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FROM THE PRESIDENT

RAJIVE KAUL
President

Management knowhow and innovations will be vital for Asia to progress from being an investment magnet of the world to being its value engine.

Warm greetings readers and fellow members of the Asian Association of Management Organisations (AAMO).

AAMO recently held the second edition of the AAMO Awards Night on 7th February 2020 at Kathmandu in Nepal, hosted by Management Association of Nepal (MAN). AAMO was privileged to present the AAMO Visionary Leader & Nation Builder Award to the Hon'ble Prime Minister of Nepal, Mr. K P Sharma Oli who was also the chief guest on the occasion.

The AAMO Asian Leadership Award for 2020 was presented to Mr. D Shivakumar, Group Executive President, Aditya Birla Management Corp Pvt Ltd – nominated by All India Management Association (AIMA) and to Mr. Chandra Prasad Dhakal, Co-Founder and Chairman, IME Group, Kathmandu – nominated by Management Association of Nepal (MAN) by the Prime Minister of Nepal.

As the apex association of management practitioners in the Asian region, AAMO endeavours to recognise Leadership and Management Excellence. With this aim in mind, AAMO instituted the AAMO Asian Leadership Award in 2019 to honour and recognise leaders from the Asia Pacific region, who demonstrate outstanding and visionary leadership. Each year AAMO member nations nominate one industry leader from their respective countries to receive this Award. The stature and achievements of the awardees are a testimony to the fact the Asia is on the cusp of a wave of growth.

The coming years are particularly crucial for AAMO because Asia has become the leader of global economic growth. Much of the global trade is now concentrated in Asia and the world's fastest growing large and emerging economies are on this continent. Management knowhow and innovations will be vital for Asia to progress from being an investment magnet of the world to being its value engine, and AAMO has an important role to play to provide new thinking and best practices to Asian companies.

This issue of 'Leading the Way' explores new and emerging trends in management and leadership from the Asia Pacific region. A contribution from Malaysia – 'Leadership that matters today' highlights the importance of developing self-disruptive leaders to tackle challenges in disruptive times. Mr. Nestor V. Tan, President of BDO Unibank shares his professional journey with BDO in 'The secrets to BDO's success'; 'A blueprint for building a diverse and inclusive business' by Maria Victoria C. Espano talks about bridging the gender gap and inclusiveness, while 'Resilience and Out-of-Process Events' by Cliff Eala lays an emphasis on resilience-building for people and business; contributions from Philippines. 'Stress and the scope of our work lives: A case for citizenship behaviour?', contribution from Sri Lanka, explores how the Organisational Citizenship Behaviours may enhance job satisfaction but can also take toll on employees. 'The Disputed Child' encourages organisations to tweak their HR policies to accommodate unique needs and demands of Millennials, while 'Who's Next' is a call for organisations to think of succession planning proactively and purposefully; both contributions from India.

The current outbreak of the Coronavirus has thrown life and businesses out of gear across the world. As responsible business leaders and managers, while we need to ensure business continuity and contingency planning; we also need to make sure that all necessary steps are taken for the health and wellbeing of the employees and workforce. A holistic and inclusive approach is the true essence of a successful manager.

With best wishes for all to stay safe and healthy in the days ahead.

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India

All India Management Association

THE 'DISPUTED' CHILD

by Dr Debashish Sengupta
Author of *THE LIFE OF Y*

Millennials are a significant cohort in the workforce, but can HR policies be tweaked to accommodate their unique needs and demands?

Amy Joseph (name changed) works in an MNC in a senior position and is known to be a top performer. A millennial and single by choice, she lives with her two dogs. She is very much attached to her pets and considers them as her children—she would not even go to work if they are sick. One day, the HR department received a letter from her, requesting reimbursement for her dog's treatment cost. They immediately rejected it, stating that medical reimbursement is only for the children of employees and not for animals. Amy held that her dogs were as important to her as children were to anyone else. There were many arguments over this and jokes too started circulating in the office. When the HR quoted policy time and again, she asked, "Where in the policy is it written that it has to be a human child?"

However, Amy did not give up; she took up the matter with the CEO who, as an exception, accepted the request for reimbursement (it was not too high an amount) and the matter was put to rest. Subsequently, HR made amendments in their policy so as to avoid such circumstances in future. No guesses for what these would have been.

What is your opinion on this? Would you side with Amy, or do you think she was exploiting the policy?

I spoke to a few HR leaders on this issue and the first reaction of many was: "Thank God. She is not in my company!" Well, that is not surprising considering how most organisations are yet to crack the millennial employee code. Millennials, who will soon make almost three-fourth of the employee population globally, are a different generational cohort with a unique set of attitudes, mindsets, behaviours, and leading a different kind of life.

Most HR professionals I spoke to chose to go by the rule book and suggested using it to turn the tables on Amy, and suspected she had mala fide intentions. Rakesh, who works as a regional manager, HR & IR at a premier aviation company says, "Well, HR can ask for proof of the birth certificate of the 'child', or an adoption certificate. If she is still not convinced about her delusion, it is better to make her exit the organisation."

A few like Siddharth, CHRO and Head Teacher - Engagement at an Indian, interactive online, tutoring company, has suggestions similar to those of Amy's CEO—a middle path towards resolving the immediate crisis and then securing the policy further to prevent recurrence of the problem. He says, "This had come as a real concern a month ago on one of the groups. From a principle standpoint, it's a great trigger to change the policy. However, going by the letter of the policy, my question would then be: had she declared them as dependent children in the annual insurance declaration? If so, let's look at it; else, let's not. That would settle it if it's a difficult employee. The final outcome would be a policy deviation and payout in this case followed by a policy relook." He sympathises with Amy, and adds, "To be fair to the individual, I suggest a deviation payout. Policies should help folks, else you deviate with approvals."

While some others too sympathise with Amy, they express their inability to change policies or systems in their organisations. Virendra Joshi, senior member of the HR team of a governmental JV, opines that "I think that being a transparent and employee-friendly

Organisations do not change until individuals change their mindsets. And this does not happen until they appreciate that millennials are different.

company, the policy has to be changed. As part of the amended policy, the employee must give declaration for his or her dependents, including animals/human beings. Everyone has the right to adopt a human being or an animal. It's a personal choice. However, I may not be able to amend such medical insurance policy in my present organisation." Benjin Samuel, sourcing and recruitment lead in a premier Indian IT MNC, says, "From the company's point of view, I cannot approve of the medical insurance claim, as the nominees in insurance need to be validated. I would explain to her the policy framework and try to understand her interest in canines, as it is the first of its kind. I would also tell her that we can propose an insurance plan for employees' pets."

Interestingly, the response and perceived helplessness are no different between an IT major in the private sector and a government undertaking. This makes it clear how rigid systems, processes, and policies can be at times, making it difficult to push the millennial agenda, irrespective of the sector.

Their concept of relationships and family is different, and it is high time societies and businesses took note, understood them, and transformed their approach.

Organisations do not change until individuals change their mindsets. And this does not happen until they appreciate that millennials are different, why they are different, and how different they are in terms of their mindsets, attitudes, beliefs, value systems, and the lives they lead. It is pointless to blame individuals; it is the general empathy deficit in understanding millennials that is the real problem.

Take Jael Varma, for instance. She is a young, successful, and confident millennial. She lives with her pets—a dog, an African love bird, and a cat. Having been brought up by a single parent, she was not privileged to spend enough time with her mother during her formative years. She had grown up with around 20 cats in her house, and her love for pets has been the only constant in her life. Losing her mother to a terminal disease and having had to go through an abusive relationship had made Jael all the more attached to her pets. According to Jael, their unconditional and selfless love has been a 'life saver' for her. This, along with counselling, helped her emerge from the post-traumatic stress

disorder and depression that had once clouded her life. However, she has lost faith in the institution of marriage and she fears a regimented life, rules that create a water-tight compartment—one that blocks free spirit and questions every behaviour, especially if you are a woman. Her pets are her family and her decisions revolve around them. Whether it is living in a four-bedroom house, so that pets can have a spacious living, or whether it is refusing to travel at times because she cannot find a pet-sitter, Jael has no regrets. She believes that Amy's case calls for greater empathy and compassion.

Everyone may not live a life akin to that of Amy or Jael, but there is no doubting the fact that the 'life of Y' – Generation Y or millennials–is different from that of the previous generations. Their concept of relationships and family is different, and it is high time societies and businesses took note, understood them,

and transformed their approach. For starters, how about giving every employee a preloaded medical insurance card that he or she can use for the treatment of family members, which may include human or animal dependents?

Well, at least some already believe so. James Murphy, founder of The Lotus Awards and CEO of Plant Happy & B Sustainable U.K., says, "I have heard of very well-respected companies with high levels of engagement giving time off for employees that have just got a puppy or kitten, and bereavement time when their pets have passed away. If the company wants to do the right thing, they would change policy so employees can get time and reasonable expenses paid for medical bills for animals. Make it policy so everyone knows where they stand. Most animals like dogs and cats are microchipped so you can track the activity, so the policy is not abused."

About the Author

Dr. Debashish Sengupta

Dr. Debashish Sengupta is a professor, consultant, millennial expert, and author of The Life of Y – Engaging Millennials as Employees and Consumers. Presently, he works as Professor at College of Business and Financial Sciences, Royal University for Women, Bahrain.

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India

All India Management Association

WHO'S NEXT?

by Sudip Verma
DDI INDIA

Succession planning is the mark of a robust organisation that focuses on the long term.

Alexander III of Macedon, better known as Alexander the Great, succeeded his father Philip II to the throne at the young age of 20.

Though he remained king of Macedonia for only about 13 years, he changed the course of history and geography with his military exploits. At its peak, his empire stretched from Macedonia to Egypt and from Greece to a part of present-day Pakistan.

It is said that Alexander the Great wept when he was told that there was no land left for him to conquer. Almost everything in the known world was under his reign already. He died young. On his deathbed, when he was asked to whom he will bequeath his empire to, he replied, "To the strongest."

Is it any surprise then that the territorial gains Alexander accumulated during his short life of 32 years were squandered off owing to internal strife amongst his generals and family?

