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COUNCIL on BUSINESS & SOCIETY

GLOBAL VOICE MAGAZINE

A STEP BEYOND BUSINESS AS USUAL

The Hidden Complexity of Sustainability Labels

How to Unlock the Power of Neurodiverse Talent

Authentic Purpose in Banking

Is AI Creating Incompetent Experts?

Real Estate's ESG Reckoning

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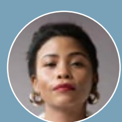
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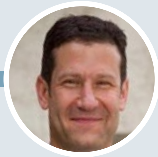

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/EDITORIAL

A STEP BEYOND BUSINESS AS USUAL

Beauty. What a surprising word to begin a CoBS Magazine Editorial with! Beauty, a word that sounds so strange to our sanitised world, that is so absent in our business logic, that never appears in our spreadsheets, deadlines, and quarterly results. Yet, if we listen to Dostoevsky, it is beauty that will save the world. Because beauty makes us human, brings out the best of us, and invites us to look beyond business as usual.

Let's bring back to our memory an image of any of the great cathedrals of Europe. When visitors climb to the rooftops, they discover the minute details, creatures, and cornices that anonymous artisans of centuries past carved. Importantly, no passer-by could ever see those marvels from below. Why devote hours of labour to something invisible? For the sake of beauty. Because creating something noble, delicate, and perhaps unnecessary was a *beau geste* – a beautiful gesture – that would remain for the centuries. An anonymous gift to innumerable people over time.

Coming to a more prosaic field, indeed the football field, a comparable spirit of beauty for its own sake exists. In Brazil, they call it *jogo bonito* – the beautiful game. While victory is sought (after all, it is a competition), there is still a search for grace, fair play, and artistry. It matters to win the game, but the beauty of the play also matters, how the ball is passed, how players interact – this is what remains in our memory. Pier Paolo Pasolini used to compare such kind of play to poetry.

How far we are from this view nowadays. Our innate tendency is to reduce everything to efficiency, to performance indicators, and to financial projections. Necessary as these tools may be, they are not sufficient to capture the intrinsic value of human work. Functionality without beauty may build a useful bridge, on schedule, and within its budget. That's fine. But only by adding beauty to that bridge, would it inspire and enrich our lives.

Such a *beau geste* can be a hidden act of integrity when no one is watching, a commitment to fairness in negotiations, or a refusal to cut corners, even in those circumstances when no auditor will ever know. It can also mean a real commitment to products that delight rather than simply perform, and policies that uplift rather than merely regulate. Indeed, beauty is not superficial decoration; it is the inner elegance of doing things well, a business model of doing business honourably, and going further than the bare minimum.

In an imperfect echo of that noble spirit, this magazine attempts to bring some reflections and insights, under the common denominator of going beyond business as usual. More than ever, we need today to recall this lesson from medieval cathedrals and *jogo bonito:* the perennial value of gestures that exceed necessity.

Let us dare to search beauty.

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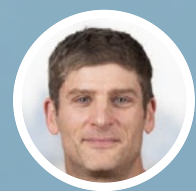
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SUSTAINABILITY

THE HIDDEN COMPLEXITY OF SUSTAINABILITY LABELS: ARE INVESTORS GETTING MIXED SIGNALS?

> **Misalignment doesn't just create confusion – it undermines trust in the entire system of sustainability labeling.**

If sustainability labels are supposed to guide us toward a greener future, how can we ensure they're not leading us astray? Professor **Sofia Ramos** of **ESSEC Business School** and her fellow researchers dive deep into the world of sustainable investing, uncovering the hidden complexities of signalling of third-party certifications, ESG ratings, and self-declared claims.

Related research: The Hidden Complexity of Sustainability Labels: Are Investors Getting Mixed Signals? Related Research: Ramos, S., & Wüstenhagen, R. (2024). Sustainability labels in mutual funds: Do third-party and self-declared signals align? Business & Society. Advance online publication. https://doi.org/10.1177/00076503231204613.

THE CHALLENGE OF SELECTING SUSTAINABLE INVESTMENTS

Imagine walking into a store to buy a sustainable product, only to be overwhelmed by the sheer number of choices. Some products boldly claim to be sustainable, while others don't mention it at all. Even worse, you can't be sure if the ones labeled "sustainable" truly are. This confusion isn't far from what investors face when trying to choose sustainable funds. With so many options and labels, how do you know which ones to trust?

In the world of sustainable investing, funds use a variety of signals to showcase their sustainability credentials. Some carry third-party verified labels, others self-declare their sustainability, some classify themselves under Article 9 of the SFDR (Sustainable Finance Disclosure Regulation), and still others are rated by agencies like Morningstar and MSCI. But instead of simplifying the decision, this abundance of labels and identifiers often creates more confusion. Which cues are reliable? Which ones truly reflect a fund's sustainability?

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The problem doesn't stop there. Even when these signals exist, they don't always align. For instance, a fund might have a Government or Non-Profit Organization (GNPO) label, indicating it meets high sustainability standards, but its ESG ratings might tell a different story. This misalignment doesn't just create confusion – it undermines trust in the entire system of sustainability labeling.

WHY THIS MATTERS

Sustainable investing is booming. In 2023, Europe leads the world in sustainable fund assets, with investors pouring billions into funds that promise to do good while doing well. But with so many labels and certifications, it's easy for investors to get confused – or worse, misled.

If labels don't align with actual sustainability performance, investors risk supporting funds that don't live up to their promises. This undermines trust in sustainable finance and could slow the flow of capital to genuinely green initiatives. To address these challenges, Professor Sofia Ramos of ESSEC Business School and her team set out to study the alignment of sustainability signals in European mutual funds. Their research aims to provide clarity on which signals investors can trust and how these labels shape the sustainable investment landscape.

THE ROLE OF SIGNALING THEORY IN SUSTAINABLE INVESTING

The study is grounded in signaling theory, a concept that explains how cues and indicators are used to convey the credibility of a particular attribute. In the context of sustainable investing, signaling helps bridge the information asymmetry between fund providers and investors. While investors often lack the expertise or resources to assess a fund's true sustainability credentials, labels act as signals that communicate these attributes, simplifying the decision-making process. For example, a third-party certification or a high ESG rating can signal that a fund meets certain sustainability standards, helping investors identify funds that align with their values.

However, for these signals to be effective, they need to be aligned. Alignment refers to the consistency between different types of sustainability signals – such as third-party labels, self-declared classifications, and ESG ratings. When these signals align, they reinforce each other, building trust and clarity for investors. But when they don't, it creates confusion and undermines the credibility of the entire labeling system. This is why understanding the alignment – or lack thereof – between different sustainability signals is crucial for both investors and regulators.

To investigate these questions, Professor Ramos and her team employed a comprehensive methodology. They compiled a dataset of sustainable equity and fixed-income funds sold in the EU, focusing on funds with third-party labels (such as GNPO certifications) and self-declared signals (like SFDR Article 9 classifications or ESG-related fund names). The researchers then analyzed the alignment between these signals and ESG ratings from commercial providers like Morningstar and MSCI.

The research uncovers a range of fascinating insights into how sustainability labels align with ESG ratings and other signals, offering valuable clarity for investors navigating the complex world of sustainable finance.

GNPO LABELS AND ESG RATINGS: A MIXED MESSAGE

When it comes to the alignment between GNPO labels and ESG ratings, the results paint a nuanced picture. On one hand, equity funds with GNPO labels show a strong alignment with higher ESG ratings from providers like Morningstar and MSCI, reinforcing the idea that these labels serve as effective signals of sustainability. On the other hand, fixed-income funds demonstrate less consistency in this regard. This discrepancy likely stems from differences in how ESG risks are assessed for equities versus bonds.

While ESG methodologies for equities are well-established, those for fixed-income funds are still evolving. As a result, fewer fixed-income funds have ESG ratings, leading to weaker overall alignment.

The study also explores whether funds with multiple GNPO labels are more likely to exhibit other sustainability signals. The findings support this hypothesis, revealing that funds with multiple GNPO labels tend to have higher private-sector ESG ratings, Article 9 classifications, and ESG-related names. This pattern holds true for both equity and fixed-income funds, further emphasizing the value of multiple certifications as a robust indicator of sustainability.

SELF-DECLARED SIGNALS: ENHANCING TRANSPARENCY AND CREDIBILITY

The research also investigates how GNPO-labeled funds align with self-declared sustainability signals, such as SFDR Article 9 classifications and ESG-related fund names. The results show that GNPO-labeled funds are more likely to be classified as Article 9 and include ESG terminology in their names. Interestingly, fund names with ESG-related terms emerge as a meaningful cue for sustainability, particularly for funds with GNPO labels, government certifications, multiple labels, or top ESG ratings. This alignment not only strengthens their credibility but also suggests that these funds are committed to sustainability and transparent in communicating their efforts to investors.

THE CRITICAL ROLE OF THIRD-PARTY LABELS

One of the most significant takeaways from the research is the critical role of third-party labels, such as those issued by governments or nonprofits, in not only reflecting but also boosting sustainability credibility. Funds with these labels, particularly GNPO-labeled equity funds, are more likely to achieve higher ESG ratings and improved Morningstar ratings over time. This demonstrates that these certifications act as genuine signals of quality and sustainability, rather than mere marketing tools. Importantly, government-certified and multiple GNPO-labeled equity funds are more likely to receive top-tier ESG assessments, further highlighting the value of these labels. By distinguishing truly sustainable funds from those that may only appear to be, these costly, third-party certifications help build investor trust and provide clearer guidance in the often-confusing landscape of sustainable investing.

TRANSPARENCY BUILDS TRUST

The research underscores the importance of GNPO labels as credible signals of sustainability, particularly for equity funds. However, it also reveals hidden complexities in how sustainability labels align – or fail to align – with other signals like ESG ratings and self-declared classifications. These findings provide deeper insights for both investors and regulators, highlighting the challenges of navigating a market flooded with competing sustainability claims.

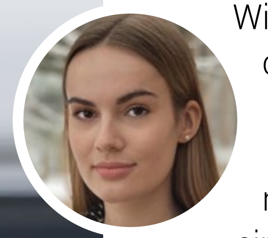
The study brings us full circle to the opening scenario: just as a shopper faces confusion when choosing a sustainable product, investors grapple with a maze of labels and signals when selecting sustainable funds. The findings remind us that while labels can be helpful, they are not infallible. By understanding their nuances and limitations, we can make more informed decisions—whether at the store or in the financial market. ///

KEY TAKEAWAYS

- **Overload and Confusion in Sustainable Investing:** Investors face overwhelming choices and unclear labeling, similar to consumers trying to select "sustainable" products. The variety of labels, classifications, and ratings often creates more confusion than clarity.
- **Inconsistent Sustainability Signals Undermine Trust:** Labels such as ESG ratings, Article 9 classifications, and GNPO certifications often don't align. This misalignment erodes investor trust and complicates the decision-making process.
- **Sustainable Investment is Growing, but Vulnerable:** Europe is leading the sustainable investment surge, yet the lack of transparency and label consistency threatens investor confidence and the flow of capital to genuinely green initiatives.
- **Signaling Theory Explains the Role of Labels:** Labels and ratings act as "signals" to reduce information asymmetry between fund managers and investors. When these signals align, they build trust. Misalignment, however, creates doubt.
- **Equity Funds Show Stronger Label-Rating Alignment:** GNPO-labeled equity funds tend to have higher ESG ratings, suggesting better label credibility. Fixed-income funds, however, show weaker alignment, likely due to evolving ESG assessment methods.
- **Multiple Labels Reinforce Credibility:** Funds with multiple GNPO certifications are more likely to have high ESG ratings, Article 9 classifications, and ESG-focused names—signifying a stronger commitment to sustainability.
- **Fund Names Matter as Sustainability Cues:** ESG-related terms in fund names can signal real sustainability efforts—especially when paired with GNPO labels or high ESG scores—making naming a relevant indicator for investors.
- **Third-Party Labels Are Vital for Building Trust:** Government or nonprofit certifications play a critical role in identifying genuinely sustainable funds. They go beyond marketing, offering more reliable signals for investors and regulators alike.

SPEED MEETS CIRCULARITY: HOW CAN HIGH-PERFORMANCE AUTOMAKERS CLOSE THE LOOP?

