

From the President



Rajive Kaul
President

It gives me great pleasure to present the next issue of Asian Association of Management Organisation’s (AAMO) quarterly newsletter – ‘Leading the Way’.

I have the honour to represent this international association as its new President as I take over the reins from the very capable hands of Dato’ Ng Tieh Chuan. I would like to thank Dato’ Ng Tieh Chuan for his exemplary leadership over the past three years; and the Malaysian Institute of Management who handled the AAMO Secretariat with diligence and prowess under the excellent guidance of Mr Sivanganam Rajaretnan.

The AAMO Secretariat which rotates with the Presidency will now be handled by All India Management Association for the next three years. I look forward to your

continued support as India dons the mantle of AAMO Presidency for the fourth time.

AAMO recently held its 2nd Council Meeting of 2019 and 8th Annual General Meeting on 23-25 October 2019 in Sydney, Australia organised in collaboration with Institute of Managers and Leaders – Australia & New Zealand. AAMO representatives, including those from Macau, India, Australia, Malaysia, Philippines, Nepal and others, gathered to discuss the current and future plans of the organisation.

AAMO representatives focused on working out a road map to take AAMO forward and enhance its scope. Member countries charted out avenues for closer collaboration between the NMOs to create more platforms for sharing best management practices. An MoU was also signed between the Management Association of Nepal and Institute of Managers and Leaders, Australia, to work together on imparting training programmes to Nepalese Industry.

This issue of ‘Leading the Way’ explores new and emerging trends in management and leadership from the Asia Pacific region. A contribution from Malaysia - ‘Malaysia’s Sharing Economy: Are we up to the challenge?’ highlights the future of Sharing Economy in Malaysia while exploring opportunities and challenges in the sharing economy ecosystem. ‘Management education’ 4.0 is a call for b-schools to keep pace with the paradigm shifts in the industry while ‘Rebooting Talent’ encourages HR to gear up their organisations for the adoption of AI; both contributions from India. ‘On the Future of Business’ covers insights from the deliberations held at the 17th MAP International CEO Conference held in the Philippines; while a piece titled ‘Principles’ from Macau - part of a series of articles from Ray Dalio’s book of the same name - covers effective management ideas and decision-making tips.

I do hope you enjoy this issue of ‘Leading the Way’ and look forward to your feedback and suggestions.

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Malaysia's Sharing Economy:

Are we up to the challenge?

Raja Segaran, Malaysia Digital Economy Corporation (MDEC)

Imagine sitting comfortably in your living area and making orders for your groceries on your mobile. Then a couple of hours later as you read your favourite book on your couch, your app alerts you to the impending arrival of your groceries to your doorstep. The hassle of traffic, hunting for a parking spot, jostling of trolleys and queues fade into the past as we travel further into the 4th Industrial Revolution!

Digital technologies married to human innovation are transforming the way we work and live. Many new conveniences are made possible through the Sharing Economy.

The Sharing Economy is expected to grow to meet the needs of increasingly discerning consumers in the Southeast Asia (SEA) region, with its 650 million population accounting for a combined Gross Domestic Product (GDP) of close to USD3 trillion.

How will Malaysia fare in this sector in the coming years? Where are we today? And more importantly, are we primed and ready to meet this challenge?

Collaboration Drives the Sharing Economy

The sharing economy is a phenomenon that has been sweeping the globe in recent years, and generating disruption across various sectors via technological innovation and new business models. The economic and socio-economic

impacts are now being felt by various sectors be it the government, industry, or the general public.

Collaborative consumption, or peer to peer sharing, defines and drives the sharing economy. Examples include Airbnb, which hosts the largest number of properties for home stay in the world without owning a single physical asset, is disrupting the hospitality sector. Closer to home, we have companies like Grab providing transportation services without owning any vehicles.

Entrusted with leading the nation's digital economy forward, the Malaysia Digital Economy Corporation (MDEC) has collaborated with a central planning agency and Bank Negara Malaysia in 2016 to develop the

National Sharing Economy Framework with the aim of providing clarity on the definition and scope as well as key strategies and building blocks with implementation roadmap from the Malaysian context. Stakeholders from public, private, domestic and international sectors were engaged in various discussions, forums and workshops throughout the framework and roadmap development stages to obtain suggestions, views and feedback.

The global impact by sharing economy will be in the range of USD3.1 trillion with a potential growth rate of 31% according to the study where Malaysia has the potential to see a contribution of up to USD14 billion to its GDP by 2025.



In general, the sharing economy promotes access over ownership and allows more effective resource utilisation, and strongly aligns with the Shared Prosperity vision presented in Budget 2020. The core mechanic sees under-utilised assets and services being monetised whilst community connections are built over time. These new business models brings enormous potentials in the creation of new ventures and innovative solutions, transforming traditional firms, enabling them to contribute to the economic and socio-economic growth.

As for Malaysia, the sharing economy involves four (4) major archetypes where it is defined as a socio-economic system powered by digital platforms that allow sharing of assets and resources between individuals, governments and/or businesses thus increasing assets and resource utilisation or promoting access over ownership of assets and resources. The four (4) archetypes with some key examples are:

- 1. Access to assets and services – eHailing and accommodation sharing
- 2. Intangible assets – time, skills and talents
- 3. Goods re-distribution – buy, sell and donation
- 4. Money – investment and peer-to-peer lending

Opportunities in the Sharing Economy Ecosystem

Back in 2013, there were less than a dozen of local players in the Malaysian sharing economy scene according to MDEC. Fast forward to 2019, the country has more than 80 local companies and counting. This significant growth is seen in the ecosystem within a space of 6 years with more than 15 categories of businesses including food delivery & homechef services, ride & transportation, logistics & delivery, tourism related services, repair, install & maintenance services, cleaning services, digital & professional work, education & training, content creation, sales & marketer, business process & creative works, content review, dropship & referral, and personal helper & caregiver.

digital & professional work and tourism related services amongst others from local and international brands.