Alexander remained undefeated in life. However, his legacy would have been even stronger and longer had he thought about succession when he had the time

That was 323 BC. Unfortunately, things are not too different in 2019. CXOs having a strong successor in place are still an exception than a rule.

Think about it. How many leaders you know have identified a successor and are working with the identified successor with a plan? I do not know many leaders and organisations who are doing it consciously and doing it well. And I am a leadership consultant who meets a lot of clients.

Succession is not seen as a business risk, but it indeed is one, and quite a big risk at that.

4

SUCCESSION ESSENTIALS TO APPLY

Leaders build succession readiness by doing the following:

Make Leadership A Business Imperative

In Global Leadership Forecast (GLF), the world's largest leadership study, conducted by DDI, EY, and The Conference Board, only 14 per cent of leaders believed that they had the talent to execute their strategies.

Think of it this way: you can get the best strategy consulting firm to assist you in formulating the next three to five years' strategy for your organisation. However, you cannot outsource its execution. Leaders feel they do not have enough leadership available in their organisation to execute their strategies; 70 per cent of strategies fail not because they are bad, but because their execution is.

Most leaders know this intuitively. However, they are looking at HR to solve this problem for them. And that is not happening because that cannot happen. HR cannot solve the issue of leadership for leaders. Leaders need to solve this with assistance from HR. Realising this is a good first step.

Developing leadership is too important to be left to any one function. Leaders need to take ownership of developing, recruiting, and retaining leaders. After all, leaders make leaders.

The math is quite simple:

**Average Strategy
+ Great People
= Great Results**

**Great Strategy
+ Average People
= Average Results**

Figure 'What' Success Looks Like

Before leaders identify future successors, it is imperative that they figure out 'what' success in the role looks like. If this is not well-defined, then the 'how will success be measured' question is meaningless. Often, organisations get swayed by the professional experience, professional qualifications, and charisma of the individual before giving a green light to the executive suite.

WHAT PEOPLE **KNOW**
Technical and/or professional information needed to perform job activities successfully

WHAT PEOPLE **CAN DO**
A cluster of behaviours performed on a job

WHAT PEOPLE **HAVE DONE**
Educational and work achievements needed to perform job activities successfully

WHAT PEOPLE **ARE**
Personal dispositions and motivations that relate to job satisfaction, job success or failure

Knowledge   Competencies
Success Profiles^{SM}
Experience   Personal Attributes

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According to us, though they are vital, there is an overreliance on knowledge and experience. We all know of candidates that brought forth great passion, pedigree, and professional experience, only to fail in a critical leadership job. Why does that happen? Because we tend to rely on what people know and have done over what they can do (ability) and who they are (personal attributes). The research is clear: competencies matter and personality also matters but together they matter much more. Ask yourself what skills, behaviours, and personal attributes you are seeking from the incumbent role and what correlation it has to success in that role? What data do we have to support that claim? No element that is not related to success in the role should find a place in the success profile. Once you have it ready, you will have a common reference point to assess, evaluate, and develop your potential successors.

Seek Data

"In God we trust; all others bring data," said W Edwards Deming. The maxim holds true for running today's large and complex businesses. Have a data-driven approach to identifying and developing leaders.

We all seem to believe ourselves to be objective when we are making critical decisions. However, research suggests we all are equally prone to confuse our feelings for facts. We suffer from unconscious bias as much as the next person; it is just that we do not realise it—it is called 'unconscious bias' for this reason.

For example, if you were asked to do a valuation of a company and after doing all the analysis, you come to a figure of, say, US$200 million. As you see others share their valuation of the same company, in your mind you are qualifying responses different from yours as either 'too high' or 'too low'. Why? Because you are already decided on the valuation of the company—

US$200 million. You evaluate all figures against this reference point. Is it not?

Take another example: you are driving on a highway at 100 kmph. Everyone driving faster than you appears 'reckless' and everyone driving slower than you appears 'slow'. Because we have pegged our speed as the right reference point. But that is subjective and not objective.

Next time you think someone is ready for a leadership role, ask yourself, 'Is that my gut feeling or is that rooted in data?' 'What data have I complied/consulted before I say this?'

This, incidentally, is a place where it is worth considering conducting a simulation-based stretch assessment that is valid. Finally, an external assessment is a great way to compare the internal views you have about a candidate with the inputs of the external simulation-based assessment.

> *We all seem to believe ourselves to be objective when we are making critical decisions. However, research suggests we all are equally prone to confuse our feelings for facts.*

Start Early

Most organisations do not think of succession proactively, purposefully, and on priority. The common belief seems to be that the successor will somehow make an unmistakable appearance before the D-Day and save the day for the organisation. Unfortunately, hope is not a good strategy and such beliefs may be bad for the longevity of businesses.

Succession is an ongoing activity. Great leaders need to recruit, develop, and retain talent strategically and expose them to experiences that will make them ready for future leadership roles.

When it comes to leadership, the longer the runway, the higher the probability of a successful takeoff and, more importantly, a smooth landing for future successors.

Pitfalls To Avoid

Over the long term, ensuring a smooth handoff of power may be the single most important thing a CEO and board can do to chart the course for the company's future success. Yet, it is also one of the most challenging. Guarding against these common pitfalls can help your company pave the way for a smooth transition.

Starting at the finish

All too often, succession and its discussion do not begin until it is already too late. In the tearing hurry that ensues, either leaders from within who are not fully ready are promoted to the role, or external candidates are brought in with the belief that they will somehow bring forth the knowledge, experience, competencies, and personal attributes that have been wanting or are untested in the internal lot.
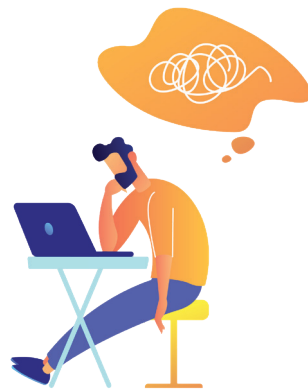
Tunnel vision

Rather than in an office just down the hall, your company's next CEO might be busy overseeing production in China or motivating workers at a satellite office. Be sure to extend your leadership assessment and development efforts outside your immediate offices. Look beyond your head office; it is not the centre of the universe! Leadership is universal and you may find a potential successor in an unlikely location—provided you are willing to look expansively.

Going with your gut

Trusting your instinct may work in many situations, but CEO succession is not one of them—especially when evaluating internal candidates with whom you have developed a strong rapport. A data-informed evaluation coupled with input from outside the organisation helps ensure more objective decision-making.

Focusing on past performance

The stellar track record of a superstar can blind you to his or her flaws. Remind yourself that performance, potential, and readiness are different things, and should be treated as such. Performance means how is the person doing in his present role. Potential means how this person is likely to do in the next level or elevated role, that has much greater leadership responsibilities. Having leadership potential is no guarantee of leadership readiness. A candidate may have leadership potential but may not be ready at this point in time.

'Replacement' planning

We are living in a dynamic, complex world, and the ask from leadership is constantly changing. What your company needed in you is not necessarily what it will need from your successor. Rather than replicating the present CEO skill set, CEOs and their boards should focus on building all-around 'athletes' so they will have access to the competencies they need—whatever those might be—when a succession situation arises.

Forgetting the culture factor

What works for GE probably will not play well at Walmart. In addition to being a great leader, your next CEO needs to be a great fit for your organisation, so be sure to consider your company culture when developing your search criteria.

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About the Author

Sudip Verma

Sudip Verma is Consulting Leader, DDI India.

Sri Lanka

Institute of Management of Sri Lanka

STRESS AND THE SCOPE OF OUR WORK LIVES: A CASE FOR CITIZENSHIP BEHAVIOR?

by Shamala Kumar and Viraji Jayaweera,

Department of Agricultural Economics and Business Management, University of Peradeniya, Sri Lanka

When we envision amazing workplaces, passionate employees are brought to mind; ones who are driven by fire and excitement and who love their work and workplaces. Workplaces that foster such energized workforces are generally view as unshackled from the confines of rigid institutional boundaries. Instead these organizations seem to create workspaces that become home and cultivate colleagues that become family.

Technology has reinforced this fluidity, blurring lines between work and non-work and between duty and responsibility on the one hand and love and life on the other. Today we take our work home; we work as we travel, while we wait to pick up children, and even as we eat or "relax". Work seems to take up more and more of us not only in terms of time but also in terms of our mind. The ability to leave our work behind or to 'switch off' seems a luxury many of us cannot afford. Thus, just as the modern workplace is fluid and flexible, even though it may generate excitement and drive, it can also take a toll on us.

In a 2016 ILO survey, workload related pressures were cited as a key concern across the world. There are indications that work-related stress is on the rise (Dai, 2018). Of course, having to adapt to technology changes in the workplace and the uncertainties in the

Behaviours that are essentially desired by organizations but not explicitly stated as required can leave the employee in an unenviable state.

job market, contribute to stress but so do the accompanying transformations to work itself. In this paper we explore the concept if organizational citizenship behaviours (OCBs) as a blurring of the distinction between work and non-work. Although OCBs were initially introduced as distinctively positive (Organ, 1988), we explore their negative side, particularly in how they can contribute to work stress and may become dysfunctional in a workplace.

Organizational citizenship behaviours (OCBs) epitomize this transformation of work in which the distinctions between work and non-work are soften. OCBs were initially defined as behaviours which are within the discretion of the respective employee that are not explicitly recognized in the job description and formal rewarding systems of organizations (Organ, 1988). OCBs, by definition, fulfill organizational goals, and are therefore generally viewed as beneficial to organizations.

Although early definitions stipulated that OCBs must be voluntary in nature, later definitions lifted such constraints (Organ, 1997). Research indicated that the concept of 'voluntary-ness' is somewhat difficult to determine. Take for example an employee who engages in activity beyond her job description, such as in order to please her boss, over concerns that not doing so will negatively affect her performance evaluation, or because the norms of the organization make engaging in OCB essential. In each of these instances, even though the behavior is strictly not required of the employee, the extent to which it is voluntary is debatable.

