EDITORIAL

All would benefit from greater transparency in TPP talks

DESPITE some happy talk about the pace of the Trans-Pacific Partnership (TPP) negotiations after the latest round in Sydney last week, it is obvious that a final agreement is a long way off. The biggest obstacle is, without doubt, the US congressional decision to withhold approval of "fast track" authority for President Barack Obama. Unless he has the power to conclude a deal that the US legislature can only vote for or against (but will not be able to pick apart), no other country will want to show its hand even though talks have been going since 2005.

But even if the newly elected Congress votes for fast track authority in the coming months, other obstacles remain. The passage of time has created its own problems. While most of the text is wrapped in extraordinary secrecy, the sections on intellectual property rights and investor state dispute settlement (ISDS) system have been leaked – and these provisions are being viewed with alarm. It is being asked pointedly why, for instance, there is a need to extend copyright to 100 years after the owners' death, from the previous 50 years. The leaked documents also show that there is a push to allow patents to be extended by the process of "evergreening" – making some minor change to the product to enable the patent-holder to enjoy monopoly rights for an extended period. Public health advocates in many participating countries demand that there be no change on the length of patents for medicines. They argue that lengthening monopoly rights of patent holders would mean poor people will not be able to turn to life-saving generic drugs.

Even more contentious is the ISDS mechanism. These provisions would enable a foreign investor to be able to sue a host country for changes to laws or policies that would affect the company's profits. In effect, it would mean that the foreign investor would have more rights in a signatory country than a local investor. An example of this is being played out with Australia being sued in Hong Kong by an American tobacco conglomerate over Canberra's plain packaging laws for cigarette packs. Indeed, Canada, which was planning to pursue a similar strategy to reduce smoking, has had to back down because of an ISDS clause in its North America Free Trade Agreement with the US and Mexico. Canada's situation is being cited as a case of sovereignty being diminished by a trade agreement.

As well, there is growing resistance to the way the arbitration panels would be set up under the ISDS system. It would be made up of investment lawyers and there would be no appeals against their decisions. Unless every participating country can feel comfortable that the arbitrators would be fair and neutral, there is not likely to be agreement on this point.

Of course, it is possible there are other clauses that will provide the balance and benefits for all in the agreement. The trouble is very few people know about it. Time has surely come to reveal, at least in outline, the entire scope of the TPP, so that everyone will be able to work out if they have more to gain than lose and proceed from there. Transparency will be good for everyone.

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Creating a cultural change plan helps you understand the changes necessary in the way people behave and interact with each other. The head and the heart, the intellect and emotions all need to be engaged to maximise the full potential of individuals. FILE PHOTO

ALIGN STRATEGY WITH CULTURE

Culture change requires measuring values and behaviours important to staff and stakeholders, and engaging employees in dialogue about new work-life arrangements. BY JOANNA BARCLAY

THERE is a well-known saying by Peter Drucker: "Culture eats strategy for breakfast." Applying this to culture change means that whatever new strategies a leadership team creates will not succeed unless they are aligned with the current culture. How can you expect different results unless you focus consciously on changing the way people behave and interact with each other?

Leadership is recognising how important empowered employees, collaboration and the power of collective action are to generating business results. The ability to achieve internal cohesion on decisions is valued and now becoming the goal for many organisations. This is a shift in thinking and behaviour from "me" to "we". The "we" is the ability to create shared goals with shared values.

Having a common approach to achieving work-life initiatives is the new way of working together. Imagine what this will mean to leaders who only know a command and control style of leadership. It will require the development of a new leadership style – one that is more facilitative with a focus on building consensus and engaging participation. This can be a huge change in what leaders value, the way they behave and how performance is measured.

The way of reaching your goals and realising your strategies is embedded in how people act and interact with one another. We all know Albert Einstein's theory of insanity – doing the same things over and over again and expecting different results. Well, here is mine for cultural insanity: expecting your employees to embrace new work-life work habits and higher levels of collaboration between teams, while maintaining the same management style, organisational values and behaviours.

Whenever workplace cultural change is involved, this type of transformational change needs to be managed consciously by the leadership team and treated as a strategic change that will impact the business, strategies and finances. A good place for the leadership team to start is to sit down with all the stakeholders and talk about the desired changes. I have a blueprint for cultural change, it is as simple as A-B-C.

A: Awareness through measurement

What you measure you can manage. Consult stakeholders and do an environmental scan to document the external and internal influences. A Cultural Values Assessment maps and measures the values and behaviours that are important to employees and your stakeholders, your current workplace culture and the desired culture needed to support work-life arrangements. This makes your culture tangible, links it to performance and gives you a baseline measurement for continuous improvement.

I love cultural transformation tools that generate open dialogue. Cultural transformation happens one conversation at a time and it can take several years to get it right. It does not happen in a single eight-hour workshop. That just gets you to the starting line. Remember how you have changed over the years. Transformational change happens gradually.

B: Belongingness through engagement

Being asked to participate in an organisational assessment by a leader shows people how much you care as a leader and that you want to make a difference. It is especially helpful if you have a track record of implementing changes after an employee survey. If you want employees to care and change, the leader should take the lead and model the new behaviours first. This will show how you really care, and also want to change personally.

Engaging staff in dialogue about what the new work-life arrangements will mean creates connections with people. These connections build trust and stronger relationships that are needed to see you through the challenges that might arise. We all have tough times and what gets us through them is the emotional support and understanding from those closest to us. Think of a challenging time you had on a project. How did the quality of relationships help you? Getting to know people on a first name basis and what is important to them can really make a difference.