With a high internet penetration of 87.4% (2018), where smartphone is the most common device at 93.1% (2018) to go online, it is not surprising to see the mushrooming of the online services offered by the sharing economy players with rising gig economy and start-ups.

April Rinne, who is a Young Global Leader and co-founder of the Sharing Economy Working Group at the World Economic Forum, said “As the sharing economy concept continues to grow, in terms of both business models and global scope, sharing economy industry players in Malaysia need to better understand what works and what doesn’t. We should learn from other countries, to avoid pitfalls and leverage emerging best practices. Governments and especially certain policy makers have a big role to play here. If governments expect to

The Sharing Economy in Malaysia: Opportunities in diverse service segments



Source: MDEC Team Analysis

Total: 112
Local Players: 87
As of 1st July 2019

develop appropriate policies and effectively regulate sharing economy platforms and activities, then they must have deep platform expertise within its agencies. I don't mean merely using apps; I mean understanding how platforms are built, how data is captured and shared (or not), and the blind spots of platform design. Without this internal expertise, governments will always be playing catch-up with business, and they will never fully achieve their

is expected by 2020, the freelance jobs will grow to 650,000.

GoGet, a sharing economy start-up aimed at part-timers to perform tasks for individuals and businesses, believes that future of work is about empowerment and being flexible where people connect with each other to get tasks done faster and with better quality. According to its Chief Executive Officer and co-founder, Francesca Chia, the

with more than 7,000 trucks, who started their business in Malaysia in 2016. They have made positive growth with expansion to countries like Thailand, India and Singapore.

According to Darzy Norhalim, Director of Sharing Economy Ecosystem Division at MDEC, when asked about the growth of the sharing economy, he said "The Sharing Economy in Europe is projected to experience exponential growth by the EU in the



mandate to serve the public good." She was in Cyberjaya in October 2019 as a keynote speaker at a dialogue session with the industry players organised by MDEC called 'Current and Future State of Freelance, Gig and Sharing Economy in Malaysia'.

The ecosystem needs to be robust to support the growth of sharing economy. Hence, the awareness of the impact and benefits of the sharing economy to the wider industry audience must be meaningful where businesses and individuals can have options to obtain services from platform players such as crowdsourcing and freelancers. With the increase in uptake and delivery of such services, the dynamics of demand and supply are felt with positive growth in the sharing economy. Newer jobs are created with innovate methods of delivery. It concept of sharing economy is better understood now than 5 years ago. She also commented that Malaysia has

the ability to adopt to new technologies, hence, it will be a good test-bed before GoGet expands to other ASEAN countries. With its more than 250,000 users in 2019, GoGet envisages itself to grow further and provide an open network for other partners and businesses to plug into GoGet's system and generate new jobs in the future.

There is room for many more players in Malaysia as some have already expanded their businesses in the region becoming little multinational companies while maintaining their main operations here. One such company is EzyHaul, a digital road freight platform for Business-to-Business (B2B) short-haul, long-haul and cross-border shipments next five years, and we expect the local Sharing Economy to also continue expanding annually with double digit growth in the next three to five years. At the minimum, we plan for the local market value to

double from what it is now in the next three years, driven by logistics and transportation, tourism, retail, and F&B services."

Rising Needs of the New Generation of Consumers

The rapid urbanization rate of 76% in Malaysia as compared to a global average of 56% has welcomed a new generation of consumers who want things to be better, faster and cheaper. Services such as transportation, food delivery and accommodation amongst others are high in demand. In addition to that, the new digital age means instant access to information and ever-evolving technologies have developed more knowledgeable and sophisticated consumers. With various services and products made available at the touch of the screen, consumer behaviour, needs, and demands are ever changing. The sharing economy has given

opportunities for platform-driven applications with innovative business models to bridge the gaps between demand and supply.

PantangPlus is a local tech platform founded in 2016 that brings mothers-to-be to enjoy the services of traditional confinement therapists throughout the country. With a few clicks, mothers-to-be can book the services based on the service menu with pricing. The transparency, ease of use, and speed provided by this platform have grown its customer base from 30 in 2016 to more than 500 in 2019. Its co-founder Zamzana Arifin said, “We are seeing young executives with a combined income of about RM8,000 per month seeking for our post-natal therapy services. This segment of customers know what they want and expect high professionalism in our services. They are not just into smartphones but also able to do proper research and analysis to get the right services. We have now grown our services beyond Malaysia and our clients are from the UK, Australia, Dubai and Singapore. By 2022, we target to grow our customer base to 3 times of what we are today. And to achieve that, we are enhancing our technology to ensure our operations are efficient”.

Travellers both domestic and international expect to have quick access to what local places can offer and assess if that’s what they want to do with family and friends. To meet such demand for authentic local experiences provided by local experts, Chin Yoon Khen founded a technology start-up called Lokalocal, that would see it grow its customer base and with over 800 experiences in Malaysia. This intent to grow is further incentivised by the growing middle income group in Asia Pacific which will see a population of up to 66% by 2030.

Known as Khen in the sharing economy circle, he said, “There are four key consumer trends that we have observed in our business. The travellers expect personalisation where they can have exclusive experience. Secondly, it’s the fear of missing out or FOMO, and, they prefer visual content so that they can share in their social media with their family and friends of their experiences. Last



but not least is word of mouth. Fellow travellers tend to listen to their friends when they make decisions as this gives them the trust and comfort”.