Bolino, et al. (2013) extended this discussion to explore the dark side of OCB. They demonstrate that behaviours that are essentially desired by organizations but not explicitly stated as required can leave the employee in

an unenviable state. To illustrate, research indicates that OCB can conflict with engaging in core job functions, where an employee may spend time engaging in OCB at the expense of his/her primary work responsibility. Thus, the employee can experience role conflict as a result of OCB. This ultimately leads to increased stress at work (Bergeron, 2005; Belogolovsky & Somech, 2010). When OCB is integrated with organizational norms, values, and culture, employees will experience further pressure to engage in them (Bakker, et al.,2004) and experience greater stress and burn out. These norms may be strong to such an extent that an individual employee may feel coerced into performing them.

Not all the dimensions of OCB have negative influences on employees' stress levels, however. Different dimensions of OCB seem to vary in the degree to which employees feel a sense of discretion in engaging in them (Kumar, et al, 2019). An employee may extend help to a coworker because he is ill or has a scheduling conflict between work and family responsibilities. OCB in which individuals are the direct

beneficiaries (OCBIs), rather than the organizations, seem to be viewed as more 'voluntary'. Thus, coworkers would view such a request of help as within their discretion. On the other hand, in instances where an employee is asked to go beyond work responsibilities, in which the organization as a whole primarily benefits, is perceived by employees to be within their discretion to a lesser extent. It is the latter type of OCB that contributes to experiences of work overload. The sense that OCBs directed to organizations (OCBO) are perceived as less voluntary may cause employees to take them on irrespective of their existing workload.

Similarly, Deery, et al. (2016) show that among five dimensions of OCB (altruism, conscientiousness, sportsmanship, courtesy and civic virtue) only conscientiousness led to emotional exhaustion and work-family conflict. Again, conscientiousness, which essentially involves an employee engaging in work at such a high standard
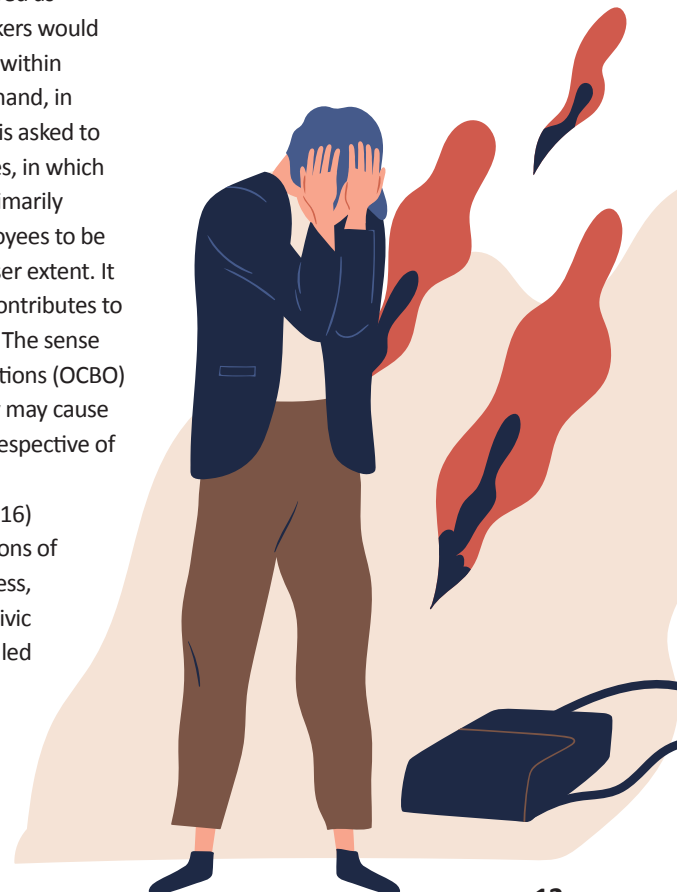
that they require less supervision than others (see Podsakoff & MacKenzie, 1997), is difficult to distinguish from one's job role. Those engaged in the conscientiousness dimension of OCB are essentially engaged in their job role at such exceptional levels that it is construed as beyond their job role and therefore OCB. For both OCBO and conscientiousness employees may not feel as free to disengage from such activities simply to relieve job stress.

Not all individuals are equally likely to engage in OCB, either. Those who report greater allocentric tendencies are more likely to demonstrate OCB (Kumar, et al, 2019). Those working in collectivist cultures such as China also exhibit higher levels of OCB and those in individualist culture such as the US are less likely to perform OCB (Cohen & Avrahami, 2006). It is likely that allocentrism and collectivism, which are likely to blur

We need to determine if such behaviours are likely to psychologically harm our employees and whether management systems and organizational culture need to be transformed

lines between one's own work and that of others in the group, also compel employees to feel obliged to engage in OCB. Thus, workplace norms and policies that foster OCB are unlikely to affect all individuals equally and some are particularly likely to experience stress and burnout as a consequence of such procedures.

In today's environment, where work seems to invade non-work, research on OCBs is revealing. Whereas as OCB is likely to benefit organizations, their consequences to employees and even the organization in the long run can be detrimental. In such a context, we must view instances where an employee is engaged in OCB with a critical lens, asking whether such behavior is truly discretionary on the part of the employee. We need to determine if such behaviours are likely

to psychologically harm our employees and whether management systems and organizational culture need to be transformed to one that supports a better balance between work and non-work.

All this should be explored keeping in mind that performing OCB will not always have negative consequences on employees. In fact, some OCB can actually enhance job satisfaction (Tziner & Sharoni, 2014; Inandi & Buyukozkan, 2013). Baranik & Eby (2016) demonstrate that OCBI in particular can lead to the positive affect, improvements in health, and life satisfaction and even uplift depressed moods and burn out. It is when employees have ineffective time management skills (Rapp, et al, 2013) or when OCBs are performed excessively, negative outcomes are especially possible (Tziner & Sharoni, 2014; Bolino, et al., 2013).

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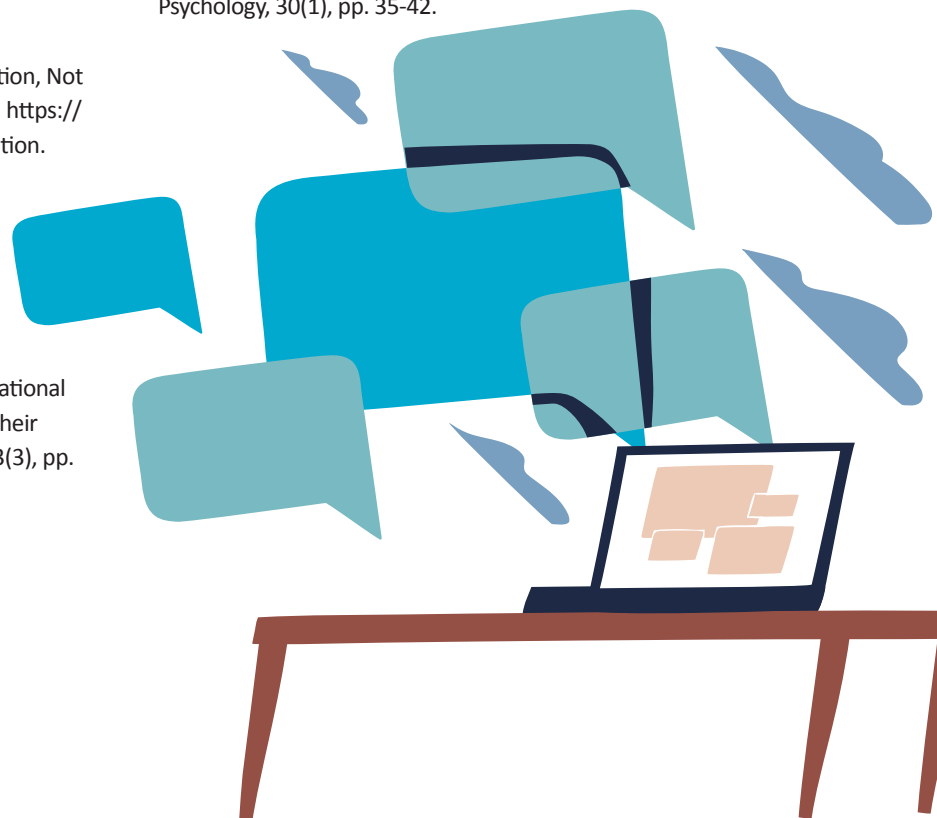
PSYCHOLOGICAL SAFETY AND THE POWER OF DISCLOSURE

by Brian Tang
Corporate Training Consultant

What is Google known for? You may think that Google is really good at search engine, email service, and its various online tools. When it comes to management and teamwork, few people would associate it with Google. Yet, Google conducted a two-years research about teamwork in 2012. They strove to find out what exactly makes high-performing teams high-performing. So they did what they are known for – research and data. Google formed a project called "Aristotle" and surveyed close to 200 teams and conducted hundreds of interviews. The result of the project is a list of 5 factors that makes teams high-performing. The number one factor? It's called "Psychological Safety".

What is Psychological Safety?

Psychological Safety refers to the psychological comfort for any member in the team to act or speak without fear of being negatively labelled or consequences on their self-image or status. When the level of psychological safety is high in the team, team members feel safe to take risks, feel respected and accepted.

When it comes to team performance, one may think that what makes a team tick are strong leadership, clear goals, motivating vision, solid technical skills, etc. Google's research showed us something completely different – it's almost counter-intuitive. Why is psychological safety so important in teamwork? To answer this question, we need to study two things: the nature of work and the composition of workforce today.

Change of Work Nature

Management guru Peter Drucker has said that we are now living in the "knowledge industry" – where most of the employees are "knowledge workers". Knowledge workers make a living by using their knowledge, skills or technical expertise to solve problems at work. Almost all white-collar workers are knowledge workers – accountants, IT technicians, managers, chefs, not to mention the professionals such as doctors and lawyers. The most valuable asset of knowledge workers is their brain – their knowledge and technical skills. The more unique and indispensable the knowledge, the higher value the worker. They usually have higher education and they earn a decent amount of wages.

On the other hand, the opposite of knowledge workers is unskilled laborers. Their works carry low skill level and economic value. Unskilled laborers, such as cashiers, restaurant stewards, usually have low education levels and earn much less than knowledge workers.