Will high-performance automakers lead the charge toward sustainability – or risk lagging in the race for a circular future?



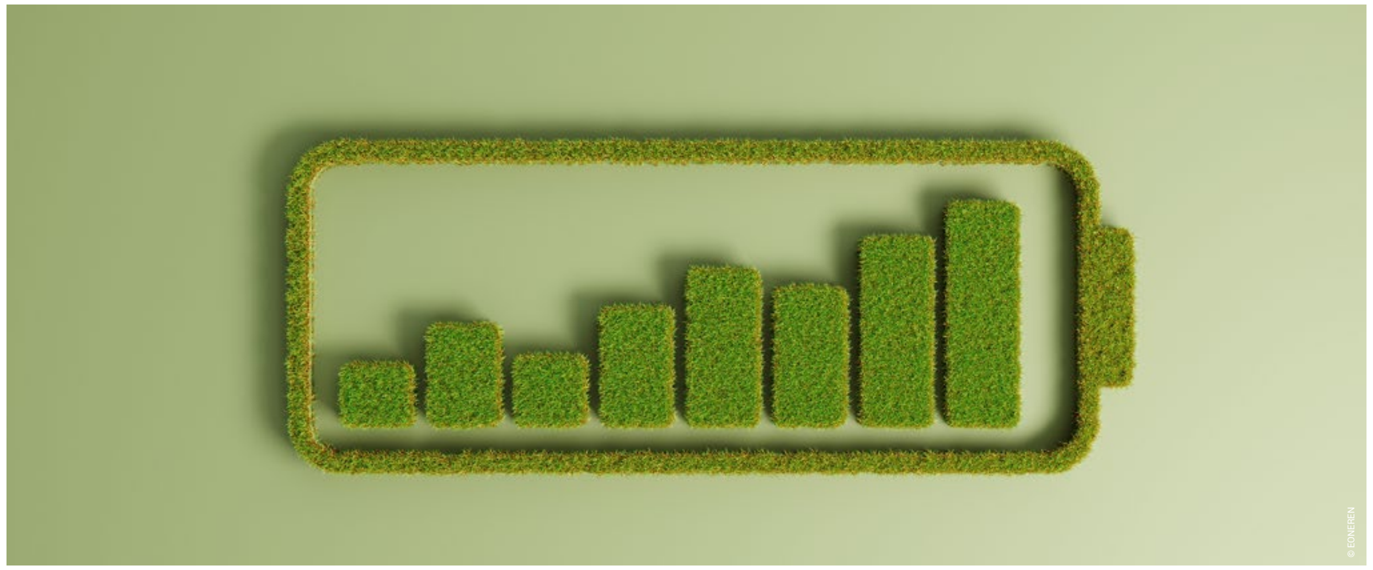
With the phasing out of the internal combustion engine in Europe by 2035, carmakers – including those building high-speed supercars – are racing to go electric and integrate circular economy in their production and lifecycle processes. This will be complex. An analysis by **Warwick Business School** Alumna **Veronica Volodina** proposes a 5-step roadmap to make the journey to the transition that much smoother.

Think of your favourite supercar (if you have not chosen one yet, pick any)! What is the first thing that comes to mind? For most, it is probably a beautiful, extremely fast, and just slightly overpriced masterpiece. It is also highly likely that circularity, and sustainability in general, will not be at the top of your list.

However, this perception may change in the foreseeable future since the sales of cars with Internal Combustion Engines (ICEs) will be banned in Europe by 2035 (Deutsche Welle, 2023).

WHY DOES CIRCULARITY MATTER IN THE AUTOMOTIVE INDUSTRY?

Statistics indicate that private cars and vans account for about half of global CO_2 transport emissions (Statista, 2023). In response, the International Energy Agency (2023) highlights that rapid fleet electrification – switching from ICE vehicles to Battery Electric Vehicles (BEVs) – is key to reaching net-zero emissions. Consequently, managing batteries, especially their reuse and recycling, is crucial. Nowadays, lithium-ion batteries (LIBs) prevail in BEVs, but carmakers are investing in alternative technologies like sodium-ion and solid-state batteries, which could "... disrupt the market with improvements in cost, energy density, and safety" (IMD, 2024).



However, "unless we move away from the linear take-make-dispose kind of business model to that circular model of… reuse, use less, use longer, use again (Figure 1), we're not going to get to net zero without that" (Shawley, Chorley, 2023). To provide further context, "CE tackles climate change and other global challenges, like… waste, and pollution, by decoupling economic activity from the consumption of finite resources" (Ellen MacArthur Foundation, n.d.). Besides its obvious ecological benefits, CE " … holds the potential to improve profitability by 1.5 times along the value chain and tap revenues per vehicle 15–20 times its sales price" (WEF, Accenture, 2022).

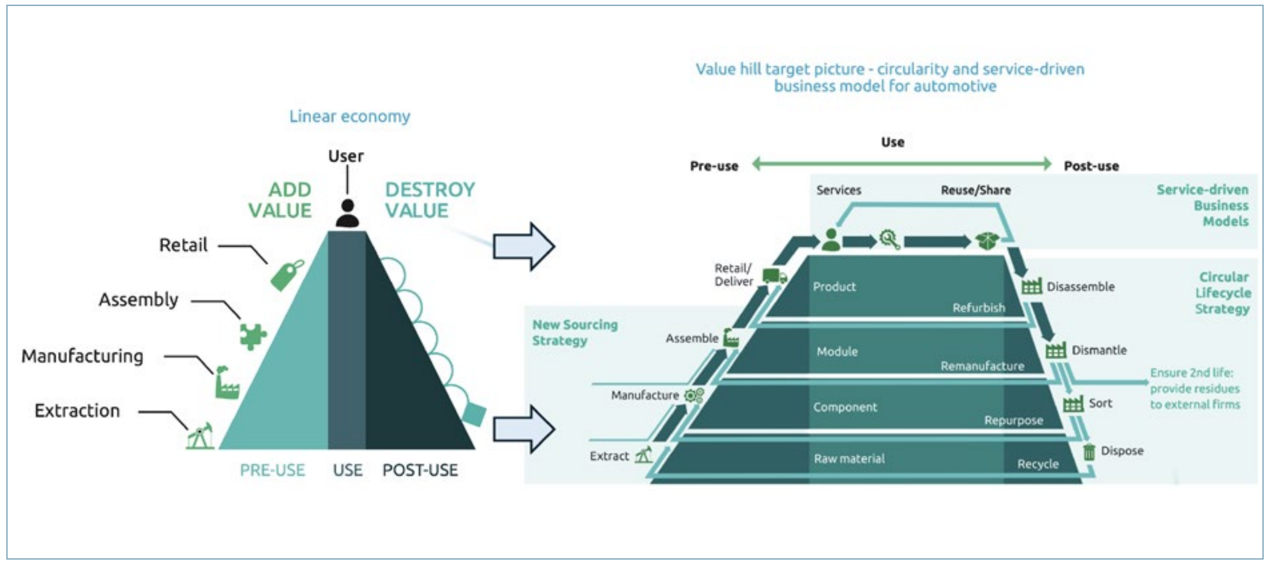


Figure 1: Linear (left) & circular (right) business models (Yeabsley, Harkin & Ren, 2023)

Switching to the circular business model chain will allow to "…reduce carbon emissions by up to 75% and resource consumption by up to 80% per passenger kilometre by 2030" (WEF, Accenture, 2020). Several high-performance automakers have already started working in this direction by presenting their hybrid and/or fully electric vehicles. However, this is a much more complex process. launching a BEV is just the beginning; the real challenge lies in ensuring its efficient maintenance, with a strong focus on end-of-life vehicle (ELV) management. While high-performance premium cars are often seen as collectables, this perception may shift with the rise of BEVs, and some reasonable pre-emptive measures should be taken.

The broader research the author conducted included the analysis of over seventy different sources, including more than twenty legislative documents, which once again confirm the hypothesis of the necessity of climate-neutral CE while decoupling economic growth from resource overconsumption (European Commission, 2019).

While the concept of CE seems straightforward, formulating and implementing specific strategies can be complex. That is why the author decided to develop a five-step plan supported by the best practice examples for high-performance carmakers to consider while working on a strategy for a circular transition.

THE "IDEAL" ROADMAP FOR CIRCULAR SUPERCARS

The final roadmap consists of five steps. It merges the existing strategies broadly outlining how to achieve the Circular Economy Action Plan (CEAP) goals with the author's findings based on broader research into one comprehensive guide. Below, you will find its visualisation (Figure 2), followed by a detailed description of each step.

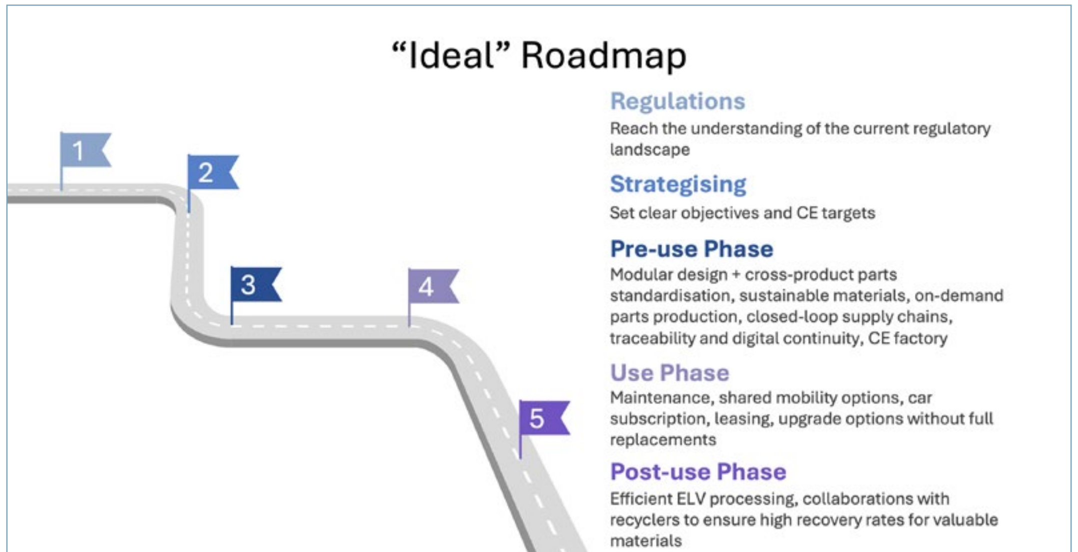


Figure 2: The ideal roadmap (Veronica Volodina)

Steps 1 & 2: Regulations & Strategising
It is essential to consider the existing CE regulations first. Once familiar with the regulatory landscape, setting clear and ambitious CE targets is crucial. Dahlmann, Branicki & Brammer (2019) state that rather ambitious and long-term targets, measured in absolutes lead to greater emission reductions. Blended with detailed KPIs, such targets will act as guiding principles for all the company's employees.

Step 3: Pre-use Phase
Step three focuses on the pre-use phase. In other words, car manufacturers should start their circular journey early in the design stages. Yeabsley, Harkin, Ren (2023) emphasise the importance of carmakers being modular in design and cross-product parts standardisation (e.g. McLaren's carbon fibre monocoque used for all its vehicles). Such measures aim to enhance circularity and lower production and maintenance costs.

Next, it is important to utilise sustainable, recycled, and/or bio-based materials. Apart from recycled carbon and aluminium, widely utilised for production in the researched companies (McLaren, Aston Martin, Ferrari), such renowned carmakers as BMW and Mercedes-Benz collaborate with a manufacturer of innovative cactus-based leather alternative Deserttex®. This renewable biomaterial requires low-impact raw materials and has a potential for biodegradability.

The next focus areas within step three are closed-loop supply chains, traceability, and digital continuity. Automakers should prioritise car longevity and ensure that they are at least partially reused and/or recycled over time (Tschödrich et al., 2023). These initiatives will bring companies closer to achieving CE goals and simultaneously decrease scope 3 emissions.