Driving Innovation with Growth Mindset

With the growing innovation in technologies, personalization becomes important for platform-based companies to create value from the massive amount of data to serve their markets. The convergence of Artificial Intelligence (AI), Internet of Things (IoT), cloud technologies, virtual reality and other emerging technology trends help the sharing economy tech companies to improve customer experience and integrate their business operations effectively.

The Transport Optimization Planner (TOP) developed by Ezyhaul helps its customers to conduct route planning optimization in an effective and productive manner. With an AI application that learns on its own, the system is able to recommend the best alternatives for routes coupled with a

cloud-based real-time Transportation Management System. For instance, a typical manual process for a 1000 order line in a city will take up to 5 people to plan and assess and up to 1.5 hours to determine the optimized route. With Ezyhaul’s homegrown AI application, the TOP is able to complete this task in 20-30 minutes with 1 person working on it. This has a tremendous impact on operation and decision-making efficiency.

Soon, start-up companies like Lokalocal foresee Blockchain, Software-As-A-Service (SaaS), and AI as the leading technologies to support its market growth. Lokalocal is already in collaboration with a blockchain partner for a loyalty programme to attract more travellers. In addition, Lokalocal plans to grow its businesses beyond experiences. The company has developed a business and technology roadmap with an aim for Lokalocal to be a leading online travel agency in the country which will include flight and hotel booking with merchant solutions

such as e-billing and e-invoicing. This would also help the ecosystem partners to digitalise their businesses and be aligned to the growth trajectory of Lokalocal.

The Role of The Government

The Government remains committed and is continuously implementing policies in line with the rapid development in sharing economy. The Dewan Rakyat, in April 2017, passed the Self Employment Social Security Bill which aims to provide Social Security Organisation (SOSCO) protection to every self-employed person including taxi and e-hailing service providers. The Dewan Negara legalised e-hailing services in the country in August 2017 by passing amendments to the Land Public Transport Act 2010 and the Commercial Vehicle Licensing Board Act 1987. It is imperative that the wellbeing, safety and security of the consumers and citizens are maintained at all times given the changes and the volatility in the ecosystem, economy and regulations.

Francesca views Government support has been crucial to the growth of start-ups. She said, “GoGet will not be where it is today if not for the support from the Government. We benefitted from MAGIC’s coding programme and Cradle’s seed funding that helped us to grow as well as MDEC’s eRezeki programme as part of market access efforts to train B40 communities to be our talent pool in their centres without any cost. We are also here to support the Government in solving national problems where people have the opportunity to earn income.”

Darzy further commented on the role of Government and MDEC, and said, “Based on the current players in the local market and adoption rate by Malaysians, the Sharing Economy in Malaysia has great growth potential, especially with the Government's will to look into existing policies and regulations with greater granularity. Clarity of policy is key to enable more business innovations and create a somewhat even playing field for both the new digital players and the industry incumbents. Beyond,

eHailing, ride sharing and accommodation sharing, many more services or asset sharing areas are still under developed involving C2C, B2C or B2B models.”

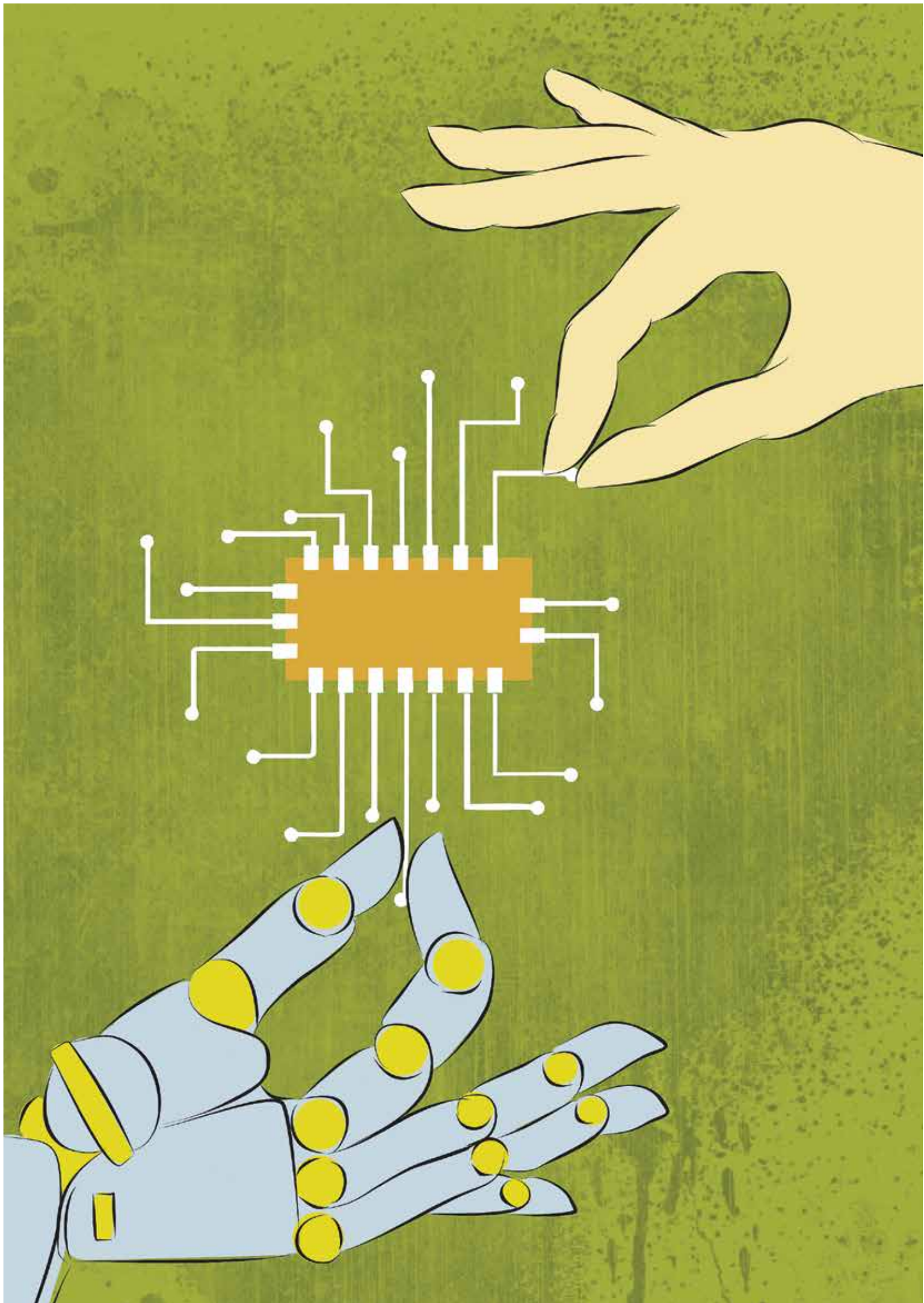
In conclusion, with the commitment, support and intervention from the Government and the innovation driven by the industry players coupled with rising demands of consumers, the Sharing Economy is poised to grow. And rest assured, we will see more sharing economy players creating value in the ecosystem and moving Malaysia closer to becoming a vibrant digital economy.

