food industry promotes two consistent narratives: that reformulation is enormously difficult and expensive, and that it must happen slowly because consumers will react negatively to dramatic changes in taste.’

## WHAT'S WRONG WITH INDUSTRY-LED REFORMULATION?

According to Campbell and her colleagues, there are four serious dangers linked to industry-led reformulation. The first is that firms use reformulation as a PR strategy. ‘Because reformulation has been framed by industry as a series of voluntary commitments,’ states Campbell, ‘big food actors across the world give us the message that they are doing government and society at large a massive favour, while at the same time burnishing their corporate images.’ Voluntary food reformulation stymies faster progress towards the promotion of significantly healthier diets.

A second danger stems from the role that the food industry assumes in combatting obesity. ‘Industry-led reformulation stages the food industry as the saviour from our obesity problem,’ asserts Campbell. ‘It places them as a central authority which can speak

reliably and legitimately about nutrition goals with governments. Food brands speak convincingly about how much sugar, salt or fat they extract from national diets. The Irish reformulation report for example, states that between 2005 and 2017, beverage companies removed 10 billion calories from the annual diets of the country’s 4.8m people. But it is silent about how many calories the companies are responsible for introducing to the diet in the first place. This mirrors industry development of low tar cigarettes, which were an ineffective, tokenistic industry-led solution to the public health crisis that smoking presented. In the same way, voluntary reformulation of unhealthy food products that are making so many of us sick risks delaying more substantive strategies to get rid of the most harmful products altogether.’

According to Campbell and her colleagues, the ultra-processed food industry plays a double strategy – reformulating existing products while adding more to the food system. ‘It is constantly creating new products such as cereal bars or “snackfections”, new formats which masquerade as portion control but actually increase snacking – bites, thins, share size, new eating occasions – like Domino’s World Pizza Day, or Cadbury’s Friendship Day – new category expansions (biscuits for breakfast, meat snacks) and new retail and channel distribution innovations. Campbell points to a recent study by the Food Safety Authority of Ireland, which found that while there were indeed some decreases in the amount of salt and sugar in the category of “baby foods”, there were whole new classes of foods created for babies that it deemed “inappropriate” – that is, products that normalise snacking in babies and young infants. Says Campbell: ‘We need to measure not just reformulation at a product level, but how many new ultra-processed foods are being produced, to get a true picture of the changing food system.’

And lastly, a fourth danger lies hidden in status quo bias – that is, when a baseline is mistaken for a standard to strive towards. ‘The Irish reformulation strategy is a good example,’ affirms Prof. Campbell. ‘If Irish children are eating 101g of added sugar per day, it will take about 300 years to reach the recommended intake of 25g at current rates of decline. Such bias contributes to policy inertia, where it is imagined that the food system can be tinkered around with, rather than needing to be fundamentally revolutionised.’

## JUST DESSERTS

All in all, Prof. Campbell and her fellow researchers believe that Industry-led reformulation has become a public relations strategy – a goodwill gesture that enhances the dominance and legitimacy of the ultra-processed food category rather than challenging the ultra-processed concept. As such, ultra-processing is inadvertently legitimated because attention is focused on changing the formulas of energy-dense, nutrient-poor foods instead of working out ways to replace

them altogether. For Prof. Campbell, a revolution in the food system is required – and this involves government action. ‘Some of the ways that governments might intervene include subsidies for fruits and vegetables, tax breaks for local food co-operatives and food growers, school and adult education,’ she asserts. ‘Ultimately, cultural norms need to change so that people have more time to think about what they eat – and to cook it.’



## KEY TAKE AWAYS

ACCORDING TO RESEARCH, PEOPLE WHO EAT ULTRA-PROCESSED FOODS EAT MORE AND GAIN MORE WEIGHT THAN THOSE WHO DO NOT. ULTRA-PROCESSED FOODS ARE LINKED TO OBESITY, CANCER, HEART DISEASE AND EARLY DEATH.

HOWEVER, MOST FOOD REQUIRES SOME LEVELS OF PROCESSING SUCH AS FREEZING OR PASTEURISATION TO ENSURE SHELF LIFE, FOOD SAFETY, AND COMMERCIAL VIABILITY.

BUT “ULTRA-PROCESSED” PRODUCTS ARE ASSEMBLED FROM ALREADY-PROCESSED MATTER SUCH AS POTENT SUGARS, MODIFIED OILS AND SALTS, AND ARE SUBJECT TO COSMETIC PROCESSES SUCH AS EMULSIFICATION, THICKENING AND CARBONATING.

A DOZEN COUNTRIES HAVE MANDATORY SALT AND TRANS-FAT LIMITS, BUT NONE HAVE SET LEGAL LIMITS FOR SUGAR AND SATURATED FATS IN FOODS

ONE STRATEGY TO MAKE ULTRA-PROCESSED PRODUCTS LESS HARMFUL IS TO REDUCE THE AMOUNT OF SALT, SUGAR AND UNHEALTHY FATS IN THEM: “REFORMULATION.

THE DANGERS ARE: FIRMS USE REFORMULATION AS A PR STRATEGY; INDUSTRY-LED REFORMULATION STAGES THE FOOD INDUSTRY AS THE SAVIOUR FROM OUR OBESITY PROBLEM; THE ULTRA-PROCESSED FOOD INDUSTRY PLAYS A DOUBLE STRATEGY – REFORMULATING EXISTING PRODUCTS WHILE ADDING MORE TO THE FOOD SYSTEM; STATUS QUO BIAS – THAT IS, WHEN A BASELINE IS MISTAKEN FOR A STANDARD TO STRIVE TOWARDS.

SOME OF THE WAYS THAT GOVERNMENTS MIGHT INTERVENE: SUBSIDIES FOR FRUITS AND VEGETABLES, TAX BREAKS FOR LOCAL FOOD CO-OPERATIVES AND FOOD GROWERS, SCHOOL AND ADULT EDUCATION.

CULTURAL NORMS NEED TO CHANGE SO THAT PEOPLE HAVE MORE TIME TO THINK ABOUT WHAT THEY EAT – AND TO COOK IT.



**Norah Campbell**



# IS MALAYSIA LOSING ITS LEADERSHIP IN THE GLOBAL HALAL MARKET?



**Cédomir Nestorovic**, Professor of Management at **ESSEC Business School, Asia-Pacific**, explores the amazing success of Malaysia in the Halal business sector and how its position as leader is now being threatened by the rise of a small, but bullish United Arab Emirates.

Abridged from an original paper presented by Professor Cédomir Nestorovic, ESSEC Business School, Asia-Pacific, at the EuroSEAS Conference, Berlin, 12th September 2019.

**IN THE DOMAIN OF ISLAMIC BUSINESS**, Malaysia was and still is the leading country. Without surprise, Nestlé has established its halal hub in Malaysia and students used to come in hundreds to learn about Islamic finance at the International Islamic University of Malaysia (IIUM) or INCEIF (In-

ternational Centre for Islamic Finance Education) in Kuala Lumpur. Tabung Haji was the synonym of the efficient Hajj organization and Islam Hadhari was studied at Universities and Institutes across the country. How come that a relatively small country in South East Asia – where Muslims represent only 60% of

the population – became a reference in the global halal market while its halal expertise was practically nil only a few decades ago? And is it possible that it can maintain its leadership when new competitors like Dubai come to the market?



## MALAYSIA AS A LEADER

The General Election in Malaysia in 1981 brought to power Dr. Mahathir Mohamad who believed that it was possible to emulate the Asian tigers of that time (South Korea, Taiwan, Hong Kong and Singapore) and achieve similar economic results. Although having more natural resources than the Asian tigers, the population did not share the same entrepreneurial spirit as their neighbours. Mahathir Mohamad's challenge was therefore twofold: to achieve the same performance as the Asian tigers and promote and empower the Muslim population in Malaysia. He decided to combine Islam and modernity, a concept which was proposed in various countries under different names (political Islam, Islamic economy) but never fully implemented... until 1979.

It was a year that was a turning point for Muslims worldwide, the Iranian Islamic Revolution (December 1978-January 1979) transforming probably the most Westernized Muslim country in the world into an Islamic Republic in a very short span of time, and giving rise to a project to spread Shi'ism across the globe. A second event came in the guise of the Grand Mosque seizure of Mecca in November-December 1979 which came as a shock for the Muslim community. It took two weeks for the Saudi army and its allies to end the seizure with the result that following this attack, Saudi Arabia hardened its Islamic stance.

These two events occurred in a time of religious movements revival in the Muslim majority countries of South East Asia, most notably Indonesia and Malaysia, and there-

fore served as a source of inspiration for the emerging Islamism in these countries. Faced with the competing attempts to spread both Shi'ism and Salafism in south-east Asia, Malaysia – belonging to the Shafi'i school of thought and governed under Mohamad Mahathir – came up with a project that would at the same time help the economic performance of Malaysia and resist the proselytism coming from Saudi Arabia and Iran. But while it was relatively easy to contain the influence of Iranian and Saudi Arabian official activism in Malaysia, it was much more difficult to limit the spread of Islamist ideas among the population. Mahathir decided to co-opt major Islamists within the establishment and commit himself to an Islamisation programme in order to cut the grass of domestic activism. In order to win their support, Mahathir established a distinction between Islamic values and Islamic rules and laws, establishing 'Islamic values' in Malaysian

society through the Islamisation of productive, financial and educational structures and a halalisation of food standards. The halalisation was a way to make the society, families and Islamic parties accept to abandon their maximalist views about Islamic economy and participate in government activities through organisations like JAKIM, which was in charge of the halal sector in Malaysia.

## HOW THE WORLD WAS WON

Deciding to halalise the food sector is one thing, realising it is another. Malaysia needed the support of those who could produce and ensure the Shariah-compatible character of products and service and this could not be done by Malaysian companies which lacked international exposure, marketing expertise and competence in manufacturing halal products in various countries. Malaysia thus asked a renowned company, well known for its willingness to transfer competence in all countries where it operates to help it. The influence of Nestlé, a company present in Malaysia for more than a century was a crucial one.

In 1980, Nestlé established the first internal halal committee and started implementing a formal halal policy in 1992, at a time where no halal standards existed. The cooperation with JAKIM (Jabatan Kemajuan Islam Malaysia – Department of Islamic Development in Malaysia) resulted in the first halal certificate received in 1994. The first halal standard in the world launched as MS1500:2000 was revised in 2004. It was completed in 2009 and





hailed as the 'mother of all halal standards'. It became the world reference in the domain of certification of Shariah-compatible food products. Nestlé then took the JAKIM certificate in order to obtain the religious legitimacy. This was a classical win-win scenario. In short, Nestlé served JAKIM and JAKIM served Nestlé.

Nestlé participated actively in the Islamisation of standards in Malaysia by organizing trainings for SMEs, NGOs and supporting the 'halal sciences' tracks in Malaysian universities. In the early 2000s Malaysia played a very active role in spreading its halal model by sending systematically delegations to all conferences on world ethnic food and organising conference and events in Malaysia, such as the World Halal Forum. The World Halal Forum (WHF) was launched in 2005 and since that year hosted every year hundreds of specialists.

That year Malaysia was ready to lead the halal wave through a combination of private initiatives (given by Nestlé and other food giants such as Colgate or McDonald's) and public commitment (halal standard, the World Halal Forum and HDC with the final aim to lead the halal standards harmonization with the International Halal Development Initiative - IHI). At that time Malaysia shined as the global leader recognized by all other Muslim countries. Mahathir could say: 'Mission accomplished'.

The political situation however changed in 2009 after the General Election which brought to power a new Prime Minister, Najib Razak, who departed from the Islamic agenda by introducing the concept of 1Malaysia. Since that time, Malaysia stagnated, in spite of the fact that new halal standards have been developed by Malaysian Standards (MS). The World Halal Forum has been renamed the World Halal Conference with



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a lower participation from other countries. Mihas was much smaller than before and IHI has been dismantled. Nestlé is still there, together with JAKIM and HDC, but the mojo is not the same and other countries started to look attentively at the way they can take a slice of this lucrative market. Among the newcomers, Dubai was the most aggressive.

## BACK IN THE UAE

The United Arab Emirates (especially Dubai) were not well known for their hard stance on Islam. The UAE is a federation of seven emirates and some of them (like Sharjah) are 'more Islamic' than others. Dubai is certainly not on this list. On the contrary, Dubai has been dubbed 'the sin city' of the Gulf because of its relaxed rules for locals, expatriates and tourists.

Virtually all Emirati citizens are Muslims so there is no need to specifically empower Muslims, contrary to Malaysia, where there is competition between the three communities (Malays, Chinese and Indians). Halal was not an issue in Dubai (same thing for many Muslim countries in the region) since all food was deemed to be halal, except for specific non-halal points of sale, clearly indicated and open to non-Muslims. It was thus a surprise to see Dubai engaging in Islamic economy and specifically halal food by the end of the first decade of the 21st century, exactly at the same time when Malaysia slowed down its activism.

