Global
Voice

Insight that lifts you higher

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The Council on Business & Society

Recognising the enormous role business can and must play in helping solve large-scale, global issues facing the world, four 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 five 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
- 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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/Editorial

By Professor Christian Koenig, Executive Director,
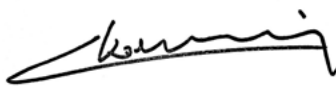Council on Business & Society

I'm delighted to welcome you to the autumn issue of Global Voice magazine – the magazine devoted to gathering the research insights and opinions of our member schools with a view to promoting responsible leadership and sustainable business practices.

This issue sees Warwick Business School, one of the UK's leading educational institutions, contributing research-based articles as a full member of the Council on Business & Society. Needless to say, we are delighted to welcome Warwick and its internationally recognised expertise. This month too sees deepening relations with our good friends FGV-EAESP in Brazil and a new partnership between the Council and FGV's sustainability research centre GVces. Please feel free to consult their website for a greater insight into their involvement in shaping Brazil's public policy and sustainability initiatives.

We live in a globalized world – with all its benefits and challenges. One of the wider benefits is the fact that like-minded people, across a multitude of countries and cultures, with a passion for education, entrepreneurship and business for the common good, can come together with a shared, global voice. The Council on Business & Society is part of this movement – and our magazine part of that voice – and we are delighted to be able to offer you the seeds produced from our institutions' research. Our dream is that hopefully they will help your businesses, employees, communities and planet grow responsibly, respectfully and positively.

I invite you to keep up to date with our articles, news and insights by following us on Twitter @The_CoBS or visiting our Council Community blog via our website www.council-business-society.org where you can download a host of publications on business at the crossroads of society.

Enjoy your reading!
Kind regards,

Prof. Christian Koenig

Executive Director
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![Global Voice]

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 for promoting responsibility so as to impact today's economy and society, and shape tomorrow's world."

Dean Luiz Artur Ledur Brito, FGV-EAESP

"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

"As a leading European Business School with a global outlook at the heart of a world-class University, Warwick Business School is committed to developing transformational ideas and people that shape how we do business. Along with our partners in the Council we believe in the power of education to create the policymakers and business leaders of tomorrow to tackle societies' great challenges. Only through working together across disciplines to produce cutting-edge research can we develop the new thinking and ideas that will lead us through the challenges of global warming, ageing populations, increasing inequality and the need for greater diversity and equality. Through our common values of curiosity, openness, restlessness and the continuous striving for excellence we can produce the entrepreneurial, socially aware and responsible leaders the world needs."

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BUSINESS & SOCIETY

THE EIGHT MOTIVATIONS BEHIND THE DONATION

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Why do we give? What motivates a private donor to financially support an organisation working in the public interest? Understanding their donors' motivations is capital for fundraisers. It is also a central question in scientific research on philanthropy, even if the knowledge is extremely dispersed among many disciplines which still talk too little with each other. A rapid overview is therefore required of the eight major families of motivation behind the donation.

By **Arthur Gautier,** *Executive Director & Research Fellow - ESSEC Philanthropy Chair at ESSEC Business School*

'WHY DO PEOPLE GIVE?' A countless number of philosophers, economists, psychologists, anthropologists and sociologists have one day or another asked themselves this question. Thousands of research articles have been published in an attempt to try to answer it. Why such intellectual infatuation? Doubtlessly because giving

freely remains an enigma in a world where money is exchanged for goods or is taxed under constraint. Certainly we can understand the donation within a same family, even clan. But what about the donation that benefits a stranger, an association or a foundation?

From Cicero's On Obligations to Marcel Mauss' The Gift, many theoretical and empirical answers have been provided to the question that interests us so much. Several literature reviews have recently been published in marketing and economics journals. But knowledge remains scattered, not easily accessible to the uninitiated, while a certain confusion reigns.

Let's begin by defining motivation. For the psychologist Fabien Fenouillet, it is a force within the individual that enables the dynamism of behaviour to be explained. A hundred or so theories about motivation exist (founded on instinct, need, interest, curiosity, discordance, etc.), but all have something in common – the search for the motives behind human action and the understanding of their impact.

Motivation, which is internal to the individual, should not be confused with triggering events which can be external. As such, being solicited by a street-fundraiser at a busy metro station exit is not a 'motivation' for the donor, but a stimulus which may activate a form of motivation to give. Another mistake is to believe that the demographic characteristics of donors are motivations. Yet, it is not because donors are significantly older than the average population that old age is a motivation to give!

This explained, we may explore what the human and social sciences tell us on what motivates donors. After having carried out a systematic analysis of the existing literature on the subject, we have identified eight families of motivation for giving. Here is a summary:

1. Altruism: I give to help others, through empathy for those who are in need, for the good of society, and without expecting anything in return. Contrarily to a cynical view which would rather altruism didn't exist, economists (Arrow, Boulding) and psychologists (Batson, Fultz) have empirically demonstrated the existence of a purely altruistic motive in the donation.

2. Guilt and anxiety: I give to reduce my discomfort before the suffering of others, in order to avoid feeling guilty or shameful for not giving. Inspired by the discoveries of the psychologist Robert Cialdini, this category suggests that in reality altruism hides an egotistical motivation where people give to others to reduce their own negative emotions…

3. Effectiveness and impact: I give to deal effectively with an issue, to have a positive impact on the cause or the beneficiaries I am targeting. In this case, it is the perspective of acting tangibly on the life of others that motivates the donation. Here we can notably find the utilitarian approaches such as the 'effective altruism' movement promoted by the philosopher Peter Singer.

4. Personal gain: I give to receive material compensation in exchange for my donation, for example an object or service offered in way of a thank you (think of crowdfunding or donations given during election campaigns in the USA, etc.) or a reduction in our taxes. This category is of course controversial: is it still a donation, even if the compensation is uncertain or of lower value than the amount given?

5. Pleasure in giving: I give to obtain the personal satisfaction of having acted well, because it makes me feel well. The economist James Andreoni calls this feeling 'warm glow giving' and several experimental studies have shown that while the donor might not necessarily seek it in the beginning, the pleasure in having personally contributed to doing good might have an addictive effect…

> " It is a force within the individual that enables the dynamism of behaviour to be explained "

6. Prestige and reputation: I give to publically show my generosity, to have a good reputation, to obtain the approval of the social groups to which I belong, or to leave a mark on history. As for the two previous categories, this is centred on the donor rather than the beneficiary. The sociology of the elites, evolutionist biology, much as with bequest marketing,

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have underlined the importance of the social prestige dimension in giving.

7. Reciprocity: I give to respect the 'golden rule' to return what I received (the famous 'give back'), to reward those who gave before me. A blind spot for numerous studies on giving, reciprocity is, however, at the heart of the sociologist Marcel Mauss' work which sees the gift as a "total social fact". Donating is a means to make society with those of a similar ilk as well as a strong social norm from which we cannot escape without retaliation.

8. Religions and values: I give to personify the beliefs or values that are dear to me and that guide my life. Believers give because their religion demands it of them (we indeed find explicit orders to give in most religions), but social psychology has shown that atheists or agnostics also give through conviction: for example, humanism or social justice are values often cited by non-religious donors.

Of course, these eight motivations are not mutually exclusive because several may coexist within a same donor. Depending on the context, a same individual may be motivated differently, with an intensity that may also vary. There are of course major differences on an individual level: a person A will mainly donate through altruism and a desire to follow his/her values, whereas a person B will sooner donate through guilt, to improve his/her reputation and to earmark the donation for reducing his/her taxes. Nevertheless, we should avoid falling into the trap of rigidly classifying each person in one or several categories: causality is complex and change possible.

To conclude, being aware of these eight families of motivations can ultimately help fundraisers improve their understanding of their donors' behaviours and build appropriate strategies and tools to meet their deepest aspirations.

Article first published in Fundraizine No. 55, pp. 22-23.

Arthur Gautier

WHAT DID THE ANCIENT GREEKS EVER DO FOR US?

Flo Swann meets **Dr Hossam Zeitoun,** Associate Professor at **Warwick Business School,** to find out why an Ancient Greek lottery method of ensuring democracy could lead the way in companies becoming more accountable.

IN RECENT YEARS the media seems to have been full of companies featuring disastrously bad governance: Lehman Brothers, News Corp, eBay; even the UK's Co-operative Bank, which was set up to operate on the highest principles, seems to have hit the gutter. From re-gulation-dodging to lining their own pockets – company boards and their members are damaging reputations.

It is not surprising, therefore, that, the role of the corporation in modern society has come under increasing scrutiny from business school researchers, with an emerging view that there should be a greater effort toward governing corporation well so that they become a means to protect our environment, address social problems, and create new sources of entrepreneurship and innovation.

> **"Stakeholders should include the providers of capital, employees and, to varying degrees, suppliers, customers and the local community."**

ALL ABOVE-BOARD

So how do we make them well-governed? Companies are led by people; ultimately, the issues start and end with the mix of people on the board and the decisions they make which then trickle down to the organisation and have ramifications for society at large. Dr Hossam Zeitoun, an Associate Professor at Warwick Business School, comments on Mayer's book, "It's a fascinating read," he says. "He looks at how corporate governance developed historically in the UK and in the US, and argues strongly in favour of the US system because it has more diversity and enables the use of a range of different governance structures.

One important question today is how to create governance structures that make companies more accountable to the various stakeholders who contribute to the firms' long-term success. Zeitoun says, "Such stakeholders include the providers of capital (i.e. shareholders and creditors), employees and, to varying degrees, suppliers, customers and the local community."