If we look at the world economy today, it is mainly characterized by "knowledge industry". Industries such as finance, IT, medical and education are good examples of knowledge industries. Even industries traditionally seen as "low

skill", such as food & beverage and logistics and transportation, are using technology such as big data and smart phone APPs in their operations, thus requiring a large amount of knowledge workers. Those who fall behind in the trend will find themselves being marginalized by the market and competitors. Furthermore, the emergence of AI stretches this frontier still farther, requiring even knowledge workers to upskill their skillsets. For instance, what makes doctors valuable today is not their medical knowledge or ability of prescription. One can easily Google all the symptoms and prescription of a disease – free of charge. Doctors today need to be able to empathize with patients, uncover the narrative of the patient's life through empathetic conversation. Only then will doctors be able to connect with the patients, uncover factors that may contribute to the disease, and prescribe a total solution that not only treats the disease but contributes to the patient's total wellness. If doctors want to beat Google and AI, they need to master empathy and communication skill.

New Generations of Workforce

A decade ago managers from the baby-boomers and Generation X had a hard time managing Generation Y. As Gen Y matures and become managers themselves, they face the problem their predecessors had – managing the new generation, Gen Z. Whether you like it or not, Gen Z is entering the workforce and will become the major driver of the workforce in the next decade or two. They are tech savvy and highly connected. What do they want at work? Researches showed that Gen Z values personalized and regular feedback, growth and development opportunities, doing interesting and meaningful work, and a certain level of autonomy. Put another way, they have high self-efficacy and they want to see how they fit into the big picture at work. They know they are just a screwdriver, but they want to know how this screwdriver makes the car move.

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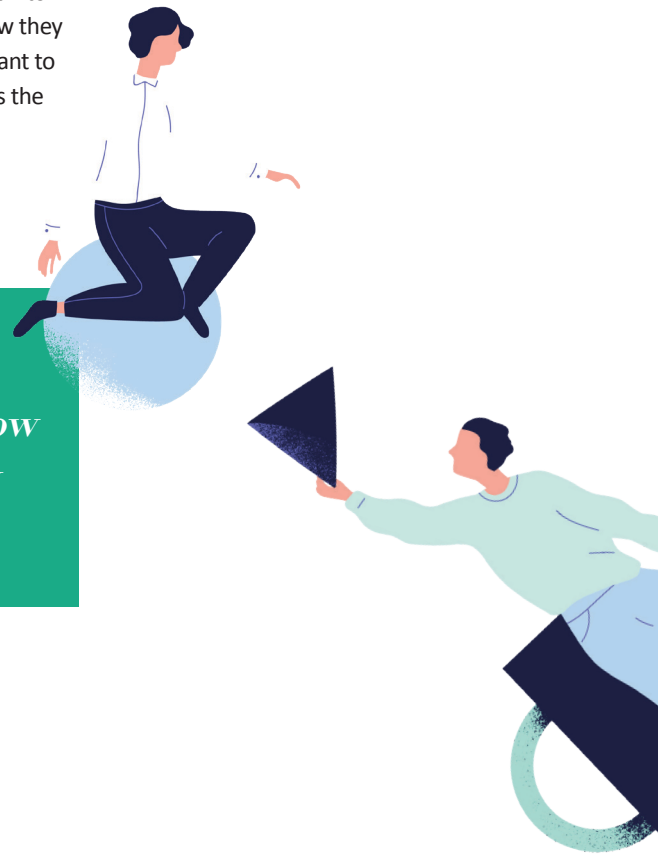
"Teamwork" Redefined

What does the knowledge economy and change of workforce have to do with psychological safety? When we have a workforce, which is highly educated and values their own identities and input, doing works that is highly skilled and requires interpersonal connections, we need a new culture of work. In the traditional approach of management, the role of a manager is to, literally, "manage" the people underneath him/her. Under the Command and Control approach, teamwork is defined as the manager giving an instruction, and everybody else listens and works accordingly.

However, in this fast-changing environment, it is impossible for managers to "know it all". Rarely can the manager figure out the "solution" of a challenge by himself/herself. What the manager sees is perhaps the tip of the iceberg. What lies underneath the water is a "wicked problem" characterized by an interwoven of internal and/or external factors. How do we solve wicked problems? Companies and managers must tap into the collective wisdom of team members. When the knowledge workers value their own sense of worth, managers exercising the Command and Control approach will soon find their team members disengaged, unproductive, and demotivated. Workers, especially Gen Y and Z, will find their work boring if the managers do not articulate the meaning or a bigger sense of worth of their work. Team members who are eagerly to voice their concerns at first but found themselves immediately shut down by the dominant leader will soon give up raising their hands in the meeting. In the knowledge economy, highly skilled works require the collective power from the team.

Managers need to explain the significance of the work – the "Why" to the team, invite inputs from team members, and allow autonomy for them to do their work.

Managers should continue to monitor the progress of the works from the team members, and offer personalized and timely feedback. Teamwork, in the knowledge economy with new workforce, is redefined as a collaborative approach. The role of a manager moves away from "commander" to "facilitator", who, accordingly to the definition of dictionary, is "someone who helps to bring about an outcome by providing indirect or unobtrusive assistance, guidance, or supervision". Facilitators may not know the answer to the problem, but they are best at guiding the team to navigate through the maze, leveraging on team members' motivation and abilities, and co-creating a solution that team members have high ownership in. Managers as facilitators create space of autonomy – it's the result that the manager cares, not the way the team member takes to achieve the result (as long as the team adheres to company's policies and work ethics). If the manager as commander pulls the team from the front, the manager as facilitator guides on the side. Commanders manage; facilitators support.

It's not hard to imagine why psychological safety is needed in a collaborative working environment. To solve wicked problems, team members need to constantly discuss, debate, and exchange thoughts and ideas. Person A's comments may inspire person B's idea. Person C may further ride on person B's idea to come up with something better. Solving wicked problems is never a straight line. It is an irregular shape with feedback loops. Constructive criticism (disagreeing a viewpoint with the intention to moving the argument forward) and assertive inquiry (genuine inquiry to one's viewpoint with an assertive stance) are two powerful weapons that can blast through the walls of wicked problems. These advanced communication techniques not only require skills to execute, it also calls for psychological safety. If the level of psychological safety is low, team members will have fear of voicing their concerns and ideas. No one wants to be seen as incompetent or even stupid by their peers and managers. Therefore, to best way to avoid embarrassing yourself is not to

make any comments. "No comments", "Yes, I agree" are often heard in teams with low level of psychological safety. The end result will be poor decision quality, low productivity, and a group of disengaged workers. Conformity and groupthink emerge, which may lead to catastrophe result (such as the space shuttle Challenger's explosion in 1986). Without psychological safety, teams and corporations will not thrive in the knowledge industry with the new workforce.

Teams with a high level of psychological safety, on the other hand, are not afraid to speak up. They are willing to make comments, suggestions or ideas in the team with the intention to move things forward. Those teams often have formed a culture of vulnerability. "It's okay to make mistakes.", "No one knows the answer, let's try and find out." are often heard. Therefore, team members are willing to engage in constructive conversations. They debate not to win over each other, but to move closer to the solution. Again, this is nothing but communication skills, but in order for the communication to take place, a culture in which team members are willing to share and discuss needs to be in place. The manager, or "manager as facilitator" as advocated in the knowledge economy, plays a vital role in shaping the culture of vulnerability.

Creating a Culture of Vulnerability

Now we know why psychological safety is important in the new economy with a new generation of workforce, how do we create it? One effective way is to create a culture of vulnerability, i.e., a culture where mistakes are accepted as long as we learn from it, and nobody including the managers are invincible. If managers can role-model the behavior of admitting mistakes, team members will feel safe to take risks. "It's okay to try", "You never know if it works unless you try (or test)" are often said by managers whose teams are high in psychological safety. The opposite of vulnerability is not invincibility but arrogance. One who blindly thinks he/she or his/her teams would never fail will soon find themselves swamped by brutal reality. Vulnerability breeds humility, and humility makes leaders more authentic and approachable. It's almost counter-intuitive, but vulnerability and humility increase one's leadership presence, not diminish it.

Vulnerability breeds humility, and humility makes leaders more authentic and approachable.

To create psychological safety and a culture of vulnerability, managers can start with self-disclosure. Here are a few things managers can easily implement at work:

1 **"Insight of the week" sharing**

Managers could initiate a weekly sharing of everyone's biggest insight they learn in the past week. During the team's weekly meeting, everyone takes turn to share their biggest insight, learning, or lesson that happened in the past week. For example, Susan tells us her discovery of an Excel formula that helped her tremendously speeded up the project she was working on. Peter tells us his experience as a novice father and how he and his wife got through the sleepless nights. The sharing could be something that happened at work, in family, or even church service. The context and background of the lesson is not important. The purpose of the sharing is to develop the habit of disclosure.

2 "Mistake of the month" sharing

Many departments and teams have monthly gathering or meeting. Managers and team leaders could initiate a "Mistake of the month" sharing during such meetings. Everyone takes turn to share their biggest "mistake" at work that occurred in the past month. The purpose of such meeting is to encourage vulnerability and disclosure. By putting such sharing in place, not only can the team develop the culture of vulnerability hence contributing to the team's psychological safety, team members will also learn from everyone's mistakes and lessons.

3 Initiate small talks with team members

In addition to the previous team-based tactics, managers could influence psychological safety on individual basis. Managers could once in a while initiate small talks with individual members. Don't talk about work; instead, talk about family, hobby, and health. We all have a life outside of work, and talking about our personal lives such as family, hobby and health can engage one another. People love talking about themselves – it's plain human nature. Implementing this tactic with care will build up your team's comfort in disclosing themselves.

Note that when you implement the above strategies, you must start with yourself. Role-modeling behaviors you want your team to demonstrate is the number one thing any leader should do. Before you ask your team to talk, you must first talk. Only when the manager is willing to admit mistakes will team members start to loosen up and reveal theirs. In addition, your team may feel awkward or uncomfortable to talk about lessons or mistakes at first. If that happens, don't force them. Self-disclosure must be authentic in order to be effective. Forcing people to talk may backlash. A certain amount of encouragement is needed, but forcing people to disclose is unnecessary.