## DUBAI: EVERYONE'S POLITICAL FRIEND?

From the external political point of view there was no need to push for an Islamic agenda because Saudi Arabia and Iran do not proselytize in Dubai. Saudi Arabia does not put pressure on the Emirates because they constitute with Bahrain the closest allies to Saudi Arabia in the region. The influence of Iran is a little bit more complex. About 15 per cent of Dubai citizens are Shia and Iran tends to act as a protector of Shia, whether they are Iranians or Arabs, especially those who belong to the Twelver branch of Shi'ism. About 400,000 inhabitants in Dubai have Iranian nationality and many of the leading trading families in Dubai can trace their roots to Iran, a legacy of centuries of trade in the Persian Gulf. Islamic Republic of Iran needs Dubai as a trading post in times of sanctions.

As Hong Kong was vital for China, so is Dubai to Iran. As such, there is no reason for Iran to destabilize Dubai and proselytize there. Iran never tried to export its revolution in Dubai and there was no need for Dubai to resist this kind of challenge and Islamise its society.

From the internal political point of view, the situation in Dubai is different from that in Malaysia. In Malaysia, the political system permits to all kind of political ideas to flourish, especially all shades of Islamic conceptions of society. There are many political parties and societies participating to elections where real power is at stake. This is not happening in Dubai, where political parties are

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banned and the Federal National Council in Abu Dhabi has much less power than Parliament in Kuala Lumpur. All in all, it is possible to express a plurality of ideas pertaining to Islam and society and Islam and economy in Malaysia while this is not the case in Dubai.

From the institutional point of view there is no place in Dubai to contest the official point of view or decisions. If there is no institutional challenge, there might be non-institutional challenge from groups and societies. Groups like Muslim Brotherhood or Hezbollah are closely watched and its members routinely expelled from the country. The real danger is spontaneous unrest like the Arab Spring in 2011. Even closer was the unrest in Oman. Unlike in Malaysia, there was no pressure (external or internal) to push for the halalisation of society in Dubai. So the primary reason for halalisation was the economic one.

## DUBAI: AN ECONOMY LOOKING FOR NECESSARY ALTERNATIVES

Contrary to Malaysia, Dubai does not have natural resources. Oil represents less than 5 percent of the GDP while in Abu Dhabi it represents 40% of the GDP. The main activities in Dubai are trade, financial services and real estate. The debt crisis in 2008 was a painful wake-up call because Dubai needed a \$20 billion bailout from oil-rich Abu Dhabi to escape a debt crisis caused by collapsing property prices, which had threatened to force some state-linked companies to default on billions of dollars of debt.

The Emirate had to find new fuel for growth to add to its traditional sectors. The Emirates, along with many Middle East and North African countries, did not have its own halal standard and certification agency and had a rudimentary awareness about the potential size of the market. However, the realisation that a market of 1.8 billion Muslims worldwide might be interested in a specific (halal) offer was very interesting to Dubai at the time when it needed badly an additional source of income. This is when Dubai decided to harness the Islamic economy tide and put emphasis on halal.

The Malaysian model was a very inspiring one for Dubai. It did not need to reinvent the wheel, since Malaysia provided a very interesting blueprint and indicated the directions where to go: excellence in manufacturing, standards and certification and branding Dubai as the hub for halal. Since Malaysia's journey to halal was backed by Nestlé, Dubai wanted to do the same. Nestlé has 18 factories in the Middle East, but only two of them produce food, while the 16 other produce water and beverages. The two food producing factories are in Iran and Dubai. Dubai also invited BRF from Brazil, the absolute leader in exporting halal meat (especially poultry) under the brands Hilal, Perdix and Sadia. The headquarters of BRF Middle East are in Dubai and the Emirate hosts the only production unit in the Middle East. Finally, Dubai also wants to promote domestic leaders in the halal business with brands such as Al Khazna, Al Islami foods or Al Kabeer.

As for the halal standards and certifications,

Dubai did not have anything of this kind a few years ago. The halal character of imported food was checked upon the arrival by customs department while the locally-manufactured food was deemed to be halal even if it was not certified.

Now Dubai wants to impose its own standards and certificates to multinational and local manufacturers in the Emirate. To this end, ESMA (Emirates Standardization and Metrology Authority) equivalent of Malaysian Standards, located in Dubai, launched its first standard in 2014. Today the Emirati standards cover not only food, but also cosmetics. Contrary to the Malaysian example where the halal standards (Malaysia Standards) and halal certificates (JAKIM) are separated, Dubai decided to have both functions under the same roof so ESMA is responsible for both (standards and certification).

Finally, in order to communicate about Dubai as a global halal hub, Dubai launched its own version of HDC and World Halal Forum. The equivalent of the WHF is the Global Islamic Economy Summit (GIES) launched in 2011. Dubai went even further by publishing the Global Islamic Economy Report (GIER) in cooperation with Thomson Reuters and DinarStandard. Today, this is the main source of information about Islamic Economy and halal in particular. The annual presentation of the report every October is hosted by the Dubai Islamic Economy Development Centre (DIEC), established in 2013. As far as internet sources are concerned, [www.salaamgateway.com](http://www.salaamgateway.com) is the leading global source of information.

## HALAL 2.0?

Everything is set for Dubai to replace Malaysia as a global halal hub. There are however two major obstacles. The first one is that Malaysia started decades ago and acquired a good reputation in halal that Dubai does not yet have. The number of halal standards in Malaysia ranging from food to pharmaceuticals and logistics is so vast that it will take time for Dubai to match it. The second one is that Dubai is very much dependent on international trade and if there is a crash similar to that of 2009, it will be hard for the Emirate to ask Abu Dhabi to bail out again. The Malaysian economy is much more diversified and resilient so the halal journey will continue, although at a lower pace.

The Malaysian journey to halal was not dictated by market forces – there was no sudden demand for halal water or halal cosmetics in the country – but was dictated by a political decision motivated by internal and external factors, supported by Nestlé. This journey was a successful one and Malaysia acquired a reputation extending far beyond the region. After 2009 a certain fatigue started to be felt in Malaysia while a newcomer, Dubai, aggressively wanted to take its spot by reproducing the same model. It managed to align the same forces as Malaysia did, but Dubai is very much dependent on trade and real estate so its future is not firmly assured.

In both cases, the halal journey is a political one: it remains to be seen if there is political willingness in Malaysia to embark on halal journey 2.0 or not. If it managed to be number one in the past, it can also be number one in the future due to its experience and competence.



**Cédomir Nestorovic**

## KEY TAKE AWAYS

THE RISE TO POWER OF DR MOHAMAD MAHATHIR IN MALAYSIA IN 1991 BROUGHT A WISH TO EMULATE THE ECONOMIC SUCCESS OF THE ASIAN TIGERS OF THAT TIME (SOUTH KOREA, TAIWAN, HONG KONG AND SINGAPORE).

TWO EXTERNAL EVENTS SPURRED THE IMPETUS: THE IRANIAN ISLAMIC REVOLUTION AND THE SEIZING OF THE GRAND MOSQUE IN MECCA IN 1979, WITH THE RESULTING BID TO SPREAD THE INFLUENCE OF SHI'ISM AND SALAFISM IN S.E. ASIA.

THE MALAYSIAN GOVERNMENT ATTEMPTED TO LIMIT THIS, ESTABLISHING A DISTINCTION BETWEEN ISLAMIC VALUES AND ISLAMIC RULES AND LAWS, ESTABLISHING 'ISLAMIC VALUES' IN MALAYSIAN SOCIETY THROUGH THE ISLAMISATION OF PRODUCTIVE, FINANCIAL AND EDUCATIONAL STRUCTURES AND A HALALISATION OF FOOD STANDARDS.

THE INFLUENCE OF THE FOOD GIANT NESTLÉ, PRESENT IN MALAYSIA FOR MORE THAN A CENTURY, WAS CRUCIAL. IN COOPERATION WITH THE MALAYSIAN AUTHORITIES, NESTLÉ IMPLEMENTED A HALAL POLICY, A HALAL CERTIFICATE, THE WORLD'S FIRST HALAL STANDARD AND GAVE TRAINING TO SMES, NGOS AS WELL AS SUPPORT FOR 'HALAL SCIENCES' TRACKS IN UNIVERSITIES.

2009 ELECTIONS AND A CHANGE IN GOVERNMENT SAW A DOWNTURN IN RESULTS AND THE RISE OF THE UAE AS A SERIOUS CONTENDER IN THE HALAL MARKET.

THE UAE'S PUSH INTO THIS BUSINESS SECTOR IS LARGELY A RESULT OF ITS ECONOMIC MODEL – BASED ON FINANCIAL SERVICES AND REAL ESTATE – THE DEBT CRISIS OF 2008 AND A \$20BN BAILOUT FROM OIL-RICH ABU DHABI.

THE UAE GAINED INSPIRATION FROM THE MALAYSIAN SUCCESS STORY AND ALSO CREATED HALAL CERTIFICATES, STANDARDS, ANNUAL 'GLOBAL' CONFERENCES ON THE HALAL INDUSTRY BACKED UP BY POWERFUL MARKETING AND COMMUNICATIONS MECHANISMS.

DESPITE ITS RAPID EXPANSION IN THIS SECTOR, THE UAE FACES TWO OBSTACLES: I) MALAYSIA'S REPUTATION IN HALAL AND VAST COVERAGE OF PRODUCTS. II) DUBAI IS VERY MUCH DEPENDENT ON INTERNATIONAL TRADE AND IF THERE IS A CRASH SIMILAR TO THAT OF 2009, IT WILL BE HARD FOR THE EMIRATE TO ASK ABU DHABI TO BAIL IT OUT AGAIN.





# MANAGEMENT & LEADERSHIP



# RECOGNISING EMOTIONS: A SUPERPOWER IN THE SERVICE INDUSTRY'S ARSENAL

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Recognising how customers feel can help disagreeable employees become more attuned to the relational needs of the customers.

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It turns out that being disagreeable and having poor cognitive ability may not be as bad as the service industry had imagined. Prof. **Lorna Doucet** from **School of Management Fudan University** unravels the mystery of emotional intelligence in the service industry.

*From the paper by Doucet, L., Shao, B., Wang, L. and Oldham, G. (2016), "I know how you feel, but it does not always help: Integrating emotion recognition, agreeableness, and cognitive ability in a compensatory model of service performance", Journal of Service Management, Vol. 27 No. 3, pp. 320-338.*

## CATASTROPHIC OR NOT?

A waiter who can't easily memorize the menu, the customer care executive who isn't naturally friendly, the barista who may

struggle with complicated orders, the receptionist who feels very at ease in conflicts: what do they have in common? Well, for one they all seem to make for perfect recipes for disaster, incompetence, or even

termination. However, what on the surface may seem like an inability to perform the job, may not necessarily be so.



sagreeable employee may be able to recognise emotions. Recognising how customers feel can help disagreeable employees become more attuned to the relational needs of the customers – as a result making employees more socially effective. For example, the accurate reading of a customer's frustration may prompt a disagreeable customer executive to act more courteously in a service encounter. This is happy news for all those who are not predisposed to be friendly and cooperative.

## EMOTION-RECOGNITION: A SAVIOUR

Agreeableness and intelligence are considered to be the two implicit tenets of the service industry. All the same, Prof. Doucet's research shows that the lack of cognitive ability or agreeableness may not necessarily prove to be a hindrance in the service industry. Employees low on agreeableness or cognitive ability may compensate for this deficit by having another superpower – the ability to recognise emotions. Considered as the ability to accurately decode others' expressions of emotions through non-verbal cues, emotion-recognition is considered as a unique dimension of emotional intelligence. Anecdotal evidence had suggested that those skilled in the art of recognising emotions tend to be better executives, diplomats, teachers and negotiators. Research supports this view by showing that emotion-recognition accuracy enhances leadership and negotiation effectiveness. Prof. Doucet's research shows that this also extends to employees engaged in a service context.

## THE SERVICE EMPLOYEE'S RESUME

Customers are likely to be satisfied when they are treated well and when their problems are solved. Broadly speaking, there are two aspects to service interactions: first, a relational or 'human-contact' aspect and second, a technical aspect, which concerns service employees' ability to solve customer problems. As a result, employers in the service industry end up hunting for two qualities. First, employers look for an agreeable personality, this permits employees to carry out the relational part of the job, have a pleasant and friendly disposition which puts the customer at ease, and which may even

sow the seeds for a future relationship. Second, employers look for cognitive ability or the ability to solve problems, which deals with the technical aspect of their job. Thus, service employees are expected to excel in both the relational and the technical aspects to guarantee customer satisfaction. While weight is also placed on the customer's emotions – considered crucial in defining a service interaction – little has been said about the employee's emotions or their ability to read them. As is commonly acknowledged, the ability to recognise emotions is not truly considered in the hiring or training of service employees, since evidence to prove this skill's worthiness is scarce. Prof. Doucet helps us out with this dilemma. Her research indicates that although agreeableness and cognitive ability may be essential to hiring a service employee, the list is not completely exhaustive.