There are different ways in which corporate governance can help protect these stakeholders' interests he explains, "One model is to involve them in the board's decision-making. In Germany, for example, the law mandates shareholders and employees to be represented on the boards of large corporations. Having many different stakeholders on the board can make decision-making very challenging because these stakeholders have different interests." But, Zeitoun adds, "While this model works reasonably well in Germany and other European countries, it only involves shareholders and employees, and not the

complete range of relevant stakeholders." Warming to his theme, he talks of another model, where "the board is instituted as an autonomous fiduciary, which is insulated from the pressures of different stakeholders. The idea is that such a board should act more like a (hopefully) 'benevolent dictator' who balances the interests of the different stakeholders and decides in the long-term interests of the corporation as a whole. A prospering corporation is in the interests of all stakeholders. However, you can never know in advance whether the board will be such a benevolent dictator."

Some legal scholars suggest that the model of the autonomous fiduciary is the foundation of US corporate law, whereas corporate governance in the UK tends to be more shareholder-focused. Although many US companies are very shareholder-focused, there is also a range of other corporate governance structures. In the UK, stock-market listed firms in particular tend to have similar shareholder-focused governance. "A disadvantage of shareholder-focused governance is that it can lead to short-termism," says Zeitoun. "In this model, managers may look more to short-term profits rather than long-term capability development," he says. "But on the flip-side, they tend to be more flexible and entrepreneurial allowing the company to, for example, close old factories and build new ones to take advantage of new technologies."

Mayer argues that diversity in the board model of companies can cushion the blows of a changeable economy, because in some circumstances one type of firm will perform better and in others an alternate will.

LEARNING FROM ANCIENT ATHENS

Zeitoun's research, Learning from Ancient Athens, offers a novel model to help companies ensure good corporate governance. This model, inspired by the Ancient Greeks, ensures diversity of people on the board through the use of random selection procedures. He explains, "Political governance in Ancient Athens was based on selecting their leaders randomly among the population; each year there was an assembly of the male population where each participant placed a metal token identifying them into a box, and a random selection was pulled out."

It wasn't only Ancient Athens, says Zeitoun, later the Republic of Venice and the Republic of Florence did the same thing on a limited scale for parts of the political system. And maybe some would be keen to be governed like it now. "I read that during the recent Egyptian troubles some young people were distributing flyers asking for a transitional government to be randomly selected from among the protesters," says Zeitoun.

But we return to the matter of corporate governance. "The real benefit of this process was that it created a non-autocratic collective decision-making body. The only exceptions were posts where you needed to have a lot of task-specific expertise; for example, the Chief of the Military couldn't be randomly selected – he had to be appointed."

Zeitoun also proposes a two-chamber board of directors where one chamber would be elected by shareholders, as they are today, but the second would be selected randomly amongst stakeholders. The two chambers would need to find common decisions. But how can you ensure an adequate composition of the stakeholder chamber if they're randomly selected? "The Ancient Athenians obtained a sufficient degree of representativeness by ensuring there was cultural pressure among the population that one had to volunteer," says Zeitoun. "So even though the governing body was formed through random selection, because there were lots of volunteers you had a representative outcome. The more volunteers there are, the more representative the outcome."

Zeitoun cites the jury system as a source of inspiration. "When you get biased juries, research has shown that this is most often not due to a biased selection process," he says. "It's usually because the source list itself is biased, for example, when people take source lists based on the working population which exclude unemployed people. So the first step would be for the company to communicate to stakeholders the advantages of this new approach and encourage them to participate in order to have a more representative outcome of selection.

"We can learn a lot from jury systems," he continues. "Juries in America avoid extreme biases of people because the randomly selected jurors can be challenged. As a corporation you could appoint a neutral person who approves these challenges."

It all sounds tricky, but Zeitoun is sure it is possible to transition from a standard model to this. "Initially, the stakeholder chamber could only suggest initiatives with the shareholder chamber only obliged to discuss them," says Zeitoun. "After that is working ok, you can move to the next step and offer the stakeholder chamber a veto right or even equal decision rights on a predefined catalogue of corporate issues."

OF ETHICS AND ECONOMY
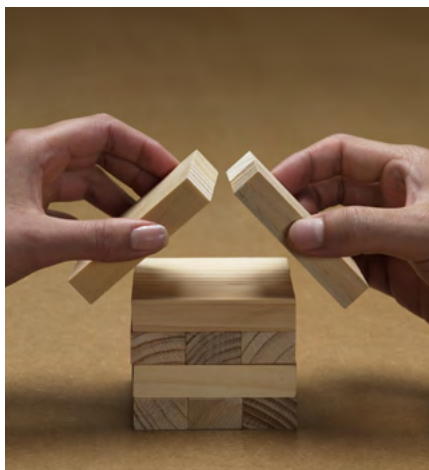
Some of the literature on stakeholders is based on ethical considerations which suggest that all stakeholders have to be considered simply because it's ethical to do so. But Zeitoun believes stakeholder involvement is actually economically important because it also helps ensure the firm's long-term success.

"The two-chamber model increases the range of stakeholders involved in decision-making without dramatically increasing the costs of this collective decision-making process," says Zeitoun. "It also contributes to an adequate level of expertise on the board; and it avoids the 'benevolent dictator' model where the board is insulated and can decide on its own who should benefit and who should not."

But in who's interest is it to implement this model? Zeitoun adds: "Shareholders of stock-market listed corporations often only have a small stake in a company; and if you improve the company's structure other shareholders benefit as well, so you as a minority don't have a very strong incentive to do so."

Zeitoun suggests senior managers and directors of the company, who have long-term interests in the firm's performance, could be the first ones to start this transition process. "They could take the first steps, that do not require changing the corporate charter - because as soon as you change the charter you need to consult with shareholders," says Zeitoun. "I think you could gather positive experiences through small steps, and then once it is working you could consult at a general meeting and implement it in your charter." He also has suggestions for law-makers. Although Mayer argues that the US has a more diverse corporate governance system, it's only partly true because even though companies are very flexible in writing their charters most of them remain with the default rules.

Zeitoun says: "If a company doesn't write their own idiosyncratic charter then the company is governed by default rules. They're not mandatory, but they are the standard. You can deviate from them, but a large majority of companies stick to the default rules. If the law-makers helped to offer more menu options—including governance models based on random selection—I think this would lead to a healthy system with more diverse governance structures."

So, who knows? Maybe, as the UK National Lottery used to say, 'It could Be You!'

Dr. Hossam Zeitoun

NATURE'S ANSWERS TO HUMAN PROBLEMS

By **Amália Safatle**

"In nature there are no rewards or punishments; there are consequences."

James Abbott McNeill Whistler, American painter and artist.

AS MUCH AS THE HUMAN mind has become ingenious in its short and recent period in Earth's timeline, it has no comparison with the **3,8 billion** years of evolution of nature. If there is a place where the human being can find most of the answers and solutions relating to quality of life, it is within this formidable open-air laboratory, which is constantly being designed and re-designed.

Human intelligence doesn't seem so brilliant when, instead of drawing inspiration form the accumulated expertise of nature, it modifies and alters the services it provides, to the point of endangering its very own existence. According to the Millennium Ecosystem Assessment (2005), we humans have changed the natural environment more rapidly in the last 60 years than ever before in the planet's history. The result is a corrosion of the environment's foundations, which support not only economic activity but also the wellbeing of people and life of all species. Happily, there is a growing perception that it is possible to find answers in **Nature-based Solutions** – a term coined between 2009 and 2010 by the International Union for Conservation of Nature (IUCN).

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But what exactly are Nature-based Solutions? According to the IUCN, they are interventions which use nature and the natural functions of healthy ecosystems to address the most pressing demands of our time. It is a type of solution which helps protect the environment, as well as providing numerous economic and social benefits.

This is the definition which the Boticário Group Foundation, in affiliation with the IUCN, has adopted for use in its initiatives for disseminating NbS concepts and practices in Brazil – among them, the call for cases which is the subject of this edition, in which the Boticário Group Foundation in partnership with the Centre for Sustainability Studies at FGV-Eaesp and the Ministry of the Environment selected proposals from various regions of the country. NbS uses the attributes and processes of the complex system of nature, such as its ability to store carbon and regulate water flow, with the aim of attaining certain results, e.g. reducing the risk of disasters, improving human wellbeing and promoting a green and socially inclusive economy. By doing so, it can transform environmental and social challenges into innovative opportunities, transforming **natural capital** into a source of prosperity.

WHY NOW? – REASONS FOR IMPLEMENTING NBS

- *Raising awareness and interest in managing and maintaining biodiversity and ecosystem services as a means of reducing economic risks by guaranteeing the continued supply of essential resources.*
- *Demonstrable financial advantages through the reduction of initial capital expenditures and operational costs.*
- *It is an umbrella term which promotes our dependency on biodiversity to increase the resistance and resilience of socio-ecological services in relation to global changes and unforeseeable extreme events, as well as providing ecosystem services which positively contribute to human health and wellbeing.*

Source: European Commission, 2015.
Nature-based Solutions and Re-Naturing Cities

Abroad, the concept and application of NbS has been more strongly disseminated by the European Commission, which has adapted it to its own development outlook. But what about in Brazil, a recognised environmental power with profound economic and socio-environmental problems? "There is little available information on the subject, and most of it is international, which makes it difficult to apply to Brazilian reality", says Maria de Lourdes (Malu) Nunes, executive director of the Boticário Group Foundation. "Through this initiative, we are showing that it is possible to face the various problems that exist in our society using nature as part of the solution."

The greatest advantage NbS has, is its broad approach. Solutions draw on a range of actions in several fields, such as restoration, infrastructure, management and protection to face social challenges – among them access to clean water, food, income generation and climate balance – with the aim of providing human wellbeing, at the same time as generating benefits for conservation. "NbS helps us reach the objectives of the UN conventions on Climate Change, Biodiversity and Desertification", says André Ferretti, biodiversity economics manager at Boticário Group Foundation.