To sum up, we have stepped into a knowledge economy working with a new generation whose needs differ from previous generations. To tackle the ever-challenging wicked problems today, we need to leverage on the collective wisdom of the team. In order to do that, team members must feel safe to disclose and discuss within the team. Psychological safety and a culture of vulnerability are the building blocks of teams with high performance and high trust. Managers can promote psychological safety by implementing several self-disclosure tactics.

About the Author

Brian Tang
Corporate Training Consultant

Malaysia

Malaysian Institute of Management

LEADERSHIP THAT MATTERS TODAY

What matters in leadership in disruptive times

by Stephen Johnston, Juliet Warne and Felicity O'Shannassy

It took all of 200,000 years of human history for the world's population to reach 1 billion people, then just a mere 200 more to balloon to 7.7 billion. In the past 40 years alone, the population has doubled.

Has there ever been a time in human history where leadership matters more than it does today?

We are in unchartered waters. There can be no precedent for what the implications of this seismic shift might be, although one thing seems evident; in this instance, the maxim of "strength in numbers"does not appear to hold true. On the contrary, our collective, humanity seems fragile, grappling to make sense of a world that feels increasingly untethered, unstable and unpredictable. Noah Yuval Harari[1] describes it as the "age of bewilderment," where humankind finds itself in a "nihilist moment of disillusionment and anger."

We are confounded by crisis and conundrums that swirl like some impenetrable mist—from a slowing global economy to unresolved trade tensions to an ever-accelerating pace of technological change. All of this coinciding with the rapid emergence of ecological constraints and rising inequality.

And just when the world needs to band together to work this all out, it is pulling apart, becoming more isolated, retreating into populist, faux-simplistic, nationalist agendas. It's difficult to get a grip exactly on how, why and what the future will look like beyond the horizon, but we anticipate increasingly significant disruption, volatility, uncertainty, complexity and ambiguity.

And of course, it's easy to feel despondent about all this, but where things get more hopeful is that a large amount of the risk can be buffered through effective leadership. Social researcher Hugh Mackay sums it up beautifully when he says, "increasingly we yearn for leaders who can tell us a guiding story, who can explain us to ourselves, who can offer us a vision of where we might be heading, and why the journey is worthwhile."

We are at a critical juncture, where it has become the responsibility for leaders in all walks of life to define the framework for the path forward. To accept that leadership is the animating cause of every effect.

That's right – leadership changes everything!

Therefore, it is not enough to assume leadership titles or occupy important positions in the organisational hierarchy, without yearning to have consequential impact. To not settle for being successful when there is such a need to be significant.

In short, it's time to ensure that leadership matters.

Leadership matter most when it...

▸ **Creates a sense of galvanising purpose**

▸ **Directs and mobilises people and their ideas**

▸ **Gives life to the human yearning to contribute**

▸ **Orients, reassures and anchors, in times of stress, fear and change**

▸ **Makes followers feel good, about their individual selves and the groups to which they belong**

▸ **Makes sense of an increasingly complex, interconnected and demanding world**

Though we feel let down by so many of our leaders, there are examples of truly significant leadership. Think of Greta Thunberg, a Swedish teenage climate activist who is the voice of her generation. Think of Bill and Melinda Gates quest to rid the world of diseases like Malaria. Of Jacinda Ardern's, poise, grace and empathy in the wake of the horrifying Christchurch terror attack.

Picture India's cricket captain Virat Kohli placating the mob booing Steve Smith on his return to international cricket, or Joshua Kwong, the Hong Kong legislator they refer to as "God Kwong" because whenever there is trouble, he rushes there to help.

At its most fundamental, leadership is not something that is imposed on people but is something sought out by people as an innate part of being human. As individuals, we look to leaders for many reasons—to minimise threats, for survival, purpose, meaning and achievement—but mostly we look to leaders who help, encourage and inspire us, to be the best version of ourselves.

We want and need leadership to matter deeply, for when it does not, we are all diminished.

What matters in leadership?

If we understand why leadership matters, we need to furthermore understand what matters in leadership. Despite so much focus and attention on the subject of leadership, in the face of the unprecedented complexity of our times, we feel that there is something in the prevailing model of leadership that is failing.

For too long, we have analysed the facts and chased the numbers without finding the story. We have negotiated accountability through command and control and failed to activate and empower a broader network. We have incrementally improved in our risk averse silos when we need to innovate to change the game at speed or face all manner of disruption. And we have also confidently projected a persona of knowing all when increasingly we need the vulnerability to admit we understand very little.

If leadership is going to matter, if it is to be major factor in the success of teams, organisations and societies, then it needs to be disrupted.

Leadership that matters will embrace five essential qualities

1 Anticipate by turning ambiguity into unique opportunities.

2 Drive optimal energy at work for continuous success

3 Accelerate the execution to capture new value

4 Partner to combine complimentary capabilities

5 Trust to integrate and capitalise on diverse values

THE SELF-DISRUPTIVE LEADER[2]

Korn Ferry analysed the profiles of more than 150,000 leaders, as well as opinion research from 795 investors worldwide. We have pinpointed five dimensions of high performers that allow them to move quickly, self-disrupt, and—importantly—bring organisations with them.

For leaders to succeed in the future of work, they must ADAPT: Anticipate, Drive, Accelerate, Partner and Trust.

The Korn Ferry's ADAPT model

A ANTICIPATE

Perhaps the most important attribute of any leader is the ability to create clarity, where none exists. To be a "meaning maker", leaders need to have superior contextual intelligence, see opportunities ahead of others, provide clear directions on where they want to go and secure first mover advantage. Leaders must drive the shift from analytical fact finding, to finding the story.

D DRIVE

We are entering an era when the world will change so quickly, and the challenges will be so unfamiliar that few of us will have a fully tested competence to lead and contribute, and indeed, most people will operate at the edge of their competence.

We will constantly be asked to give up our routines and re-skill in order to navigate further uncharted territory. Employee energy will become one of the key performance differentiators. Leaders will increasingly play a vital role in managing employee energy, to generate positive energy not only on their own teams but across the organisation. Leaders must drive the shift from coping to thriving.

A ACCELERATE

Participating in the flow of knowledge creation only makes sense if the organisation is able to seize the value from new knowledge. Innovative leaders will remain open to process but push for prototypes as early as possible. They will also appreciate that change is rarely welcomed with open arms and will need to possess the inner strength to take the helm in order to apply new ideas and carry those through to completion. Leaders must drive the shift from incremental improvement to changing the game.

P PARTNER

The approach to innovation in the future will be fundamentally different than the past. The size, scope and speed of technological advancements and change are breath-taking. Companies will need to shift from a model of sole control to one anchored in collaboration where players engage in multilateral interactions in an innovation ecosystem. Leading this ecosystem will become one of the core leadership qualities in the future. Leaders must drive the shift from hierarchies to networks.

T TRUST

Value is created through the effective integration of a diversity of ideas. More and more, leaders are being asked to shoulder the responsibility for handling the integration challenge in order to achieve competitive edge. To do this, leaders must be credible and trusted by others. They need to respect individuals and demonstrate authenticity and vulnerability. 'Coach, not tell' has to be their mantra and being open to and embracing difference, their way of life. Leaders who build trust will drive the shift from success to significance.

The ADAPT qualities are out there, but they are not plentiful. They require nurturing and urgently so. We need to equip leaders with the knowledge, capability, mindset and behaviours needed to execute their strategies and navigate a constantly changing context.

So where to start? To make change this big, for those tasked with leadership development, we recommend a ground zero reset. This reset requires us to:

1   **Hold up the mirror**

Only when we become aware of our traditional mindsets, patterns of behaviour and our underlying belief systems, can we change. Only the self-aware leader will be able to self-disrupt.

2   **Slow down to accelerate**

Speed is given great currency in today's market but embracing a new leadership paradigm will require us to pause in order to gain clarity and build fresh perspectives. Only when leaders create space to reflect and elevate their sense-making will they be able to shift from hyperactive speed to transformational significance.

3   **Put mindset ahead of skillset**

Most leadership development has focussed upon building competence and skill (horizontal development). Disruptive leadership is about mindset (vertical development), how we make sense of the world, how we explore the reasons why we are drawn to lead and become clear and purposeful about the significant impact we seek to have.

Principles of Leadership Development

How often do we hear the language born of traditional mindsets in our organisational narrative?

◢   This is beyond my control. I have no choice.

◢   The business of business is business

◢   Failure is not an option.

◢   If I want something done right, I'll do it myself.

◢   Harmony is achieved when differences are reduced.

◢   I should not show my weaknesses.

Cultivating an invaluable talent

Our research shows that businesses urgently need to begin cultivating the right leadership pipeline: only

15%

of today's leaders excel across all five ADAPT dimensions and can be considered self-disruptors.
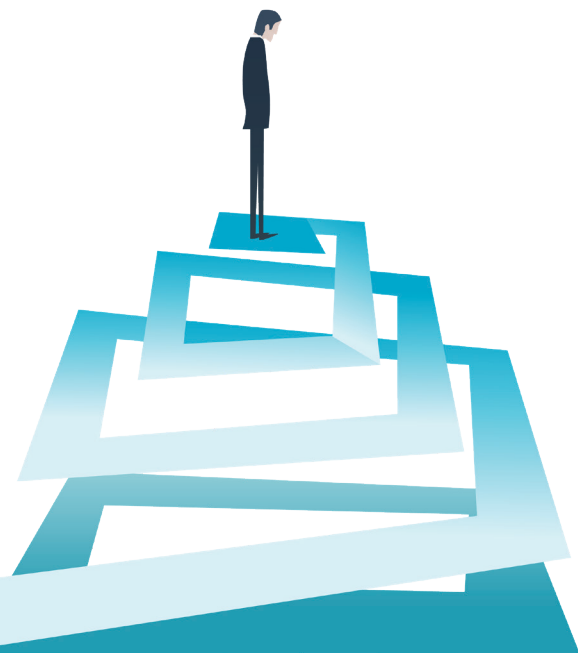
This narrative needs to be confined to another time, when command and control from the centre could create effectiveness and efficiency, when buoyant global growth "floated all boats," where competitors were known, change was emergent not disruptive and workplaces were densely populated with people who overwhelmingly looked the same.