## LOW ON THE MANNERS

For those who score low on the cognitive ability or the agreeableness scale, Prof. Doucet's findings may be fortunate. In general, those who are disagreeable do not tend to value affiliation as an important element of social interactions, they are more at ease with behaving confrontationally or disagreeably. A common assumption would be to think that these employees are quite likely to botch up the relational part of the service experience – making the customer ill at ease and such. This may very well be true, were it not for the chance that the di-

## LOW ON THE COGNITION

Those who thought high intellect was the key to success on a service job may want to rethink their qualifications through. Greater cognitive ability is associated with proficiency in job-relevant knowledge and increased analytical and information-processing skills, both of which enhance job performance. Those with low cognitive abilities may employ their emotion-recognition skills when addressing customers' needs. Emotion-recognition enhances empathy and perspective taking which results in effective problem-solving. For example, a server in a restaurant with low cognitive ability may not easily memorize the menu. But if this server is very attuned to customer emotions, he may learn that customers become very frustrated when he forgets menu items. So he may find other ways to take care of the customer (such as always carrying a list of menu items with him). The server's emotional radar helps him know when there is a problem or opportunity that he can address.

## ADDING EMOTIONS TO THE MIX

Although human resource policies have begun to embrace the idea of emotional intelligence, using emotion-recognition ability as a criterion is still unheard of. Prof. Doucet's findings imply that overreliance on a single selection criterion when recruiting service employees should be avoided, as there are





different employee characteristics which can enhance service performance in a similar fashion. Organisations should take into consideration job candidates' emotion-recognition ability, personality, and cognitive ability in recruiting employees for service jobs. This may result in organisations benefitting from improvements in the match between employees and their job roles. However, for those who lack emotional intelligence, there might yet be another fix.

One needn't be born with it when they can learn it. Training for the development of emotional intelligence is another road human resource professional may consider taking. Evidence has shown that emotional intelligence can be improved through training. For example, research suggests that emotional intelligence could be developed in MBA students and that the emotional intelligence of leaders could be deliberately developed. Another experiment presented evidence that department store employees could be trained to read micro-expressions. Organisations pushing to increase their service performance may utilise training, such as micro-expression and subtle expression training tools, to build their employees' emotion-recognition ability in the face of low cognition or agreeableness.

## UNDER THE EMOTIONAL INTELLIGENCE UMBRELLA

Although previous research has highlighted that emotional intelligence is a deal-breaker when it comes to job performance, little was said about which abilities were precisely being referred to. This meant differences in job performances were frequently attributed to differences in cognitive abilities

and agreeableness. Prof. Doucet's extends this to include differences in the ability to read emotions, meaning that individual differences in emotion-reading abilities are likely to affect performance in service jobs.

Moreover, it is imperative to understand that those equipped with agreeable personalities or cognitive abilities are less likely to benefit from possessing emotion-recognition abilities. This link between performance and the ability to recognise emotions is significantly stronger in those who are low in agreeableness and cognitive ability. So, the effect of emotional intelligence or emotion recognition is more complex than originally imagined.

Prof. Doucet's research simply attempts to shine the light over another ability – emotion-recognition – rather than steal the thunder from other important traits such as cognitive ability and agreeableness. Her research goes a step forward in concretely defining what it means to be emotionally-intelligent in the service industry. This, however, leads us to another question: have we peeled back all the layers of the complex trait defined as emotional intelligence?



Lorna Doucet

## KEY TAKE AWAYS

COGNITIVE ABILITY AND AGREEABLENESS ARE CONSIDERED TO BE IMPORTANT TRAITS FOR AN EMPLOYEE IN THE SERVICE INDUSTRY.

AGREEABLENESS HELPS WITH THE 'HUMAN' OR RELATIONAL ASPECT OF THE JOB AND HELPS DEVELOP FUTURE RELATIONSHIPS WITH THE CUSTOMERS.

COGNITIVE SKILLS HELP WITH THE TECHNICAL ASPECT OF THE JOB AND HELP IN FINDING SOLUTION TO CUSTOMERS' PROBLEMS.

EMPLOYEES WITH LOW AGREEABLENESS OR POOR COGNITIVE SKILLS MAY BENEFIT FROM USING THEIR EMOTION-RECOGNITION SKILLS. THEY CAN PERFORM JUST AS WELL AS THE REST.

HUMAN RESOURCE POLICIES SHOULD CONSIDER EMOTIONAL INTELLIGENCE, IN PARTICULAR EMOTION-READING ABILITIES, IN THE SERVICE INDUSTRY.

PEOPLE CAN ALSO BE TRAINED TO DEVELOP EMOTIONAL INTELLIGENCE. IN ORDER TO IMPROVE PERFORMANCE, HUMAN RESOURCE PROFESSIONALS CAN SET UP TRAINING PROGRAMS TO DEVELOP EMOTIONAL INTELLIGENCE.



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# WHAT DOES IT TAKE TO BECOME A LEADER? NOT A CHECKLIST



A high IQ or a charismatic personality? As competing theories attempt to unveil the mystery behind the 'effective' leader, we learn that leadership is an attitude that can be learned through reflective practice. Prof. **Hari Tsoukas** from **Warwick Business School**, explains why leadership is more than a just a list of boxes to tick.

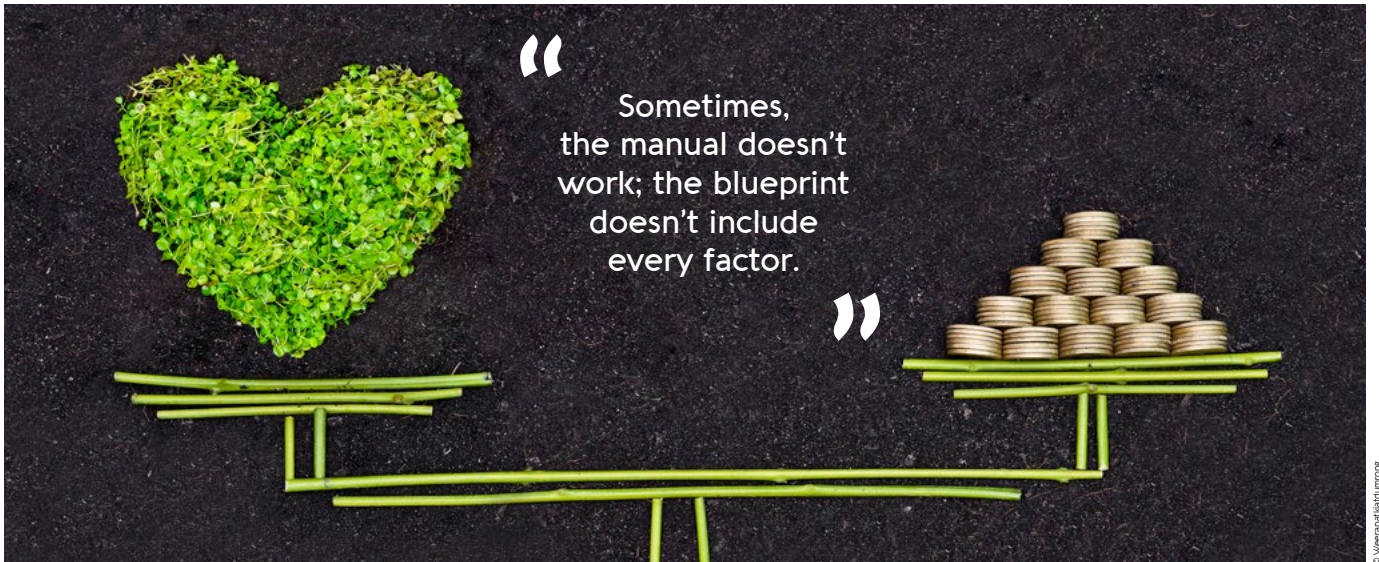
**DESPITE HIS TWENTY YEARS** studying leadership and organisational behaviour, Professor Tsoukas admits there is no blueprint on being a leader. He maintains that while some are fortunate enough to be born leaders, the rest enter the challenge unprepared. 'The exercise of leadership is a skill

that can be learnt with reflective practice,' he claims. More than techniques, it is skills and attitudes that can inculcate better leadership, both of which Professor Tsoukas believes can be learned with exercise.

## GOING BEYOND THE NOW.

In post-apartheid South Africa, despite 27 gruelling years in prison, Nelson Mandela decided to forsake his and his community's self-interest in order to preserve the future of South Africa by recognising the need for brin-





ging the many different South-African communities together. In this context, Prof. Tsoukas urges leaders to go beyond their narrow self-interest and consider the longer-term implications of the situation. He argues that if they can ensure this, then they can generate trust and goodwill among staff and stakeholders – the type of trust they need to exist and function as a leader.

Prof. Tsoukas stresses the importance leaders must place on going beyond the immediate, on being concerned with the long-term viability of the unit or the organisation they are leading. Returning to the example of Mandela, he left the presidential office on June 14, 1999 after having served only a single term, as he had originally promised. The viability of the new South African institutions was more important to him than his desire to hold power, and hence he chose to surrender it.

## HEAR THE VOICE YOU DON'T WANT TO.

Leaders are placed with a great weight upon their shoulders, that of decision-making. They must be able to evaluate the contribution of many participating voices. Thoughts and ideas can be drowned out amongst competing voices, and often voices can be marginalised as a result of what they are saying – which may be difficult to hear. Professor Tsoukas recounts the cautionary tale of the space shuttle Challenger in a bid to emphasise the importance of leaders hearing it all. On January 28, 1986, 17 percent of the American population watched footage of the Shuttle Challenger break apart seventy-three seconds after its launch, killing all of its crew members.

Concerns from engineers who had warned the NASA leadership against the reliability of certain equipment – which ultimately caused the accident – had been brushed off, in favour of relieving NASA off the pressure of launching, pressure which had been building over the course of the year.

"It might make things difficult or awkward", Professor Tsoukas states, "but leaders must hear the arguments from all stakeholders rather than risk missing important pieces of information, especially considering that dominant voices have to justify themselves." Relationship-enhancing conversations are the key to success. While a leader will be hard-pressed to know if they have the complete picture, Prof. Tsoukas presses upon the need to include all stakeholders and hold conversations that they may necessarily want to hear.

## SENSING THE COMMON GOOD

Often leaders find themselves locked into a stalemate – societal good vs. organisational good. Businesses may take decisions which can have wider implications that extend beyond their balance sheets. Professor Tsoukas highlights that faced with such a situation, leaders must place societal good above organisational good for the benefit of stakeholders present outside the organisation.

He cites the Tylenol scare of 1982 to illustrate what it means to prioritise the common good. Healthcare multinational Johnson & Johnson decided to withdraw all of the 31 million bottles of its pain-reducing drug from American shelves, following the death of seven

people who had ingested Tylenol, later found to have been deliberately laced with Cyanide by a third-party. Easily prone to blame in the absence of another suspect, Johnson & Johnson avoided a potential public relations nightmare, by recalling its product, a move that cost the company US\$ 100 million. While unprecedented, the move – for which the company took a big hit – might have actually saved its future. Within a year, Johnson & Johnson had regained its market share following the introduction of the first tamper-proof bottles.

## TUNING IN TO PROCESSES

Faced with the prospect of taking life-altering decisions, leaders arrive at another hurdle: the information gap. Cognizance of events, the knowledge of the process of





events and meetings which generate outcomes, as well as their quality, allow leaders to respond swiftly and fittingly to events that unfold within an organisation.

Professor Tsoukas narrates the tale of a new CEO in an American company who was tasked with the responsibility of ensuring rapid growth of the company. She was able to successfully overcome this snag by presenting her arguments, presentation, and responses in a way that showed she was familiar with the organisation and its inner workings. By demonstrating the knowledge of the organisation's reactions, feelings, and conversations, she was able to win the resistance over to her side.

## ADAPTIVE LEADERSHIP – FAMILIARITY BREEDS COMPLACENCY

Despite the benefits that are derived from experience, leaders must learn to acknowledge the unique context of a situation. insists Professor Tsoukas, "Sometimes, the manual doesn't work; the blueprint doesn't include every factor – that is when open-mindedness is needed to be aware that this familiar situation is actually different."

The clean-up of the BP oil spill is perhaps testament to this. Charged with the clean-up of the Deepwater Horizon oil spill, recognised as the worst oil spills in the United States, Admiral Thad Allen answered, "Yes, and no" when asked if he had a template to deal with the situation. With several clean-up operations tucked under his belt, he could draw on his past experience to deal with this challenge. However, this particular oil spill was unprecedented and beyond the grasp of even the workers from BP and government agencies. The government's go-to fixer soon realised that to make sense of the situation he had to go beyond the traditional roadmap, beyond the law, and appreciate the situation's uniqueness to be able to resolve it.