They also contribute to achieving the **Sustainable Development Goals (SDGs)** and the fulfilment of the Brazilian National Adaptation Plan (NAP). Launched by the government in 2016, one of the plan's principles is **Ecosystem-based Adaptation (EbA).** EbA, in turn, is a form of Nature-based Solution.
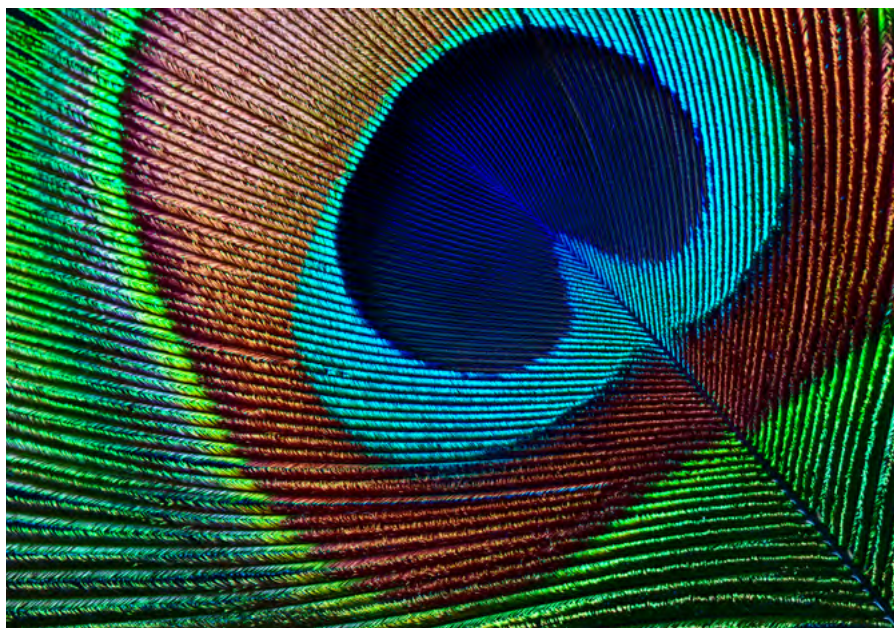
According to Malu Nunes, inclusion of the EbA in the National Adaptation Plan opens up an important space for the strategic use of Nature-based Solutions, as NAP guidelines are passed on to local government and companies of various sectors. The National Adaptation Plan (NAP), a National Policy on Climate Change instrument, recognises the role ecosystem services play in reducing human vulnerability, and has among its guiding principles the prioritization of Ecosystem-based Adaptation (EbA) measures for adaptation to climate change in the country. "The concepts of EbA and NbS are so similar and synergistic that they blend together. It can be said that EbA measures are Nature-based Solutions focused on the challenges of climate change", says Mariana Egler, environmental analyst at the Ministry of the Environment.

Egler points out that, among the selected projects in this case call, around seven could equally be considered Ecosystem-based Adaptation solutions, as they are based on the recovery of ecosystems seeking the provision of ecosystem services which reduce vulnerability to climate change. These are: projects related to the conservation and supply of water (proposed by WRI, IAV Vale Environmental Institute, The Bioatlântica Institute and Prefecture of Catende); those focused on the reduction of urban flooding (Prefecture of Campinas); and those pertinent to the reduction of coastal vulnerability through the recovery of sandbanks (Fluminense Federal University) and the improvement of water quality (Phytorestore). "The development of studies for monitoring the results of these initiatives in the long term could provide technical and scientific subsidies for consolidating those actions, in comparison to grey initiatives, especially if we consider the multiple benefits of AbE measures and their long-term financial viability" says Egler.

PRINCIPLES OF NBS

- *Delivers an effective solution to a global challenge using nature*
- *Supplies biodiversity benefits in terms of well-managed diversity and ecosystems*
- *Better cost-effectiveness in relation to other solutions*
- *Can be communicated in a simple and convincing manner*
- *Can be measured, verified and replicated*
- *Respects and reinforces the rights of communities over natural resources*
- *Links public and private sources of finance*

Source: IUCN. 2012.
The IUCN Programme 2013-2016

SOCIETY'S PERCEPTION

Society often does not realise that the benefits it is receiving come from ecosystem services, such as access to clean water and food. "The concept of Nature-based Solutions is a way of raising people's awareness about the services nature provides, and in the process attaining the Sustainable Development Goals (SDGs)", says Matheus Couto, an analyst of the cooperation between the United Nations Environment Program (UNEP) and the World Conservation Monitoring Centre (WCMC).

However, Couto thinks that it is necessary to assess, case by case, when solutions should be sought in nature, in engineering, or in hybrid models, which mix the two. Those based on nature are not always both more effective and more affordables. Sometimes, paths
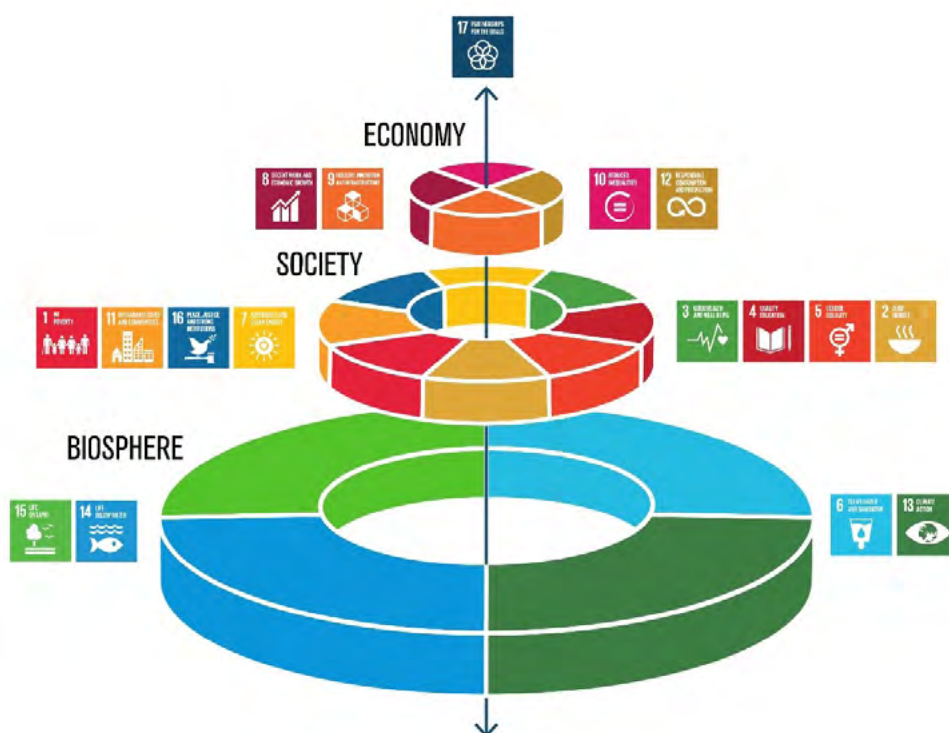
Credit: Azote Images for Stockholm Resilience Centre

which integrate NbS with engineering can be better, from this point of view. This is shown in the Resilience to Extreme Weather report, published in 2014 by The Royal Society Science Policy Centre, regarding impact reduction of extreme events, such as heat waves, tidal waves, floods and droughts (see figure 12 of the study).

In any case, for Couto, there is the need for different solutions as a form of increasing the conservation of biodiversity and natural systems. This is because of the fact that of the 17 SDGs, there are four which are related to the biosphere, and form the basis of everything: life on earth (SDG 15, life under water (14), clean water and sanitation (6) and the fight against climate change (13). This approach, which proposes a new understanding of the SDGs, was presented in June last year by Stockholm Resilience Center director Johan Rockström, and Pavan Sukhdev who is on the board of the Center.

As the 'wedding cake' image shows, the four SDGs which form part of the base support the eight social goals, among them the eradication of poverty, gender equality and quality education. From there, it is possible to reach the four economic goals, such as decent employment, growth and responsible consumption. Running across them all is the 17th goal, which is the partnerships needed to achieve these goals.

In short, Rockström and Sukhdev's message is that the economy must serve society in order for it to evolve within the planet's safe operational space. Such an approach, however, has not gained traction with the United Nations, for whom it could inadvertently create a hierarchy among SDGs, instead of viewing them transversally.

For André Ferretti, the wedding cake diagram helps reinforce the understanding that the other goals cannot be reached if the natural foundation is not well preserved. According to Ferretti, as well as serving as a pillar, nature, and those solutions based on nature, end up generating additional benefits, contributing to the attainment of other goals. When restoring a forest area, for example, the gains for climate and water quality and supply are linked to food, human wellbeing and income generation benefits if fruit plants are used among the species. Another example: in containing a hillside susceptible to landslides, if a nature-based restoration is carried out instead of a conventional retaining wall, there will also be associated gains – in terms of landscape, microclimate and ecosystem recomposition.

By encouraging NbS, the Boticário Group Foundation has repositioned its action strategy, seeking to amplify the effects of its performance/operations/actions. According to Ferretti, the Foundation, which has worked in conservation since 1990, had focused its activity on the conservation of protected areas and supporting projects through grants. The Foundation eventually decided to go beyond philanthropy, acting on a par with the private sector via Payment for Environmental Services (PES), a system of remuneration through which the agent promoting the environmental benefit is rewarded and the beneficiary must pay the relevant economic cost.

It took a further leap from there to stronger action related to water, climate adaptation and mitigation. "Since 2015, we have had more contact with EbA and NbS, which has to do with our institution, which is a business foundation", says Ferretti. This is because NbS can be a part of private investments, generating profit while promoting conservation. The call for cases is a result of this new front of action. "We hope this material will inspire other companies, universities and governments to help their regions benefit by using nature as a solution", says Malu Nunes.

Amália Safatle

FGV EAESP

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THE CIRCULAR ECONOMY: DOES CHINA SET AN EXAMPLE FOR THE WEST?

Xavier Pavie, Professor at **ESSEC Business School,** author, Academic Director of the ESSEC Grande Ecole programme in Singapore and the iMagination Center, explores the question of China's environmental footprint and its push for a circular economy which just might prove a model for others to follow.