One possible way to unleash this idea is a CE factory. For instance, Renault claims to be the first carmaker in Europe to launch a factory aiming to produce mobility solutions with a negative CO2 balance by 2030 (Ellen MacArthur Foundation, 2021). Factory's four main activity areas are 'Re-trofit' (vehicle reconditioning), 'Re-energy' (optimising and repurposing batteries), 'Re-cycle' (dismantling of ELVs and their parts' reuse and recycling), 'Re-start' (supporting research in the field of CE).

Step 4: Use Phase
Step four mainly focuses on vehicle servicing and sharing. While sharing models may be less appealing for high-end customers, the growing popularity of mobility-as-a-service (MaaS) suggests potential applications even within the premium automotive segment.

The most prominent MaaS options – leasing and subscription (e.g., Porsche Drive) – aim to benefit both parties economically while enhancing circularity. These models ensure timely servicing and vehicle returns for repurposing or recycling, and minimise the number of cars produced (reduce), and ensure the reuse of cars/components by the manufacturers (reuse, recycle), moving away from the linear business model.

Also, to extend vehicle life, car producers should incentivise longer use by offering favourable warranty, maintenance, and resale programmes (e.g., Ferrari's Classiche certification, Aston Martin's Timeless programme) to keep vehicles in optimal condition. They can also provide software or battery upgrades to keep cars up-to-date without full replacements. These practices support the "reduce" circularity pillar by increasing vehicle longevity. Premium car brands already position their vehicles as collectables and emphasise preserving their cars in prime condition for as long as possible.

Step 5: Post-use Phase

The fifth and most critical step is dedicated to the post-use phase, particularly efficient ELV management. The EU's ELV Directive Proposal aims to enhance circularity and environmental performance of ELVs by increasing recycling targets, improving the recovery of critical raw materials, strengthening producer responsibility, and promoting second- and third-life applications for vehicle components, primarily through collaboration with recyclers to maximise material recovery.

Partnerships in this field include closed-loop battery repurposing, such as JLR's collaboration with Wykes Engineering, which uses i-Pace Jaguar (BEV) batteries to create energy storage systems (ESSs) for solar and wind power (Shawley, Chorley, 2023). Previously, JLR also worked with Allye to repurpose PHEV batteries into energy blocks for zero-emissions charging during Range Rover Electric testing (Carrier, 2024; Carey, 2024) (Figure 3).

Figure 3: PHEV's battery pack repurposing process (Carrier, 2024)

Chorley (2023) confirms that the automotive industry's biggest shift will occur this decade with the transition from ICEs to BEVs, making collaboration, even with competitors, crucial for advancing technologies and materials, especially for effective ELV management. Notably, JLR plans to extend battery use even further by giving them a third life in smaller mobile solutions.

When battery packs can no longer be repurposed, recycling companies like Hydrovolt can recover valuable materials such as plastics, aluminium, nickel, lithium, and cobalt for their infinite reuse. This is especially useful since these materials are non-renewable and are constantly increasing in price (Stahel, 2012).

SO, HOW CAN HIGH-PERFORMANCE AUTOMAKERS CLOSE THE LOOP?

In this article, the author explored the urgent need for high-performance automakers to adopt CE principles, particularly as the shift from ICEs to BEVs accelerates. The proposed roadmap outlines a five-step strategy for supercar manufacturers to integrate CE throughout the vehicle lifecycle, with a special focus on the critical post-use phase, where effective ELV management becomes essential.

This roadmap, while comprehensive, leaves room for further research on areas such as control and reporting measures, sustainable taxation, and the broader application of circular practices within the high-performance automotive sector. Although implementing CE practices in niche supercar brands – characterised by high prices and low production volumes – may present unique challenges, these companies have the opportunity to lead the way in sustainability within the luxury segment.

Looking ahead, the road to circularity is complex but essential. Will high-performance automakers lead the charge toward sustainability – or risk lagging in the race for a circular future? As further research unfolds, this roadmap could evolve and expand to offer actionable strategies for other regions, helping to shape a global shift towards a more sustainable and circular automotive industry. ///

KEY TAKEAWAYS

- As high-performance automakers transition to EVs, embracing a circular business model is essential for reducing carbon emissions and resource consumption, moving away from the traditional linear "take-make-dispose" approach.
- The article presents a comprehensive five-step roadmap for automakers, focusing on regulations, setting CE targets, design for circularity, vehicle servicing and sharing models, and ELV management.
- Automakers should initiate circularity efforts in the design phase by using sustainable materials, creating closed-loop supply chains, and ensuring vehicle longevity through maintenance and certified resale programs. These initiatives support longer vehicle lifespans and minimise waste.
- Partnerships with recyclers and energy storage companies are crucial for efficient ELV management. For example, JLR's collaboration with Wykes Engineering repurposes EV batteries for ESSs.
- Implementing circularity in the supercar segment is complex, requiring adjustments in regulations, financial incentives, and control measures. Further research into the economic impacts and broader applicability of the roadmap across different manufacturers and regions is needed to refine strategies.

EXPLORING THE DISCIPLINE OF ERGONOMICS FOR ENVIRONMENTAL SUSTAINABILITY

> **Integrating ergonomics with environmental sustainability provides invaluable insights into how it can contribute to protecting and securing our environmental impact.**

Ergonomics for environmental sustainability is a relatively young discipline that is gaining in importance. What is the current state of research and what are the central themes in the domain? Prof. **Baidyanath Biswas, Trinity Business School,** explores these trends and developments through a bibliometric analysis.

Related research: A retrospective analysis of the evolution of ergonomics for environmental sustainability (2011-2021), Bhawana Rathore, Baidyanath Biswas, Rohit Gupta, and Indranil Biswas

SEARCHING FOR GOLD: A SUSTAINABLE FUTURE THROUGH ERGONOMICS?

What is the field of ergonomics for environmental sustainability and why should we care about it? First, we need to focus on the sustainability part of the field. By definition, sustainable development describes development that fulfils both the needs of the present while making sure that future generations retain the ability to grow and fulfil their needs. This requires a balancing act between economic, social, and natural capital, a concept called the "Triple Bottom Line" (TBL) approach. For example, poverty is a driver that intensifies the environment's negative impact, leading to people over-exploiting available resources. In this instance, the TBL approach suggests uplifting economic and social capital to diminish environmental impact.

By extension, this approach requires sustainable development and the human factor to focus on the human elements within a larger system, i.e. the social capital. Building sustainable work systems in this relationship between sustainable development and human factors is key to satisfying physical, physiological and psychological human needs.

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It is here that the field of ergonomics becomes relevant. Ergonomics is essentially the study of how to fit a task to enhance workplace productivity, efficiency and effectiveness, initially emphasising only human efficiency and productivity issues. Ergonomics for environmental sustainability adds a second layer to this approach, researching ergonomics interventions that focus on nature and the human affinity with the natural world.

As such, integrating the discipline of ergonomics with environmental sustainability provides invaluable insights into how ergonomics can contribute to protecting and securing our environmental impact. The goals of ergonomics and environmental sustainability begin to overlap, focusing on effectiveness, efficiency, health and safety, and usability on the one hand and conservation, preservation and recycling on the other hand. Moreover, research in the field of ergonomics for environmental sustainability focuses on answering two central questions: How humans and industrial manufacturing can accelerate natural capital conservation, preservation and restoration and secondly, how humans can connect with nature in a way that facilitates human well-being and effectiveness.

So, while researchers in this field do not exactly hunt for treasure, they provide invaluable insights into the role of human-environment relationships in achieving sustainability goals. In this light, they apply ergonomics and human factors to the design of products, work environments, jobs, and systems to reduce negative impacts on nature, developing human systems that fully and sustainably integrate with their natural environments.

TREASURE HUNTING WITH BIBLIOMETRIC ANALYSIS

Prof. Biswas et al.'s study conducts a comprehensive bibliometric analysis – that is, a quantitative study of scientific output and the networks behind it – of 418 research papers that examines the impact of ergonomics on sustainability. Moreover, bibliometric analysis systematically reviews and extracts scholarly articles based on keywords, authors, paper titles, and affiliations to identify research gaps for a specific domain, both geographically and content-wise.

The study found that interest in ergonomics for environmental sustainability has significantly increased in recent years, with publications growing at an annual rate of 4.9%, peaking in 2021. On average, each publication received 15.72 citations, or 2.32 citations per year.

The research identified the South African scholar Andrew Thatcher as the most productive author, with 9 articles and 240 citations. This establishes him as a key figure in the discipline, having played a crucial role in shaping the scope of the field from both academic and industrial perspectives. His research covers key themes such as occupational health and safety, workplace layout, sustainable behaviour, and green building design. Another influential author is Neville A. Stanton, with 313 citations for his publications and, overall, the researchers identified collaboration networks office author-based clusters, with central figures being Andrew Thatcher at Witwatersrand University, Fabio Sgarbossa at NTNU, and Laerte Sznelwar of Sao Paulo University.

In terms of journals, the top 10 journals (out of 29) published 41.4% of all articles, with the top three being "Applied Ergonomics," "Ergonomics," and "International Journal of Industrial Ergonomics." Similarly, the leading countries regarding the number of published articles in the field were the US, Italy, the UK, Brazil, and China. This geographical distribution indicates that research on ergonomics for environmental sustainability has garnered global attention.

The interest in the US can be traced to its position as one of the world's largest emitters of greenhouse gases. Consequently, there is a heightened concern for environmental issues such as climate change, deforestation, pollution, and waste, which has led to the proposal of numerous environmental policies.

However, it also highlights that only a limited number of articles have been published in Asia and Africa, although there is an exception in the case of Prof. Andrew Thatcher from South Africa. The research further identified strong collaborative ties between the US and the UK, as well as between the UK and Australia. Additional collaborative networks are centred around Italy and Spain.

The three institutes with the most collaborations were the University of the Witwatersrand, Universiti Teknologi Mara, Malaysia and Purdue University, USA, whereby the former's publication can mainly be traced back to the efforts of Professor Andrew Thatcher. His university collaborated closely with Monash University Malaysia. Equally, the University of Southampton also worked closely with Monash University.

A keyword analysis identified the top 10 author keywords: *human factors, ergonomics, sustainability, sustainable development, environmental ergonomics, environmental design, green ergonomics, musculoskeletal disorders, environmental factors and office ergonomics.* With the top paper title keywords being *actors, human, ergonomics, design, sustainable, study, analysis, health, safety,* and *environmental.*

There seems to be a significant difference between the local and global citation counts. This suggests that researchers in other disciplines have yet to recognise this field, and, as a whole, it remains in its infancy. This is further supported by the fact that these highly cited publications were published only in the last 6 to 7 years.

X MARKS THE SPOT: IDENTIFYING CENTRAL THEMES IN THE DISCIPLINE

In the second step, the researchers aimed to identify networks in the ergonomics for environmental sustainability discipline and they ended up finding two themes.

The first of these treats sustainability as a new approach to human factors that influences ergonomics for environmental sustainability. It includes climatic changes and other issues related to ergonomics and reviews articles that explore these challenges and opportunities and evolve towards a sustainable world through human factors and ergonomics. The second theme deals with the challenges of transferring sustainable development to organisational and work systems. It identifies the scope of ergonomics from organisational strategies as well as topics like consumption and production, transportation and waste recycling.

Overall, the researchers identified primary themes as "human factors and sustainability", "ergonomics and environment", and "green ergonomics and sustainable development". Recent trends in the research domain centred around the keywords *sustainability, social sustainability, musculoskeletal disorders, and occupational health and safety.*

FUTURE RESEARCH OPPORTUNITIES

The researchers' findings show that there are many opportunities for future research in the field of ergonomics for environmental sustainability.

Two major research questions derived from their analysis examine the dimensions of "ergonomics for environmental sustainability" that would benefit African and Asian countries, as well as how the COVID-19 pandemic affects the field globally. However, Prof. Baidyanath Biswas and his colleagues suggest additional research areas to explore, highlighting the opportunities within this domain:

DESIGN: The researchers identified a lack of qualitative studies and a cohesive ergonomics framework. Research opportunities may exist in reducing the weight of containers used in the recycling industry, biomimetic design, waste management improvements, error prevention, reducing fuel wastage through task analysis, and workstation design for green buildings to decrease musculoskeletal injuries.