## LESS THEORY, MORE PRACTICE

Prof. Tsoukas believes that wisdom comes from practicing and adopting a reflective attitude. The attitude of wisdom makes a leader sensitive to context, to competing voices and values, to stakeholders' perspectives and

to the process of bringing about change, all in order to achieve a common superior good.

With climate change affecting bottom lines, with business decisions under greater scrutiny, with a sharper eye on managerial conduct, and with consumers making conscious decisions about the recipients of their hard-earned money, leaders could definitely benefit from practicing wiser leadership in this complex and uncertain world. After all, one needn't be born with it, one need only practise it.



**Hari Tsoukas**

## KEY TAKE AWAYS

1. LEADING WISELY CAN BE DEVELOPED VIA CERTAIN SKILLS AND ATTITUDES, THERE IS NO PARTICULAR BLUEPRINT OR CHECKLIST THAT CAN LEAD TO WISER LEADERSHIP.
2. LEADERS MUST GO BEYOND THE IMMEDIATE AND BE CONCERNED WITH THE LONG-TERM VIABILITY OF THE UNIT OR THE ORGANISATION THEY ARE LEADING.
3. LEADERS MUST MAKE SURE THEY ARE HEARING ALL COMPETING VOICES IN ORDER TO COME TO A DECISION, SO THAT NONE OF THE VOICES ARE BEING MARGINALISED BECAUSE OF WHAT THEY ARE SAYING, WHICH MAY BE DIFFICULT.
4. A LEADER MUST THINK ABOUT THE WIDER IMPACT OF ANY DECISION OR ACTION. THEY SHOULD THINK OF THE 'COMMON GOOD' FOR THE BENEFIT OF STAKEHOLDERS OUTSIDE THEIR ORGANISATION.
5. LEADERS NEED TO BE IN TUNE WITH THE TEMPORALITY OF EVENTS, THE PROCESS OF EVENTS AND MEETINGS THAT GENERATE OUTCOMES, AND THE QUALITY OF THESE EVENTS. KNOWLEDGE OF ORGANISATIONAL PROCEDURES CAN HELP CHANGE OUTCOMES.
6. LEADERS MUST ACKNOWLEDGE THE UNIQUENESS OF EVERY SITUATION. THEY MUST ACKNOWLEDGE THE UNIQUE CONTEXT OF EVERY SITUATION AND GO BEYOND PRIOR EXPERIENCE TO BE ABLE TO RESOLVE IT.

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# THE JOURNEY OF THE CORPORATE HERO



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Prof. and Deputy Dean **Aarti Ramaswami, ESSEC Business School, Asia-Pacific**, and Prof. Vesa Peltokorpi of Saitama University, explore Japan and how the impact of abusive management on employees' wellbeing can be tamed – or not.

*From the research paper by Vesa Peltokorpi & Aarti Ramaswami (2019): [Abusive supervision and subordinates' physical and mental health: the effects of job satisfaction and power distance orientation](#), The International Journal of Human Resource Management, DOI: 10.1080/09585192.2018.1511617.*

## THE HERO'S JOURNEY

**WORKING LIFE IS MUCH** like the hero's journey that forms the framework of many of our best stories, books and films.

Fresh from school and studies, we answer the call to adventure and set out on the quest for a job, meet up with gatekeepers, helpers and mentors, climb over challenges and temptations and sometimes fall into

the abyss only to be reborn. For those who have passed the honeymoon period of their careers, the word abyss may indeed resonate. Stress, harassment, sidelining, burnout, forced or voluntary job change – we are



either witnesses or victims in the corporate hero's journey that necessarily, like any good tale, contains its fair share of villains and hydras. Who might the latter be? Our very own managers and supervisors.

## THE COMMODUS OF THE CORPORATE CORRIDOR

Can supervisors make employees sick? Profs. Aarti Ramaswami of ESSEC Business School, Asia-Pacific, and Vesa Peltokorpi of Saitama University, Japan are behind the bluntness of the question – and for a reason. Research suggests that supervisors' negative behaviours not only have detrimental effects on employees' physical and mental health, but also on the purse strings of firms, the state and the tax payer. According to the researchers, the annual national cost for missed wages due to increased absenteeism, reduced productivity, and health care costs, have been estimated to be a stunning USD \$200–350 billion in the USA, USD \$64.8–66.1 billion in the UK, and USD \$232 billion in Japan.

Profs Ramaswami and Peltokorpi decided to study the impact of abusive supervision. Characterised by the long-term mistreatment of subordinates, it is a source of chronic hindrance stress – the type of stress that produces both physical and mental damage and impairment. Think of the Commodus depicted in the well-known movie *Gladiator* and you'll have a fair idea of the type of abusive manager that, as your working life progresses, worryingly seems to be a feature

of the office corridor in almost every organisation.

## LOOKING FROM A NEW ANGLE

Ramaswami and Peltokorpi's study adds to the search for understanding of the matter in three ways: first, they change the lens on what contributes to employee distress by examining how job satisfaction mediates the relationship between abusive supervision and subordinates' physical and mental health problem outcomes. They then add cultural norms to the formula, arguing that different cultures might react in different ways to authoritarian or abusive behaviour. And lastly, they chose to step away from the bulk of research that typically focuses on western samples, and put their hypotheses to the test with data they collected from 603 employees through three surveys over a 12-month period in Tokyo, Japan.

## ALL ABOUT RESOURCES

On a psychological level, stress can be thought of in terms of resources depleted verses resources renewed or gained. If an employee's stock of resources – health, well-being, self-esteem and sense of purpose, for example – decrease, or threaten to decrease, at a greater rate than they can be replaced by gains or even out-paced by resource gains, then negative stress will naturally follow. Moreover, research has shown that losing resources has a much more nega-



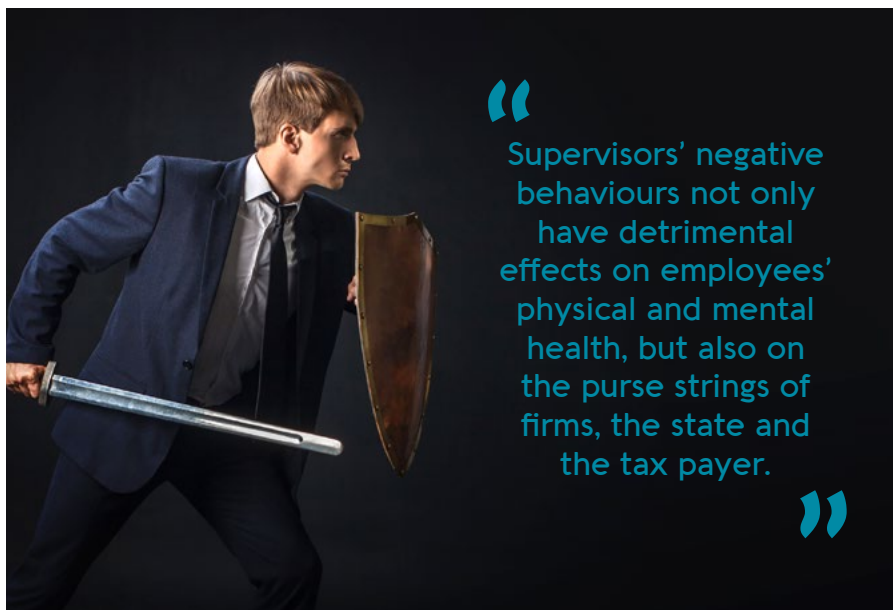
tive effect on people than similarly valued gains – a bit like taking one step forward, only to take two steps back.

## SATISFIED IS NOT NECESSARILY HAPPY

Profs. Ramaswami and Peltokorpi decided to explore the issue further by adding two factors in their research: job satisfaction and a person's individual perceptions of what constitutes stressful conditions at work. We could believe, for example, that if an employee is satisfied in his/her job, this positive factor would then outweigh and even decrease the amount of stress felt by the employee. But poor leadership and abusive supervision – lack of vision, zero praise, bullying, humiliation and even silent treatment – can lead subordinates to negatively evaluate their jobs and the surrounding features, depleting their resources and precipitating a chain reaction leading to deteriorating physical and mental health in which the factor of job satisfaction has little much to say on the matter.

## OF CULTURE AND THE CLUB

Humans are a diverse bunch. Individuals form groups which form clans and which form nations. And these have cultures. Within these cultures are sets of values that affect how individuals perceive and react to things – including stress and abusive behaviours. This is a unique angle brought to bear upon the issue by Profs. Ramaswami and Peltokorpi. They figured out that if values – say, courage, resilience, or on the other hand safety first and avoiding problems – have an impact on how we react and behave, then it follows that work behaviours across cultures are impacted too.



“Supervisors' negative behaviours not only have detrimental effects on employees' physical and mental health, but also on the purse strings of firms, the state and the tax payer.”

In their research conducted in Japanese companies, Profs. Aarti Ramaswami and Vesa Peltokorpi decided to introduce the notion of power distance into the issue – the extent to which an employee expects and accepts unequal distribution of power. Indeed, former research has shown that inequality and hierarchical relations between individuals are seen to be normal, expected, and accepted more in East Asian countries such as Japan than in the more egalitarian Western countries such as the UK and USA.

Through their analysis of 603 Japanese employees, Ramaswami and Peltokorpi found that subordinates with higher power distance orientation – more deferential and accepting of unequal treatment – will not have to expend their resources as much to cope with abusive supervisory behaviors than subordinates with lower power distance orientation because they tend to regard their supervisors as less abusive and thus will experience less resource depletion. This suggests that subordinates' power distance orientation safeguards the perceived and actual threat of value resources in terms of job satisfaction – with the end result that these employees will be less prone to stress triggering detrimental effects on their physical and mental health.

## TURNING RESEARCH INTO ACTION

The practical implications for organisations are already many (and indeed too many to feature here). Ground rules include nipping the issue in the bud during manager recruitment and paying special attention to expected team leader attributes during the selection process. Awareness initiatives among HR staff and managers on the negative effects of abusive supervision have a part to play too, as well as training in intercultural management and how cultural value orientations shape the outcomes of manager-employee interactions. The findings can also help organizations to better understand the long-term, health-related outcomes of abusive supervision. Indeed, level of job satisfaction might be an early indicator of health-related issues to come and might help organisations set into motion initiatives that mitigate abusive supervision and restore wellbeing through supportive social resources for employees.



**Aarti Ramaswami**



## KEY TAKE AWAYS

SUPERVISORS' NEGATIVE BEHAVIOURS HAVE DETRIMENTAL EFFECTS ON EMPLOYEES' PHYSICAL AND MENTAL HEALTH, COMPANY FINANCES, THE STATE AND THE TAX PAYER.

ABUSIVE SUPERVISION IS CHARACTERISED BY THE LONG-TERM MISTREATMENT OF SUBORDINATES, INCLUDING ZERO PRAISE, BULLYING, HUMILIATION AND SILENT TREATMENT.

ON A PSYCHOLOGICAL LEVEL, STRESS CAN BE THOUGHT OF IN TERMS OF RESOURCES DEPLETED VERSUS RESOURCES RENEWED OR GAINED. LOSING RESOURCES HAS A MUCH MORE NEGATIVE EFFECT ON PEOPLE THAN SIMILARLY VALUED GAINS.

AN EMPLOYEE'S LEVEL OF JOB SATISFACTION HAS LITTLE IMPACT ON THIS LOSS OF RESOURCES.

CULTURE HAS AN IMPACT: INEQUALITY AND HIERARCHICAL RELATIONS BETWEEN INDIVIDUALS ARE SEEN TO BE NORMAL, EXPECTED, AND ACCEPTED MORE IN EAST ASIAN COUNTRIES SUCH AS JAPAN.

TO COMBAT ABUSIVE SUPERVISION, COMPANIES CAN: STATE EXPECTED LEADER ATTRIBUTES DURING RECRUITMENT; SET UP AWARENESS INITIATIVES; TAKE THE INTERCULTURAL ASPECT INTO ACCOUNT; SET UP SUPPORTIVE SOCIAL RESOURCES FOR EMPLOYEES.



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*The pioneering spirit*



# HOW BOARDS CAN FIX CORPORATE SOCIAL (i)RESPONSIBILITY



Corporate boards are crucial in reducing and eventually preventing corporate social irresponsibility, says Prof. **Tanusree Jain** of **Trinity Business School**, but it's the way you bundle them that can make all the difference.