Xavier Pavie is a Professor at ESSEC Business School, Academic Director of the Grande Ecole programme in Singapore and the iMagination Center. He has recently published *L'innovation à l'épreuve de la philosophie,* (PUF 2018) and is notably co-author of the book *Responsible Innovation: From Concept to Practice (WorldScientific 2014) and Innovation, creativity and imagination* (WorldScientific 2018).

IT IS SIMPLISTIC to consider innovation as the simple launch of a new product or service on the market to increase the profits of an organisation. The essence of innovation is to resolve problems – it means taking action to survive. As such, the emergence of the circular economy can be considered as an innovation of processes with a clear objective to keep our ecosystem alive.

THE PLANET: RUNNING OUT OF RESOURCES

Since the beginnings of the Industrial Revolution, our models of production and consumption have been aligned along the pattern of a linear economy based on the tryptic of *produce, consume, dispose.* Even if this model has enabled the living conditions of millions of people to improve in a spectacular way, its large-scale impact on the environment means that today it has reached its limits. Each year it leads to an ever-hasty, ever-closer "Earth overshoot day" – a date from which mankind begins to live on credit, the blue planet having exhausted the natural resources it is capable of renewing in a year. In 2017, this stage of no return was reached on August 2nd. In December of the same year, humanity's consumption ended up overstepping the 70% mark of available resources.

THE ADVENT OF THE CIRCULAR ECONOMY

Conscious of the ecological impact of their growth, an increasing number of countries choose to act by opting for a new model: the circular economy. This is a system of production exchange which, at every stage of the product life-cycle, aims at increasing the efficiency in how we use resources, lower the impact of the consumer on the environment, and develop the well-being of individuals. Appearing in the 1970s, this economic concept is founded on several green and innovative approaches to production and consumption such as the sustainable supply chain, ecodesign, industrial and area ecology, the product-service system, responsible consumption, extending the duration of product use and also recycling. Germany and the Netherlands were among the first in the world to enforce policies aimed at encouraging its implementation, rapidly followed by Japan. It was from its 12th 5-year Plan, from 2011 to 2015, that China itself became aware of the impact of its rapid development on the environment and the costs generated by the latter. In response to this observation, the country succeeded in re-thinking its strategy by giving great emphasis to the development of a sustainable economy. As such, large investments have been allocated to environmental conservation since 2011 through projects aiming to reduce greenhouse gases, increase forest cover or then again create eco-towns and eco-parks.

THE CIRCULAR ECONOMY IS NOT A CHOICE, IT IS A DECISION

Today, China counts among the rare countries to have adopted a specific law targeting the promotion of the circular economy – "the law for the promotion of the circular economy" – which is applied on a large scale and already concerns millions of inhabitants. Concretely, this 2013 circular proposes towns and localities to work on the re-introduction, after use, of natural resources (solids, liquids, gazes, organics) in their cycles of production and consumption.

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Moreover, China will go even further than the other nations committed to the cause by demanding its local authorities to revise its regional planning. Thus, if Germany or the Netherlands have made industrial ecology and eco-technological research a priority, no other country had yet ordered its contracting authorities to make the circular economy a central issue in their work. Finally, the country has also earmarked a specific budget for this new form of economy: in 2013, of 52,000 billion yuan in financial credit granted by the major Chinese banks, 360 billion were dedicated to energy-efficient and environmental protection projects, with 63 million yuan specifically destined for the circular economy*.

The government directives in terms of regional planning are far from being the only specificities of the country regarding the circular economy. China is also the first state to have established circular economy indicators on a macro-economic scale, as much on a national as provincial scale. These indicators take the form of a battery of more than 80 measurement indicators which thereby enable the Middle Kingdom to make a clear assessment of its circular strategy and to set new objectives accordingly. The first results have turned out to be convincing: in 2010, 78% of municipal waste produced was sent to the tip against 65% in 2014.

IT IS ONLY JUST A BEGINNING...

With emissions that reach 10.357 megatons of CO_2 per year, it is important to remind ourselves that China remains the biggest polluter on the planet, in front of the United States whose emissions reach 5.414 megatons. China is the nation which has the greatest quantity of greenhouse gases – hence the importance of its initiatives regarding the circular economy.

The country's numerous projects for a more sustainable and ecological growth are to be praised and are inspiring but also to be taken with moderation as there is still a long way to go before being able to consider China as a truly eco-responsible country. As such, adopting the circular economy to a bigger scale, and durably, will allow the country to become a true agent of change in the years to come.

Asia is without doubt the economy of the 21st century with China, but also Korea, India, Japan along with all the emerging economies which are Malaysia, Indonesia or even Thailand. At the same time, this continent is the one that will be the first in line to feel the impact of global warming, notably with the rise in the sea level. These countries have understood this and are on the lookout for quick and effective models which will enable them to survive. Western economies cannot remain on the sidelines of this necessary movement, the United States at their head, and Europe for as much. Because if globalization enables us to see the planet as a market, it must also enable us to see it as a place we must take exceptional care of.

*Aurez, Vincent, and Laurent Georgeault. *Les indicateurs de l'économie circulaire en chine, the OFCE review*, vol. 145, no. 1, 2016, pp. 127-160.

> "
> The circular economy is not a choice, it is a decision.
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The pioneering spirit

HEADING FOR GREENER GRASS: A JOURNEY TO CSR

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Seamus Dufurrena, PhD student at **ESSEC Business School,** shares the story of his path to awareness, responsible business and a wider purpose.

3 CONTINENTS AND AS MANY PATHS TO AWARENESS

SEAMUS DUFURRENA is the type of young man who possesses a certain sparkle that shines through his words, way of thinking and actions. A sparkle that speaks of conviction but also of intelligence, understanding and, despite his young age, experience of the world gleaned from what he has seen on his travels.

Growing up in a small town in rural Nevada in the U.S. Seamus Dufurrena, now a PhD student at ESSEC Business School in France, describes his academic background as the result of several serendipitous events that transpired at various moments in his life. And like many an adventures, it began with hardly a notion of what career he would eventually like to pursue but an interest. That interest was politics and policy. An interest of the type, as he started studies in

political science at university and aiming for a horizon as a lawyer, that triggered an awareness that he wasn't really interested in it at all. The reason? For Dufurrena it was a question of values and of purpose – too many manipulators trying to design policies that favoured certain groups often at the expense of others. Instead, he decided to change course and study Spanish, something that he saw as a more tangible skill that was growing in importance in the U.S. given

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the changing demographics and it was upon graduation that a second major turning point on his path to CSR occurred – the financial crisis of 2008-2009 that saw his home state in especially bad economic state. For Seamus Dufurrena, the crisis seemed to be a consequence of unethical business practices among the country's largest financial firms and the notion stuck with him. These events and the resulting suffering economy led him to once again change tack and head for greener grass: this time Latin America where he could refine his language skills and gain international work experience at the same time. He ended up in Colombia, and eventually work with a business school there that took the notion of 'responsible business' very seriously. 'I think it was there that I first became aware of CSR and the idea that business as a zero-sum game was a false concept,' states Dufurrena. Among the school's many initiatives were programmes that sought to develop small Colombian businesses utilising the knowledge acquired by its business students who would work for them as consultants. For Dufurrena it was a rare win-win scenario in which the students gained practical experience and learned to challenge the zero-sum notion while small firms gained access to rich business knowledge and insight.

'I was in charge of developing and managing a global version in which international students collaborated with the Colombian students to support the participant companies.,' asserts Seamus Dufurrena. 'These initiatives were part of the school's own portfolio of CSR practices and also provided rich data for its researchers to further understand small business and, indeed, responsible business.' It was during this time that the nature of the work and collaboration with the academics in managing the initiative inspired him to go on to further studies – this time in France, first with an MBA in Responsible Management at Audencia Business School and then to pursue a PhD at ESSEC Business School, one of Europe's leading higher education institutions.

'The MBA formalized my understanding of business and provided me with a breadth of knowledge with which to advance my career. I also undertook a project with two colleagues we called "MBA Meets the Real World" in which we sought to understand what CSR was through the lens of industry managers,' affirms Dufurrena. 'So, we got a camera and, leveraging the school's alumni network, began scheduling on-camera interviews with executives in renowned firms such as Louis Vuitton, Galeries Lafayette, Manitou, and Accenture as well as in other organisations of a non-profit nature such as UNESCO, the World Wildlife Fund, the OECD, and the Minority Business Development Agency of the U.S. Department of Commerce, among others. We sought answers to three fundamental questions: 1) What is CSR? 2) What was the (respondent's) organisation doing about it? and

3) What can we do to undertake our own careers responsibly? This was a remarkable experience and we obtained a lot of content from these organisations which we then shared with our colleagues and the world via YouTube along with a template for future MBA cohorts to go out and perform their own research. This process of going out to the field to collect data on a topic that I cared about was the highlight of my MBA experience and further solidified my desire to pursue a career in research, rather than return to administration.'

At ESSEC, Seamus Dufurrena's nascent academic career takes a further step as a PhD student within the Accounting and Management Control Department at ESSEC studying management control systems and their use in implementing CSR in companies.

WHY IS CSR NECESSARY?

'There's no question that CSR is necessary to address some of the most pressing issues of our time,' asserts Dufurrena. 'Our resources are finite and we need to ensure that we aren't short-changing future generations, let alone our own.' For him, issues such as climate change and mass extinction, as well as human rights abuses and labour issues, must be addressed at both the micro and macro levels. The United Nations Global Compact (UNGC) and the Global Reporting Initiative (GRI) provide mechanisms for companies to be transparent about their activities and report progress on sustainable practices and, indeed, CSR. 'This is a positive step and the number of participants is growing worldwide,' says Dufurrena, though he regrets that of all the regions reporting to the UNGC (as of 2015) his own – North America – has the smallest number of participating companies (364). This figure is significantly smaller than Africa's 600, Asia and Oceania's 1,267, Latin America's 1,712, and Europe's 4,345. For Dufurrena, this may be due to the voluntary nature of such practices in the U.S, in France, for example, CAC 40 companies being required by law to report their activities. 'I believe it's important for CSR to be backed by sound policy set by government and that such policy might help

to drive these reporting figures up,' he states. 'This may not happen in the U.S. under the current political climate, but I'm optimistic that more companies will sign onto initiatives such as those of the UNGC and GRI as benefits of improved credibility and brand perception should easily outweigh the costs.'