In today's world of hyper change this narrative is failing with many organisations finding that their traditional leadership and management models are insufficient in dealing with the new challenges.

And while the history of leadership is abundant with theories, models and concepts, what has developed in recent times is the accelerated change that requires organisations to more closely examine what they expect of leaders and how to prepare them for the future.

To some, the rapid advances in AI and robotics suggests that human labour will be eventually rendered obsolete. Korn Ferry sees a different future of work. Human nature to strive for achievement is strong, and alongside technological advancements, there are significant interpersonal, organisational and political matters to manage. As we steer this complex navigation to the future, effective leadership will matter even more than it has in the past.

We see 10 foundational principles for the development of leaders who will thrive in this new world.

Reflective questions for leaders:

How do you pool the resources when you don't have sole ownership?

How do you handle energy loss when people are constantly asked to give up their routines and reskill themselves in order to navigate uncharted territory?

How do you form and lead a distributed, non-hierarchical organisation when the boundary and structure fade, and interdependence between partners is voluntary and transitory?

The 10 principles for developing self-disruptive leaders.

1 SELF-AWARENESS

Only when we become aware of our patterns of behaviour and our underlying belief systems, can we change. The foundation for any new way of leading will be the provision of insights into competency, personality traits, motivational drivers and learning agility.

2 HORIZONTAL AND VERTICAL

Most leadership development has focussed upon building competence and skill (horizontal development). Disruptive leadership is about mindset (vertical development), how we make sense of the world, how we explore why we are drawn to lead and become clear and purposeful about the significant impact we seek.

3 SHIFT MINDSETS

Leaders need to demonstrate a new mindset in an increasingly volatile and uncertain business environment. Mindset is an internal operating system; the mindset we have impacts how we make sense of the world. Today's growing business complexity requires an evolving mindset. Thriving in this environment calls for more sophisticated ways of thinking. In a hyper changing environment, leaders need to continuously update (to self-disrupt) their mindset to stay effective. Leaders trapped in yesterday's mindset may struggle to find their place and voice in this new world.

4 PROVIDE DEVELOPMENTAL HEAT

Due to the pace and extent of change, many people will play at the edge of their competence. Success will require us to constantly relinquish what feels easy and comfortable and try something different and difficult. To develop, leaders need to be faced with complex situations that disrupt habitual ways of thinking. New experiences will spark learning and some stress is needed to move leaders out of their comfort zone.

5 OPTIMISE ENERGY

Employee energy has become one of the key performance differentiators in today's rapidly changing environment. Managing energy for optimal output is a business imperative and not just an employee benefit program. Leaders must understand the importance of building capacity and resilience in self and others and develop sustainable energy generating habitual behaviours.

6 ENCOURAGE BROAD PERSPECTIVES

The exchange, confrontation and enrichment of diverse ideas leads to enhanced results. Create environments for 'colliding perspectives' that expose leaders to different world views, opinions and backgrounds to build perspective and elevate the capacity for sensemaking.

7 LEARNING WITH OTHERS

The source of new competitive advantage will come not from a short-term focus on maximising current financial performance, but from boosting future profits through participating in the flow of knowledge creation and from collective efforts rather than individual genius. Social connections and new relationships also help people update their identities. A critical part of accelerating leadership mindset change is to find new role models and peer groups who can serve as "mirrors" in order to build self-awareness.

8 DEVELOP LEADERS AT EVERY LEVEL

In an increasingly decentralized and open system, leadership is less tied to a position of formal authority in the hierarchy. It is better defined as a shared process where decision making is distributed across networks and boundaries at every level. Use online and self-directed learning to shift the onus from HR ownership of development to the individual.

9 PAUSE PRINCIPLE

Leaders need to slow down to accelerate; speed is given great currency in today's market but embracing a new leadership paradigm will require us to pause in order to gain clarity and build fresh perspectives. Only when leaders create space to reflect and elevate their sense-making will they be able to shift from hyperactive speed to transformational significance.

10 BUILD A LEADERSHIP CULTURE NOT JUST LEADERSHIP PROGRAMS

To navigate this rapidly changing business world, many organisations will need to overhaul not only their leadership development programs but the structure and culture of their businesses. Organisations must create structures and diverse and inclusive cultures that empower employees at all levels to challenge their own thinking and disrupt themselves to create an ecosystem of innovation and future ready leaders.

The Final Word

Organisations are still a long way off from being able to call out, accept, and develop these new leaders of the future. Once organisations begin to do so, they will be able to tackle great challenges with grand consequences not only for businesses but communities and the planet. If disruption is inevitable today, so too should disruptive leadership.

Contributors

Stephen Johnston
Senior Client Partner
Korn Ferry

Juliet Warne
Senior Client Partner
Korn Ferry

Felicity O'Shannassy
Client Partner
Korn Ferry

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About Korn Ferry

Korn Ferry is a global organisational consulting firm. We help clients synchronise strategy and talent to drive superior performance. We work with organisations to design their structures, roles, and responsibilities. We help them hire the right people to bring their strategy to life. And we advise them on how to reward, develop, and motivate their people.

Disclaimer

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Philippines
Management Association of the Philippines

THE SECRETS TO BDO'S SUCCESS

by Nestor V. Tan

What am I doing here?

When I first heard the official news that I am being awarded "MAP Management Man of the Year 2019" by the Management Association of the Philippines (MAP), it didn't sink in right away. I was travelling in Spain on business when I received the first few congratulatory messages. [One of the first ones was from Gigi Montinola, chair of the Judging Committee. Gigi happens to be in Spain at the same time – however, he was on a wine tour while i was working. Lucky guy!] It was only after a few days have passed and the MAP press release got around the mainstream media that it finally hit me. It was a combination of joy, honor and fear. Yes, fear. As I stand hear before you accepting this award, I can't help but think of others who came before me. With his recent passing, we are all aware of John Gokongwei's life story and his struggles to overcome the death of his father at an early age to build the empire that JG Summit is now. I am fully aware of Mr. Henry Sy's struggles from a humble sari-sari store to building the largest business conglomerate in the country. I saw firsthand my boss Tessie Coson's struggles to bring the SM Group, especially the bank and the retail business, to where it is now, and the biases she has to overcome in the process.

I am now faced with the question: Am I bound to disappoint?

I am here now so let me then start by saying "A very big thank you to the MAP for the honor."

As a professional, I am realistic. This award is for what we have accomplished as an organization and I am here receiving this because I happen to be the face of the management of that organization.

So please allow me to share this honor with the real people deserving of this award – the people in BDO.

First, to Tessie, for her confidence in us, for her drive and ambition that pushed us to take the bank to greater heights, and for her consistent and unwavering support throughout the years.

To the Board of Directors, who have been a very effective stewards of the bank, providing guidance on our strategy, direction, and governance. Special mention is due to our independent and non-executive directors who have been invaluable to our growth and success and a good stabilizing influence on all of us.

To my partners, first to Sonny Jacinto and Josie Tan who share with me the burden of management leadership in BDO. They also share Executive Committee and Executive Director responsibilities with me.

Then to my partners in the management team, who are also with us today. They are the real bosses running the individual businesses. If you believe we are successful. It is because of them. They are the ones grinding it out day in day out.

And of course to 37k plus members of the BDO team. The clients see the bank through them and not through me. Our success is largely through their good execution. To the BDO team, we couldn't have done it without you. So thank you!

Last but definitely not the least, I would like give tribute to biggest factor why I am here now - the support of my family. My wife Loida, who has always been very supportive of my career and the long hours that go with it. She's been with me through thick and thin from NY to London and back to Manila now. My parents, my first, my current and my most important mentors and cheerleaders. Daddy is here now. He's the stabilizing factor in my life, and for those of you who describe me as calm, it was his philosophy that lay he foundation for that serenity. My mother, who passed away two years ago, was my most vocal cheerleader. (Mommy, if you're looking down on us now, this is for you

and thank you for giving the good words up there for us.) My brothers, Raul and Lorenzo who were my support system growing up. Raul is based in Silicon Valley. Lorenzo is here now. He is my sounding board and adviser not only on business matters but on a lot of things as well, including cars, food and interior design. And my children, who give me the right perspective and are constant reminders of the more important things in life. My son, Matthew, is here now.

And I would like to add a special thank you to my adopted family – the Lasallian community, who were very influential during my formative years. Bro. Ray and Bro. Bernie are here now.

(I guess from that alone I have used up my 30 minutes.)

Beyond the thank yous, I was at a loss on what to share with such an accomplished group of people. I took the route regularly travelled by professional managers, which was nothing extraordinary.

We do not intend to be all things to all people. But where we are competing, we strive to excel.

So when I saw Riza Mantaring at the Industry Academe Council meeting two weeks ago and I took the opportunity to seek her advice. She said just talk about your experience and your management philosophy. So I will follow that advice and that's what I will do now.

Let me share with you a little bit about our journey in BDO.

BDO started out as a savings bank. Decent in size, well-managed and possessing a good business model supporting primarily the SM retail businesses. It was a good start for the ambition of Mr Henry Sy, Sr, but probably just that – a good start. Mr. Sy always had the

ambition of becoming No. 1 in banking. The drive to fulfill that ambition started when, in quick succession Tessie, converted the bank license of BDO to a commercial bank in 1994 and to a universal bank in late 1996. While the licenses placed BDO in the big league, its organization was largely unchanged. That was when Tessie decided to strengthen the organization and build the management core to take it to commercial bank levels. I joined them in 1997 when it was ranked then 20th in terms of resources.

We started out with a modest strategy, a good niche player with businesses that are competitive in their own markets. Our current mission then reflected, and still reflects, our current

thinking "to be the preferred bank in every market we serve". We do not intend to be all things to all people. But where we are competing, we strive to excel. Even now that we are a full service bank, we try to remain focused, and strive to be good at what we do, and not simply bank on the strength of our size and scale.