*From the paper When Boards Matter: The Case of Corporate Social Irresponsibility, British Journal of Management, Vol. 00, 1–22 (2019), DOI: 10.1111/1467-8551.12376 by Tanusree Jain, Trinity Business School, Trinity College Dublin and Rashid Zaman, Lincoln University.*

## OVER 18 YET IRRESPONSIBLE

Enron, World Com, Siemens, Volkswagen, BP and Wells Fargo – every now and then a cor-

porate scandal tops the charts of the news headlines across the world. Investigations dig further revealing even darker layers of mischief, CEOs and business magnets topple, shareholders wait with baited breath and

the average person on the street express mild-shock and fierce disapproval, ever-cynical of the system and the glossy promises of corporate responsibility by the business world.



© Caspography

While firms have long-been criticised for their irresponsible behaviours, and justice doled out in the form of hefty fines that sometimes reach the billion-dollar mark, firms still survive and firms still continue to stray from the good path. Why? Perhaps, in all truth, firms are just like human beings – full of light and goodness, full of shadow and imperfection too (moreover, it is well within a firm's span of life to both at once do good while doing bad – look at Walt Disney, criticised for labour and human rights violations in its supply chain while being recognised as the world's best employer in 2018). And also perhaps because the mechanisms that help them avoid such unethical shenanigans and keep them on the straight and narrow have not yet been perfected. This is what Prof. Tanusree Jain of Trinity Business School, and fellow researcher Rashid Zaman of Lincoln University, decided to investigate. And their findings provide a path which firms should surely contemplate taking.

## ALL ABOVE BOARD

While Corporate Social Responsibility – CSR – has been well-researched, they argue, the seedier side of business – CSiR – or Corporate Social Irresponsibility – has received scant understanding despite the damage it wreaks to company image, share price and customer trust. Taking up the challenge, they used a sample of publicly listed firms in the USA between 2002-2015 and a sophisticated, multi-stakeholder research

framework to ask two questions: what type of board-level structures could monitor managements to reduce CSiR and what conditions could render such board monitoring more effective.

Why boards? Because recent studies on corporate governance have highlighted the pivotal role of boards of directors – or BODs – both in setting firms' agendas and strategies and in effectively keeping track of what management and ops are up to. Just look at what happens in the media when a high-profile corporate scandal occurs – 'Where was the board?' blares the public outcry. Indeed, interestingly enough, many of the irresponsible activities are known to occur because of executive mismanagement, lack of board oversight and poor governance practices. Yet, held liable for CSiR, BODs can also use their power to lead corrective actions – for instance, in the case of sexual harassment by CEO Leslie Moonves, CBS' board publicly committed to a thorough and independent investigation and subsequently discharging Moonves without any golden parachute even before it took place.

## OF BIG BOARDS, FREE BOARDS AND COMMITTEES

Boards, then, are important – not only on what they do but how they do it. It's a board's size that has a role in impacting how

the members interact and relate to each other, on their ability to process information, how effectively they participate in board meetings, and the quality of their monitoring of managerial decision-making and actions.

In theory, because there are more people sitting on them, larger boards are more likely to represent the interests of multiple stakeholders, including shareholders, than smaller boards and, as such, should be more effective in reducing CSiR. Likewise, the more people you have, the more skills sets you have to tackle complex issues and ops. But then again, having many to make decisions might lead to slowness, free-riding, poli-



© iStock



argues that more women on boards, with increased director activity, will have a positive impact on reducing CSiR.

## HAVING A GOOD BUNDLE

From their research, Profs Jain and Zaman highlight that the number of incidents and the cost re-lated to CSiR rose drastically from 2002 to 2015. Initially more pronounced in the manufacturing and finance industries, it has increased across all industries in recent times, notably following the global financial crisis. Trawling through the practices of the 1,591 firms in their study, Prof Jain concludes that those which reward manage-ment for their CSR efforts are better positioned to proactively safeguard stakeholders against ir-responsible corporate practices and therefore most likely to stay off the CSiR list. Yet the firms' practices revealed a pattern, when governance is bundled together.

This governance bundle includes large and more independent boards, a board CSR committee, more women within boards, and with higher di-rector activity. This research also found that the effectiveness of the bundle is likelier to sustain under two conditions, the first being institutional ownership, where a firm's investors are made up of insurance companies, banks and endowment funds and so on. These have the resources, long-term vision and their reputation to safeguard to ensure that firms they invest in stick to the straight and narrow. The second is higher board director pay. This may be at odds with those who tend to link a fat pay cheque to shady dealings, but the fact is that pay acts as an incentive for boards to look after the long-term interests of shareholders and the firm and keep a sharper look out on what type of decisions their managers are making. Board independence also proved to have a significant positive effect, irrespective of the level of insti-tutional ownership. As Prof Tanusree Jain points out: 'When properly structured, boards can substan-tially reduce stakeholder mismanagement.' And it might just keep your company from toppling Volkswagen at the top of the CSiR charts.

ticking and conflicts between clans. It stands to reason then that smaller boards should be agile, more committed and accountable. But here again, research has shown that smaller boards have a greater likelihood to be dominated by short-term, profit-oriented and powerful manager-directors inclined to take risky decisions that might lead to an increase in CSiR behaviour.

Independence is also a key factor. The bulk of existing research agrees that independent directors are better monitors and better in improving firm performance. What's more, they're positively associated with good CSR behaviour in terms of employees, product aspects, the environment and corporate giving.

Prof Jain argues that even if independent directors may not have regular information on a firm's challenges and opportunities, they are hired to represent their stakeholders with their knowledge and expertise and are thus likely to steer away from, and discourage others in being tempted by, CSiR to keep up their reputational capital.

Firms also create committees to deal with a wide variety of issues from quality, project management and innovation, meeting and carrying out work separately and making recommendations for approval of the full board. And as stakeholders increasingly become aware of the risks linked to irresponsibility and unethical behaviours – and indeed may believe in responsible leadership and business practices – so firms increasingly see the creation of CSR committees that address socio-environmental issues. They tend to have a good record. They encourage extra

vigilance on green issues and improve the firm's social performance.

## OF SEX AND DIRECTOR ACTIVITY

Gender, of course, brings its fair share of impact on everything from buying a home to corporate performance. The good news for women is that in much research they come out top. They have been found to be more sensitive towards ethical judgements and set higher ethical standards than their male counterparts – even when under pressure to give way. Women have also been found to give more emphasis to CSR practices and greater diversity on boards gives a bigger variety of perspectives, thus generating better solutions during problem-solving and ultimately improving board effectiveness.

What's more, women are less lazy. In terms of keeping a track on performance and operations, female directors are more likely to actually turn up and attend board meetings than men. This is important. For when directors fail to attend such meetings, it signals their unwillingness or inability to fulfil their monitoring tasks. Lower attendance at board meetings can also encourage managerial opportunism at the expense of stakeholder claims and inter-ests. Put simply, the more you attend, the more aware you are of the risks and the more you speak directly about it with the other directors present. In short, it's not the frequency at which board meetings are held that is important, but the frequency at which directors attend those meetings that really counts. With the proof of the pudding clearly on the plate, Prof Jain





## KEY TAKE AWAYS

FIRMS CAN DO GOOD THROUGH CSR (CORPORATE SOCIAL RESPONSIBILITY), AND AT THE SAME TIME DO BAD THROUGH CSIR (CORPORATE SOCIAL IRRESPONSIBILITY).

THE NUMBER OF INCIDENTS AND THE COST RE-LATED TO CSIR ROSE DRASTICALLY FROM 2002 TO 2015, NOTABLY FOLLOWING THE GLOBAL FINANCIAL CRISIS AND ACROSS ALL INDUSTRIES.

BOARDS OF DIRECTORS – OR BODS – ARE A CRUCIAL FACTOR IN HELPING TO REDUCE CSIR: THEY SET FIRMS' AGENDAS AND STRATEGIES AND EFFECTIVELY MONITOR MANAGEMENT AND OPERATIONS.

LARGER BOARDS ARE MORE LIKELY TO REPRESENT THE INTERESTS OF MULTIPLE STAKEHOLDERS, IN-CLUDING SHAREHOLDERS, THAN SMALLER BOARDS AND, AS SUCH, SHOULD BE MORE EFFECTIVE IN REDUCING CSIR.

INDEPENDENT DIRECTORS ARE BETTER MONITORS AND BETTER IN IMPROVING FIRM PERFORMANCE. THEY ARE POSITIVELY ASSOCIATED WITH GOOD CSR BEHAVIOUR IN TERMS OF EMPLOYEES, PRODUCT ASPECTS, THE ENVIRONMENT AND CORPORATE GIVING.

WOMEN GIVE MORE EMPHASIS TO CSR PRACTICES, ARE MORE SENSITIVE TO ETHICAL ISSUES, AND ATTEND BOARD MEETINGS MORE FREQUENTLY.

GREATER DIVERSITY ON BOARDS GIVES A BIGGER VARIETY OF PERSPECTIVES, THUS GENERATING BETTER SOLUTIONS DURING PROBLEM-SOLVING AND ULTIMATELY IMPROVING BOARD EFFECTIVENESS.

PROF. JAIN AND ZAMAN PROPOSE A GOVERNANCE BUNDLE THAT INCLUDES LARGE AND MORE INDEPENDENT BOARDS, A BOARD CSR COMMITTEE, MORE WOMEN WITHIN BOARDS, AND WITH HIGHER DI-RECTOR ACTIVITY. THE EFFECTIVENESS OF THE BUNDLE IS LIKELIER TO SUSTAIN UNDER TWO CONDITIONS: INSTITUTIONAL OWNERSHIP AND HIGHER BOARD DIRECTOR PAY.



Tanusree Jain



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# HOW CORPORATE ENTREPRENEURSHIP SUSTAINS COMPANIES ABROAD



In his latest research, **Tales Andreassi**, Professor and Vice-Dean of **FGV-EAESP**, Brazil, examines the catalytic role corporate entrepreneurship plays in reinforcing multinationals' international performance.

*From the paper Corporate Entrepreneurship and International Performance: A Cross-Country Study by Marianne Hoeltgebaum, Tales Andreassi, Mohamed Amal, Svante Andersson, Marleen Hensbergen*

**EVEN FOR EXPERIENCED** multinationals, establishing an operation in a new foreign country is a risky endeavour. However, internationalisation—if done right—also presents numerous opportunities. In a recent study, Professor Tales Andreassi of the Fun-

dação Getúlio Vargas (FGV) examines the link between corporate entrepreneurship in multinational companies and their international performance. His analysis of two high-tech companies operating subsidiaries in Brazil reveals the dimensions of corporate

entrepreneurship most beneficial to international performance—producing valuable and practical insights for companies operating abroad.





## GROWTH BEYOND BORDERS

Multinational companies, the “apex predators of the global economy” as The Economist calls them, have proliferated in recent decades. In the early 1990s, foreign direct investment skyrocketed as companies began establishing operations around the globe. Today, these multinationals’ share of global profits stands at about 30%. Beyond the sale of products in a foreign market, internationalisation—as Prof. Andreassi defines it—involves “the commitment of resources and risk-taking in a different country”. This process presents numerous opportunities for companies. Firstly, the establishment of operations abroad empowers local managers to strongly influence companies’ strategies. This is supported by studies highlighting the importance of top management in international business. What’s more, research shows that internationalisation is also positively associated with increased innovation. Indeed, better access to effective R&D and distribution channels in addition to exposure to diverse experiences enriches employees’ sources of knowledge. This stimulates innovation which companies may have otherwise missed if it were not for the cross-border cooperation and collaboration internationalisation fosters. Nevertheless, risks must not be ignored. In countries with weak institutions and high uncertainty, various obstacles may arise. However, particularly under these circumstances, Prof. Andreassi argues multinationals’ international performance can be reinforced through entrepreneurial activities.

While commonly associated with Silicon Valley startups, entrepreneurial activities can also thrive within large corporations. The term “corporate entrepreneurship” refers to this general concept. In the case of multinationals, Prof. Andreassi distinguishes between two main aspects of corporate entrepreneurship which support international performance. The first relates to the behavioural features of entrepreneurial activities. Levels of proactiveness, innovative behaviour, and self-renewal exhibited by companies are important dimensions of this “entrepreneurial behaviour”. These are key factors that will support the successful internationalisation of companies and their strategies when they enter new foreign markets. However, companies must also possess and develop a results-based entrepreneurial perspective. This second aspect of corporate entrepreneurship focuses on companies’ ability to transform their assets

into specific market outcomes. Levels of risk-taking, competitive aggressiveness, and new ventures are examples of important dimensions of “entrepreneurial results”. These “results” dimensions, on the other hand, will help convert entrepreneurial behaviour into powerful assets to compete in foreign markets and generate high performance. According to Prof. Andreassi, together, these two aspects of corporate entrepreneurship “stimulate the identification and pursuit of lucrative opportunities while also providing a foundation for the creation of superior competitive positions”.