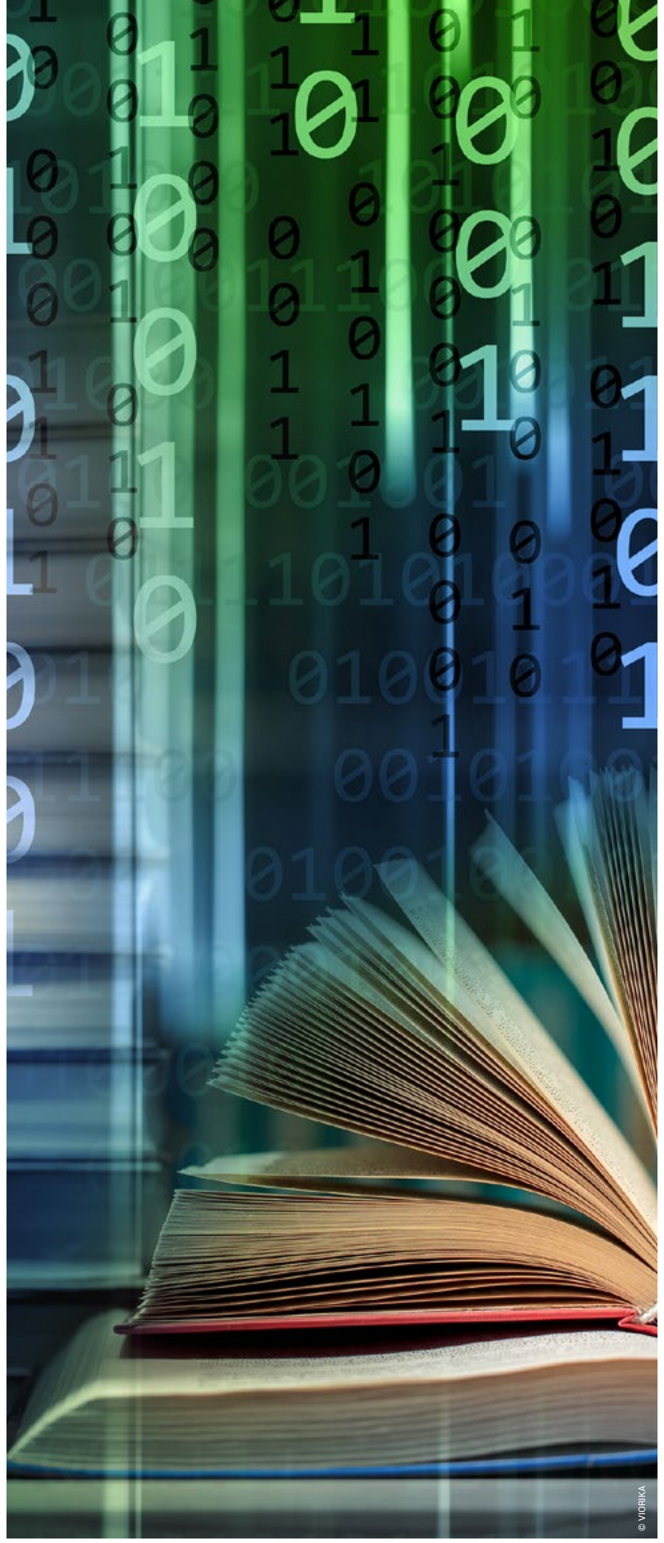
GREEN JOB: They suggest that ergonomics should be an integral part of job design in the recycling and renewable sectors, providing a thorough understanding of the necessary behaviour changes required for a sustainable society. Furthermore, they emphasise the need for an awareness plan and implementation framework to reduce musculoskeletal injuries in manual jobs within renewable industries.

GREEN ORGANISATION: Here, the researchers propose examining how time spent in nature impacts employee well-being and integrating ergonomics within the global supply chain to make sustainability a core component of these supply chains.

THEORIES: Moreover, existing theories could be deepened. Future researchers could also borrow applicable theories from other fields of knowledge, use multiple theoretical lenses and develop new theories.

FOCUS OF PUBLICATIONS IN JOURNALS: Although the ergonomics of environmental sustainability research is a niche discipline, it could be disseminated among a wider community of scholars and published in a greater variety of journals (e.g., supply chains, general business and management, systems design and information systems, etc.).

APPLICATION AND PRACTICE-ORIENTATION: As the scholars only identified a few empirical articles and case studies, they propose that future researchers build more datasets and conduct survey and questionnaire-based studies. ///



KEY TAKEAWAYS

- The ergonomics for environmental sustainability discipline is growing rapidly, with increasing publications and citations, especially in recent years
- Ergonomics can play a crucial role in designing work systems that decrease negative environmental impact
- The field of ergonomics for environmental sustainability explores how the human-nature relationship can increase well-being and productivity
- Significant research opportunities exist in areas like green job design and green organisation, as well as opportunities for the field in Asia and Africa or improving waste management.

EDUCATING FOR A SUSTAINABLE FUTURE: THE INTEGRAL ROLE UNIVERSITIES PLAY IN WHAT LIES AHEAD

> **Romanian higher education is uniquely positioned to become a leader in sustainability education by embracing global standards and local business realities.**

Sustainability has become a serious issue that organizations, individuals, and governments all around the world are grappling with. Professor and Dean **Răzvan V. Mustață** of **Babes-Bolyai University,** and Director of the Minister's Office, **Romanian Ministry of Education and Research,** delves into the role of universities and the effects of their sustainable curriculum by taking a closer look at how Romania is preparing for a greener, smarter, and more sustainable future—one classroom at a time.

Related Research: Razvan V. Mustata & Carmen Giorgiana Bonaci & Cristina Hintea & Bogdana Neamtu, 2013. "Business Education For Sustainable Development: The Case of Romanian Universities," The AMFITEATRU ECONOMIC journal, Academy of Economic Studies - Bucharest, Romania, vol. 15(Special 7), pages 802-818, November.

SUSTAINABILITY IN ACADEMIA

Sustainability is no longer just a buzzword – it has become a call to action for governments, corporations, organizations, and universities around the globe. As rapid industrialization transforms the planet and the ripple effects of global crises intensify each day, businesses are left facing a critical question: *How do we grow without harming the planet and society?*

The key lies in our educational institutions. Universities are called to shape their students with a more sustainable and forward-thinking curriculum to address the current crisis our world is facing.

Romanian universities are stepping up to meet this challenge head-on. Among them, the *Universitaria Consortium,* a network of the country's top higher education institutions, is leading the way by integrating sustainability into their programs. From redefining curricula to fostering innovative thinking, these universities are equipping students to tackle the pressing issues of tomorrow. This study, conducted by Prof. and Dean Răzvan V. Mustață of Babeș-Bolyai University, stresses the role universities play, and the challenges and opportunities faced by universities all around the world.

FROM CRISIS TO CURRICULUM

The UN General Assembly defines sustainable development "as development that meets the needs of the present without compromising the ability of future generations". This definition has sparked much controversy, as it is not specific enough to hold universities or companies accountable when they are promoting 'sustainable development'. Indeed, organizations appear to interpret it in their own ways, making this concept devoid of meaning.

However, universities play a crucial role in the environmental crisis we face today. This definition should guide us to move beyond the *status quo*, highlight the need for innovation, and equip future business leaders of the 21st century with the knowledge necessary to drive change in the business world. As technological advancements and globalization increase, a country's competitive advantage increasingly relies on the quality of its education system and its ability to produce highly skilled professionals who can lead high-end industries and demonstrate entrepreneurial initiative.

SUSTAINABILITY IN SYLLABI

This study examined the sustainability courses available at these institutions, evaluating their specificity and whether they were mandatory for graduation. Two types of courses were identified: Partial and Standalone sustainability-focused courses. Partial courses addressed topics related to sustainable development that formed only a small part of the overall course syllabus, while Standalone courses were fully dedicated to sustainable development topics.

Ethics courses have become a recurring theme, covering popular topics like *Business Ethics, Professional Ethics, and Ethics in Public Administration.* However, most courses only include minor elements of sustainability, often as secondary components. These topics are seldom framed within the broader context of sustainable development or its interconnected dimensions. This fragmented approach risks undermining the importance of sustainability and fails to provide students with a comprehensive understanding of its relevance to their fields of study and professional practice.

FROM FRAGMENTATION TO INTEGRATION

Romanian universities face significant challenges in fully incorporating sustainability into their educational frameworks. As mentioned, curricula often remain fragmented, with sustainability topics treated as secondary additions rather than core components. This piecemeal approach limits students' ability to grasp the interconnected nature of sustainable development and its relevance across various disciplines. Furthermore, this study emphasizes that early exposure to sustainability principles is insufficient, leaving students without a strong foundation to build upon throughout their academic journeys. Transparency also presents a major obstacle, as many universities fail to communicate their sustainability initiatives or course offerings clearly. Universities are called to provide comprehensive and user-friendly information about sustainability-related programs on their websites to attract students, enhance stakeholder trust, and better reflect their commitment to addressing global and local challenges.

Despite these barriers, Romanian higher education is uniquely positioned to become a leader in sustainability education by embracing global standards and local business realities. A crucial advancement is integrating sustainability more thoroughly into all core curricula, ensuring that students in every field graduate with a solid understanding of its importance. At the same time, developing standalone programs focused on sustainability can provide specialized avenues for individuals eager to initiate transformative change.

Collaboration is another avenue for growth. Partnerships with industries, government bodies, and international institutions can facilitate the exchange of best practices and resources. These initiatives will not only drive innovation but also provide students with practical skills and a global perspective.

UNIVERSITIES FORMING FUTURE LEADERS

Universities play a pivotal role in fostering the knowledge and skills needed to address global challenges and drive positive change. By aligning education with the realities of the modern world, universities can prepare students to balance economic growth with social and environmental responsibility.

To achieve this, it is essential to adopt a forward-thinking approach that emphasizes comprehensive curriculum reform, increased transparency, and collaborative partnerships. Universities must continue to innovate, ensuring their programs align with the demands of a sustainable future while engaging stakeholders through accessible and impactful communication. Together, educators, policymakers, and industries can establish a framework that not only addresses national priorities but also contributes significantly to global sustainability efforts. ///

KEY TAKEAWAYS

- **Universities act as catalysts for sustainability,** addressing global sustainability challenges and equipping students with the knowledge and skills to drive innovation and positive change in society and business.
- **Universities offer a fragmented approach,** treating sustainability topics as a secondary addition rather than a core component. This fragmentation risks students missing the interconnected nature of sustainability issues across disciplines.
- **Barriers to effective sustainability integration** include a lack of transparency in communicating sustainability initiatives, limited early exposure to sustainability principles, and insufficient emphasis on the interconnected dimensions of sustainability development.
- **Universities should offer clear and accessible information about sustainability-related programs.** They must also actively collaborate with industries, governments, and international institutions to exchange best practices and improve innovation.
- **To prepare future leaders, universities must integrate sustainability** into core curricula, create standalone programs for specialized learning, and align education with global standards while considering local business needs realities.
- **Universities and their internal structures, such as faculties/schools, should participate in international evaluation and accreditation processes** to openly commit to developing and following a student training path that is more focused on sustainability and sustainable development.

FROM LINEAR TO CIRCULAR: LEADING BUSINESSES THAT LAST

> **I truly believe that young talent won't work for companies that don't see how everything connects: ecology, economy, innovation.**

In an economic system built on linear growth, what does it take to design businesses that regenerate rather than deplete – and to lead them with purpose in an age dominated by short-term gains? In this timely conversation, **Anshuman Sisodia,** a sustainability professional and MSc Sustainability graduate from **ESSEC Business School,** sits down with **Pierre-Emmanuel Saint-Esprit** – Circular Economy Officer at **Manutan Group,** Executive Director at the ESSEC Global Circular Economy Chair, and Forbes 30 under 30 honouree – to unpack the real-world implications of circular economy thinking. From reimagining value chains to bridging business and education, the dialogue explores how leadership, systems thinking, and bold innovation can align to deliver purpose without compromising performance.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Anshuman: You founded ZACK.eco at 22 with a clear mission – merging profit and purpose through the circular economy. Looking back, how achievable is that balance in today's business landscape? What were the biggest hurdles in building a responsible business?