Malaysia is ready for the challenge!

Disclaimer:
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About the Author
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Rebooting Talent

The HR function is set to play a more critical role in the organisation's success, with the onset of sophisticated technology.

Pallavi Jha, Dale Carnegie of India

The success of any organisation depends on how well it combines people, processes and technology to provide transformational value at optimised cost. - E&Y Study.*

A survey done by Dale Carnegie showed that while many people are still ambivalent when it comes to understanding the role of artificial intelligence (AI) in their work, organisations are now swiftly accepting disruptions effected by it in the market.

Although HR tasks such as recruitment, onboarding, training, and overall employee experience are getting more efficient due to technology, there looms a bigger challenge for HR when it comes to adoption of AI. That is to prepare people and gear up the organisation for the age of AI. Listed below are the shifts one could see in the role of HR, as AI becomes more and more mainstream:

New Job Roles

AI is not only changing existing jobs, but also adding new jobs to the system. Recruitment for job roles like those of UI/UX designers and data scientists will be made from the existing talent pool in the market and they will need to be trained extensively. HR will also have to focus on training the existing workforce on AI skills as well as social/soft skills that will be highly valued in the wake of rapid automation.

Getting Leaders on Board

A crucial task for HR will be to involve leaders in the organisation's transition to AI. For only when employees trust their leaders to take the right decisions, will they be able to adopt change better. HR will have to facilitate open exchanges between leaders and employees to build trust and aid discussions that encourage transparent communication. According to the Dale Carnegie white paper 'Beyond Technology: Preparing People for Success in the Era of AI', only about a quarter of individual contributors (those with no direct reports) say they have a high level of trust in their leadership, as compared with just under half of managers. Perhaps, unsurprisingly, those at the director level or above feel differently, revealing a potential disconnect between leadership and the rest of the workforce, showing us that many times, senior leadership may be completely unaware that there is a trust issue at all. It is the HR's responsibility to bridge this gap of trust and help employees connect with their leaders in a meaningful way.

Creating Robust Learning Journeys for All

AI has brought the term 'agility' to the forefront. In order for organisations to be agile, people will have to learn at a faster pace than before and adopt new skill sets with increased efficiency. HR will play a huge role in facilitating this agility. Learning and development has taken the centre

stage in this process and will need to become proactive to make the workforce ready for change. As much as 72 per cent of the respondents to a Dale Carnegie survey 'Transforming Attitudes and Actions: How Senior Leaders Create Successful Workplace Cultures' said that knowing they have the skills to adopt AI will make them more positive about working with it.

Interestingly, after originally setting up its hiring algorithms to sort for computer science students with top grades from elite science universities, Google conducted a rigorous analysis of its hiring, firing, and promotion data and concluded that among the eight most important qualities of Google's top employees, STEM expertise came in last. The seven top characteristics of success at Google were all soft skills: being a good coach, communicating and listening well, possessing insights into others (including others' different values and points of view), having empathy towards and being supportive of one's colleagues, being a good critical thinker and problem solver, and being able to make connections across complex ideas.

Focus on Personalisation

HR's ultimate consumer, the employee, has come in the spotlight in the world of technology. Organisations have now turned their focus on treating employees like customers in order to attract and retain good talent. AI has helped relieve HR with the manual and tedious tasks like résumé screening,

communication, and behavioural data analysis. This incremental change has made it possible for HR to connect with employees on a deeper, more meaningful level as well as provide it with a chance to get technologically more creative with employee experience. From conversational AI like chatbots to detailed attention to personal preferences, technology will take employee experience to the next level. Organisations that do not jump on the boat risk losing the sheen as preferred employers.

On The Toes with Performance Tracking

AI will get HR on its toes when it comes to performance management. Continuous performance management has become a reality in an agility-obsessed, technology-driven world. The big focus will be on boosting productivity by analysing past employee data more effectively. AI has made it easier for HR to leverage people analytics for a variety of tasks that range from predicting hiring trends to improving workforce efficiency. Continuous performance management can be a sensitive topic rather than retrospective analysis. For employees initially, as it may send the message that the organisation does not trust its people. HR will have to come in to restore this path from feedback to feed-forward,



which focusses on proactive changes. Due to the tools now available at its disposal, HR can react to the needs of the organisation more efficiently and augment the abilities of the workforce at the pace that is needed in the disruptive business environment.