Being good, however is not solely about products. It is also about service and reliability. We realized that clients value us not so much for our products but for our service - personalized, cheerful (despite of our staff's long stressful hours) and accommodating. And yes, you are right, we are always willing to find ways to help the client. Hence, our tagline "we find ways".

Armed with simply two basic client philosophies - focus and service - we went on to grow the bank.

However, it was not meant to be easy. Shortly after I joined (four weeks to be exact) the Asian financial crisis hit us. To make matters complicated, the BSP then instituted a policy of restricting branch expansion to encourage consolidation. For a small commercial bank like BDO, it was like being set up and packaged to be acquired.

For me that was another aha moment as I asked myself: "What did I get myself into?"

Mr. Sy and Tessie were reassuring though. In so many words they said, don't worry, we will grow the bank.

Hence our journey began. We started with the basics. We went on to implement our core IT system and to re-engineer our key processes. We strengthened our bench with the addition of officers at all levels. To expand our network, we went on a series of M&A transactions. First was Dao Heng bank, followed by First e-bank, Banco Santander and then UOB. In 2002, in-between the M&A activities we did our IPO.

We were able to thrive basically as a niche player.

It was not long before we came to our next strategic crossroad. As a niche player, we were doing well, but we were too concentrated, lacking scale and it did not give us a lot of room for the growth our investors (read Mr Sy and Tessie) were looking for. We had a heavy large corporate lending concentration, our retail and middle market businesses were concentrated in Metro Manila, Cebu and the Bacolod/Iloilo corridor. Our team bench was relatively shallow. It was clear that we needed to elevate our operations in a big way to fulfill the potential of our franchise.

It was then in the latter part of 2003 that we decided to pursue the SSS's stake in Equitable PCI Bank or EPCI for short.

We completed the first step of that transaction on December 30, 2003. (May I take a brief moment here to set the record straight - we have been criticized for the timing of the deal and implication of impropriety that went with it. The deal despite the timing had the full SSS board present, including their lawyers and support staff.)

Little did we know that it was the start of a tortuous journey for us, especially for Tessie. It was difficult for her but she displayed her strength, tenacity, perseverance and courage during this period of difficulty. (Our special thanks to Mr. Sy and the entire Sy family who were with her in support all throughout this process.)

She persevered, and we finally completed the deal that culminated in a successful tender offer. We received shareholder approval thereafter, making us then the third largest bank in the country, very close to the second though.

We got our merger approval in the middle of 2007. The next challenge was execution. It was supposed to be the largest merger in Philippine banking history, but people will only remember it fondly if we were successful. Otherwise, it was another case of ego indigestion - biting off more than what we can chew. To complicate matters, we were actually merging three institutions - Equitable Bank, PCI Bank and BDO - as the merged EPCI bank had not fully completed their integration. The EPCI bank run in 1999 derailed EPCI's integration plans, and to management's credit, they focused on and were successful in stabilizing the bank in the years following. But integration had to take a back seat. Even their officer terms and compensation policies had not been integrated.

We put the team to work and we completed something we did not realize we could, complete the merger integration in 11 months. That was a sight to see - teams from both sides working together to achieve a historic milestone. We kept raising the bar to the point that by the tail-end of the eleventh month of integration, we were already converting over 50 branches a weekend. Some of my colleagues jokingly complained that there no longer any contractors available in the country. They were all working on our branches.

We finished the integration by summer of 2008, then the global financial crisis hit. And by some accident, we became the largest bank in September 2008.

That was another aha moment for me: "We created a big bank. Did we just create a big problem for ourselves?"

Needless to say we survived the crisis and moved on to diversify our business to make us less vulnerable to business cycles. That was when the advantage size, scale and diversification became apparent. Shortly after, we closed our savings bank and we completed 5 more acquisitions. Rather than help, the savings bank just confused the market as we didn't have a clear differentiation in value proposition.

The good news now is that we have doubled our productive capacity, our branches, our management leadership, and our market coverage. This became our platform for expanding into new markets and territories. With the combined entity, we have remained as one of the biggest banks in the country with a strong market share in almost all product areas. During the 22 year period, we completed our IPO, did 10 M&As, completed 5 major capital raisings, had 25 bond issuances, and completed or unwound 4 joint ventures. We were more busy than a bulge bracket investment bank in Asia.

Our journey continues now in a more competitive environment. We have the entry of non-bank competitors. We are exposed to more moving parts, and the world is more volatile and more inter-related. The challenge is upon us, but I have no doubt our team will continue to live up to the challenge.

We have often been asked what is the secret to our success. There is no secret to it, it's just the basics done well.

First, we try to remain focused. We cannot be all things to all people, so we pick our markets carefully. Strategy for us is not one big idea. It is simply good resource allocation.

Second, it is simple management by objectives. But we make the objectives simple, clear and discreet. We give our Business Unit Heads the resources and let them run with it. We avoid overlapping objectives. If we have to, we double count. The most common source of conflict is when people fight over who gets the credit and who gets the resources. Defined responsibilities, defined goals, defined resources minimize that.

Third, we focus on the team, not the superstars. We emphasize team goals, team rewards, and individual contributions to team success.

Fourth, we believe in our people. We start with the assumption that all can and will do well if given the right environment and support. Be that environmentalist that creates the milieu for people to succeed. Accept that no employee is perfect, so live with their shortcomings. Anyway, wouldn't you rather deal with the devil you know than the devil you don't.

Lastly, never lose sight of your market. Products are products, capabilities are capabilities, technology is technology, but only market acceptance will allow you to make a profit.

Much has been placed on technology, products and capabilities these days. Therein lies the problem if you focus on those. You move too fast, the market may not be ready. You commit too soon, the technology may change. You wait, you may get left behind. You do not prepare, you may be caught unaware. In the end, you really have to watch your customer.

Our success has always been measured in terms of size. We never set out to be No. 1. That was not our goal. We wanted to be good at what we do – one client, one product, one transaction at a time. Becoming big was just a by-product of doing what we do relatively well.

I think my 30 minutes is almost up so let me end now with leaving you all with some food for thought. Certain management practices have become in vogue and I think we need to ask ourselves whether we have swung the pendulum too far.

◢ **First**, we all accept that governance is important, almost indispensable for sound management. However, the adherence to global standards have taken on a turn towards compliance to global prescriptions. Universal principles of fairness, integrity, accountability, transparency and performance are sound. But universal prescriptions may not apply to all markets. Worse, we may get addicted to scorecards and awards mostly based on mostly on checklists against generic prescriptions.

In developed economies where corporate ownership is dispersed, the use of independent directors is a

Never lose sight of your market. Products are products, capabilities are capabilities, technology is technology, but only market acceptance will allow you to make a profit.

good way to create the proper checks and balance mechanisms on management and management-nominated directors. In our environment, we forget that majority shareholders share the same desire to ensure management's propriety. Have we placed too much reliance and burden on independent directors at the expense of the major shareholders? Let's focus on the output not on who's doing the work.

◢ **Second**, are the principles of fair competition helping or hampering our economy? I would venture to say that that the US and European models may not be the best for a country like ours. Should we follow more the Korean model, where they nurture national champions in different industries so they can compete, regionally or globally? Besides, how do you define a proper competitive landscape? Is it local, national, regional or global? I would say in the banking industry it's all those. But we should be cognizant that everybody is in a global playing field.

◢ **Third**, what constitutes good corporate management practice? Often, the western practice tilted the pendulum of value creation towards achievement of short term gains. Much emphasis has been placed on quarterly profits and share gains, but not enough on long-term investments, market share or franchise growth. Asian investors (primarily family owners) look at improving value of the business for the next generation. In Asia, majority shareholders (mostly family controlled) are "brands" that

have withstood several generations. Let's not lose sight of those values.

While there is always room to strike the right balance, when share prices tumble, the tendency is to err on the side of short-term gains.

◢ **Lastly**, we all have be ambassadors of the country. We are in a sweet spot now with good and broad-based growth. We may like what we see (half full) or may not (half empty). Regardless of our view, let's all work to fill the glass more. Our optimism or pessimism will not change the situation, but our concerted action to expand on the positives will clearly go a long way.

In closing I am reminded of my first encounter with Mr. Wash Sycip when I joined SGV some years back. He said that (and I am paraphrasing here) our careers will only grow if the institution grows and the institution will only grow, if the country grows. Therefore, as management practitioners, we have a responsibility to help our economy grow. And that means making an effort to influence policy issues that hamper the growth of our company, our industry and our nation's economy.

Please allow me to end with that call to all MAP members and management practitioners.

Thank you.

About the Author

NESTOR V. TAN
President and CEO of BDO Unibank, Inc.

gonzales.marie@bdo.com.ph
map@map.org.ph
http://map.org.ph

Philippines

Management Association of the Philippines

A BLUEPRINT FOR BUILDING A DIVERSE AND INCLUSIVE BUSINESS

by Maria Victoria "Marivic" C. Españo

More Filipinas are taking on senior leadership positions.

Research from Grant Thornton's 2019 Women in Business report reveals that 95% of businesses in the Philippines have at least one woman in senior management. This is higher than the global percentage of 87%. The survey also shows that, in the Philippines, women occupy 37.46 % of the senior management roles—the third-highest in the Asia Pacific and the highest in Southeast Asia. Globally and regionally, our percentages are better. Hence, when gender diversity is discussed, not a few proudly claim that this is not an issue in the Philippines.

When we dig deeper into the numbers, we still see a big opportunity to bridge the gender diversity gap across job roles and industries. There is a huge concentration of women in the areas of human resources and finance, where women are typically known to be good. The percentages are lower in other areas— business development, marketing, sales, technology— that are equally important to understand the factors that drive growth and sustainability. Perhaps, this is one of the reasons the percentage of women CEOs and directors in boards in the Philippines is below 20%.

There are different initiatives and programs that can be introduced to address the gap. However, before jumping into implementation, owners and management should understand the business value of addressing gender diversity. Some companies do not see it as a problem. Others have expressed that the company's policy is to support meritocracy and, thus, advocate for the position of neutrality when it comes to promotion and board appointment. "If women work hard, they will be recognized based on their own merits and not due to special support given to them," is a remark that has been made when this topic is raised. On the other hand, a number of businesses see that diversity is critical to its talent

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3rd HIGHEST women in senior management role in the Asia Pacific

Percentage Women in senior management roles

37.46%

Women CEOs and directors in boards

<20%

If women work hard, they will be recognized based on their own merits and not due to special support given to them

and retention goals. The success of such programs largely depends on the value that the leaders attribute to it.