Pierre-Emmanuel: Globally, it's not easy – but the circular economy is almost a cheat code for aligning impact and revenue. Every euro of turnover we generate in this model simultaneously reduces CO_2 emissions, eases pressure on natural resources, and, when designed right, creates social value. That triad is what excites me.

I discovered this framework through the Ellen MacArthur Foundation, and it inspired me to co-found ZACK. But the challenge lies in focus: circular economy is just one lever among many. Renewable energy, for example, also bridges business and sustainability – it meets demand while advancing green goals.

Yet globally, few economic sectors let you invest without hesitation, knowing your work inherently benefits the planet. Too often, people feel forced to choose between NGOs, charity, and corporate work. My take? Even within linear companies, shifting just 1-2% of their supply chain or production toward circularity has an outsized impact. Why? Because that's where the linear economy does the most harm – extracting, wasting, polluting at scale.

Half the world's CO_2 emissions come from resource extraction. So the real question isn't just "profit vs. purpose" – it's how to redesign systems so that living well and producing responsibly become the same fight. Circular economy isn't a perfect fix, but it's one of the sharpest tools we have.

FROM THE CLASSROOM TO THE BOARDROOM

Anshuman: One challenge that often arises in responsible business is the tension between short-term profitability and long-term impact. Given your experience and role at ESSEC, how do you think we can train students and future leaders to manage this tension?

Pierre-Emmanuel: We must start by recognizing that not all companies face the same pressures. Large listed firms like those in the CAC 40 answer to shareholders demanding quarterly returns – that's reality. But small and mid-sized companies, especially family-owned businesses with "passion capital," can invest for the long term because their survival depends on it. If you own 95% of your company, you know you won't exist in 30 years unless you adapt to ecological transitions. These are the businesses we should empower first – through peer networks like France's Mouvement des ETI – to prove that circular economy models can be both strategic and viable.

For larger corporations? We need to speak the language of each stakeholder. The factory manager cares about operational efficiency – so we frame circularity as waste reduction and cost savings. Marketing teams want differentiation – so we highlight how refurbished products or rental services set them apart. Risk managers? We talk supply chain resilience.

And we must be pragmatic: ecological arguments alone won't sway people who don't feel the crisis yet. With today's economic anxieties – inflation, geopolitical divides – many see sustainability as a distant concern. So at ESSEC, we teach students to pair data with empathy. Show a CFO how circular revenue streams today can offset regulatory risks tomorrow. Tie sustainability KPIs to bonuses so employees see direct benefits.

THE BIGGER PICTURE

Anshuman: With circular economy, the business case is clear – market differentiation, cost savings. But what about other sustainability areas like biodiversity or pollution? Do these arguments still hold when convincing companies to balance short-term and long-term impact?

Pierre-Emmanuel: You're absolutely right – it's not as straightforward as circular economy, where waste reduction directly boosts profits. But the connections are there if you look deeper.

First, consider mid-sized companies rooted in specific territories. These businesses live or die by their local ecosystems – literally. If your factory pollutes the river workers depend on, or your operations degrade the soil farmers need, you're not just harming nature; you're eroding the very foundations of your workforce and supply chain. Suddenly, you can't attract employees because the air is unbreathable, or crops fail because pollinators have disappeared. It's a slow-motion suicide for the business.

Then there's the financial lens. Methods like CARE accounting – which puts a monetary value on biodiversity loss – force companies to confront hidden liabilities. Imagine an annual report showing that your apparent profits vanish once you account for the wetlands you destroyed or the carbon you emitted. That gets investors' attention. And with regulations like carbon pricing and EU taxonomy gaining teeth, ignoring biodiversity isn't just irresponsible – it's expensive. Companies adapting now are locking in lower insurance premiums, better loan rates, and access to green financing.

Then I truly believe as well that there is clearly especially in Europe but everywhere really - is that young talent won't work for companies that don't see how everything connects: ecology, economy, innovation

And it's not just about doing good. Regulations are forcing the issue – like airlines paying carbon credits if they don't cut emissions. Finance is shifting too – green bonds, sustainability-linked loans. We have companies like Genesis which shows how biodiversity actually pays. When farmers care for their soil, insurers and investors reward them with better rates. We're reaching a tipping point where sustainability isn't some side project, businesses that get this will thrive; those stuck in the old ways won't survive.

ENTREPRENEURSHIP WITHIN A CORPORATION: INTRAPRENEURSHIP

Anshuman: Let's talk about your current role at Manutan. Do you face similar challenges when pushing purpose-driven initiatives? How does that play out in your company?

Pierre-Emmanuel: Every company faces alignment challenges, whether you're a startup or a billion-euro business like Manutan. What makes us unique is that our CEO is 200% convinced about the circular economy revolution. He led Manutan's digital transformation years ago, and now sees circularity as the next frontier - even bigger than digital. This top-level commitment is crucial. It gives us a seat at the strategic table, budget allocation, and legitimacy.

But day to day work is different, one cannot lead by saying, "the CEO says so." Instead, I apply the same approach I mentioned earlier – I show each department how circular solutions solve their specific problems. When sales struggles with customer retention, I ask: "Could refurbished products help keep your French clients?"

When we need meetings with procurement officers at major accounts, circular offerings become our door-opener. It's classic entrepreneurship within a corporation – proving the model with limited means. The fights over priorities never stop, but when you tie circular economy to everyone's KPIs, you create allies across the organization.

MYTHS AND MISCONCEPTIONS OF THE CIRCULAR ECONOMY

Anshuman: Circular economy is a popular concept, but many businesses misunderstand it. What do you think are the biggest misconceptions?

Pierre-Emmanuel: There are indeed misconceptions, largely because of the various definitions floating around. Some organisations adopt the term "circular economy" just for the sake of it, without engaging with its true purpose. I tend to rely on the Ellen MacArthur Foundation's definition, which rests on three key pillars: designing out waste from the outset, keeping materials and products in use, and regenerating natural systems – often achieved through shared flows and collaboration between companies and organisations.

One major misconception is that simply applying circular economy principles automatically makes a business sustainable. In reality, many companies continue to promote mass consumption. Even if they are selling second-hand or refurbished products, they may not actually be reducing the overall use of natural resources. If you're offering a seamless and attractive consumer experience that encourages people to buy more – even if it's a "greener" product – you're not solving the core problem. The real question is: are you reducing the amount of natural resources being consumed each year? That's the key metric.

The second big misconception is around recycling. Recycling is often treated as the first and most important "R", but it should actually be the last resort. Of course, recycling is necessary – especially in today's context where resource sovereignty is becoming a pressing issue – but it shouldn't overshadow other more impactful strategies. We need to prioritise creating reverse logistics for reuse and repair. Equating recycling with the entire circular economy is misleading, and unfortunately, that's a common shortcut businesses take.

Lastly, there's often a missing link between the circular economy and social issues. For me, circularity isn't complete without incorporating solidarity and societal impact. It's actually quite feasible for businesses to include social dimensions in their circular initiatives. For example, when launching a reuse factory, you can choose to set it up in an economically disadvantaged area to generate local employment. Or you can partner with NGOs to donate unused products. These actions may not be strictly defined within the traditional boundaries of circular economy, but I believe they are essential. I would encourage companies – especially those with the financial means – to commit not just to circular transformation, but also to embedding social value into their efforts.

LOOKING AHEAD: DISRUPTION, RISK, AND THE FUTURE OF BUSINESS

Anshuman: Let's take a peek into the future and talk more broadly about responsible business. Do you foresee any trends? How do you think businesses will evolve over the next 5–10 years, and what can companies do now to be prepared?

Pierre-Emmanuel: Yes, absolutely. I believe we're heading towards a moment of disruption similar to what we saw with the digital revolution. Just as many large companies failed to adapt to digital transformation and disappeared as a result, we'll see a similar pattern with sustainability and climate resilience. The exact timing is difficult to predict, but the direction is clear.

Take supply chain resilience, for example. Climate-related disasters are already impacting operations. I recently saw this firsthand – a warehouse in Eastern Europe was flooded due to severe weather in February. That's not a future risk, it's happening now. As climate change accelerates, we'll see more migration, more displacement, and more instability in the global supply chain. Companies need to start asking themselves some fundamental questions: What natural resources do I rely on? Where am I located? How exposed is my supply chain to climate risks?

At some point, companies that seem strong today will be at serious risk if they haven't begun this transformation. The challenge, of course, is forecasting when exactly this shift will become critical. People have been saying for decades that we'd run out of oil – first in the 1970s, then in the 2000s, and now maybe by 2070. That uncertainty is no excuse for inaction. Because when a crisis hits – an ecological tipping point, for instance – it's already too late to adapt.

So rather than fixating on an exact year, like 2030, we should focus on preparing now. Some natural resources are already depleted. We have the data. It's a matter of responsible leadership to guide this transformation – not only for the greater good, but also for the long-term resilience of your own business. If not for the planet, then do it for your company's future – and for the wellbeing and security of your employees. That alone should be reason enough to act now.

Anshuman: Thank you, Pierre, for such a thoughtful and energising conversation. It's clear that the transition to circularity is not just a challenge, but an incredible opportunity for purposeful leadership.

Pierre-Emmanuel: Thank you, Anshuman. The pleasure was mine. ///

KEY TAKEAWAYS

- The circular economy uniquely aligns profit with environmental and social impact. Every euro earned in a well-designed circular model reduces emissions, conserves resources, and can create social value.
- Many companies misunderstand circularity—focusing too much on recycling or using it as greenwashing. True circularity requires reducing resource consumption, designing out waste, and integrating social impact.
- The goal isn't just balancing profit and purpose, but redesigning systems so responsible production is the path to business success. Even shifting 1–2% of operations toward circularity can have an outsized impact.
- For large organizations, making circularity work means aligning it with each stakeholder's goals: cost-saving for operations, differentiation for marketing, resilience for risk managers, and compliance for finance.
- With tools like CARE accounting, carbon pricing, and the EU taxonomy, ignoring biodiversity and emissions is becoming financially risky. Green financing, lower insurance premiums, and talent attraction are all incentives.
- For circular strategies to be meaningful, they should also address social issues—like creating local jobs or supporting disadvantaged communities—making sustainability more inclusive and impactful.
- Within corporations, bottom-up innovation ("intrapreneurship") helps embed circular models. Executive support is essential, but grassroots efforts tied to KPIs drive adoption across departments.
- Just as digital transformation reshaped business, climate resilience and sustainability will too. Companies unprepared for ecological risks and resource volatility will struggle or disappear in the coming decade.

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& CSR

INVISIBLE DISABILITIES AND WORKPLACE DISCLOSURE

> **People mask their illness by faking the image of normalcy or by taking on additional work so that their ability to get work done is not questioned.**

How can organisations support employees with chronic disorders while addressing the issue of disclosure, stigma, and the fear of discrimination? Prof. **Armand Bam** of **Stellenbosch Business School** explores the complexities of disclosure, the impact of organisational culture, and how empathy-driven leadership can create a truly inclusive workplace.

Related research: Invisibility, Stigma, and Workplace Support: Experiences of Individuals with Chronic Disorders, Armand Bam, SA Journal of Human Resource Management, vol. 23, a2859.

Work can be challenging, especially when you're managing a disability in silence. Juggling deadlines, adapting to changing demands, navigating office politics, and dealing with a growing workload can feel overwhelming. On top of that, the fear of being misunderstood, judged, or excluded adds another layer of stress.

But you're not alone. Worldwide, 1 in 6 people live with a disability, and 80% of these are invisible. Disabilities take many forms some are visible, others are hidden, and many individuals live with a combination of both. They can also be temporary or permanent and may impact different aspects of life, including neurological, cognitive, physical, and sensory functions. This broad spectrum includes conditions such as arthritis, diabetes, chronic pain, sleep disorders, and respiratory challenges.

SLE: WOLF LURKING IN THE SHADOWS

Dr. Armand Bam's research explores stigma, invisibility, and the challenges of disclosing disabilities in the workplace, with a focus on chronic illnesses. His work is based on case studies of professionals living with Systemic Lupus Erythematosus (SLE), a chronic autoimmune disease in which the immune system mistakenly attacks healthy tissues. This leads to inflammation and damage across multiple body systems. SLE symptoms are unpredictable and can range from mild to severe, affecting the skin, joints, kidneys, heart, and other organs. This unpredictability often makes it difficult for individuals to manage their professional responsibilities and workplace interactions.