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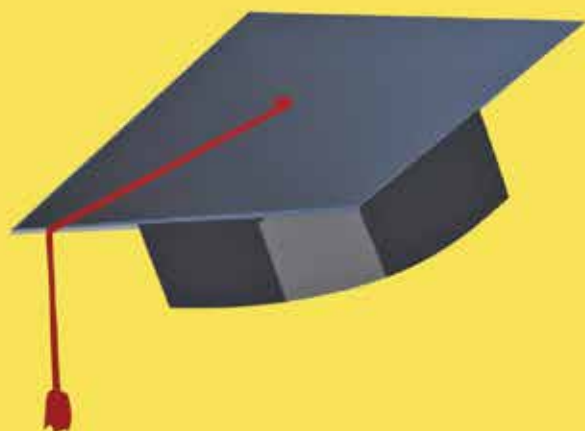
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Pallavi Jha is Chairperson and Managing Director, Dale Carnegie of India.



Management Education 4.0

As the march of technology continues unabated, it is important for b-schools to keep pace with the paradigm shifts in the industry.

Dr Upinder Dhar, Shri Vaishnav Vidyapeeth Viswavidyalaya, Indore

Nearly 200 years ago, the Industrial Revolution began in Great Britain and changed the course of humankind. With the advent of mechanisation, we saw a boom in production, manufacturing, and transportation. As industries flourished, the business grew. This created a demand for skilled professionals to run those businesses efficiently. The world’s first collegiate school of business (Wharton Business School, University of Pennsylvania) was started in 1881

(during Industry 2.0). Twenty-seven years later, in 1908, the first MBA programme was founded at Harvard Business School.

We are now witnessing the fourth industrial revolution, ie, Industry 4.0, where technology (artificial intelligence) is the primary driver. Hence, today’s business schools must adapt in order to match with these changes. Recent studies by the World Economic Forum (The Future of Jobs

and Skills) in 2018 and IFIM-NHRDN (Curricula 4.0 – Creating Future Managers) in 2019 indicate a gap between what is being taught and what the industry expects/demands.

Disruptive technologies, driven by Industry 4.0, have begun adding more fire to an already volatile, uncertain, complex and ambiguous world—impacting our lives, our relationships, and also the future of our jobs.

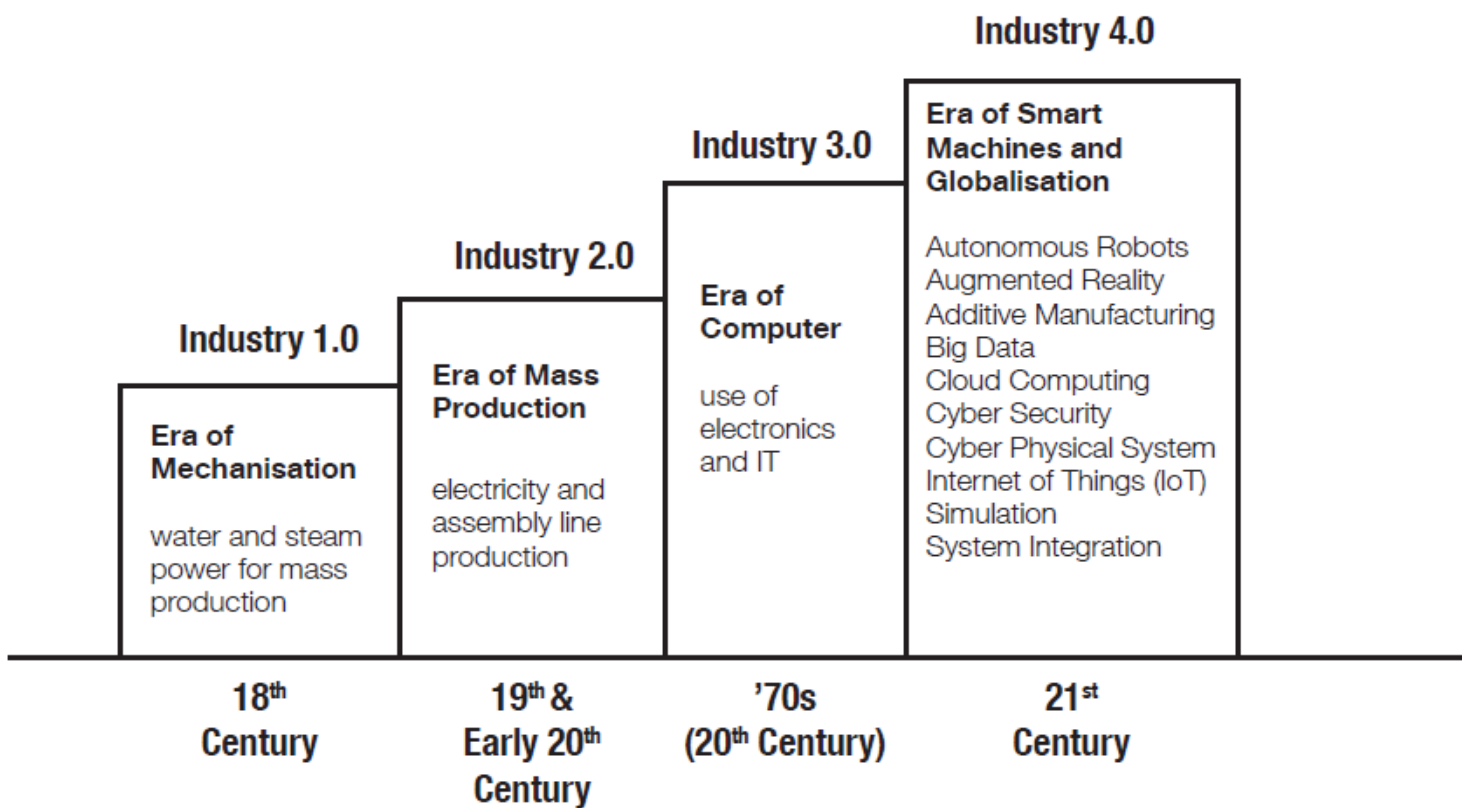


Diagram: Industry 1.0 to 4.0

Skills needed for Industry 4.0

A study conducted by IFIM Business School, Bengaluru, along with National HRD Network, involved 300 senior managers across 13 industries. Based on the required skills (complex problem solving, critical thinking, creativity, people management, coordination with others, emotional intelligence, judgment and decision-making, service orientation, negotiation and cognitive flexibility) mentioned in the Future of Jobs Report 2018 of World Economic Forum, the IFIM-NHRDN report¹ listed 10 Industry

