

## *Viewpoint*

*By*

*Guest writer*

# **Inspiring Best Business Practices**

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The people of Turkey ought to be congratulated for their hard work in achieving a sustained record of economic stability with growth over the last decade or more. Unemployment rate, particularly given the continuous growth of workforce, and inflation, remain the significant challenges. Nevertheless, Turkey maintained its Gross Domestic Product (purchasing power parity) share of the world's total and improved its GDP's percentage on exports of goods and services. Turkey's exports to the UK have been growing steadily from about \$2billion in 2001 to about \$8billion in 2010 with the exception of 2009. Turkish industries in various sectors have been producing quality goods. In view of the growing popularity of the oriental drink Turkish "coffee" and that of coffee houses in England, one of the most innovative products of Turkey is the coffeemaker.

Ironically, a few centuries ago Turkish coffee was perceived as a challenge to the religious culture of England. Writers in Britain's 17<sup>th</sup> century denounced coffee as conducive to sin, a drink that "could not have originated in paradise, ...but in hell".<sup>1</sup> Now we all must wait with great expectation to see the British people discovering the influence of Turkish dessert *kazandibi* !

Inspiring best business practices requires illuminating some essential themes as such:

- **Global Business Trends**

Over the past several decades, much attention has been given to the financial indicators of business performance. These, however, did not give a clear indication of the sustainability of the business enterprise, especially with the fast changing commercial environment influenced by the globalization of

economic markets and the ever expanding consumer choices. The rise of the global middle class is recognized as a key megatrend sweeping the planet (Global Trends 2030, NIC). This trend is especially significant in Asia, Eastern Europe and Latin America. Asia's middle class is forecasted to triple to 1.7 billion by 2020. By 2030, Asia will be the home of 3 billion middle class people. It would be 6 times more than North America and five times than Europe.<sup>2</sup> The UN notes that the new global middle class is likely to demand better environmental protection and more transparency in how businesses operate; what is now internationally coined as ESG, *Environment, Social and Governance*, megatrend. Environmental criteria look at a company's energy use, waste, pollution, and natural resource conservation. They also evaluate which environmental risks might affect a company's income and how the company is managing those risks. Social criteria examine how a company manages relationships with its employees, suppliers, customers and the communities where it operates. Governance deals with a company's leadership, executive pay, audits and internal controls, and shareholder rights. The globally diverse middle class will drive expectations and standards in the future. It is for this reason that the Nobel Laureate Robert Lucas thought that once you start thinking about economic growth and the improvements in standards of living, it is hard to stop.<sup>3</sup>

People who drove a Volvo or Mercedes in the 1970s or 80s would have found that all its parts were made in Sweden or Germany, respectively. Unlike today many automotive parts are made in different countries before being assembled in others. China's trade surplus is mostly, if not entirely, in processing trade. Processed exports are final goods produced using parts and components coming from supply chain countries.<sup>4</sup> Today, products and services are flowing across national boundaries resulting to a more sophisticated range of consumer expectations. When I make a phone call to my bank in Britain enquiring about my credit card statement, I am being answered and served by a person in India. Sophos, a global developer and vendor of computer security software with its Headquarters on the outskirts of Oxford, UK, started moving its IT network operations to Asia. This disaggregation of the supply chain (services, distribution, production) has increasingly become a business imperative driven by certain economic realities. It has a far reaching impact on business practices. For example, introducing Chinese workers, who are accustomed to rigid hierarchical structures, to the practices of European management styles and organizational team work was the main workplace challenge for a HighTech Solutions company that had established a new operation in China. Business leaders are now required, more than ever before, to become more proficient in inter-cultural dynamics and be more familiar with inter-cultural communication skills.

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<sup>1</sup> Matar, N. (1998) *Islam in Britain 1558-1685* (Cambridge, Cambridge University Press), pp. 111.

<sup>2</sup> Global Trends 2030, NIC, 2012, p.9

<sup>3</sup> Linda Yeuh, BBC Chief Business Correspondent, Business News, 19 June 2013

<sup>4</sup> Willem Thorbecke, Investigating China's Disaggregated Processed Exports, *The World Economy*, Vol. 36, Issue 10, pp. 1245-1260, 2013

- **Diversity and Inclusion**

One can detect an emerging and growing business trend that recognizes diversity as an economic asset. Having a wide range of customer and talent base are competitive advantages for companies. Diversity and inclusion have become buzz words in corporate strategy. It was argued that a diverse workforce within a company is a magnet for top talents and that diversity in the workplace fosters creativity. In summary, diversity and inclusion in the workplace leads to innovation and success.