On a micro level, one of the most insightful analogies Dufurrena came across as a graduate student interested in CSR was the notion of corporate personality, identity, and perception. A firm's personality is intrinsically linked to the internal culture of the company and this will really reflect the credibility of its stance towards CSR. Identity, on the other hand, is thought of as how the company wants to be seen in the public eye. Perception is how the public actually perceives the company or firm. If the company focuses its efforts only on public relations, the substance of its CSR policies may be questionable as it is focusing simply on its identity in an attempt to influence the public's perception. 'It is necessary to form a personality or culture that is genuinely preoccupied with treating employees well, with reducing (or ideally reversing) environmental impact, and with addressing the concerns of various stakeholders,' insists Dufurrena. 'If a company's personality is responsible and genuine, the work of public relations should be made easy and in that case, there should be no disconnect between personality, identity, and perception. I think that's what firms should strive for if they're serious about becoming responsible. It should start with corporate personality, that is, it needs to develop the right culture.'

But what of the day-to-day guardianship of CSR in an organisation? Seamus Dufurrena's answer ends with a paradox. 'When a company begins to engage seriously in CSR, it may be necessary to designate a team to CSR implementation through to fruition,' he asserts. 'Such a team will necessarily be involved in just about all departments – for example, HR to see fair hiring practices and treatment of employees, operations to oversee implementation of cleaner production processes and more sustainable project designs, accounting to coordinate CSR reporting practices.' However, Dufurrena sees the CSR team's purpose as making its job unnecessary and obsolete. 'If it's successful in implementing CSR, every department should be conducting their activities responsibly, making the team redundant. That, strangely as it seems, should be the overall goal.'

THE CHALLENGES IN IMPLEMENTING CSR

Short of enacting laws to force companies to comply with CSR guidelines, Seamus Dufurrena believes CSR implementation needs to come from the top. Though bottom-up CSR – in which employees take initiative to implement new and responsible practices in the work place – is possible and does happen, for Dufurrena top management is in the ideal position to enable the forces of CSR to take hold in a company. 'They have the power to cultivate a corporate personality that is conducive to treating people with dignity and to innovating on processes and products to make them more sustainable,' says Dufurrena. 'In my home country, the U.S., one of the principle obstacles to progress in CSR has been the focus on short-term, quarterly profits and maximizing shareholder value, often at the expense of other stakeholders. The in-centives have been improperly placed on short-term targets that often, even undercut the future performance of the company. The nature of CSR is an emphasis on the long-term, especially with respect to conducting business. If management could be better incentivized to make decisions on the basis of sustaining the company long-term, that should necessarily mean conducting the business more responsibly.'

A classic example of this is Unilever under the management of Paul Polman who decided to scrap quarterly reports and short-termism after the financial crisis and began to reshape the company to be more transparent and socially responsible. The result was an initial steep decline in Unilever's stock price as investors were wary of such an approach, but it didn't take long for the stock value to recover and its upward trend over time reflects an enhanced credibility that draws both investors and consumers alike. According to Dufurrena, this approach by Unilever also sets the bar higher for its industry peers. If consumers have a choice among products where, all other features equal, one is produced more sustainably than the other, they'll likely choose the more sustainable one. 'This is a solid example of how CSR really can pay off.'

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'On the other hand,' continues Dufurrena, 'take the example of Volkswagen who, in 2015, was caught lying about its products' emission levels. This not only resulted in pervasive negative publicity that caused significant damage to the brand, but it cost the company billions of dollars in fines and put it at risk of bankruptcy, not to mention the dive its stock price took and is still suffering from. 'This illustrates an example in which conducting business responsibly can serve as an insurance policy, if nothing else,' states Dufurrena. 'Sure enough, there are costs involved in developing cars that meet stricter environmental standards, but investing in better products at the outset is significantly less expensive than the fines Volkswagen had to pay to stay in business, let alone its loss of credibility.
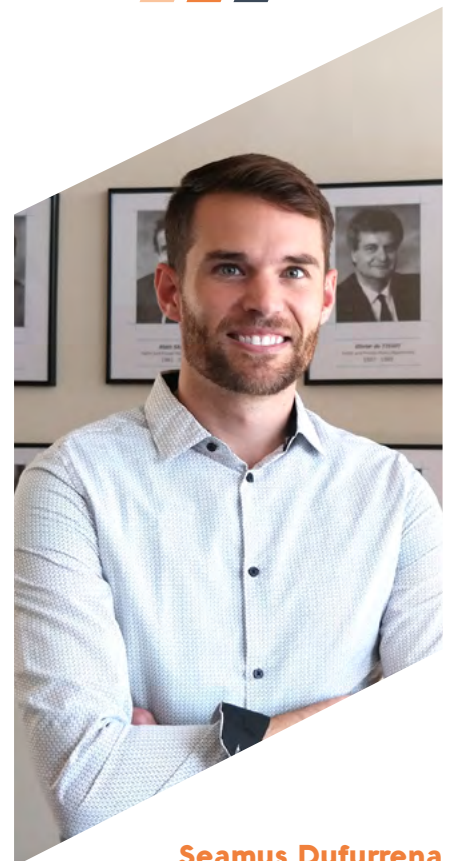
IS CSR RESERVED FOR THE BIG FISH? CSR HAS MANY FACETS AND ALL IT REALLY TAKES IS THE RIGHT ATTITUDE.

Is CSR only something that large companies and groups can afford? 'The question of whether CSR is something only large companies can afford is an interesting one,' states Dufurrena. 'The World Wildlife Fund states that some 500 companies control about 70% of commodities worldwide – that's an extraordinary amount of power in a relatively small number of

companies. The impact of those companies engaging in CSR, for instance, is undoubtedly going to be more substantial than that of individual SMEs when it comes to the environment. However,' continues Dufurrena, 'that's not to say that SMEs can't afford to engage. Rather, they should see CSR as a means to differentiate themselves from industry peers. CSR has many facets and all it really takes is the right attitude. If SME managers would simply enable their employees to make proposals on how to make their company more responsible, not only would they be engaging in CSR to some degree merely by empowering their employees, but their companies would likely benefit from the free ideas – not to mention that it's fairly easy and cost-free to begin reporting to the UNGC. The UNGC can be seen as a good starting point to begin CSR reporting as their standards are less stringent than, say, the GRI standards. The financial costs of these practices should be negligible. It's more a question of putting forth the effort.'

When asked if he had a wish regarding CSR, Seamus Dufurrena answers with clarity spiced with hope. 'Simply, to get everyone educated. In an ideal world, everyone would have a decent level of education with which they could make informed decisions about what they demand from their governments, about how they conduct commerce, and about how they consume goods. Informed decisions lead to better outcomes.'

> " In an ideal world, everyone would have a decent level of education with which they could make informed decisions about what they demand from their governments, about how they conduct commerce, and about how they consume goods "

Seamus Dufurrena

MANAGEMENT & LEADERSHIP

DOES LAUGHTER BOOST TEAM PERFORMANCE? IT DEPENDS

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Scientists have proven that laughter is good for an individual's well-being, but what of laughter in the work environment? Does it make for better performance? **Prof. Lorna Doucet** of **School of Management Fudan University** researched the question among a populaton of flight crews and found that everything depends on what type of laughter is expressed.

NO LAUGHING MATTER

DESPITE being the bedrock of modern companies and organisations; despite the enormous investment organisations make in team training; and even despite the time spent trying to get the right team mix… team performance often fails to live up to expectations.

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TEAM PERFORMANCE: TO SHARE OR NOT TO SHARE

Laughter can be fun – up to a point. Moreover, laughter can be positive in a working context – up to a point. Building on previous research, Prof. Doucet points out that while laughter helps create a supportive and inclusive atmosphere in teams, there are times when it may draw attention away from task-related information and steer the serious away towards the silly and irrelevant. Putting this to the test on a selection of flight crews in a North American university flight training centre, she and her colleagues investigated the question from the perspective of different laughing patterns – *shared laughter* when team members frequently laugh together, and *unshared laughter* – when laughter comes primarily from only one team member. For Prof. Doucet and her colleagues, different patterns of laughter serve different purposes with consequently different effects on team communication and effectiveness. A twist in the tale – they also chose to investigate whether having an agreeable person on the team hinders or enhances team effectiveness.

Among the reasons for this communication stands out as an important factor – or rather the lack of it. Poor communication within a team often means that task-relevant information is not shared or openly discussed – important factors for fostering trust, problem-solving, or deadlines to be met. Indeed, every manager and team member's dream scenario would be a weekly meeting that saw co-workers sharing information freely and honestly, even if the information shared is at odds with team consensus. In reality, this rarely occurs, not least because such frank exchange is often perceived by team members to be socially risky. And perhaps even professionally so too – after all, no-one wants to risk sticking their necks out too much.

From this observation, Prof. Lorna Doucet of School of Management Fudan, China, and her research colleagues decided to test if laughter enhanced team communication, triggering effective task collaboration and therefore boosting team performance.