TO DISCLOSE OR NOT TO DISCLOSE

Deciding whether to disclose a disability is a deeply personal and often challenging choice. Many professionals living with invisible disabilities like SLE choose not to share their condition at work for various reasons. The study highlights two key themes in its findings: the invisibility, stigma, and identity challenges of living with Lupus, and the concealment and lack of workplace support.

Dr. Bam explains that professionals with SLE face significant challenges in disclosing their condition due to its erratic and often invisible symptoms. Because managers and colleagues cannot easily observe these symptoms, they often fail to grasp the illness's true severity. People might assume someone is perfectly healthy one day, only to be surprised when they're suddenly hospitalised the next. This unpredictability can lead to scepticism and doubts about a person's intentions and ability to work.

Identifying as disabled is another significant challenge that professionals with SLE face daily. Disclosing their condition often comes with the risk of being labelled as disabled – a term they may not feel comfortable with or ready to accept.

These themes show how hard it is to navigate the balance between being open and protecting oneself, both in professional and social environments.

Beyond the struggle of self-identifying as disabled, individuals fear the organisational stigma that comes with it. Many are concerned about being discriminated against because of their condition, as stigma can lead to biases and unfair treatment, affecting opportunities and career advancement.

THE HIDDEN TOLL OF CONCEALMENT

The study says most of the time people with SLE voluntarily conceal their medical condition to avoid the risk of being perceived as a liability or a complainer. People mask their illness by faking the image of normalcy or by taking on additional work so that their ability to get work done is not questioned. This struggle to fake normalcy comes at the cost of their health. In general, there is a lack of awareness about SLE and a lack of institutional support at the workplace for conditions like SLE.

This negatively impacts the physical and mental health of the person. But the attempt to hide the medical condition forces people to delay seeking medical help or delay treatment. Fear of judgment – or being seen as a liability – forces individuals to take on extra responsibilities, all while silently managing their condition. This struggle not only impacts their well-being but also perpetuates workplace misconceptions about invisible disabilities. As such, individuals carefully evaluate the consequences of disclosure alongside the potential incentives for doing so.

A NOTE FOR MANAGERS

In this study, Prof. Bam applies Freeman's Stakeholder Theory to organisational culture, highlighting the critical role managers play in fostering inclusive workplaces. The findings emphasize that when managers actively demonstrate empathy and create supportive environments for open discussions about health conditions like Systemic Lupus Erythematosus (SLE), employees are more likely to disclose their condition without fear of stigma.

Conversely, in workplaces where inclusivity is lacking, employees often conceal their illness to avoid being perceived as unreliable or burdensome. This study underscores the urgent need for managers to go beyond policy compliance and cultivate workspaces where disclosure is met with empathy, understanding, and meaningful accommodations, ensuring that employees with chronic conditions can participate fully and equitably in the workplace.

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CHALLENGE SYSTEMIC ABLEISM: A CALL FOR MEANINGFUL INCLUSION

Managers, whether intentionally or not, can contribute to workplace cultures that discourage employees from disclosing their health conditions. Drawing on Fanon's concept of "leaning over," Armand Bam argues that such environments not only reinforce systemic ableism but also pressure individuals with disabilities to suppress their identities in order to fit into dominant workplace norms. To counter this, managers must critically assess whether their organizational practices and policies perpetuate exclusion or create barriers to disclosure. Actively identifying and dismantling these systemic obstacles is essential in fostering a workplace where employees with chronic illnesses, such as Systemic Lupus Erythematosus (SLE), feel safe, supported, and valued. By reshaping organizational culture through proactive inclusion strategies, managers can move beyond performative diversity efforts and establish truly equitable work environments.

Across the globe, organisational culture needs to evolve, and as managers, we have a responsibility to drive that change. Indeed, this new research highlights how critical it is for organisational culture and managers to support individuals with chronic illnesses, helping them embrace their identity and seek support without hesitation.

To create inclusive workplaces, HR managers could actively implement training programmes that equip supervisors and colleagues to better understand and support employees with chronic conditions. By establishing a safe environment for disclosure, organisations can not only enhance employee engagement but also harness the diverse perspectives and strengths these individuals bring.

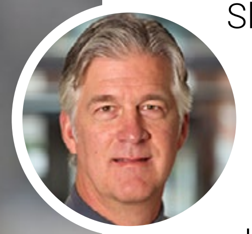
Let's circle back to the start – you're not alone, and no one is supposed to feel isolated in their challenges. Creating truly inclusive workplaces is a shared responsibility – not just for compliance, but for fostering genuine belongingness. ///

KEY TAKEAWAYS

- Invisible disabilities, including chronic illnesses like SLE, often go unnoticed, leading to stigma and lack of support.
- Many individuals conceal their conditions to avoid being perceived as liabilities, which negatively impacts their health.
- Fear of discrimination and biases often deters employees from disclosing their disabilities at work.
- Inclusive workplaces foster open dialogue, encouraging disclosure and improving employee engagement.
- Managers play a critical role in creating empathetic environments that challenge systemic ableism.
- Meaningful inclusion goes beyond compliance, requiring organisations to prioritise understanding and support for all employees.

EMPOWERING WOMEN IN GLOBAL MINING

> **MNCs often reinforce gender divisions of labour, leveraging gender discrimination to minimize production costs through global sourcing.**



Shengwen Li and **Anthony Goerzen,** Sobey Professor of International Business at **Smith School of Business,** explore how a Canadian NGO attempts to bring about real change to the lives of women working in the mining sector.

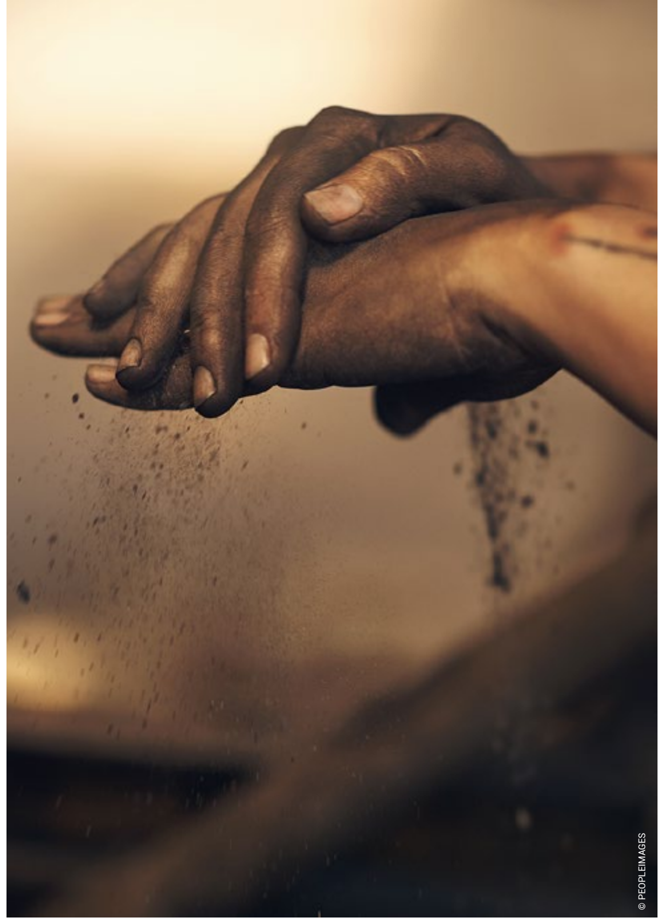
Source: *Empowering Women in Global Mining* by Jordan Whitehouse. With kind acknowledgements to Smith Business Insight.

If you're concerned that minerals inside your phone or laptop fund armed conflicts, you should be, says Shengwen Li, a PhD candidate at Smith School of Business. But she says there's another reason to care about the source of these metals: gender discrimination.

It's no secret that some consumer products are packed with metals mined in developing countries such as the Democratic Republic of the Congo (DRC) that finance armed groups in those countries. Most of the extraction activities are considered "artisanal mining" —a form that is labour-intensive and informal and that often uses basic extraction tools like pans and hand shovels.

Less known, however, is that while millions of women find subsistence employment in artisanal mining, gender discrimination, economic instability and gender-based violence are rampant in the sector. The multinational corporations behind some artisanal mining don't help the situation, says Li. "They often reinforce these gender divisions of labour, leveraging gender discrimination to minimize production costs through global sourcing. And so female workers frequently find themselves trapped in a poorly paid job or insecure working conditions."

All is not lost. As Li and Anthony Goerzen, Sobey Professor of International Business at Smith, reveal in a new study, two types of third-party interventions can go a long way towards ensuring gender equality in artisanal mining, the first link in a high-stakes global value chain.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NGO WITH IMPACT

Li and Goerzen came to this conclusion after taking a deep dive into a project launched by the Canadian-based non-governmental organization Impact in 2017 in Ituri, a province in eastern DRC. Ituri is rich in gold deposits but its artisanal mining sector deals with severe challenges, including interference by armed groups and an overwhelmingly macho mining culture.

Impact's project, known as the Village Savings and Loan Association, invited women and men from across Ituri to join the association and make weekly contributions to savings pools. Members then decided where to direct the loans to fellow VSLA members. The initiative focused on enhancing financial and employment opportunities, promoting female leadership and fostering inclusion for all artisanal miners and community residents.

Li and Goerzen were curious to know the impact the VSLA had on women's inclusion and empowerment and, more importantly, what drove that impact.

"So many interventions from NGOs or multinational companies or governments are practically driven, which means they often lack the robust and theoretical foundations to explain the mechanisms behind the interventions," says Li. "That's why sometimes they lead to inconclusive results or varying effects across different contexts. We didn't want that."

STRIKING GOLD: TWO STRATEGIES FOR BOOSTING INCLUSION

When they looked at the VSLA's track record closely, they identified two strategies that led to more women being included in mining activities and feeling empowered.

One, known in academic circles as a "conversion" intervention, doesn't change existing norms in a community but leverages the ambiguity in them to promote gender equality. In Ituri, husbands wouldn't generally allow their wives to be involved in a project such as a VSLA, but because it provided financial and employment opportunities to households struggling with poverty, the men tended to allow women to participate.

The other strategy, called a "layering" intervention, is similarly subtle in that it doesn't change existing community norms but adds new ones. In Ituri, men don't typically allow women to be in decision-making roles, but the VSLA was purposely designed with new guidelines to promote female leadership. From surveying participants, Li and Goerzen found that this layering approach made women feel empowered and that it promoted both economic and attitudinal changes among men and women. ///

KEY TAKEAWAYS

- Women make up a significant part of the artisanal mining workforce—especially in places like the DRC—but face systemic gender discrimination, economic instability, and violence. Multinational corporations (MNCs) often reinforce these inequities to lower costs.
- The metals used in everyday electronics (like phones and laptops) often originate from conflict zones and gender-exploitative mining practices. So, ethical sourcing is both a humanitarian and gender justice issue.
- A Canadian NGO, Impact, launched a Village Savings and Loan Association (VSLA) in eastern DRC. This initiative aimed to improve financial inclusion, employment opportunities, and female leadership in artisanal mining communities.
- Researchers Li and Goerzen identified two approaches within the VSLA that advanced women's inclusion:
  - o Conversion: Used existing community norms (like financial necessity) to justify women's participation without directly challenging gender roles.
  - o Layering: Introduced new norms (like women in leadership) alongside old ones, subtly shifting attitudes over time.
- It is important to ground NGO interventions in solid theoretical frameworks, to better understand why and how they work—something often missing in well-meaning but less rigorous efforts.
- The VSLA led not just to economic improvements for women, but also to attitudinal shifts among both women and men, fostering empowerment and greater inclusion in a traditionally male-dominated industry.

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GOVERNANCE OF ESG: FROM SILOS TO SHARED EXPERTISE

> **Firms with shared governance structures consistently outperform their peers in CSR performance.**

In today's business landscape, the elephantine "E" in ESG—dominated by climate action, carbon reduction, and resource sustainability—often overshadows the "S" (social) and "G" (governance) dimensions. Prof. **Sam Garg, ESSEC Business School Asia-Pacific,** dives into a bold idea: Decentralising CSR responsibilities across multiple board committees that break free from the traditional model of a single, centralised CSR approach.