I support the principle of meritocracy and observe it when deciding in choosing the best candidate for a position. The facts do show that, in our own organization, we find that the gender ratio at the hiring level is close to 50:50 but, at management level, the percentage drops to 30%. Is it because men work harder than women as they work over that period in their careers? Highly unlikely. In my view, we cannot deny the reality that there are factors hindering women to achieve their full potential.

The Grant Thornton study cited the

most common barriers to reaching senior management level. These included, among others, lack of access to developmental work opportunities, access to networking opportunities, caring responsibilities outside of work, employers not willing to invest in their education, and not having the money to invest in their own education. If we want to continue seeing female representation trend upwards in senior positions, more deliberate action needs to be taken to lessen the impact of these barriers and increase the chances of women being prepared for senior leadership roles.
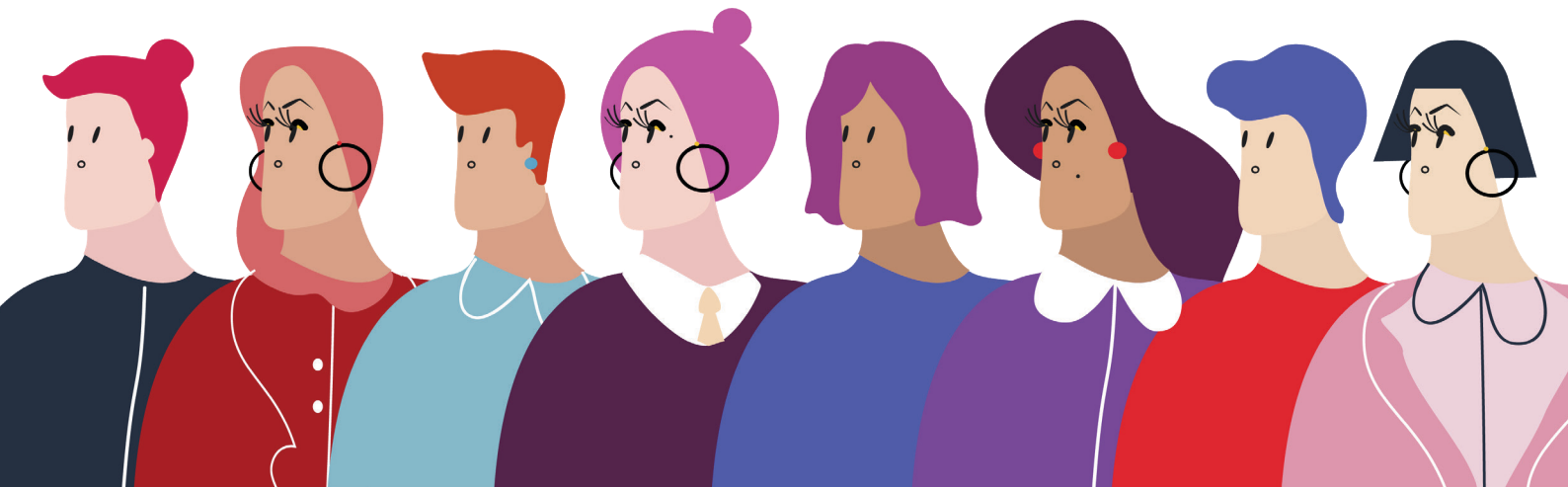
6 ACTION POINTS

The study provides for a framework that businesses may use to draw up their action plans. While the approach is applicable to most situations, the action plans to be developed must address the specific situation in each business. The blueprint triggers action points that can be classified into six pillars of purpose.

Champion The Business Case

Research from the Grant Thornton Women in Business report suggests a strong link between diversity at a leadership level and business results. Business leaders must understand why gender diversity is important to their business. In our own business, 50% of the talent market are women. If we are not making the Firm attractive for women to stay, we are losing.

Once the importance is established, business leaders must articulate it and connect it to business goals. Setting a target, like 40% of leadership roles are occupied by women, and monitoring progress against said goals will be important.

Know Your Diversity Data

Aspiring to an inclusive culture includes recognizing where the business stands right now through data analysis. Before leaping to general action, it should benchmark the organization's data to understand its talent pipeline and where it needs to take action. Mapping the journey of employees will be helpful in identifying the gaps.

◢ Identify And Source Talent

A business cannot benefit from diverse leadership until gender bias in recruitment and development is eliminated. Women are still experiencing gender discrimination when applying or interviewing for a job. From talent sourcing to identifying leadership traits, there are many unconscious biases impacting on women's progression to leadership positions.

◢ Open Up Development And Advancement

40 percent of Filipina executives surveyed say that the lack of access to developmental work opportunities is a hindrance to growth. In addition, 34 percent also cite the lack of access to networking opportunities as a hurdle. But development work and networking are vital to anyone who aspires for senior leadership.

Training is not enough. Businesses must consider providing female workers the opportunity to have actual experience and be really involved in the process. So instead of asking the female to attend a training program on business development, she can be asked to participate in developing a marketing strategic plan.

◢ Retain Diverse Employees

Research by Catalyst reveals that 83 percent of women with access to flexible working arrangements—such as paid parental leave, flexible hours, part-time working, and remote working—aspired to the C-suite level, versus 54 percent of those without. To keep the best people, a flexible approach is needed to create the most effective working structures, allowing people to design systems that work for them.

◢ Create An Inclusive Culture

People need to feel unique, valued, and that they belong. To achieve this, leadership must demonstrate empowerment, courage, accountability, and humility.

We need business leaders to champion the case of gender diversity and create an inclusive culture. Creation of plans and setting clear goals, against which progress can be measured, is an important responsibility that we must embrace. The power to create impactful change lies within all of us.

About the Author

Maria Victoria "Marivic" C. Españo

This article reflects the personal opinion of the author and does not reflect the official stand of the Management Association of the Philippines or the MAP. The author is the Chairperson and CEO of P&A Grant Thornton and is a member of the MAP Board of Governors. Feedback at <map@map.org.ph> and <Marivic.Espano@ph.gt.com>. For previous articles, please visit <map.org.ph>.

Philippines
Management Association of the Philippines

RESILIENCE AND OUT-OF-PROCESS EVENTS

by Cliff Eala

I had lunch with Gina. She was diagnosed 10 years ago at age 40. Breast cancer. Stage 3c, meaning advanced. Nineteen of the twenty-five lymph nodes the doctors found were malignant. She underwent surgery, 6 chemo, and 33 radiation sessions. Each chemo session left her sick and nauseous for a week. It left a metallic taste in her mouth, and she could not eat anything.

"What was the toughest part of all this?" I asked. "The day I found out!" she replied. "My heart fell to the floor. I cried. And cried some more. Then, it stopped there. I told myself. I already have cancer. I am not going to make it worse by feeling sorry for myself. I am going to do this. I am going to get myself well." That is resilience.

Resilience is the ability to deal with, recover, and grow from adversity. In a corporate setting, it is the ability to deal with, recover, and grow from "out-of-process" events. Any organization has out-of-process events. These are events

for which a process has not been defined. For example, an overturned bus blocking delivery vans can mean no food to sell at a fast-food outlet. This is an out-of-process event or, in our definition of resilience, the "adversity". Resilient people, because of the way they think and behave, approach the problem to solve it. The non-resilient ones withdraw from the problem to avoid it. Company growth comes from those who habitually view out-of-process events as opportunities, and proactively step forward to solve them.

There are several drivers of resilience. One model for workplace resilience identifies four component skills: confidence, adaptability, purposefulness, and social support (Robertson, 2015).

The U.S. Army and the University of Pennsylvania's Positive Psychology Center have jointly designed a resilience model for the U.S. Army Master

Resilience Trainer course. This 10-day program teaches resilience skills for soldiers. The program develops six core competencies to build resilience and prepares one for adversity (Reivich and Seligman, 2011). These competencies work not only for soldiers preparing for war but also for you and me going through work and life's troughs. The competencies are:

A **Self-Awareness**

Identifying one's thoughts, emotions, and behaviors, and patterns in each that are counterproductive

B **Self-Regulation**

The ability to regulate impulses, thinking, emotions, and behaviors to achieve goals, as well as the willingness and ability to express emotions

C   **Optimism**

Noticing the goodness in self and others, identifying what is controllable, remaining wedded to reality, and challenging counterproductive beliefs

D   **Mental Agility**

Thinking flexibly and accurately, perspective taking, and the willingness to try new strategies

E   **Character Strengths**

Identifying the top strengths in oneself and others, relying on one's strengths to overcome challenges and meet goals, and cultivating a strength approach in one's unit

F   **Connection**

Building strong relationships through positive and effective communication, empathy, willingness to ask for help, and willingness to offer help" (Reivich and Seligman, 2011)

5 ENHANCEMENTS IN PERSONAL RESILIENCE

I define a resilience model with five elements. This model identifies the factors that enhance personal resilience:

1. Purposefulness
Having a purpose worth pursuing makes you resilient.

2. Optimism
Believing in your ability to bring about a better future outcome makes you resilient.

3. Flexibility
Being able to assess challenges from different perspectives, find opportunities in them, and solve them creatively makes you resilient.

4. Self-control
Being able to regulate thoughts, feelings, and behavior makes you resilient.

5. Social support
Being able to rely on support from others makes you resilient.

Resilience is a trait that uniquely sets us apart from robots and their artificial intelligence algorithms. Resilient people are the ones who push an enterprise forward to deliver and grow.

Organizations should, therefore, invest in resilience-building programs. Resilience is good for people, and it is good for business.

Disclaimer
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About the Author

Cliff Eala

CLIFF EALA is Founder and CEO at energy efficiency firm Synerbyte Ltd. and author of the book "Sh*tty Places & Selfish People: 7 Rules of Engagement" now available online at www.cliffeala.com/books.

cliff.eala@synerbyte.com,
map@map.org.ph
http://map.org.ph