In this context, understanding, acknowledging, and valuing the differences among the workforce of an organisation means maximizing the potential of employees in achieving the company's business objectives. Cultural competence and understanding is a necessary skill for business leaders today. Corporate leaders must take steps to reduce tension and hostility due to ethnic or cultural differences; promote respect, trust, and transparency within the organisation; ensure equality of opportunity and work-life balance.

- **The Importance of Role Models**

Anyone with the responsibility for the performance of a business enterprise knows the value of effective role model leaders, who are important for aspiring managers as well as the workforce.

**“Humanity has not found a better way to inspire change than role-modelling”**

In the history of mankind there were many great leaders, but none has inspired succeeding generations for centuries more powerfully than the Prophet Muhammad صلى الله عليه وسلم. His relentless pursuit of values and

remarkable transformational leadership had left a valuable legacy even for business leaders today. He demonstrated the servant leadership competencies of active listening, empathy, respect, and team building throughout his life. During his encounter with 'Atikah al-Khuza'iyah (Um Ma'bad) half-way through his migration to Madinah he milked her goat with his own hands and served 'Atikah first, then his fellow travelers, before drinking last. He was a leader capable of inspiring others in finding the meaning and purpose in their work. He underlined the merits of gaining professional skills. His inquisitive and intelligent counsel encouraged his companions to be creative and empowered them to solve problems, learn new skills, and lead with confidence.

Another world leader who understood the power of role-modeling at a crucial period in the history of his country was former President Nelson Mandela.

27 April 1994 was the date set for South Africa's first national, non-racial election. The agreement was that voters would elect 400 representatives to a constituent assembly, which would both write a new constitution and serve as parliament. President Mandela said: *“We (ANC) polled 62.6 per cent of the national vote, slightly short of the two-thirds needed had we wished to push through a final constitution without support from other parties. Some in the ANC were disappointed that we did not cross the two-thirds threshold, but I was not one of them. In fact I was relieved; had we won two-thirds of the vote and been able to write a constitution unfettered by input from others; people would argue that we had created an ANC constitution, not a South African constitution. I wanted a true government of national unity”*.

Nelson Mandela was keen to demonstrate his vision of an inclusive society in the new South Africa; particularly for the minorities: Whites, Coloured's and Indians, who were feeling anxious about the future. He wanted them to feel secure.

- Workforce Engagement

Human capital engagement in the workplace is a critical factor in achieving the business outcomes. Corporate leaders focus on and measure outcomes such as revenue, expenses, profitability, customer satisfaction, market share, stock price, etc. All these measures depend in some way on the workforce engagement.

“You must capture the heart of a supremely able man before his brain can do its best”, said Andrew Carnegie. Gallup’s State of the workforce Report 2013 suggests that in Turkey as many as 33% of workforce could be actively disengaged.<sup>5</sup> The adverse economic impact is significant. The key is to understand that employee engagement can drive productivity. In 2009, a British study indicated that if the UK were to move its workforce engagement levels to the middle of the top quartile such as in the Netherlands this would be associated with a £25.8bn increase in its GDP.<sup>6</sup> The same study also found that as well as performance and productivity, employee engagement impacts positively on levels of absenteeism, on talent retention, on levels of innovation, on customer service, and on positive outcomes in public services. Employees want to work for an organisation that can offer them a promising future with a clear vision and a set of values: facilitating work/life balance, a safe environment, and an opportunity to improve their skills. The extent to which your employees are motivated to contribute to the organizational success and are willing to walk the extra mile to satisfy the organizational goals, will determine your growth potential and financial standing.

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<sup>5</sup>State of the Workplace Report, Gallup 2013

<sup>6</sup>Rayton, B., Dodge, T. and D'Analeze, G. “The Evidence: Employee Engagement Task Force “Nailing the evidence”, University of Bath, 2012, p.5.

- **Design Innovation and Team Work**

Decades ago researchers at the Henley Management College established a clear correlation between product design excellence, commercial reward and team effectiveness. Given the complexities of markets, products and businesses, a team approach is one of the most effective innovation strategies. Quality design does not automatically lead to commercial success. Sometimes this is due to distribution problems or lack of competition knowledge and consumer changing preferences.

The best team, however, is not necessarily the one that is populated by experts, if they fail to gel as a team. In the words of Dr Meredith Belbin: “Nobody’s perfect but a team can be”. An effective team is one that can produce the most diverse perspectives on the business product or service, which is often associated with the complementary strengths of team members.