## TALES OF CORPORATE ENTREPRENEURSHIP

Undoubtedly then, corporate entrepreneurship is a real driver of international performance. However, in order to identify which dimensions of corporate entrepreneurship are most beneficial to international performance, Prof. Andreassi studied the case of two European multinationals operating in Brazil. The two companies were selected because they both “operate in high-tech industries and engage in continuous involvement in foreign markets” and presented “strong evidence of corporate entrepreneurship”. While they are headquartered in different countries, both companies have operations in Brazil—enabling Prof. Andreassi to include contextual factors in his analysis.

Through his analysis, Prof. Andreassi first confirmed that many dimensions of corporate entrepreneurship were directly related and enhanced each other. A company’s



“competitive aggressiveness” and level of “product/service innovation” were found to have direct effects on the “proactiveness and self-renewal” dimensions of corporate entrepreneurship as well as “risk-taking”. Furthermore, the analysis showed that companies with more “new business ventures” also exhibited higher levels of “innovative behaviours”. As for the dimensions of corporate entrepreneurship most beneficial to international performance, Prof. Andreassi’s study concluded that “proactiveness, innovative behaviour, and self-renewal” all had “direct associations with [multinationals] international performance” but that “proactiveness [had] the clearest positive connection”. In addition, the study found that context exerts a significant influence on corporate entrepreneurship. Indeed, Prof. Andreassi states: “in countries with some institutional uncertainties and high market imperfections, proactiveness and aggressive market approaches will significantly shape the performance of the firm and its commitment to the host market”. This implies that context can shape to a large extent the entrepreneurial behaviour of companies.

## IN PURSUIT OF INTERNATIONAL PERFORMANCE

Prof. Andreassi’s findings provide valuable and practical insights for the management of multinational companies. First, it is important to recognize that the performance of companies’ subsidiaries abroad is strongly dependent on some dimensions of corporate entrepreneurship. Notably, proactiveness, innovative behaviour, self-renewal and innovativeness of the company. This implies that companies operating abroad in different institutional environments must consider and seek to foster mainly “entrepreneurial behaviour” dimensions which are more closely related to individual employees’ behaviours. Moreover, Prof. Andreassi’s findings also suggest that promoting proactiveness in subsidiaries operating in developing countries, in particular, is crucial to grow, improve, and sustain companies’ international performance.



## KEY TAKE AWAYS

TODAY, MULTINATIONALS’ SHARE OF GLOBAL PROFITS STANDS AT ABOUT 30%.

ESTABLISHING AN OPERATION IN A NEW FOREIGN COUNTRY IS A RISKY ENDEAVOUR FOR COMPANIES, BUT GOING INTERNATIONAL ALSO PRESENTS NUMEROUS OPPORTUNITIES.

OPPORTUNITIES ARE: FOSTERING SKILLED TOP MANAGEMENT; INCREASED INNOVATION; BETTER ACCESS TO EFFECTIVE R&D AND DISTRIBUTION CHANNELS; ENRICHED EMPLOYEE KNOWLEDGE.

IN COUNTRIES WITH WEAK INSTITUTIONS AND HIGH UNCERTAINTY, VARIOUS OBSTACLES MAY ARISE. BUT MULTINATIONALS’ INTERNATIONAL PERFORMANCE CAN BE REINFORCED THROUGH ENTREPRENEURIAL ACTIVITIES.

CORPORATE ENTREPRENEURSHIP INCLUDES PROACTIVENESS, INNOVATIVE BEHAVIOUR, CORPORATE SELF-RENEWAL.

A COMPANY’S COMPETITIVE AGGRESSIVENESS AND LEVEL OF PRODUCT/SERVICE INNOVATION HAVE DIRECT EFFECTS ON THE ABOVE AS WELL AS RISK-TAKING.

IN COUNTRIES WITH SOME INSTITUTIONAL UNCERTAINTIES AND HIGH MARKET IMPERFECTIONS, PROACTIVENESS AND AGGRESSIVE MARKET APPROACHES WILL SIGNIFICANTLY SHAPE THE PERFORMANCE OF THE FIRM AND ITS COMMITMENT TO THE HOST MARKET.



Tales Andreassi

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# TIMES HAVE CHANGED



# POWERPOINT'S SURPRISING ROLE IN STRATEGY DEVELOPMENT



**Sotirios Paroutis**, Professor of Strategic Management at **Warwick Business School**, reveals how PowerPoint can be used to develop strategy and provides a new, enlightening framework for managers to do so.

**ACROSS ALL COUNTRIES**, languages, and cultures, there are few managers involved in organisational strategy who have never used PowerPoint for their professional work. In fact, the visual presentation program—invented in 1990 by Microsoft and counting over one billion users—is so popular, it has experienced something of a backlash. Organisations such as Amazon have

forbidden or discouraged its use, its misuse has led to the emergence of the “death by PowerPoint” phenomenon, and some have argued that overreliance on the program’s slide presentations has encouraged a lazy and ineffective approach to the representation of information. Nevertheless, Professor Sotirios Paroutis believes PowerPoint and other visual presentation programs remain

important and powerful tools. He argues that—while most people already use such visual aids as part of their strategic toolkit—there is a strong case for making programs such as PowerPoint central to the creation, discussion, dissemination, and implementation of organisational strategy.





## THE VERSATILITY AND INFLUENCE OF VISUALS

Strategy professionals face considerable challenges in the current business environment. The coming “fourth industrial revolution” and its many technological advances will only amplify the volatility, uncertainty, and complexity inherent in the business world. Moreover, digital disruption is redrawing the boundaries of value ecosystems, reshaping organisations and their relations with other players in the market while rendering traditional business models impotent. In this dynamic context, managers are constantly striving to keep their business strategy up to pace with the shifting demands of their stakeholders. According to Prof. Paroutis, this is where, rather than merely being an adjunct to strategy development, visual representation can come to play a central role. Visuals contain a number of attributes that make them suitable for strategy development in the modern world; they involve the easily understood representation of information, provoke meaningful discussion, involve all the stakeholders that the organisation believes relevant to any formulation of the strategy, are immediate, and are amenable to updating and evolving.

In order to better understand how these attributes could apply to the development of strategy, Prof. Paroutis along with his colleagues, Professors Eric Knight of the University of Sydney and Loizos Heracleous of Warwick Business School, conducted an in-depth study of two consulting cases. The first involved the reorganisation of a global mining company's IT functions and the second

the implementation of government-wide cost-saving measures for the state treasury. Through their research, the professors discovered that PowerPoint slides are particularly useful for tackling complex issues—especially when those issues may be susceptible to a range of different interpretations and opinions or involve politically sensitive situations. What's more, they found that those involved in the creation of PowerPoint slides strongly influenced the direction of an organisation's strategy.

## A FRAMEWORK FOR SUCCESSFUL STRATEGIES AND VISUALS

Manifestly, strong PowerPoint skills are critical for managers seeking to shape their organisation's strategy. But effectively using the visual program may not be as easy as it seems. From their observations, Prof. Pa-

routis and his colleagues succeeded in collecting numerous insights that can help managers optimize their use of PowerPoint. To organise these insights, they developed the Visual Strategy Framework that makes it easier to place visuals at the heart of strategy development. The framework—which relates different aspects of PowerPoint's use as part of the strategy development process—consists of a number of elements, notably strategic resonance and visual mechanisms.

Strategic resonance refers to the translation of the strategy to a visual format. In doing so, managers must strive to add relevance while understanding the multi-faceted and politically-sensitive nature of strategies. Prof. Paroutis emphasises the two key aspects of this visual strategy-making process that must be carefully considered:

1. The first is the importance of determining key strategic objectives. Does the organisation want to target a particular market or reposition itself within its value ecosystem, for example? These objectives must be decided at the outset by the organisation and considered with respect to both internal and external stakeholders.
2. The second is the importance of considering the so-called three C's—clarify, communicate, co-create. By rendering information in a visual format, the aim is to clarify the strategy to others—notably key stakeholders. It is, therefore, crucial to provide answers to questions such as: “Where is the organisation heading? What it is trying to achieve?” before they are asked. Through these clarifications, managers will be doing more than just communicating to stakeholders—they will also be delivering and framing the debate







and visual mechanisms, they can enhance their use of visual presentation programs like PowerPoint to achieve greater influence on their organisations' strategies.



about the strategy while proving relevant information. Creating a dialogue—especially by using visuals—can be highly beneficial. However, while inviting input on a strategy from a variety of sources can help it evolve, it is important to manage the scope of a co-creation process and recognize its limits.

Central to Prof. Paroutis' framework are visual mechanisms such as depiction, juxtaposition, and salience. They prompt recognition of different aspects of strategy through the conversations they stimulate, both in terms of what is contained in the slides and what is missing. For those seeking to use PowerPoint for their strategy development, it is essential to understand the three visual mechanisms and their roles within the development of visuals—and therefore strategy:

1. Depiction is often deployed early on in the strategy development process. It might be the use of a picture, such as a photograph, a slide with only text, or a visual metaphor alluding to the strategy's principles.
2. Juxtaposition refers to the combination of different elements within a slide, side-by-side, to give new meaning to information. This can be done, for instance, using matrices, tables, flow charts, and graphs. Strategists use juxtaposition to provoke new linkages between previously disconnected aspects of a strategy—to reveal previously hidden connections.
3. Salience is the use of visual elements to draw attention to different aspects of the strategy and make them stand out relative to other areas. Colour contrasts, bright co-

lours standing out from darker colours, larger shapes that are more noticeable, features placed centrally in a slide can all help attract more attention to the specific aspects of the strategy which need to be emphasised. This visibility gives a degree of legitimacy and power to a particular aspect of the depicted strategy, making it more politically acceptable and expedient to support.

The discussion around visuals and the iteration and evolution of visuals is a continual process working towards delivering key strategic objectives agreed on at the outset. Visuals used effectively help prompt discussion, which prompts their own revision and a virtuous cycle of strategy development.

## AN INVALUABLE TOOL FOR STRATEGY DEVELOPMENT

Despite some criticism of the use of PowerPoint, Prof. Paroutis' Visual Strategy Framework highlights how PowerPoint can play an invaluable role in strategy development and is particularly useful for addressing contentious or conceptually complex issues. It can help organisations comprehend open-ended issues that are often subject to multiple interpretations because of their conceptually ambiguous, analytically complex, or politically contentious nature. Moreover, appropriate use of PowerPoint slides can provoke meaningful discussion and expose divergent opinions that support the development of strategy. Managers who decide to make use of visuals in this process should keep Prof. Paroutis' research in mind. By considering strategic resonance



**Sotirios Paroutis**

# GET A HOBBY! HOW LEISURE ACTIVITIES CAN HELP YOU AT WORK

“

Hobbies provide an opportunity to build up useful resources like self-efficacy that can translate to maintaining a sustainable career.

”

We know that work-life balance is important. Less known is the fact that it's also important what you do with your life outside of work. In their recent paper, Professor **Karoline Strauss** of **ESSEC Business School** and her colleagues show that spending more time on a hobby can help you feel more effective at work - and identify the specific conditions under which you can get this boost.

*From the paper The relationship between leisure activities and psychological resources that support a sustainable career: The role of leisure seriousness and work-leisure similarity, by Kelly, C. M., Strauss, K., Arnold, J., & Stride, C. (2019). Journal of Vocational Behavior, doi: 10.1016/j.jvb.2019.103340.*

With kind acknowledgements to Julia Smith and ESSEC Knowledge





## YOU WOULD BE HARD-PRESSED

to find someone nowadays who denies the importance of work-life balance. Decades of research have shown that it is key for both work and personal outcomes, and companies are taking note, making it a common buzzword on job postings and in the workplace. But does it matter what you do with that balance and how you spend your time outside of work? Professor Karoline Strauss and her colleagues Ciara Kelly (Sheffield University Management School), John Arnold (Loughborough University) and Chris Stride (Sheffield University Management School) have shown in their recent [paper](#) that indeed it does matter: their recent research highlights the positive impact of leisure activities on psychological resources that can help at work.

## THE IMPACT OF PSYCHOLOGICAL RESOURCES AT WORK

Enduring career success comes down to more than the sum of the work experience, education, and technical skills listed on a resume. Your personal resources - qualities like self-efficacy - are also critical in maintaining a sustainable career. Professor Strauss and her co-authors focused on a sustainable career as it means one in which the employee is "healthy, productive, happy and employable throughout its course" [1] and that fits into - rather than takes over - an employee's life as a whole. Anyone who has ever struggled to switch off emails after work or wrestled between staying late at the office and meeting friends for dinner can recognize how this is easier said than done. Hence the focus here on personal resources that bolster a sustainable career: namely, self-efficacy. Self-efficacy refers to the strength of your conviction in your abilities. In this case, the researchers looked at it spe-

cifically in how it relates to your career, so employees' career-related self-efficacy. Why is this important to your career, you may ask? Given that the world of work is constantly in flux, having faith in your abilities is an invaluable asset when faced with changes and difficulties. It's not just us who are saying so, either - scores of papers have pointed to self-efficacy as invaluable for a whole host of work behaviours, like career satisfaction [2] and employability [3].

