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**To our Valued Readers:**

This issue is a special bundled issue. Apart from our regular features, we have compiled a topical volume on “Managerial Flow in Economic Development and Competitiveness” with contributions from around the world to capture the emerging field on effective managerial practices in deploying public policies.

In this issue, we speak with leaders from the enterprise information technology as well as hospitality sector. They share their viewpoints on leadership in these highly competitive industries. Further commentaries touch on the global dilemmas of competitiveness in the midst of current economic turmoil and posit the need for greater leadership authenticity and honesty.

We hope you find the diverse mix of papers, comprising a range of subjects from corporate performance reporting, effective team dynamics and business ethics, thought provoking and insightful. Bound together with the topical volume on effective public policy deployment, this special issue may very well become a collector’s item.

Thank you for your continued support.



Dr Benjamin Tan  
Editor-in-Chief  
Singapore Management Review

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viewpoints and commentaries



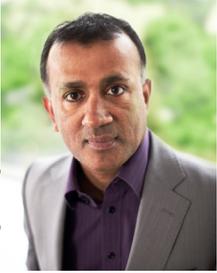
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By Chandran Nair

*The views expressed in these commentaries are the personal views of the authors and do not reflect the views of the Singapore Institute of Management.*

# From Authenticity to Intellectual Honesty

## The New Challenge for Business Leaders

Hong Kong Tatler/Kalun



One of the most tedious experiences for any professional these days is to be told to attend another leadership talk by a management guru or being asked to read yet another one of that multitude of management books that are found in every airport bookstore in Asia.

Despite the common acknowledgment that there is hardly anything new being said, there is a proliferation of these books and talks being promoted by a range of strange bedfellows, from conference organisers (who typically have no understanding of the content), speaker bureaus, management consultants (remember those who promoted Tiger Woods as an exemplary leader and miraculously linked hitting golf balls to sound business strategy), to the leading business publications and media groups.

This quasi-religion of business and leadership believes in regurgitated one-liners such as X ways to be a leader, how to innovate or reverse innovate, good to ever more greatness and how to be the ultimate salesperson, irrespective of the value of what one sells. If you want a view on anything, you can get it from a CEO, because they know and of course, pay for the adverts too.

This global industry was spawned about 30 years ago, initially originating in the US, and its tentacles have reached out to an unsuspecting Asia where it is now sadly entrenched. Asia was and is unsuspecting because of a deep-seated intellectual subservience born out of two to three centuries of dominance by western thought.

This intellectual assimilation begins in Asian schools and is refined in its universities and in the majority of graduate management programmes the region has to offer. Much of it draws on an American and Anglo-Saxon worldview of economics, free markets, business strategy, the role of technology and political ideology.

So much of this thinking is crafted in the world's best business schools, which apparently produce the smartest people (those who work for the investment banks and western-headquartered multinationals). Some of the best

minds in Asia are being lost to this archaic worldview.

Apparent across this rapidly developing region, much of this worldview is not relevant to Asia's needs and current challenges. However, the train keeps hurtling forward as there are few questioning it and those with vested interests have too much to lose.

At the core of these phenomena within the Asian management and leadership landscape is the issue of intellectual honesty or lack thereof. So what are the key aspects and examples of this intellectual dishonesty? Why does it persist, despite all the evidence that it is built on a narrow edifice of thought and a historical perspective of dominance and privilege?

Let us start with a favourite term that is used a great deal these days in management and leadership circles in an attempt to suggest that business managers can be better people and serve a multitude of purposes by striving to be authentic—something about being yourself apparently. This simply denies the fact that being authentic in most business settings (unless you are the boss) will typically not get you far and in the higher echelons may well get you fired.

Despite the fact that most people working in large organisations knowing that, it is virtually impossible to be authentic in a leadership role yet the mantra continues to be spread, even preached. It is time to replace loose talk about authenticity with intellectual honesty so that some managers may find ways to be authentic and make a difference to their companies and communities. It is clear that society is demanding and would welcome greater intellectual honesty (not the same as transparency) from companies. Less spin and more substance should be the mantra going forward.

At the heart of this intellectual dishonesty is the fact that so many business leaders are unwilling to recognise or remain unaware of the inherent contradictions which are at the centre of the business models they embrace. These are, in turn, driven by an economic system that thrives on promoting relentless consumption—buy one get one free.



One of the most tedious experiences for any professional these days is to be told to attend another leadership talk by a management guru.

According to this conventional economic wisdom, human beings are “homo-economicus”—rational beings who always act to improve his or her well-being. But the truth is far from that and relying on this is deeply irrational. To make matters worse, it assumes that progress can only be realised if we accept the supremacy of capitalism. Markets, technology, and financial innovation are, therefore, the intertwined solution to all our problems, and no competing economic system can deliver better results.

Finally, the edifice of this ideology is built upon the fallacy that nature has an essentially limitless capacity to supply materials and absorb abuse, thus creating a system that excludes environmental and social costs. Businesses then constantly seek to underprice resources or labour and externalise costs—creating competitive advantage in biz speak.

To achieve this, it fights regulation and thus seeks to undermine the role of the state in preserving the well-being of its citizenry. It then argues that this is the only way to create growth and hence prosperity. This behaviour is aided by the finance sector, which over the last three decades has fine-tuned a scheme to ensure the ubiquity of cheap credit to allow the public to live beyond their means, very often supported by compliant, often toothless, regulators.