LOL

Laughter is beneficial. Research has shown that even the sound of it can provoke an immediate and positive response in others that puts them at ease, increases their sense of liking towards the other and reduces the social and psychological gaps between them. Laughter is also as beneficial in good

times as in bad – even in bereavement it can help saddened adults acquire support by triggering positive emotions in others. Its origins are ancient. Researchers from Darwin in the 19th century to Ruch and Ekman in the early 2000s focused on laughter's place in the human communication repertoire, suggesting that it developed before language as an evolved form of face play and breathing patterns that occur in primates during social interactions such as mock fighting. Further research has shown that laughter occurs thirty times more frequently in social situations than in solitude. However, it also demonstrated that what comes before a burst of laughter – a statement, expression, joke or comment – isn't, in many cases, actually funny in itself. This may reassure those of us who do not have the knack of telling them in the way Bob or Karen down the corridor do: it is the speaker rather than the listener who is often the first to laugh. This has led researchers to see laughter not as an involuntary expression of emotional reaction to humour but as an interpersonal communication tool that serves explicit social functions. Laughter therefore has a social intention behind it. And when a co-worker declines an invitation to laugh along this can be interpreted as a lack of interest in bonding. Indeed, continuously closing the door on a colleague's efforts to share a laugh carries the risk of generating strong negative emotions linked to social rejection and even antisocial reactions. So do not laugh and it is at your risk and peril.

They found that when laughter *was unshared* in a crew – with principally one crew member (the pilot) doing all the laughing – it caused a significant and positive boost in the co-pilot's open communication and effectiveness. On the other hand, when laughter *was shared* – both pilots expressing laughter – there was a negative relationship between how much a pilot laughed and the crew's openness and effectiveness. In a nutshell, while shared laughter can

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THE LAST LAUGH

be good for the overall feel-good factor, it tends to deviate team members' minds from the job and make them less effective. When there is a sole co-worker mainly doing all the laughing, it creates the necessary feel-good factor among the team while preserving the attention given to the job at hand. In this context, having a nice guy on the team may in fact get in the way of a team's task focus. Not only do agreeable people see laughter primarily as a way to foster relationships – something that isn't necessarily required in order to do a good job – but they are more likely to laugh most, and at anything, with an aim to preserve these relationships. And this can reduce team effectiveness as it pushes team members towards a social and not task orientation.

Past research has shown the positive effect of laughter in groups of people and many have since thought that team members should therefore share as much laughter as possible when working together. The research of Prof. Doucet et al seems to caution such an approach. Laughter is not simply about fun and lightness but can also be expressed to share sensitive and difficult information and is most likely to benefit teams when linked to the task at hand, and expressed by one main protagonist. Having someone too agreeable on the team – while good for overall team feel-good – could also harm effectiveness by influencing the pattern of laughter that arises in team interactions. This may indeed provoke the ire of the team manager. This is reassuring for the mean professionals among us: as members of a team the nice guys are not entirely guaranteed the satisfaction of having the last laugh.

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

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Lorna Doucet

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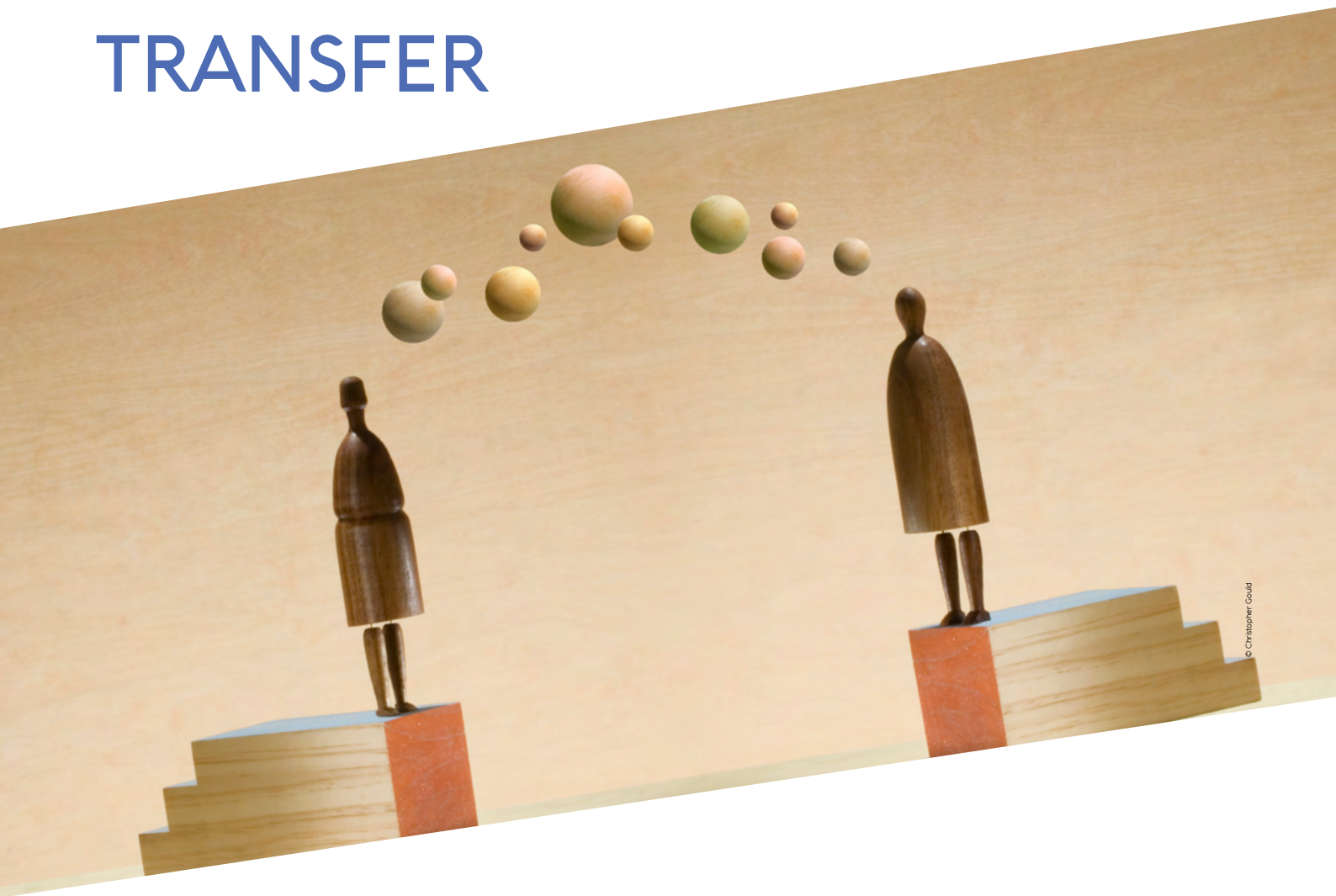
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MULTINATIONALS: 3 KEYS TO UNLOCKING KNOWLEDGE TRANSFER

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Sachiko Yamao, Associate Professor of Organisational Behaviour at **Keio Business School,** Japan, and fellow researcher Prof. Vesa Peltokorpi, University of Wollongong, crystalize their research into multinationals and their subsidiaries' knowledge transfer – how can they ensure it happens?

SHIFTING INTO GEAR

IN AN INCREASINGLY global marketplace, the business world has seen an increasing number of corporations go multinational, snapping up local champions and incorporating them into the fold of a single parent brand managed from a centralised headquarters. This is the MNC – or multinational corporation – and the big ones are established household names: AXA, BP, Samsung, Sony, Volkswagen, Pfizer or Cadbury Schweppes to mention only a very few.

For these giants, competitive advantage resides in their ability to transfer knowledge effectively and efficiently through their various subsidiaries and networks. There are two ways of doing this: forward transfer when the HQ cascades down information and expertise to their branch-network, and

> **"** Reverse knowledge transfer is highly important – it could mean harvesting the next best thing since sliced bread... or losing out on a billion-dollar earning innovation." **"**

reverse transfer when knowledge is relayed from the subsidiary to the parent Headquarters. According to Prof. Sachiko Yamao of Keio Business School, Japan, and her fellow researcher Prof. Vesa Peltokorpi, University of Wollongong, the latter increasingly has a pivotal role, enabling HQ to access a diverse set of resources and R&D in subsidiaries across the globe that contribute to the improvement and development of new products, services and technologies for the Group. But enabling this to occur is a difficult task. Whereas forward, top-down transfer requires those working in subsidiaries to be able and willing to receive and understand – and, because of power differences, HQ may send down knowledge regardless of whether foreign subsidiaries find it useful or not – reverse transfer meets with an additional challenge: the ability and willingness of subsidiary employees to explain to and convince their hierarchical superiors at HQ. It requires a considerable commitment and effort, especially if the parent organisation's culture is one influenced by domination or aloofness. Nevertheless, reverse knowledge transfer is highly important – it could mean harvesting the next best thing since sliced bread...or losing out on a billion-dollar earning innovation.

JAPAN, A TESTING GROUND

Aware of this, Profs. Yamao and Peltokorpi decided to test out several hypotheses linked to fostering the best possible strategies to generate positive knowledge transfer from subsidiaries to headquarters of large MNCs. They collected data from Japanese middle managers working in 574 functional departments of foreign subsidiaries in Japan. Why Japan? Profs. Yamao and Peltokorpi cites three reasons: first, Japan has some of the most advanced and sophisticated technology in the world, meaning that Japanese subsidiaries can have active roles in transferring knowledge; secondly, Japanese

employees in subsidiaries are found to have low levels of proficiency in English and this could in itself have an effect on the extent to which knowledge is transferred. And lastly, unlike many countries, there is publicly available data in Japan that enables researchers to validate that collected from their surveys. Profs. Yamao and Peltokorpi also included social identity theory (SIT) into their research: people gain a sense of common identity and togetherness through shared values and views. It is not surprising then that having a common language is one of the key factors in fostering this togetherness. Put simply – to get closer, people have to communicate.