## CAN HOBBIES HELP YOU AT WORK?

So how do leisure activities fit into this picture? And just what kind of leisure are we talking about here? Leisure activities run the gamut from binge-watching Netflix to rather more involved activities like dancing and singing in a choir. To account for this and see if the type of hobby you partake in is important, the researchers classified leisure activities in two ways: according to their seriousness and according to their similarity to the employee's work activities. The possibility of a leisure activity being 'serious' may seem counterintuitive, but what it means is that you consider it to be an important part of

their identity, that it involves regular training, and that you intend to become good at the activity. Because skill acquisition implies mastery, it can help build self-efficacy through fostering confidence in your abilities. Since these experiences are taking place outside of work, they aren't associated with the risk of losing your job if something goes wrong, making for an opportunity to develop personal resources in a less stressful setting.

## IS THERE A DOWNSIDE TO SPENDING TIME ON A HOBBY?

So far, we've painted a rosy picture of the benefits of serious leisure activities, but it's important to consider the potentially deleterious impact of leisure activities on your psychological resources. Can there be a downside to being very invested in a hobby? "That depends on how similar your work and hobby are," says Professor Strauss. Similarity was analyzed based on how the skill-set, activities, and mental and physical demands of the hobby mapped onto those of the employee's job. This presents a conundrum, as it may be beneficial to practice the same skills on your 'off time' as during your work, thereby enhancing your personal resources. On the other hand, by never really switching off from your work, you may end up more depleted and end up with detrimental consequences for your personal resources and your job. By looking at both leisure seriousness and work-leisure similarity, Professor Strauss and her colleagues were able to tease out this conundrum and figure out how you can best make your downtime work for you full time.

## HOW DOES THE RELATIONSHIP BETWEEN SPENDING TIME ON A HOBBY, THE HOBBY'S CHARACTERISTICS, AND SELF-EFFICACY PLAY OUT?

Using this approach and gathering monthly data from employees over seven months, they found that there are two patterns that can help optimize how you spend your downtime. If you spend more time on a hobby that's serious but dissimilar to your work, or not serious and similar to your work, you'll see an enhancement in your level of self-efficacy.







## KEY TAKE AWAYS

IT'S NOT JUST A QUESTION OF MAINTAINING WORK-LIFE BALANCE: HOW YOU SPEND YOUR TIME OUTSIDE WORK ALSO MATTERS

SPECIFICALLY, SPENDING TIME ON A HOBBY OUTSIDE OF WORK CAN HELP YOU BOLSTER YOUR WORK-RELATED SELF-EFFICACY UNDER CERTAIN CONDITIONS

TO FULLY REAP THE BENEFITS OF YOUR HOBBY, IT SHOULD BE EITHER DISSIMILAR FROM YOUR WORK ACTIVITIES AND SOMETHING YOU TAKE SERIOUSLY OR, IF IT IS SIMILAR TO YOUR WORK, SOMETHING THAT YOU TAKE LESS SERIOUSLY



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But beware of 'too much of a good thing' – spending a lot of time on a hobby that's both serious and similar to your work tended to leave people with lower levels of self-efficacy compared to when they spent less time on their leisure activity of choice. This might be because people found it quite taxing to be constantly depleted and not particularly effective. So a journalist who has a cooking blog on the side will actually experience decreased self-efficacy compared to an accountant with the cooking blog, or another journalist who likes to rock-climb in their spare time. This could be because engaging in different challenging activities exposes you to different experiences and builds up different resources. When you are drawing from the same resources during work and during your leisure time, you run the risk of exhausting yourself from the lack of recovery time if the activity is more challenging. Conversely, if your hobby is similar to your work but is more low-key, it is not as taxing and doesn't pose the same threat to recovery, instead allowing you to build up self-efficacy.

## WHAT DOES THIS MEAN FOR ME?

We've known for a while now that it's important to have a life outside of work and that what you do with your life outside work has implications for your job. From this study, we can also learn that hobbies aren't just a means to kill time and have fun – they can also provide an opportunity to build up useful resources like self-efficacy that can translate to maintaining a sustainable career. It also suggests that there are important nuances to be

considered in the impact of leisure activities. This is useful for the employer looking for the best performance from their employees, the employee seeking to both enjoy themselves and have a successful career, and the would-be entrepreneur looking to turn their hobby into a business. The work doesn't stop here, however: it's also interesting to consider the impact of hobbies on outcomes like job performance and health, and whether the effects hold true for everyone, as these particular employees were largely childfree.

What can we do with this information? As an employee, consider how related your hobby of choice and job are, how challenging your hobby is, and how pivotal it is to your sense of self. If you find yourself answering "Very related, very challenging, and it defines who I am" – you may want to put some extra effort into how you disconnect from both to avoid depleting your levels of self-efficacy. If, however, you answer either "Well, they are similar, but my hobby is quite relaxing, and I don't take it that seriously!" or "I put a lot of time and effort into my hobby and it's a huge part of me, but it bears zero similarity to my job" – you're in luck, as this has the potential to increase your self-efficacy, which can bolster your career sustainability. As an employer, consider that everybody wins if you encourage your employees to feel fulfilled and seek out hobbies outside of work, rather than wanting employees' sole focus to be on their job. Finally, this may serve as a cautionary note to people looking to start a business based on their hobby – it might become too much of a good thing. Altogether, this highlights how important it is for researchers and employers alike to consider how life outside work influences life on the job, and how this relationship can be nuanced. And if anyone is looking for motivation to take up a new hobby, add this to the list: it can help your career!

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Karoline Strauss



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# FROM OVERWORKED AND ILL TO OVERWORKED AND OK: HOW SUPPORT CAN ALTER WORK-STRESS



Associate Professor **Amanda Shantz** from **Trinity Business School**, Trinity College Dublin along with Professor **Kerstin Alfes** from **ESCP Europe Wirtschaftshochschule Berlin** and Professor **Adrian Ritz** of the **University of Bern**, reveal the impact of support on the workplace stress-health relationship.

*From the paper by Alfes K, Shantz AD, Ritz A 'A multilevel examination of the relationship between role overload and employee subjective health: The buffering effect of support climates. Hum Resour Manage. 2017;1-15'.*

## ON THE POINT OF EXPLODING

Welcome to today. Where terms such as 'burnout', 'overworked' 'collapse' and 'com-

bustion' have entered the everyday employee lexicon, and where social media and news streams are full of examples of organisations that exploit their employees, employees calling it quits, and of industrial

unrest arising from the race for corporate performance and profit at the expense of employee health and wellbeing.

While history is ripe with accounts of jobs



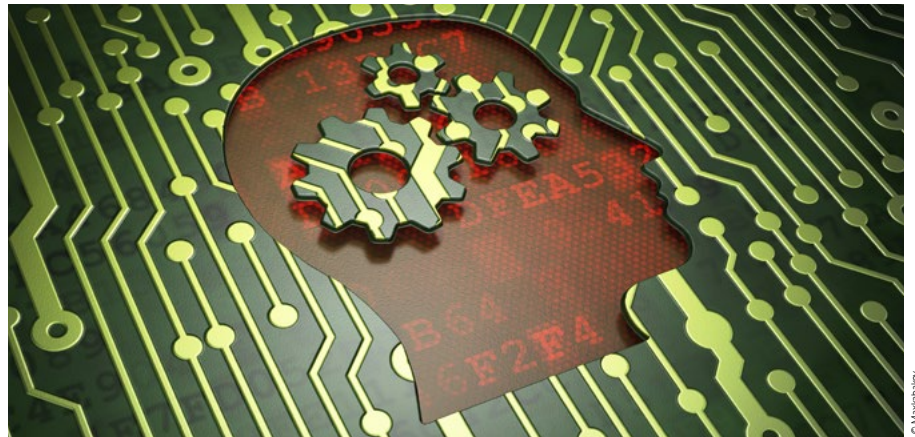
that are strenuous and unimaginably taxing on employees, it is only in the past few decades that both the physical and the mental aspects of job overload have been brought into the picture. The presence of support at workplaces is believed to ameliorate the impact of job overload on employees' subjective health, but the occupational health literature has struggled with the question of whether and what types of support buffer the job stress-health relationship.

As healthcare costs related to employee stressors take up greater space in national pockets, nipping the problem in the bud might be a more efficient solution. A recent study estimated that health care costs resulting from workplace stressors in the United States constitute more than \$180 billion a year, not including indirect costs such as reduced employee productivity, absenteeism, and worker compensation expenses. Likewise, in the United Kingdom, the OECD estimates mental health costs to amount to £70 billion annually, including lost productivity, social benefits, and health care. And in Switzerland, again according to the OECD figures, ill health represents a cost of roughly 3.2% of the Gross Domestic Product through lost productivity, and increased health care and social spending.

Previous research paints an ambiguous picture with regards to the belief that support alleviates the detrimental effects of job overload on employee health. However, Prof. Amanda Shantz and her fellow researchers dissect this relationship to establish a more distinct link between the different kinds of support at the disposal of an employee, and their consequent buffering effect on the job overload-subjective health relationship.

## ROLE OVERLOAD THROUGH THE MICROSCOPE

What does role overload imply? Role overload describes employees' perceptions that work demands exceed their available time, resources and/or capacity. Faced with such a conflict, under stressful conditions, employees either mobilise mental effort to maintain high performance or they accept a reduction in their performance level. If they choose to maintain their performance, the compensatory effort required to deal with the increased demands is associated with



additional physiological and psychological costs. Over time, the mobilisation of compensatory effort drains employees' energy, resulting in ill health.

Shantz et al. conducted their study within the state administration of Bern in Switzerland, one of the first Swiss states to transform its civil servants to the principles of New Public Management in order to cut costs and reduce public spending. These changes involved the emulation of private sector management practices and imposed challenges to the traditional "public-sector" employment model – meaning that for many employees, demands for greater efficiency and better service delivery resulted in higher workloads, mounting levels of pressure and stress, and lower job quality. Unsurprisingly, such a context was an ideal setting for Prof. Shantz' research.

“  
The negative effect of role overload on individuals' health was reduced by 35% points when team climate was strong and positive.  
”

## THE FEEL-GOOD FACTOR AND THE TEAM

It probably comes as little surprise that this study found that employees who felt overloaded at work also reported lower health outcomes. The purpose of this study was to determine what types of support are best able to buffer that relationship, or to reduce the negative effect of workload on employee health. The researchers considered three sources of support: support from the organisation, from the direct leader and from fellow team members. The results at the individual level of analysis showed that while support from the organisation and team helped employees, support from the leader did not.

At the group-level, the study revealed that supportive organisational and leadership climates did not buffer the effect of role-overload on subjective health. On the other hand, the calming effect of team climate was significant. Individuals who work in teams characterised by high cohesiveness – harmonious relations and a shared commitment to team goals – reported better health throughout. As it turns out, team climate turned out to be the strongest buffer on the relationship between work overload and subjective health.

	SIGNIFICANT IMPACT	LESS SIGNIFICANT IMPACT
INDIVIDUAL-LEVEL PERCEPTION	Organisational support, Team cohesiveness	Leadership
GROUP LEVEL CLIMATE	Team climate	Organisational support, leadership climate

Indeed, individuals who feel overloaded at work benefit from belonging to a team that shares the belief that all team members want to be part of a team and that they stand in for each other, i.e. a strong team climate. A group member is likely to feel safer, more supported and confident in such a climate. It follows that a positive team climate alleviates the relationship between work-related pressure and individual experiences of strain.

Analyses revealed that the negative effect of role overload on individuals' health was reduced by 35% points when team climate was strong and positive. This finding is crucial for HR professionals, as it shows that a supportive team climate has meaningful implications for individuals' subjective health.

## SEEKING COMFORT IN THE ARMS OF YOUR TEAM

An explanation for the clout team climate carries could be the extent to which the support in question is close to the individuals who need it. Simply explained, an employee who feels overwhelmed and overworked may find more comfort in the members of the workgroup, especially when they share a strong team climate. Approaching a leader or representatives of the organisation (such as the HR department) in times of stress may be difficult, as the leader and/or organization is often to blame for high demands. As such, employees are more likely to blame their organization and/or leader for the intense work situation and the resulting health implications and fall back on support from colleagues to deal with this situation.

## NIPPING THE PROBLEM IN THE BUD

Though not completely new, for HR professionals this finding may come like a beacon of light in times where the curtains on employee mistreatments from many superstar companies – Amazon, Tesla to name but a few – are lifting. While wistful dreams of overload-free days seem ideal, they nevertheless seem far. Meanwhile, as organisations struggle with overload, they could benefit from ensuring that individuals enjoy a positive and supportive team climate so that even when overworked, employees may still have good health.