Let us look at some examples of how this dishonesty is sadly lauded in management circles and in case study after case study.

Businesses have increasingly been affirming that they are “carbon neutral” or operate with “zero emissions”. It has become trendy for companies today to make a “green” contribution to the world on one hand (like Rupert Murdoch boldly claiming that News Corp is carbon neutral) while carrying out environmentally damaging activities.

Needless to say, Fox News (whose parent company is News Corp) has made significant contributions in the public discourse to stymie the United State’s government’s attempts to pass clean energy legislation. So let us clear the air: carbon neutrality is a fallacy. The only people in the world who might be carbon neutral are the indigenous populations of Papua New Guinea, the Bedouins in the Sahara, or pygmies in the Congo.

The automobile industry is another striking case in point. It is ironic to hear CEOs of car companies’ talk about greening and sustainability in a world where readily available oil reserves are rapidly depleting and resources are being squandered to promote the “privilege” of private car ownership. The denial is then compounded by

the media who feature zero emissions vehicles as if they are ordinary day toys.

The brutal truth is that if China and India were to reach the levels of car ownership taken for granted in the West, as the automobile industry hopes and pushes for, there would be up to 1.5 billion cars in just these two countries—which would require almost all of the daily oil output from the Organisation of Petroleum Exporting Countries, OPEC, to drive. Not to mention the catastrophic impact of cars' gas emissions on the environment and the implications of building the required infrastructure that neither of which car owners or companies pay for.

Let us look at something closer to home and be clear that there is no such thing as a sustainable production of palm oil. In reality, producing palm oil, which is found in a staggering array of household and food products, accelerates deforestation and contributes to climate change. Despite what has been claimed by businesses with vested interests in palm oil exploitation, it is not possible to double production whilst protecting rainforests.

In Indonesia alone, deforestation to provide palm oil to feed the thirst for fastfood has contributed to more than one quarter of all carbon dioxide emissions. The irony is that, in spite of such warnings, the country, which leads global production of this crucial crop, is expected to supply more than half the palm oil that the world will demand in the coming years.

Intellectual dishonesty runs even deeper when it comes to the food industry. It is almost embarrassing to hear occasional CSR statements from CEOs of food companies (fast-food in particular), advocating that they are proponents of healthy and nutritious lifestyles and sustainability. The reality is that these companies are aggressively promoting the consumption of junk food and clearly have little interest in sustainable agriculture (meat produced and so cheaply priced for a burger is inefficient in terms of converting grain to meat and water-intensity).

In addition, this industry is incapable of solving the hunger conundrum. Instead, it has contributed to changing traditional healthy diets by increasing meat consumption and facilitating obesity with underpriced packaged foods that contain high amounts of fat, sugars, and refined carbohydrates.



The fast food industry is aggressively promoting the consumption of junk food and clearly have little interest in sustainable agriculture.

What about labour rights? Contrary to rhetoric of MNC CEOs about creating jobs in their own economies, the truth of the matter is that they do not care where these jobs are created as long as they are in the most cost-effective locations. Although Nike has installed a code of conduct in its supplier's factories and allowed third-party factory inspections, its progress to date in dealing with labour rights is a drop in the ocean.

While the company sells millions of shoes and clothing items each year and makes hundreds of millions of dollars in profit (Nike's profit increased by 15 per cent in the first quarter fiscal 2012 to US\$645 million), it pays wages to foreign workers well below the minimum rate (US\$1.25 a day for employees in Indonesian factories). This sheds light on the underlying premise of outsourcing strategies which in most cases is to shift the true costs of goods and services.

This applies to some of the most iconic brands. What would be the true cost of Apple's iPad if its producers took into consideration the cost of labour of Chinese employees working in factories like machines, and the environmental implications in its much vaunted but heavily guarded supply chain?

This is not to argue that companies producing any of these goods are evil. They produce goods and services which serve a need—not necessarily all socially useful, but society will increasingly demand a more accurate and honest explanation of how they operate, how they succeed, how profits are generated, and therefore how their claims about being responsible measure up.

Thus, business leaders must shift away from vague notions of authenticity to intellectual honesty. Given the crisis of capitalism they must do so now to contribute to the pressing challenge of exploring the role of business in society. The ongoing financial meltdown, along with the steep decline of the public's trust of business in general and financial institutions in particular, has sent a strong signal to executives: You should articulate values that address issues from community commitment to environmental sustainability and resource constraints.

Despite Milton Friedman's *passé* phrase “the business of business is business”, the good news is that the world is now seeing a fundamental shift away from this conventional wisdom, espoused by western marketers and economists, to a worldview where sustainability issues really matter to business leaders.

Sadly, many of the management magnates and the business media do not seem to be asking the right questions. Institutions in Asia should know better than spread management hubris refined in the West.

Redefining the contract between business and society as then overseen by government is of critical importance in shaping the future of Asia in particular. Management in the region will need to decide “managing what for what outcome” rather than the narrow definitions around managing the self-interest of companies only. **SMR**

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In addition to his work with GIFT, Chandran continues to provide strategic management advice and coaching to business leaders. He is the author of *Consumptionomics: Asia's Role in Reshaping Capitalism and Saving the Planet*. It was one of the top 10 books of the year for 2011 by *The Globalist*. The book has been translated into German and Chinese.

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