SPEAK, SEE, SHARE

The importance of the language factor cannot be underestimated. Think of when you find yourself a tourist in an exotic destination, frustrated at not being able to tell your host that you've lost your passport or missed your plane. Luckily there is lingua franca, today the most used being English. But here again problems may arise: the vast majority of non-native speakers generally have a much larger receptive vocabulary than productive vocabulary – meaning that we are able to understand much more than we are able to speak and explain. And this is a common occurrence for those of us who work in the subsidiaries of multinationals. Language therefore, in its role as a transfer capability, naturally impacts the amount, willin-

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gness and quality of knowledge that a subsidiary can transfer to headquarters. Two other dimensions were put to the test: shared vision, which gives rise to a common identity and goals, and the frequency of communication that takes place between headquarters and subsidiary staff.

Crunching the numbers gathered during their research, Profs. Yamao and Peltokorpi came up with the following. Language proficiency positively impacts on a shared vision – people not only understand it but they are able to share a common identity, direction and set of goals. Likewise, a shared vision partially brings about an increase in language proficiency and ramps up the probability of a subsidiary sharing knowledge with its multinational parent headquarters. In addition, it is the frequency of communication between the headquarters and the subsidiary that also impacts – positively or negatively depending on how often it occurs – language proficiency and shared vision: the more you talk, the more you walk the talk. Too little communication may also have a negative impact on the shared relationship between shared vision and reverse knowledge transfer – the less you speak to each other, the less bonding there is and the less knowledge is shared.

HOW TO ENSURE REVERSE KNOWLEDGE TRANSFER HAPPENS

Profs. Yamao and Peltokorpi see several very practical managerial implications in all this. As a basis, it is imperative for organisations to incentivise and support the language training of subsidiary employees in order to boost proficiency in the headquarters' mother tongue. This means HR is being charged with a mission to map out language development needs among staff and perhaps even linking language proficiency to performance appraisals and reward. The positive impact of shared vision – both on knowledge transfer, language proficiency and shared identity – also points to MNCs giving this dimension priority attention, with the kneading in of knowledge transfer into the va-

lues and ambitions of the organisation being a possible strategy to undertake. And finally, headquarters must provide foreign subsidiaries with opportunities to carry out reverse knowledge transfer, not least by motivating employees through consistent and increased communication on strategies. Further initiatives could include matrix-type reporting throughout the organisation and the opening up of global knowledge databases, as well as sending foreign subsidiary staff to headquarters for training, get togethers and periods of inpatriation. This is all good business news for the language providers and their huge, behind-the-scenes industry many of us use at one time or another – especially those providers of English in today's world, Chinese in perhaps tomorrow's.

Sachiko Yamao

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HOW CAN MANAGERS CREATE A CULTURE FOR WOMEN TO THRIVE?

Dr. Dulini Fernando, Associate Professor of Human Resource Management and MSc Management Leading and Managing Change Professor at **Warwick Business School,** shares research into the barriers women face in the corporate world and the key areas in which managers can help to change that.

A MAN'S WORLD: IS OR WAS?

"THIS IS A MAN'S WORLD," sang James Brown, as he celebrated men's achievements in automotive, locomotive, marine and electrical engineering.

And, while women have made substantial inroads into the world of work and organisational hierarchies since Brown first sang that refrain half a century ago, many Science, Technology, Engineering and Maths (STEM) related fields such as engineering, still appear stubbornly resistant to gender diversity. Even from the perspective of many of the women who actually work in these industries.

This might seem surprising, given that the benefits of workforce diversity at all levels, from the frontline to senior

management, are fairly well-established. Yet, while many businesses have made considerable progress on diversity, others remain bastions of masculinity.

Engineering is a good example. Despite the best efforts of many firms, gender equality in terms of employee numbers is still elusive. Close to 40 percent of women who gain engineering degrees eventually decide to leave the profession.

Research has identified many barriers that deter women from establishing careers in a male-dominated context. The exclusion of women from male-oriented social networks, long-hours working cultures with social activities taking place in pubs and sports clubs, stereotyping women as technically incompetent, perceiving women first and foremost in terms of sexuality and appearance – these are just a few.

SOUND BITES

However, there are women who manage to forge successful careers, over many years, in work environments dominated by men, including engineering. Together with my research colleagues, Laurie Cohen and Joanne Duberley, we decided to get closer to the problem, and actually listen to these women and learn from their experiences. We hoped that we might uncover insights to help organisations facing a similar challenge and improve gender diversity over the long term.

Rather than talking to organisations about company-wide initiatives, we interviewed 34 women engineers in two FTSE 100 firms (10 early in their careers, 19 in mid-career and five in late-career).

The organisations that these women work for are male-dominated with entrenched masculine cultures. However, they had good intentions, they wanted to increase the number of women engineers. Yet, regardless of the policies the employers introduced, women were reluctant to stay.

We tried to understand the factors that helped women to stay in their organisations. Our intention was to build a rounded, holistic understanding of the interviewees as individuals.

One of the main findings to emerge was the significance of the micro-environment – the immediate surroundings – that the women worked in. This might involve, for example, the line manager, the team that a woman engineer worked with on a day-to-day basis, the culture in that notional space. In turn, interaction with and perception of that micro-environment affected the way that the women thought, felt and acted. So, for example, there might be aspects of work that an individual interpreted as exclusion at the broad organisational level. A woman engineer may well be unhappy with the way that their organisation is run in that respect. They may even be part of an effort to change that. And, if that broader macro-organisational environment is the main influence on the way that individual thinks, feels and acts, then they may not stay in the organisation.

However, if the micro-climate, and the micro-environment are sufficiently positive; if the individual gets on well with their line manager and any mentors they have; if they have co-operative supportive and interesting colleagues; if there is a positive nurturing micro-climate, all this can act as a buffer against negative forces in the broader organisation. It was clear from our conversations that the women found engineering a challenging space, but with the right help early in their careers, they were willing to remain.

There were several areas in particular where help could be decisive. These areas, in the majority of cases, concerned actions and initiatives that helped to create a positive micro-environment for women in their everyday work. There were also four areas where line managers played a key role in contributing to that micro-environment.

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1. OPENING UP OPPORTUNITIES

It is important that women are offered opportunities to test existing skill levels and build confidence in their own abilities and, in doing so, to create the kind of internal visibility necessary to advance their careers.

It was clear from our conversations that perceptions of competence were an issue. This was partly about men lacking confidence in the competence of female employees, but primarily women expressing doubts (invariably unfounded) about their own competence. This lack of confidence in their own abilities may be due to gender based micro-aggression in the workplace, or workplace isolation from important networks, for example. Whatever the reasons, these doubts prevent women from seeking out and seizing opportunities to advance their careers, making them less adept at self-promotion.

While women may consider confidence an inherent trait, our studies suggest that confidence is partly the product of social experiences in the workplace and, as such, needs to be built. Line managers can take action by offering opportunities that will help women boost their confidence. They can offer 'stretch' assignments and other opportunities that test existing skill levels, or they might suggest standing in for them or another colleague with more senior responsibilities, temporarily assuming a position of higher leadership.

Moreover, if women are reluctant to accept higher level work, line managers can provide the necessary encouragement and support that enables women to accept these opportunities. Successfully completing these types of assignments then creates positive reinforcement.

Another part of what line managers are doing here is helping to create visibility. For women who are fearful of being visible, who are not putting themselves forward, possibly because of a lack of self-confidence, line managers can help to create a platform. In doing so line managers promote career enhancing visibility and access to higher level networks.

2. PERSONALISED FEEDBACK

Another area where line managers can help is with the provision of feedback. Most line managers provide feedback in one form or another, but the women we spoke to were very specific about the kind of feedback that made a real difference. This feedback addressed a number of issues that the women engineers had, around how best to approach a task or finding the right technical area to specialise in, for example. The feedback that they needed was personalised, constructive, and regular. It was not an institutional routine tick-box exercise mandated by the organisation, but something that line managers took upon themselves to do. It was feedback from line managers that demonstrated an interest in the individual engineer's work, and signalled that the manager had taken time to understand the engineer's strengths and weaknesses. This understanding allowed line managers to discuss knowledge gaps and learning needs in order to help female engineers improve their performance.

For the recipient the feedback was invaluable in terms of providing specific tailored advice. It gave the recipient a sense of direction, of where they were, how they could progress, and what they needed to work on in order to improve. A common issue for women working in STEM professions is that the career path is not always obvious. However, the line manager offering guidance about possible routes forward, helps to inspire confidence and reinforce the idea that career longevity is possible.

3. PEER SUPPORT

Beyond personalised feedback and help with identifying project and task opportunities, women found general peer support useful. Again this was something that happened in the micro-environment. Women valued support from line managers and colleagues creating an inclusive micro-environment. This was particularly relevant in terms of judgement about performance, for example.

Everyone makes mistakes at work. How we are treated when we make those mistakes can have a huge impact on employee loyalty, and how the employees feel about the organisation that they work in.

The women we interviewed appreciated support from their immediate work group if something had gone wrong - it engendered a feeling of being valued and cared for.

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It was also relevant when women encountered threatening or difficult situations. In such male-dominated environments this might, unfortunately, as it did with one of the interviewees, involve dealing with inappropriate behaviour from colleagues, for example. For line managers it is often a case of listening to the concerns of women employees and taking them seriously. In the case of mistakes, allaying concerns and reassuring the employee that they are doing well. In the case of inappropriate behaviour, advising an employee of the correct procedures to follow and offering support. This is on top of creating a nurturing culture and environment in which peer support is encouraged and freely given.

4. ROLE MODELS

The idea that role models are important for encouraging workplace diversity, especially at senior levels, is not new. But in STEM professions where there are so few women, role models play a crucial role in overcoming a prevailing sentiment that career progression and success is difficult for women to combine with motherhood and having a family.

Here the concept of role models is not necessarily passive; not just a case that women who have successfully combined an engineering career and a family exist in the organisation at some level.

Organisations can be proactive, making role models more visible. Role models should be able to tell their story, to challenge stereotypes by relating their experiences, to explain how they have coped, in order to make the aspiration of combining a respected career in engineering with motherhood and family life seem something that is both tangible and achievable.