WHAT THE S!

The Financial Times Moral Money Summits 2024 brought in powerful discussion around ESG and how its implementation can be effective. Environmental, social and governance are the three major aspects of the current responsible business landscape. For a long time, these discussions were dominated by environmental aspects of the topic; however, increasingly social aspects—like diversity, human rights, community engagement and care for well-being—are becoming important in prompting businesses to actively include social factors in their sustainability framework. These factors assess how effectively the organisation fulfils its responsibilities toward people through its internal processes, global supply chain networks, and the local communities it impacts.

Businesses around the world are slowly recognising the long-term benefits of incorporating social factors into decision-making. Companies in many regions are being encouraged by customers, NGOs, and partners to act in a socially responsible way. This not only helps improve their brand image but also gives them a competitive edge.

In many parts of the world, mandatory reporting regulations on social indicators have made measuring the social impact and efforts of companies a compliance requirement. This has become one of the main drivers for companies to focus more on the social aspect of ESG

CHALLENGES IN PRIORITISING SOCIAL IMPACT

The benefits of being a socially responsible company take time to show and are mostly seen in the long term, making it hard for companies to build a strong business case.

Additionally, social indicators are not only slow to show results but are also difficult to measure. These factors are often hard to define and even harder to quantify. This poses a challenge for companies in prioritising them according to their importance and giving them the attention they deserve.

A NEW GOVERNANCE MODEL IS THE KEY

At the FT Moral Money Summit, Prof. Sam Garg and fellow panellists highlighted a pressing challenge: the lacklustre engagement of companies in meaningful social initiatives. Prof. Garg emphasised the need for a structural change in how corporate social responsibility (CSR) issues are governed within organisations. His research investigates the concept of shared board governance in corporate social responsibility, where CSR-related roles and responsibilities are distributed across multiple board committees.

Traditionally, CSR oversight has been centralised within a single board committee. However, Prof. Garg's study challenges this paradigm, advocating for a shared governance model where CSR-related roles and responsibilities are distributed across multiple board committees. By doing so, companies can harness the unique expertise of different committees, enabling more holistic and effective engagement with social issues.

Drawing from an analysis of S&P 500 firms, the research reveals a striking insight: firms with shared governance structures consistently outperform their peers in CSR performance. The impact is most pronounced in companies that not only implement shared governance but also establish a dedicated CSR committee and encourage overlapping committee memberships. This interconnected approach fosters collaboration, enhances decision-making, and strengthens a company's ability to deliver on its social impact goals.

The study underscores a critical yet often overlooked factor in ESG performance—board committee structure. Governance mechanisms must evolve beyond compliance to facilitate meaningful collaboration and innovation in addressing environmental and social challenges. As stakeholder expectations for accountability continue to rise, firms need governance systems that are both agile and collaborative

Prof. Garg makes three recommendations to boost the effectiveness of social impact initiatives. The first—establish a CSR committee which can coordinate efforts, ensure alignment, and drive the firm's social impact agenda.

The second is to adopt a shared governance model to distribute CSR oversight responsibilities across multiple board committees to leverage specialised expertise. As mentioned earlier, the CSR committee is useful only with the shared governance model. Interestingly, just having a CSR committee does not produce any statistically significant effect on the firms' CSR.

In his third recommendation, Prof. Garg urges companies to optimise board committee memberships to encourage directors to serve on multiple committees to enhance cross-functional communication and cohesive CSR strategies.

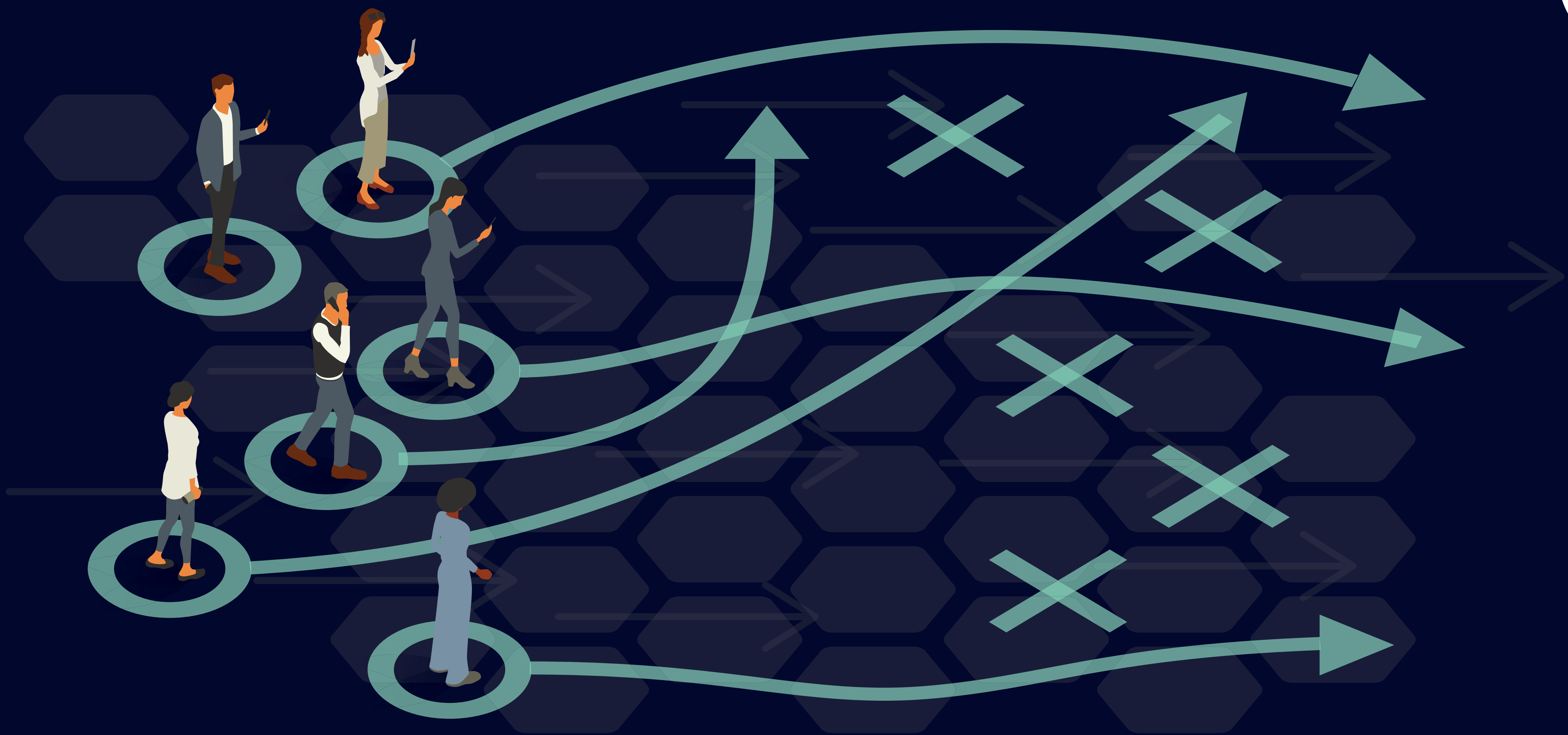
COMPLIANCE TO STEWARDSHIP

By reimagining how board committees collaborate on CSR, organisations can transform complex social challenges into opportunities for meaningful impact. Effective governance is not just about compliance—it's about stewardship that inspires change and creates value for all stakeholders. As companies grapple with the escalating demands of ESG accountability, the governance of CSR emerges as the linchpin. Firms willing to rethink their board structures can unlock new potential to lead with purpose, create shared value, and leave a lasting mark on society. ///

KEY TAKEAWAYS

- The social dimension of ESG often lack immediate, measurable outcomes, making it challenging for companies to prioritize them or build a strong business case for their importance.
- Mandatory reporting regulations in many regions are driving companies to measure and disclose their social impact, prompting greater focus and accountability on social initiatives.
- Distributing CSR responsibilities across multiple board committees enhances collaboration and ensures that the diverse aspects of social impact are addressed holistically.
- Governance in ESG, particularly in corporate social responsibility (CSR), requires a shift from centralized oversight to shared governance across multiple board committees to leverage specialized expertise.
- Establishing a dedicated CSR committee is essential, but its effectiveness depends on integrating it within a shared governance framework rather than treating it as a standalone entity.
- Effective governance mechanisms should evolve beyond compliance, focusing on stewardship that inspires meaningful social and environmental change while creating value for stakeholders.

THE DARKER SIDE OF COACHING: MISSTEPS, MISALIGNMENT, AND MISSED POTENTIAL



> **Coaching is not just about hiring good coaches. It is about making sure the process is thoughtful, clear, and co-owned by the coachee.**

Prof. **Nicky Terblanche** and Snr. Researcher **Frederik Kruger** at **Stellenbosch Business School,** look into the flipside of coaching when it fails. As mismatched expectations, broken trust, and organisational detachment undermine outcomes, even well-meant coaching can do harm. The fix? Reframing coaching as a shared responsibility between coach, coachee, and the organisation itself.

The Darker Side of Coaching: Missteps, Misalignment, and Missed Potential by CoBS Editor Hari Chandana Chinni.

Related research: The coaching flipside: Factors underlying unsuccessful workplace coaching interventions and the implication for human resource development, Frederik Kruger, Nicky H.D. Terblanche, 2024, Wiley Online.

We often hear about coaching as a powerful development tool. Organisations pour billions into it every year. And usually, the story ends well with better managers, clearer goals, and improved performance. But not all coaching experiences lead to growth. Some leave people confused, frustrated, and even disengaged. These are the stories we do not often hear.

In a recent study titled The Coaching Flipside, Prof. Nicky Terblanche and Senior Researcher Frederik Kruger of Stellenbosch Business School explored what happens when coaching does not work. While most research celebrates coaching success, this focuses on the people who walk away feeling disappointed. Their voices offer a rare and important perspective on the kind of coaching that not only fails to help but actively damages trust, performance, and morale.

From a pool of over 357 professionals, the authors focused on 13 coachees who rated their experience as deeply negative. Their stories are striking, not because they're dramatic, but because they're surprisingly common-sense and yet often overlooked. If coaching is supposed to be a journey of transformation, the study shows what happens when the vehicle breaks down at the start and nobody's quite sure who's driving.

THREE REASONS COACHING GOES OFF THE RAILS

So, what exactly goes wrong? According to the study, it boils down to three key issues: mismatched expectations, poor relationships, and organisational interference.

• **Mismatched expectations.** Coaching should begin with a clear understanding of purpose. But in many of the above-mentioned cases, that clarity never came. Some participants didn't even know why they were being coached. Others felt their coach didn't understand their background, culture, or goals. One described the process as "going on a road trip without a map." When the destination isn't defined, and the route isn't discussed, the result is confusion at best and disillusionment at worst.

• **Poor relationships.** Coaching depends on trust. Without it, the sessions feel more like a performance review than a partnership. Many participants felt their coaches weren't really listening or didn't seem invested. Worse, some had coaches with personal ties to their managers raising red flags about confidentiality and safety. In such a fragile environment, the space for honest reflection disappears. Instead of growth, people hold back.

• **The organisation itself**. While coaching may look like a private conversation between two people, the company is always in the background. And sometimes, that's the problem. In some cases, coaching was clearly designed to serve corporate agendas and not the individual. Others reported little to no support in integrating lessons from the coaching afterward. And nearly all agreed: without meaningful involvement from HR or leadership, the entire process felt disconnected.

WHY THIS MATTERS FOR HR AND BUSINESS LEADERS

The consequences go far beyond one frustrated coachee. When coaching fails, it doesn't just stall development – it chips away at trust, motivation, and belief in the system. People start to question whether the organisation truly supports their growth or is just ticking boxes.

For HR professionals, this is a wake-up call. Coaching isn't a quick fix or a one-size-fits-all solution. It needs thoughtful design, cultural sensitivity, and careful follow-up. The coach's skills matter, but so does the system around them. Everything from how coaches are selected to how goals are defined shapes the experience.