4.0 needs:

- People and team orientation
- Self-management
- Analytical mindset and learning orientation
- Creativity and innovation
- Business and entrepreneurial

orientation

- Cross-cultural orientation and social sensitivity
- Dealing with uncertainty and change
- Integration of technology, communication, and data
- Globalisation
- Solution orientation and problem-solving

MBA Education Adapting to Industry 4.0

B-schools must focus on including courses that can help fill the industry-academia gap:

- Courses on cross-cultural communication enabling students to collaborate virtually and be productive.
- Courses on innovation, design thinking, and decision-making to shape a design mindset.
- Courses on self-development, wellness and fitness, and business communication (oral and written) to

improve social intelligence.

- Courses on digital business and strategy, business science, and business economics to help adaptive thinking.
- Courses on business tools and integrative functions in business strategy to promote computational thinking.
- Involve students in institutional projects, social immersion projects, industry internship programmes, and global immersion projects.
- Supplement classrooms with AI-enhanced assessments, VR-powered simulations, digital notes, and digital lectures.

Future professionals must be well-trained in emerging technologies and values associated with those technologies. B-schools need to continuously re-invent and evolve with Industry 4.0 to avoid 'shortage of skills' in the near future.



Is Education 4.0 the Future of Learning?

Since Education 4.0 denotes changes relevant to Industry 4.0 and since it is in response to the global call for action by World Economic Forum, the industry can expect a better-prepared workforce and students will have better employability as well as better preparation for the future, with a better return expectation on educational investment.

The basic purpose of education and training is to empower an individual to lead a successful life and contribute the best for himself/herself, family, society and nation, and humanity. Education must unleash the true potential of a student by recognising and actualising it.

Since the youth are the main asset of any nation, education becomes the most powerful tool for social transformation. The demographic structure of our country is changing—while the world grows older, the Indian population is becoming younger, and by 2025, about two-thirds of Indians will be in its workforce. A continuously growing older world offers a huge opportunity for talent and competence².

To make the best national gains from this transition, the youth have to be prepared by imparting higher quality education to make them most productive; hence, the system needs to be transformed. Technological breakthrough is rapidly shifting the frontiers between the work task performed by humans and those performed by machines. In 2018, an average of 71 per cent of the total task was performed by humans in industries across 12 selected sectors; but by 2022 it is expected to reduce to just 58 per cent.

Therefore, more jobs are likely to be taken over by machines. However, not all is gloomy, as a new set of jobs are expected to emerge where human skills and EQ will be most important and valued. As machine intelligence rises, education needs to produce better human competence to drive machine intelligence and artificial intelligence.

Industry 4.0 is defined by Connected Cyber-Physical Systems, powered by IoT and fueled by data, creating a fully interconnected society. In such a hyper-connected, disruptive world, education has no option but to adapt to these changes in industry that are brought by disruptive technologies.

Education 4.0 will require a gradual paradigm shift:

- Demand-led instead of supply-led education
- Competency-based instead of knowledge-based
- Incorporate disruptive technologies and skill sets
- Lifelong learning instead of front-loaded learning
- Modular degree instead of one-shot going
- Emphasis on EQ rather than IQ alone
- Focus on purposefulness and mindfulness, leading to overall happiness and well-being as conclusively established in global research of OECD learning framework 2030

Thus, with Education 4.0, the students, the industry, and the country will be able to reap the dividends better during the fourth Industrial Revolution

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About the Author

Dr Upinder Dhar is Vice Chancellor, Shri Vaishnav Vidyapeeth Viswavidyalaya, Indore.

Principles

Ray Dalio Part 3

Herbet Lee, Macau Institute of Management

Most of the articles I write for Macau Manager magazine are for English learning. This series is a little bit different. It's about management. If you only spend time learning English, you're missing the boat. One of the reasons for learning English is access to information – the latest information. Learning English is also your gateway to learning the latest management techniques and strategies.

It's very important to learn about effective management ideas from people like Ray Dalio who has over 40 years of practical experience. His company Bridgewater Associates, is the world's largest hedge fund with over 1,700 employees.

This is the third article in the series. I wanted to interject here and make a point of certain things you should be aware of if English is your second language.

Focus on the meeting – not the English

When English is your second language, there is a tendency to look at business meetings in English as an English class. The chairperson is the “teacher” and everyone at the meeting is a “student.” But that's very dangerous. So when ideas are discussed, you listen to the words and try to understand the vocabulary. What you should be listening for is the main idea. Understanding the idea is the important part in a business meeting.

You may be asked what is your opinion of the idea is? Most people will give the simple answer – “I like the idea” or “I don't like the idea.”

And it stops there. In this book, Principles, Ray Dalio reminds us that we need to go beyond that. Dissect the idea. Take it apart. Look at it in different ways. Say what you like and what you don't like. Discuss parts of the idea – this part could be changed to include or exclude something. Dalio uses the term “meritocracy” to describe this process. You are taking the idea apart. Whoever proposes the idea should not take it any comments personally as an attack.