WHY LISTENING TO WOMEN AT YOUR FIRM IS SO IMPORTANT

Organisations can take advantage of the insights provided by the many female engineers that we spoke to, by institutionalising these insights as part of their HR practices.

Line managers can be trained to recognise intervention opportunities that relate to the factors detailed above. Or-

ganisations might also incentivise good practice by recognising and rewarding employees who demonstrate supportive behaviours.

It is important to emphasise that the will and impetus must come from the line manager - and peers - and not just from senior management directives and mandates. Many of the women stressed that positive action from their line managers was ad-hoc rather than part of an organisation-wide programme. Organisations often adopt the wrong approach to diversity and inclusion - certainly in terms of getting women to continue in STEM-related professions, at least.

Diversity and inclusion policies are often set at a very macro, mechanical level. They are directive and have labels attached - policies, regulation, rules, codes, targets.

Rarely do organisations listen to people speak. Rarely do they obtain the views of the women working there and try to understand what actually matters to those women. Seldom are those voices and insights captured in HR practices. A bottom-up approach is required.

A good example is the feedback we obtained about networks established specifically for women. The creation of a woman-focused network is often a stock policy to encourage gender diversity in organisations. And in many organisations they may well serve a positive purpose. However, even though the organisations that these women worked for had such networks, the responses suggested that none of the women were really interested in participating. Partly because they did not want to position themselves as needing help.

Our research shows that, no matter how well intentioned, it is difficult to second-guess the initiatives that would have the greatest impact in terms of increasing retention rates and diversity, long term. This is true for any under-represented group. In the case of the women engineers in our study the message was clear. To encourage diversity and inclusion, senior management should listen to members of the minority groups that they wish to attract and retain, and take HR action based on what they learn. Certainly, managers in STEM related professions, especially engineering, who want to promote better gender diversity, can start by considering the role of the micro-environment and focusing on the key factors that emerged from our study.

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> " To encourage diversity and inclusion, senior management should listen to members of the minority groups that they wish to attract and retain, and take HR action based on what they learn. "

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THE COMPANY FREEDOM MOVEMENT

Maurice Thévenet, Professor of Management at **ESSEC Business School** and Delegate General of the French Foundation for Management Education (FNGE), speaks up for the freeing of the company as we know it.

This article first appeared in French on www.rhinfo.com

MANY BUSINESS LEADERS or management specialists still allow themselves to offer advice to the state or wider society as if the economic institutions were in advance – and as if companies were the avant garde of the new society. To see companies battling with taking on board social networks, it is not unhelpful to ask ourselves if the institution isn't lagging behind rather than in advance of its time. The poor image of companies and their leaders in opinion surveys, the stigmatisation of everything that passes for bad – whether the generating of psychosocial risks, the deterioration of the environment or the exhausting of natural resources – are indeed classic phenomenon describing a company which is running behind the changes of its times, or times that have shunted it into a museum. Don't the cartoonists still picture the company boss in a top hat before a smoking factory chimney and workers in overalls?

Every institution has known a period of deep questioning: the army, the family, the Church or school. The company is not the last to know this movement that is difficult to characterise, but which is engraved in the long path to any freedom. Post-modern man congratulates himself on everything he has freed himself from to finally found a happier society than that which came before: he has freed himself from God with Nietzsche, unchained himself from the forces of the economy and capital with Marx, freed himself from the weight of his unconscious with Freud, unshackled himself from the constraints of household chores with Moulinex. Wouldn't it be at last time for Man to liberate himself from work – the risks and maledictions of which we know only too well. The harm that work causes is also that of the enterprise: because the critics of all these evils point to the company – in the singular – and its management as those mainly responsible. Has the time finally come to free the company?

THE LIBERATION HAS BEGUN

Freeing oneself from the company means ceasing – as managerial approaches implicitly contend – to imagine a company separated from the rest of the world by legal, spatial and cultural frontiers. Several breaches have already appeared in the ramparts of

the institution. Let's take two examples to illustrate this. The frontiers of the organisation have been brought into question by partnerships or alliances where the company has other types of relation than simple competition with its partners. In this form of institutional cooperation, companies preserve their personality and their culture but they combine their strategies, mix their teams, and join forces in certain operations while maintaining their freedom. We all know the particularity of Airbus but also all the forms, more or less successful, of joint ventures which flourish throughout the world to enable access to certain markets such as China.

The changes promised by the visionaries (Rifkin, 2013)[1] in the third industrial revolution are indeed another illustration. Thanks to the internet, we can imagine cooperation between independent players to produce goods within the framework of the network and no longer the traditional structures: the customers – or the crowd – are called upon to carry out market or pricing surveys, product tests and advertising. The development in the number of self-employed in our developed economies (not simply local sole traders) is a good example.

In terms of human resource management, the concept of a nomad career has become widespread by not only approaching this as a path limited to the frontiers of the organisation, but open

to the different institutions within the rewarding framework of the personal and unique project. Today, we can see the development of shared human resource management practices over a geographical area by encouraging the movement of people from one company to another as if the HRM Department had exempted itself from organisational frontiers. On a same project or same task, people work together without having the same employer but with a sole operational management.

Fundamentally, we should not only see in these illustrations new practices brought about by change in business and the economy. It is also an issue of anthropological evolution and the permanent changes taking place in our social and societal conceptions. As such, the slow movement of individualism towards singularism[2] should be noted. With the first, it's a question of positioning the individual next to the institution by respecting his independence and identity, whereas in the singularistic society it is no longer an issue of knowing how the person can contribute to the institution but how it has a duty, vis-à-vis the person, to construct his singularity.

There are other signs of this reversal of perspective with the new conception of the team that clocks in at work. The notion of teams was a cornerstone of managerial approaches because they crystallised the importance of the group – indeed in the same image as the institution. Moreover, the team was a value – a sort of end result of social life in common cooperation which guaranteed the effectiveness of work beyond the market. Thomson's work[3] showed how teams, indeed useful for encouraging the execution of a task and the quality of life at work, are not the best way to develop creativity – something that breaks with all the common preconceptions on the fact that people are always more intelligent when they are several!

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FREEDOM MUST CONTINUE

The movement must continue. The following are at least three ways which show how a too 'entrepro-centric' vision may still change. The intercultural managerial approach, rendered popular by the international development of organisations and globalisation, was generally quite a simple approach. It was all a question of taking into account the diversity of cultures and helping professionals cope with cultures (national and organisational), mostly by taking into account diversity and adjusting themselves to integrate and transcend this diversity.

Observing large international companies today – or a simple trip to the great capitals of the world economy such as London or Singapore – shows the emergence of a new category of manager who no longer seems to belong to a particular culture but rather to a sort of a-national caste. The nationality on their passport is now far from the language they use at work, far from the national context of their education and training, far from the locality of their employer's headquarters, and far from how their kids are educated – and even less with their place of residence. An article[4] by Hong and Doz on L'Oréal is witness to this phenomenon by pointing less to a sociological change than a change in the management practices in the firm. This leading cosmetics brand works along the lines of world growth and consequently manages its talent accordingly[5]. To ensure its development, it recruits and develops a pool of talent belonging to various cultures. The abundance of cultural origins aims to develop employees' sensitivity to the cultural differences of local markets, rendering them attentive to the subtleties of different languages and facilitating the building and performance of multicultural teams and the relation these have with managers or subsidiaries that are still too mono-cultural.

Molinsky[6] goes even further in this direction by suggesting to managers, in order to be effective in multicultural contexts, to 'take the risk of being untrue to oneself and incompetent' to know how to behave in a way which is contrary to their values and beliefs – as if the person could and should go beyond the frontiers of his cultural identity (national and organisational) to succeed. In this same article, Davenport and Lyer suggest that managers no longer manage their careers and companies using traditional ways of organisational change, the proper functioning of systems and processes and the employer brand. Problem solving as diverse as staffing and cost reduction may especially benefit from the proper use of social networks which enable issues to be shared beyond the company's frontiers by effectively using them to target the right communities and networks which provide solutions to the problems encountered: it is thus the whole traditional policy in the company which is brought into question.

Again, in this same article, Davidson amuses himself demolishing our traditional working methods by questioning the benefits of concentration. Those who facilitate meetings, like managers, are often infuriated by the dispersion of their co-workers who multitask during meetings: fiddling with their smartphones, opening multiple windows on computers and letting their attention drift at the will of their favourite sites and networks and their enticements. It would indeed be for the author a means of gaining in creativity, revitalisation and skills development. Here too, it is by freeing oneself of received ideas about the factors of personal efficiency at work that we help things along. It is no longer liberation but deconstruction!

1 Rifkin, J. The third indutrial revolution. Palgrave Macmillan, 2013.

2 Martuccelli, D. La société singulariste. Armand Colin, 2010.

3 Thompson, L. Creative Conspiracy: The New Rules of Breakthrough Collaboration. Harvard Business Press, 2013.

4 Hae Jung Hong, Doz, Y. Les talents spéciaux des cadres multiculturels. Harvard Business Review, avril-mai 2013 (édition française)

5 Dejoux, C, Thévenet, M. Talent Management. Dunod, 2011.

6 Molinsky, A 3 compétences désormais indispensables aux managers. HBR, op.cit.

ENTERPRISE AND THE END

It is often during a period of crisis that champions, companies and new methods emerge and we must make the effort to continuously question the implicit hypotheses of our ways of management as being those of work in the context of the traditional company. History also tells us that organisations have always been very adept at integrating and leading changes that we thought would question organisational antiquities: many innovative enterprises have joined the traditional models of their forefathers at the risk of disappearing.

Such an approach does not, however, prevent us from returning to a principle of precaution. History also shows us that companies with a strong culture and traditional methods have survived and developed over time if they make the continuous effort to strengthen the logic between the traits of their culture and the problems they encounter. They understood that in the storm, reference to solid foundations can constitute a strength if they do not feebly find refuge in them. For it is not the company that we should liberate but rather the belief that the company constitutes the end of History.

Maurice Thévenet

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