In practical terms, organisations need to be aware that increased work efforts ultimately lead to employee ill-health. As such, managers and HR professionals need to invest in team development to foster a supportive and trustful atmosphere within teams. To do so, teams could be provided with sufficient autonomy to make group-based decisions on how to structure and carry out their work. Organisations can also increase team cohesiveness by facilitating team members' interpersonal attraction to one another, for example, by planning social interactions among team members (e.g., joint coffee breaks, social events), inviting guest speakers to give lunch talks or providing yoga classes to workgroups. Ensuring that each member is integrated in the workgroup through regular interaction may increase feelings of being supported.

This can be best witnessed in the behaviour of Amazon warehouse workers as they clamoured for their rights to unionise following the revelation of Amazon warehouses' outlandish work practices and claustrophobic workloads. Weren't the workers simply seeking comfort in the arms of their team workers? All in all, the evidence points to HR professionals having to wade through team-waters to reach high-levels of employee well-being in the growing flood of work overload we face.



Amanda Shantz

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## KEY TAKE AWAYS

INCREASED WORK EFFORT DESTABILISES EMPLOYEES' WORK CONTEXT LEADING TO ILL-HEALTH.

A COHESIVE TEAM CLIMATE BUFFERS THE NEGATIVE OUTCOMES OF ROLE OVERLOAD (TO THE EXTENT OF REDUCING IT BY 35% IN THE CONTEXT OF THIS STUDY). MANAGERS AND HR PROFESSIONALS NEED TO INVEST IN TEAM DEVELOPMENT AND FOSTER A SUPPORTIVE AND TRUSTFUL TEAM ATMOSPHERE.

INCREASING EMPLOYEE HEALTHCARE COSTS RELATED TO EMPLOYEE STRESSORS CAN BE OVERCOME BY FOSTERING A COHESIVE TEAM CLIMATE.

THE EFFECTIVENESS OF SUPPORT OFFERED ALSO HAS A LINK TO ITS PROXIMITY TO THE EMPLOYEE WHO NEEDS IT.

ORGANISATIONAL AND LEADERSHIP CLIMATE HAVE A LESS SIGNIFICANT IMPACT ON THE JOB OVERLOAD-EMPLOYEE SUBJECTIVE WELL BEING RELATIONSHIP.

# HOW LEADERS CAN CREATE FUN IN THE WORKPLACE



**David Allen**, WBS Distinguished Research Environment Professor at **Warwick Business School**, looks into the strategies that can make both employees and the organisation happy winners.

**IN JANUARY 2018**, Florida based firm Carnival Cruise Line received a lot of attention from the news media when it announced NBA Hall of Famer Shaquille O'Neal as its first Chief Fun Officer. It may seem like an amusing appointment, but when it comes to fun in the workplace there is a serious point to be made. As many firms have discovered, and management research shows, building a corporate culture that fos-

ters fun can create considerable benefits for organisations, from reduced staff turnover to greater employee engagement.

Extracting these benefits is not simple, though. Merely buying a ping pong table for the break room or organising an occasional outing is unlikely to unlock fun's full potential. What one person deems fun, another may consider a chore. And, in a world of work

where freelancing and the gig economy are on the rise, is there really time for fun?

That is why, with the help of colleagues John W. Michel, of Loyola University, and Michael Tews, of Penn State University, I have devised a framework that allows organisations to focus on fun more effectively.





For others, however, the thought might fill them with dread. That is why managers must consider how people evaluate or appraise an activity ostensibly intended to be fun before, during and after an activity. The result of each appraisal will shape a person's overall evaluation of a particular activity. Taken together they can be considered a type of fun feedback loop.

## WHAT ARE THE INGREDIENTS TO CREATE FUN AT WORK?

### THE END OF ALL WORK AND NO PLAY

It has long been recognised that all work and no play is likely to lead to less productive, dissatisfied workers. There was no time for fun in the early-1900s stopwatch driven world of scientific management and the efficiency movement. Fortunately for the world's workforces, in the 1930s management researchers such as Elton Mayo and Mary Parker Follett noted that aspects of human nature, such as relationships, were important motivating factors. It was a radical departure from Henry Ford's assertion that "men work for two reasons. One is for wages, and one is for fear of losing their jobs".

As organisations acknowledged that people have similar needs and emotions at work as in their non-working lives, the notion of enjoyment in a corporate setting became more acceptable. Yet, it has still taken a technological revolution to move the discussion beyond the obligatory company day out, intermittent birthday celebration, or occasional team socialising opportunity.

The script for the workplace as a fun environment was rewritten by numerous Silicon Valley start-ups during the dot-com boom, and epitomised by search firm Google's office perks that have encompassed, variously: music and art studios, mini-golf courses, ping pong tables, foosball, climbing walls and even nap pods. Besides making working lives more enjoyable, there is strong evidence that fun in the workplace packs a powerful punch in terms of organisational benefits. And in this context 'fun the workplace' is specifically defined as: features of the work environment that are playful or social or humorous and that trigger positive feelings of enjoyment or amusement.

My earlier research, for example, looking at the restaurant industry, an environment with more than 60 per cent employee turnover annually, showed that workers who socialised more in the workplace and who evaluated their co-workers and the workplace as more fun were less likely to leave.

Beyond staff turnover reduction, fun in the workplace can foster more positive attitudes, help teams become more cohesive, and help people deal with or recover from stressful work experiences while also developing stronger relationships. It can also help improve employee engagement scores. Google regularly features at or towards the top of the 'best company to work for' lists, for example.

So how can firms create a suitably pro-fun culture and environment, with the appropriate activities, in order to capture these benefits? One important lesson for managers is that fun in the workplace is highly subjective. Some employees might look forward to meeting their co-workers for happy hour, viewing it as a chance to have fun and build camaraderie and team spirit.

Fortunately for managers, we have identified a range of factors across four dimensions – supportive practices for fun, characteristics of fun in the workplace, characteristics of the job, and person-specific – that affect the way people appraise fun events. These can be viewed as organisational levers worth paying attention to in order to leverage fun in the workplace.

For example, the more voluntary an activity, the more likely it is people will appraise it as fun and will enjoy participating. But that means truly voluntarily, as opposed to an activity that is technically voluntary, but where people still feel pressure to engage in some way. Our work also shows that workers are likely to value fun in the workplace more highly if managers and leaders are supportive of fun. In simple terms, it is the difference between a manager who, as everyone runs to the break room to have birthday cake, signals 'great, let's all go and celebrate and then we will get back to work', and one that mutters "here we go again, people are going to get distracted and we will lose 30 minutes of work time".





Organisations that provide an environment in which employees are able to have some fun and enjoyment are likely to have the last laugh.



#### Further reading:

Michel, J. W., Tews, M. J. and Allen, D. G. (2019) "Fun in the workplace : a review and expanded theoretical perspective", *Human Resource Management Review*, 29, 1, 98-110.

Tews, M. J., Michel, J. W. and Allen, D. G. (2014) "Fun and friends : the impact of workplace fun and constituent attachment on turnover in a hospitality context", *Human Relations*, 67, 8, 923-946.

The type of activity makes a difference. Our studies suggest events involving food, celebrations of personal milestones, and workplace outings are best received. The more mainstream (less eccentric) and aligned with an employee's personal interests the better. Avoid events where people risk making a fool of themselves in front of their co-workers. Pressure of work is also a factor. Employees with a heavy workload may view fun events as obstacles in their schedule.

Personality traits are important. Optimistic people with a positive approach to life are more likely to treat fun activities favourably. Similarly, it helps if the people involved in fun activities like each other and share similar values. Organisations that have a strong culture of fun and believe in the benefits of person-organisational fit are more likely to deliberately seek out, attract, select, and retain employees who share fun as a common value. Those employees are more likely to have a positive perspective on fun events.

Given these factors there are a number of things managers can do to improve the chances of making fun activities a success. As organic fun is more effective than manufactured fun, it makes sense for managers to create an environment where employees initiate and organise various fun activities as much as possible, as opposed to managers and leaders driving it top-down.

Companies can design physical spaces that are conducive to socialising and interaction in the workplace (yes, even on work time). They can also use onboarding and newco-

mer orientation as an opportunity to show that the organisation is open to fun and wants to foster those types of interaction. It might be worthwhile allowing an employee to specifically champion fun in the workplace and take a lead on those activities.

## NO LAUGHING MATTER

In an age of digital disruption of business models, as many firms are struggling to find their place in reconfigured value ecosystems, attracting and retaining talent is paramount. Millennials and Generation Z are the leaders, managers and workers of the coming decades. They are characterised by a willingness to blur the boundaries between work and non-work and a desire to be their authentic selves in their working lives. They are also mobile and restless.

When it comes to the competition for talent and building great teams with engaged workforces, those organisations that provide an environment in which employees are able to have some fun and enjoyment are likely to have the last laugh.



## KEY TAKE AWAYS

IN THE 1930S MANAGEMENT RESEARCHERS SUCH AS ELTON MAYO AND MARY PARKER FOLLETT NOTED THAT ASPECTS OF HUMAN NATURE, SUCH AS RELATIONSHIPS, WERE IMPORTANT MOTIVATING FACTORS.

AS ORGANISATIONS ACKNOWLEDGED THAT PEOPLE HAVE SIMILAR NEEDS AND EMOTIONS AT WORK AS IN THEIR NON-WORKING LIVES, THE NOTION OF ENJOYMENT IN A CORPORATE SETTING BECAME MORE ACCEPTABLE

BEYOND STAFF TURNOVER REDUCTION, FUN IN THE WORKPLACE CAN FOSTER MORE POSITIVE ATTITUDES, HELP TEAMS BECOME MORE COHESIVE, AND HELP PEOPLE DEAL WITH OR RECOVER FROM STRESSFUL WORK EXPERIENCES WHILE ALSO DEVELOPING STRONGER RELATIONSHIPS.

RESEARCH SHOWS THAT WORKERS WHO SOCIALISE MORE IN THE WORKPLACE AND WHO EVALUATE THEIR CO-WORKERS AND THE WORKPLACE AS MORE FUN ARE LESS LIKELY TO LEAVE.

THE MORE VOLUNTARY AN ACTIVITY, THE MORE LIKELY IT IS PEOPLE WILL APPRAISE IT AS FUN AND WILL ENJOY PARTICIPATING.

WORKERS ARE LIKELY TO VALUE FUN IN THE WORKPLACE MORE HIGHLY IF MANAGERS AND LEADERS ARE SUPPORTIVE OF FUN.

COMPANIES CAN DESIGN PHYSICAL SPACES THAT ARE CONDUCTIVE TO SOCIALISING AND INTERACTION IN THE WORKPLACE EVEN ON WORK TIME

ORGANISATIONS THAT HAVE A STRONG CULTURE OF FUN AND BELIEVE IN THE BENEFITS OF PERSON-ORGANISATIONAL FIT ARE MORE LIKELY TO DELIBERATELY SEEK OUT, ATTRACT, SELECT, AND RETAIN EMPLOYEES WHO SHARE FUN AS A COMMON VALUE.



**David Allen**



[illegible]

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!  
**Moine**

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 everyweek. Your writing style is witty, keep up the good work!  
**Anon**

It's a pity you don't have a donate button! I'd most certainly donate to this fantastic blog! I suppose for now I'll settle for bookmarking and adding your RSS feed to my Google account. I look forward to new updates and will talk about this blog with my Facebook group. Chat soon!  
**Alena Vayon**

Thanks for a marvelous posting! I really enjoyed reading it, you happen to be a great author. I will remember to bookmark your blog and definitely will come back later on. I want to encourage you to continue your great work, have a nice morning!  
**Lanny Battaglino**

I blog often and I genuinely thank you for your information. This article has really peaked my interest. I'm going to take a note of your website and keep checking for new information about once per week. I opted in for your Feed as well.  
**Bafen**

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**

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**

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

## **Global forum**

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

## **Joint courses and course modules**

bringing together the CSR expertise of the member schools' Faculty.

## **Exchange of Faculty**

to teach business and society modules within existing programmes.

## **White papers**

and position papers on issues key to business and society.

## **A Student CSR change-maker competition**

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.

## **Communication and visibility**

via the **Council Community website** and **blog** featuring regular articles, research and opinion pieces on issues relating to leadership and governance, diversity, sustainability, business ethics, energy, employee health and entrepreneurship.

A bank of shared **educational materials** between member schools with an international dimension, available for use in classes, courses and programmes.

A quarterly **eMagazine** featuring impact articles on CSR issues.

Council  
**Faculty research projects**

Inter-school  
**Student projects**

**Student Surveys**  
summarising how our students view key issues facing business and society.



# Getting **involved**


**Business and Society**


*A singular presence  
with a global mission*

## REACH US

The Council on Business & Society website:  
[www.council-business-society.org](http://www.council-business-society.org)

The Council Community blog:  
[www.councilcommunity.org](http://www.councilcommunity.org)

 [the-council-on-business-&-society](https://www.linkedin.com/company/the-council-on-business-&-society)

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