Ray Dalio stresses the importance of dissecting the idea and then trying to put the idea back together in a usable form. Then make action plans of how to implement the idea.

Just giving an opinion of like or don't like does not help this process.

Likewise, when you are reading this article, try to apply the advice and ideas so you can be a more effective manager. The article is not just an English reading exercise. So read-reread-study and apply what you

learn – it will make you a much better manager.

In this article, Ray Dalio show how to get what you want out of life and how to make better decisions. These are two critical skills for any effective manager.

The 5-Step Process to Get What You Want Out of Life

The five-step process:

1. Have clear goals.
2. Identify and don't put up with any problems that get in the way of you reaching those goals.
3. Clearly analyse the problems to get at their root causes.
4. Make plans that will solve the problems.
5. Do what's necessary to follow through to get the results you want.



Each step needs to be done independently. Don't think about how you will reach your goals while you're setting your goals.

Here are the steps in greater detail:

1. Have Clear Goals

- Prioritize: you can have anything you want, but you can't have everything you want
- Don't confuse goals with desires. A goal is something you need to achieve. Likes and dislikes stand in the way of your goals.
- Never rule out a goal because you think it's not achievable.
- Don't mistake the results of success with the process of success.
- Knowing how to deal with temporary setbacks is as important as knowing how to move forward

2. Identify and Don't Tolerate Problems

- View challenging problems as opportunities that are screaming at you.
- Don't mistake the cause of the problem with the real problem. Dig deeper and get to the root of it.

3. Clearly Analyse the problems to get at their root causes

- Focus on "what is" before deciding "what to do about it." A well-defined problem is a problem half-solved.
- Distinguish errors and mistakes from root causes (I didn't check the train schedule -> I didn't check the train schedule because I'm forgetful)

4. Design a plan

- Think about your problem as a set of results produced by a machine.
- Remember that there are usually many paths to achieving your goals, but you only need to find one that works. to see and measure any progress made.
- It doesn't take a lot of time to design a good plan. It's necessary to design a plan, though, before you start executing.

5. Push through to completion

- Good work habits are underrated.

- Establish clear benchmarks to make sure you're following through with your plan.

There are a couple refinements...

6. Remember that weaknesses don't matter when you find solutions

- Look at the pattern of your mistakes and identify at which step in the 5-step process you usually fall short.
- Everyone has at least one big thing that stands in the way of their success. Find yours and learn to deal with it.

Be Radically Open Minded

1. Recognize your two barriers: your ego and your blind spots.

- To overcome these weaknesses:
- Teach your brain to work in a way that doesn't come naturally.
- Using compensating mechanisms (like written reminders).
- Relying on others who are strong in areas where they are weak.

2. Practice radical open-mindedness

- Decision making is a two-step process: First get all the relevant information, then decide.
- Don't worry about looking good, focus on the solution and results.
- You're looking for the best solution, not just what you can come up with.

3. Appreciate the art of thoughtful disagreement

- Open mindedness isn't easy because

of our primal brain, so you have to practice taking feedback without offence.

Learn How to Make Decisions Effectively

Think about how you can make all of your decisions. If you use a systematic, repeatable way, and can teach others the process clearly and precisely so they can make the same quality decisions under the same circumstances.

1. Recognize that the biggest threat to good decision making is harmful emotions, and the decision making is a two-step process (first learning, then deciding)

- Failing to consider second and third order consequences are the cause of a lot of painfully bad decisions, and it is especially deadly when the first inferior option confirms your own biases.

2. Get all the facts of the situation at hand – know what you are dealing with

- One of the most important decisions you can make is who you ask questions with.
- Don't believe everything you hear. Seek truth from facts.
- Everything looks bigger up close: what's happening today seems like a bigger deal than it will in the future.
- New ideas can be overvalued relative to great ideas.



3. Make your decisions as expected value calculations

- Think of each decision as a bet with a probability and a reward for being right and a probability and a penalty for being wrong.
- Sometimes it's smart to take a chance, even when the odds are stacked against you. If the cost of being wrong is negligible relative to the reward that comes with the slim chance of being right. "It never hurts to ask."
- The best choices are the ones that have more pros than cons, not those without any cons at all.

4. Prioritize by weighing the value of additional information against the cost of not deciding.

- All of your must-do's must be done before you do any of your "like-to-do's"
- You won't have time to deal with unimportant things. This is always better than not having time to deal with important things.

Use Principles

To do this well:

- Slow down your thinking so you can note the criteria you are using to make your decision.
- Write the criteria down as a principle. This will allow you to repeat solving similar situations in the future.
- Think about those criteria when you have an outcome to assess, and refine them before the next "one of those" comes along.

Convert your principles into algorithms and you can have the computer make decisions with you.

This is your own version of artificial intelligence.

WORK PRINCIPLES

"In order to be great, one can't compromise the uncompromisable."
"Make your passion and your work one and the same and do it with people you want to be with."

1: Trust in Radical Truth and Radical Transparency

1a: Realize that you have nothing to fear from knowing the truth.

1a.2: Never say anything about someone that you wouldn't say to them directly and don't try people without accusing them to their faces.

2: Cultivate Meaningful Work and Meaningful Relationships

3: Create a Culture in Which It Is Okay to Make Mistakes and Unacceptable Not to Learn From Them

a: Fail well. Everyone fails, so fail well.

b: Get over "blame" and "credit" and get on with "accurate" and "inaccurate."

c: Remember to reflect when you experience pain.

d: Know that nobody sees themselves objectively.

4: Get and Stay in Sync

1a: Be open minded and assertive at the same time.

1b: Watch out for people who think it's embarrassing not to know.