C: Commitment through alignment

Awareness through measurement provides the information needed to make critical decisions. The sense of belonging through engagement creates an emotional connection that builds trust and internal cohesion. Without awareness and a sense of belonging, it will not be possible to commit.

Conducting an environmental scan and a cultural values assessment tells you what values are important to people. Values inspire, motivate and propel us. When you live your values, you feel empowered and alive. Imagine having a value of accountability, but working for a boss who does not trust you enough to work autonomously? Or if balance between home and work was important but you had to sacrifice your home life constantly to work overtime. Wouldn't you eventually lose energy and begin looking for work elsewhere?

Alignment between people's personal values and workplace values is critical to attracting, engaging and retaining the best people. When personal values and organisational values align, it builds a powerful sense of meaning, purpose and commitment to goals and strategies. These are key drivers for individuals in organisations today. They want to see their leaders show they care and make a difference.

Applied to cultural change, whatever new strategies a leadership team is embarking upon will run up against great challenges unless they are aligned with the current culture. This is why creating a cultural change plan is so powerful. It helps you understand the changes necessary in the way people behave and interact with each other. The head and the heart, the intellect and emotions all need to be engaged to maximise the full potential of individuals.

Organisational transformation begins with the personal transformation of the leader. New organisational behaviours and values start at the top. Leaders need to model the new mindsets, values and behaviours that support work-life arrangements. Organisations do not transform, people do. It involves doing the right thing for employees, clients, suppliers and your community. You need to earn respect and trust, and create value-added relationships that will sustain you through the challenges and be a constant source of stakeholder value.

▮ The writer is the author of 'Conscious Culture', corporate leadership consultant of Culture Leadership Group, and keynote speaker for this year's Work-life Week CEO Breakfast & Dialogue. An initiative by the Tripartite Committee on Work-Life Strategy in partnership with the Tripartite Alliance for Fair & Progressive Employment Practices, the Work-Life Week will be held from Nov 10 to 14

By Paul Krugman

THE BOTTOM LINE

A country is not a company

National economic policy, even in small countries, needs to take into account feedback that rarely matter in business life.

Tokyo

THE Bank of Japan (BOJ), this country's equivalent of the Federal Reserve, has lately been making a big effort to end deflation, which has afflicted Japan's economy for almost two decades. At first its efforts – which involve printing a lot of money and, even more important, trying to assure investors that it will keep printing money until inflation reaches 2 per cent – seemed to be going well. But more recently the economy has lost momentum, and last week the bank announced new, even more aggressive monetary measures.

I am, as you might guess, very much in favour of this move, although I worry that the policy might nonetheless fail thanks to fiscal mistakes. (More about that later.) While the bank did the right thing, however, it did so amid substantial internal dissent. In fact, the new stimulus was approved by only five of the bank board's nine members, with those closest to business voting against. Which brings me to the subject of this column: the economic wisdom, or lack thereof, of business leaders.

Some of the people I've spoken to here argue that the opposition of many Japanese business leaders to the BOJ's actions shows that it's on the wrong track. In saying this, they're echoing a common sentiment in many countries, including the US – the belief that if you want to fix an ailing economy, you should turn to people who have been successful in business, such as leaders of major corporations, entrepreneurs and wealthy investors. After all, doesn't their success with money mean that they know how the economy really works?

Actually, no. In fact, business leaders often give remarkably bad economic advice, especially in troubled times. And I think it's important to understand why.

About that bad advice: Think of the hugely wealthy money managers who warned Ben Bernanke that the Fed's efforts to boost the economy risked "currency debasement"; think of the many corporate chieftains who solemnly declared that budget deficits were the biggest threat facing America, and that fixing the debt would cause growth to soar. In Japan, business leaders played an important role in the fiscal mistakes that have undermined recent policy success, calling for a tax hike that caused growth to stall earlier this year, and a second tax hike next year that would be an even worse error.

And on the other side, the past few years have seen repeated vindication for policymakers who have never met a payroll, but do know a lot about economic theory and history. The Fed and the Bank of England have navigated their way through a once-in-three-generations economic crisis under the leadership of former college professors – Ben Bernanke, Janet Yellen and Mervyn King – who, among other things, had the courage to defy all those tycoons demanding that they stop printing money. The European Central Bank brought the euro back from the brink of collapse under the leadership of Mario Draghi, who spent the bulk of his career in academia and public service.

Obviously there are business leaders who have gotten the economic analysis right, and plenty of academics who have gotten it wrong. (Don't get me started.) But success in business does not seem to convey any special insight into economic policy. Why?

The answer is that a country is not a company. National economic policy, even in small countries, needs to take into account all kinds of feedback that rarely matter in business life. For example, even the biggest corporations sell only a small fraction of what they make to their own workers, whereas even very small countries mostly sell goods and services to themselves.

So think of what happens when successful business leaders look at a troubled economy and try to apply the lessons of business experience. They see the troubled economy as something like a troubled company, which needs to cut costs and become competitive. To create jobs, they think wages must come down and expenses must be reduced. And surely gimmicks such as deficit spending or printing more money can't solve what must be a fundamental problem.

In reality, however, cutting wages and spending in a depressed economy just aggravates the real problem, which is inadequate demand. Deficit spending and aggressive money-printing, on the other hand, can help a lot. But how can this kind of logic be sold to business leaders, especially when it comes from pointy-headed academic types? The fate of the world economy may hinge on the answer.

Here in Japan, the fight against deflation is all too likely to fail if conventional notions of prudence prevail. But can unconventionality triumph over the instincts of business leaders? Stay tuned. NYT

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