In recent literature on business leadership it was suggested that “team leadership” constitutes a distinct topic area, which illuminates how leadership in an organisation fosters the integration of team processes and subordinate actions.<sup>7</sup> Teams obviously vary in their composition and type depending on a wide range of contextual and organisational factors. This area is of interest to academics; nevertheless, business managers and corporate leaders should be thinking deeply about their role in effecting team performance. A real team needs:

- a sense of business direction,
- an enabling organisational structure,
- an incentivizing reward system,
- an accessible communication and information system which enhances coordination of interdependent tasks and builds mutual trust,
- and an empowering training system for upgrading necessary skills.

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<sup>7</sup>Iszatt-White, M. and Saunders, C. (2014) *Leadership*, Oxford University Press, p. 138

In the simple but powerful words of James Kouzes and Barry Posner, team leaders in an organisation engage in five essential practices:<sup>8</sup>

1. Model the way by clarifying values and setting the example
2. Inspire a shared vision by imagining exciting business opportunities
3. Challenge the process by searching for innovative ways to improve
4. Empower the workforce to act by fostering collaboration and improving competence
5. Encourage the heart by incentivizing excellence and celebrating achievements

- **Investing the Values Dividend**

Companies have social functions in addition to their commercial role. This is not limited to the organisation's compliance with its Corporate Social Responsibility strategy. It reaches out beyond to a level where products and services are assessed on the basis of their impact on a wide range of stakeholders in society as well as their economic benefits.

Professor Rosabeth Moss Kanter of the Harvard Business School argued in her book "Supercorp" that:

"...when you bring society inside the organization, the possibilities increase for success at every point in the innovation process".<sup>9</sup> In her book the author argued that vanguard companies aspire to be:

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<sup>8</sup>Kouzes, J. M. and Posner, B. Z. (2012) *The Leadership Challenge*, 5th edition, Jossey-Bass, p. 29

<sup>9</sup>Kanter, R. M. (2009) *Supercorp*, Crown Business New York

- big but human,
- efficient but innovative, empower people to make changes
- global but concerned about local communities (glocal)

Being focused on performance as well as being value guided offers the company greater chances of sustainable growth. When your company's business strategy aims to provide branded products and services of superior quality and value that will improve the lives of consumers, now and for generations to come, then it is likely to be rewarded with profit and value creation. There are many inspiring examples of this business model. In 2008, Banco Real of Brazil was named Sustainable Bank of the Year and also took the overall Emerging Markets prize in the FT Sustainable Banking Awards. Banco Real began its successful journey to global prominence in 1998 by positioning values at the heart of its business strategy. Honesty, trust, and societal concerns were primary business drivers that influenced the bank's relationship with its internal and external stakeholders. The bank's innovative approach enabled it to create new credit products for gas stations aiming to upgrade equipment to comply with safety and environmental regulations. Financing solar powered water heaters was another successful scheme. It created cost efficiency by reducing waste through an internal campaign called the 3Rs: reduce, re-use, recycle.<sup>10</sup>

Admittedly, investors and shareholders may require a bit more convincing to accept this

business strategy. In his book "Authentic Leadership", Professor Bill George dedicated a whole chapter to explain his view that "Shareholders Come Third". He said, "*Companies that put their customers first and empower their employees to serve them will inevitably provide greater growth in shareholder value than those corporations that focus primarily on getting their stock price up and only give lip service to other constituencies.*"<sup>11</sup>

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<sup>10</sup> Kanter, R. M. and Recardo, R. P., Banco Real: Banking on Sustainability, HBS, 17 November 2008.

<sup>11</sup> George, B., Authentic Leadership, Jossey-Bass, 2003, p.153

In Oxford, a famous maxim says, ***“Dreamers and Visionaries Make Civilization”***.

The British Victorian poet, Robert Browning once said, *“Ah, but a man's reach should exceed his grasp, Or what's a heaven for?”*

"A man's reach" (meaning his dream or goal) should exceed his grasp (the material things that you can see, touch, and possess--minimal trouble and money).

The future belongs to the “Makers of Civilization”; those whose reach exceeds their grasp.

I conclude by recommending the following measures for improving productivity, reducing cost, and inspiring innovation:

- Lead your organisation with a clear vision and a set of values
- Create and retain an effective team with an empowering organisational structure, embracing diversity and inclusion as business strategies
- Be a role model business leader in your organization
- Improve workforce engagement through inspiring trust, facilitating work/life balance and facilitating on job training
- Start examining the impact of ESG megatrend on your business

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