2a: If it's your meeting, manage the conversation

2b: Watch out for going "off topic"

3: Let people talk for two minutes before interrupting

5: Credibility - Weigh Your Decision Making

a: Find the most credible person possible who disagrees with you. Then try to understand their reasoning

b: Remember that believable opinions are most likely to come from people who have successfully accomplished the thing in question at least three times. They will have a better explanation of the cause-effect relationships that lead them to their conclusions.

5b.1: Pay more attention to people's reasoning for a conclusion rather than their specific conclusion.

c: Think about whether you're playing the role of a teacher, student, or peer, and whether you should be teaching, asking questions, or debating.

d: Understand how people arrive at their opinions.

5.d.1: If you ask someone a question, they'll give you an answer, think carefully who you should address your question to.

e: Pay more attention to whether the decision-making system is fair than whether you get your way.

6: Recognize How to Go Beyond Disagreement

a: Principles can't be ignored by mutual agreement.

b: Make sure important conflicts are resolved.

c: Once a decision is made, everyone should get behind it even though individuals may still disagree.

So there you have it. Ray Dalio's book, Principles. In this series of three articles, you have the essence of the book. Now start practicing what he tells you and you will become a much better manager.



About the Author

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On The Future of Business

Niceto S. Poblador, University of the Philippines

The title of this essay was the main theme of the recently concluded 17th MAP International CEO Conference 2019 which was held at the Makati Shangri-La. This piece is intended to interject our own impressions and perceptions on this vision statement which we hope will complement those of the many informative and insightful presentations made at the Conference.

To our minds, the concept that captures the principal thrust of the Conference, one that we believe is the common thread that brings the diverse presentations into coherence, is the notion that in today's complex, fast-changing and uncertain economic environment, ***business should pursue sustainability as its major strategic concern.***

This is easier said than done, however, because the term "sustainability" has many shades of meaning and is subject to many interpretations. From an ***environmental and ecological perspective***, sustainability means the continued co-existence of human society and the larger physical and biological systems in which it is embedded. When we speak of "sustainable development," we usually have in mind our ability to

pursue our human development goals – for example, those embodied in the UN's Sustainable Development Goals – in a manner that preserves our ability to continuously draw resources from the planet and the larger ecosystem.

From a narrow, institutional point of view, sustainability simply means the ability of a social entity or an organization to survive over an extended period of time. It is in this narrow context that we discuss sustainability as business strategy.

The presentations at the Conference have shown that in order to thrive in an increasingly hostile and volatile environment, an organization must develop its ability to draw resources

from the different segments of its environment on which it depends for its sustenance, notably its consumers, its workers, its business partners, and the community of which it is an integral part. Moreover, to survive in a world which is characterized by frenetic and unpredictable changes in technologies and markets, and dramatic transformations in the social, economic and political milieu, organizations should develop the capacity to adapt.

These, then, are the three essential elements of strategies for sustainability: a long-run perspective, a focus on stakeholders, and an emphasis on adaptation through innovation.





In his keynote address, **Henry K. H. Wang** stressed the relationship between business sustainability and sustainable development, suggesting that the fundamental logic behind strategies for sustainability is that **business cannot long survive in an unsustainable environment.**

By definition, a strategy of sustainability implies a long-term time horizon. Conference speaker Andrew HW Chan suggested that business should aim for the maximization of economic value rather than the maximization of short-term profits. In setting the tone for the Panel Discussion portion of the Conference,

MAP's Alma Jimenez suggested a shift in focus away from shareholder wealth towards the economic wellbeing of the firm's other stakeholders as a way of realizing long-run business objectives.

In the exchanges that followed, the various discussants narrated how organizational sustainability can be achieved by creating value for stakeholders. Illac Diaz, founder of Liter of Light Foundation, showed how an innovative technique for producing solar lights by recycling used plastic bottles and converting these into light bulbs using simple solar panels as source of energy can create value not only for customers but also for entire

communities. Jeannie Javelosa, prime mover of the Great Women project, implemented in collaboration with the Philippine Commission on Women, showed how this social enterprise has succeeded in giving access to the world of fashion to products of women in poor, inaccessible rural areas of the Philippines.

Both initiatives are in keeping with Deepa Prahalad's advocacy of "bottom-of-the-pyramid" strategies for achieving traditional business objectives by sharing value with those who contribute to the process of value creation, and who have a legitimate stake in the business enterprise - those, in particular, who are the least economically-endowed in society.

We have noted elsewhere that one of the greatest anomalies of our time is the ever-widening gap in income and wealth between the very rich and privileged few in most societies, and the masses at the bottom of the social pyramid that are mired in abject poverty. Most social analysts regard this continually widening gap as unsustainable. The rationale behind sustainable strategies, along with Deepa Prahalad's concern for the wellbeing of the bottom of the pyramid, suggests that it is in the long-run strategic interest of business

to address the issue of non-inclusive growth.

Practical Implications of Strategies for Sustainability

The shareholder-stakeholder issue that unraveled at the Conference suggests that there is no inherent conflict between long-run shareholder wealth maximization and creating

value for stakeholders, as both Andrew Chan and Ms. Alma Jimenez have advocated. What it does suggest is that value shared with stakeholder should be treated not as costs to be minimized, but as investments intended to enhance future productivity. In this way, the business enterprise will be able to produce higher economic value in the future and enhance the residual value that goes to shareholders.

(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 a retired University of the Philippines (UP) Professor, and until recently was Professorial Lecturer at the UP School of Economics. Feedback at <map@map.org.ph> and <nsoblador@gmail.com >. For previous articles, please visit <map.org.ph>)

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About AAMO:

AAMO is a partnership of National Management Organizations (NMO) whose purpose is to share and actively leverage resources to enhance the achievement of their respective missions. AAMO is an independent, nonpolitical and not-for-profit Association of NMOs, which promotes, facilitates and supports the development of professional management in the Asia Pacific Region.

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