A CALL TO DO COACHING BETTER

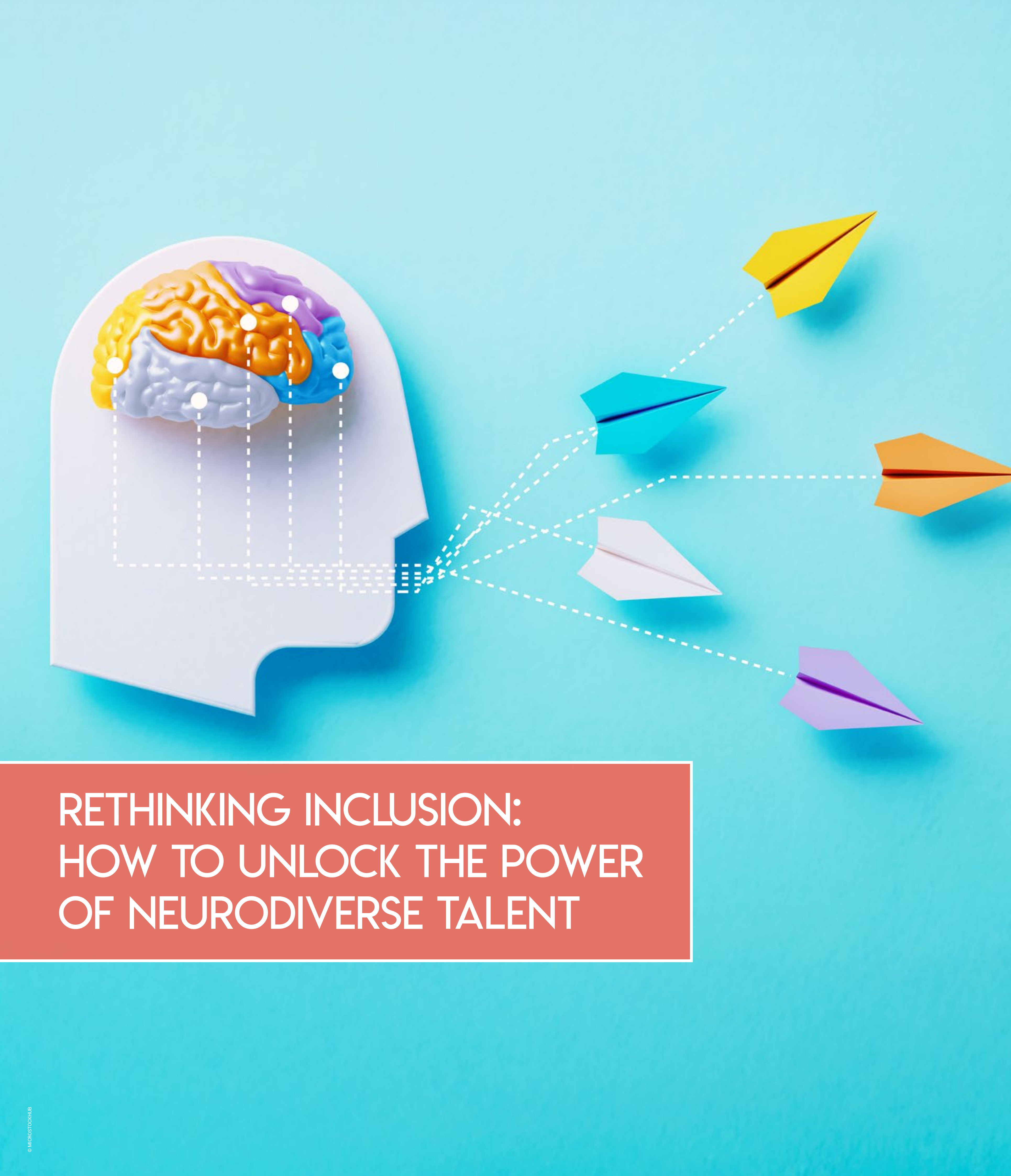
Terblanche and Kruger make a compelling case for what needs to change. They propose expanding the popular "working alliance" theory, which traditionally focuses on the coach-coachee relationship, to include the organisation as an active third player. After all, the company sets the stage, funds the process, and often defines success. Ignoring its influence is like pretending a referee has no impact on the game.

For HR teams and leaders, the finding offers two clear takeaways. Coaching is not just about hiring good coaches. It is about making sure the process is thoughtful, clear, and co-owned by the coachee. It isn't just a personal development tool but a reflection of culture. When done well, it builds bridges between individual potential and organisational goals. But when done poorly, it becomes a silent barrier creating confusion, resentment, and lost opportunities. At its best, coaching builds confidence, improves performance, and strengthens workplace culture. But if it is handled poorly, it can quietly do the opposite. By learning from what does not work, organisations have a chance to make coaching not just more widespread, but more meaningful, more human, and more effective.

Coaching can still be a powerful tool. But only if we treat it with the care, clarity, and responsibility it deserves. ///

KEY TAKEAWAYS

- Not all coaching leads to positive outcomes; some experiences leave coachees confused, frustrated, or disengaged.
- Mismatched expectations between coach and coachee often result in unclear goals and a lack of direction.
- A weak or mistrustful relationship between coach and coachee undermines the effectiveness of sessions.
- Organisational agendas and poor follow-through can make coaching feel disconnected and inauthentic.
- Coachees report feeling unsupported when HR or leadership fails to engage meaningfully in the process.
- Failed coaching interventions can damage morale, reduce trust, and diminish belief in development programs.
- As a way to improve things, the study recommends treating the organisation as an active player in coaching, not just a silent sponsor.



RETHINKING INCLUSION: HOW TO UNLOCK THE POWER OF NEURODIVERSE TALENT

> **By being "wired differently," neurodiverse individuals offer novel perspectives and can solve complex problems in unconventional ways.**

What might your workplace look like if every unique mind had the space to belong? This article draws on pioneering research by Professor **Na Fu** of **Trinity Business School, Trinity College Dublin,** alongside **Ashley Molloy** of **Tuath Housing Association** and **Ashley O'Donoghue** of **TU Dublin,** to challenge outdated views of autism and neurodiversity in the workplace. Their findings reveal that inclusive HR isn't about fixing people to fit systems – it's about designing systems where difference can thrive. The question now is: will your organisation rise to meet this opportunity?

A QUIET ABSENCE

Take a moment and think: how many neurodivergent colleagues do you know at your workplace? For most of us, the answer is one or two – if any. This absence, however, doesn't mean the neurodiverse population isn't growing. It is.

In Ireland, for example, over 75,000 people are autistic. Yet, participation in the workforce remains disproportionately low. Nearly 80% of autistic individuals in Ireland are unemployed. Similar gaps exist globally: in the U.S., employment rates for people who are autistic range from 4.1% to 11.8%, and in the U.K., only 16% are employed.

This disconnect raises pressing questions. How can HR and policy leaders design inclusive systems that do more than acknowledge neurodiversity – systems that truly enable it?

REFRAMING NEURODIVERSITY IN HR THINKING

Historically, HR systems have viewed neurodivergence through a deficit lens – treating it as a disability rather than recognising the distinct talents it brings. Professor Na Fu and her research team aim to shift this mindset. Their study explores not just the barriers neurodiverse individuals face, but the practical interventions – both individual and organisational – that help them thrive.

Rather than asking whether autistic individuals can work, the better question is: what organisational conditions allow them to thrive? Through interviews with HR professionals across six Irish companies in the tech, retail, and services sectors, the researchers unearthed common challenges and success stories in building neuro-inclusive workplaces.

BARRIERS BEGIN BEFORE DAY ONE

One of the first barriers faced by autistic job seekers is the lack of appropriate job opportunities. Many are funnelled into low-paying, part-time roles that don't match their skills or education. Traditional recruitment processes – focused heavily on verbal communication, social interaction, and emotional intelligence – filter out candidates who might excel in the job but struggle in interviews.

Even after being hired, challenges persist. Many neurodivergent employees report difficulties navigating routine policies, social expectations, and communication norms. The lack of accommodations – such as quiet workspaces, clear instructions, or modified feedback – further complicates their experience.

Disclosure of neurodivergent status remains a difficult choice. Due to fear of judgement or professional consequences, many autistic employees choose not to disclose that they are autistic – limiting their access to support and making organisational planning difficult. This creates a cycle where support is inaccessible, and neurodivergent behaviours may be misinterpreted as poor performance or nonconformity.

SEEING STRENGTHS, NOT SHORTCOMINGS

While challenges are real, so is the potential. Neurodivergence is not a deficit – it's a source of distinct cognitive strengths. Increasing neurodiversity in teams can enhance logical reasoning, data-driven decision-making, innovative thinking, and creativity. These aren't just helpful traits; they're critical in today's fast-moving workplaces.

Contrary to outdated assumptions, individuals who are autistic often have sustained focus, a high tolerance for repetitive tasks, and exceptional attention to detail. Many also demonstrate advanced skills in pattern recognition, data analysis, systems thinking, and visual reasoning.

When placed in the right environments, autistic employees not only succeed – they outperform. In the study, one HR manager described how an autistic data analyst streamlined a complex process the team had been struggling with for weeks. Others shared how their neurodiverse employees brought unique problem-solving approaches and helped boost overall team performance.

By being "wired differently," neurodiverse individuals offer novel perspectives and can solve complex problems in unconventional ways. Their ability to question assumptions, resist groupthink, and view situations from fresh angles makes them valuable assets.

Silvio Bessa, Senior Vice President at SAP, shared that hiring neurodiverse talent helped his team break free from homogenous thinking patterns. Companies like SAP are now intentionally building neurodiverse teams to drive innovation "from the edges." In a business environment increasingly shaped by uncertainty, these alternative viewpoints are becoming essential.

MOVING FROM CONFORMITY TO BELONGING

The study applies two foundational theories to understand better how workplaces can support neurodiverse talent.

Social Identity Theory, developed by Ashforth and Mael (1989), examines how individuals perceive their sense of belonging within a group. For neurodivergent employees, being forced to conform to neurotypical norms can lead to stress, low self-esteem, and disengagement. In contrast, when organisations create environments where employees can bring their authentic selves to work, it fosters positive identity, motivation, and performance. Belonging isn't just about being present – it's about being recognised as you are.

Psychological Safety, as defined by Amy Edmondson (2018), refers to the confidence to express oneself without fear of embarrassment, exclusion, or career risk. This is particularly relevant for neurodiverse employees, whose behaviours and communication styles may fall outside typical workplace expectations. When colleagues view them as "different," it may lead to isolation or misunderstanding. Cultivating a culture of trust and openness is key to helping these employees thrive.

INCLUSION AS STRATEGY

The study shows the companies that have already embraced neurodiverse inclusion report tangible benefits – higher innovation, improved problem-solving, and stronger team performance. HR leaders in the study shared that neurodiverse employees brought deep focus, out-of-the-box thinking, and a fresh lens to complex challenges.

The benefits also extend beyond the company itself. Employing neurodivergent individuals reduces public spending on disability benefits and boosts tax contributions. Inclusion creates a win-win: organisations gain talent, and society gains economic participation.

Inclusive hiring doesn't require overhauling every system overnight. Small, thoughtful changes can create a more welcoming environment for neurodiverse talent.

It starts with language. Job descriptions should focus on essential – not traditional – skills. For example, instead of requiring "excellent communication skills," frame them as "preferred" unless the role genuinely demands them. This simple change can widen the talent pool considerably.

Interview processes can be made more flexible by allowing candidates alternative ways to demonstrate their capabilities – such as task-based assessments instead of traditional interviews. Performance reviews should align with how the employee works best. If their strength lies in analysis, don't judge them on verbal fluency unless this is specifically required ror the role. And throughout, organisations must signal that disclosure is safe – that neurodiversity is not just accepted, but valued.

Finally, inclusive messaging and employer branding matter. When neurodivergent candidates and employees see that an organisation understands their needs and strengths, they are far more likely to engage fully and authentically.

SEEING THE WHOLE PICTURE

As Professor Na Fu's research shows, an employer's ability to support neurodiverse workers is directly tied to their understanding of both the challenges and the strengths associated with autism. Inclusion is not just about hiring – it's about creating the conditions where people can succeed. In rethinking inclusion, we're not just opening doors for one group – we're making our workplaces smarter, stronger, and more human for everyone. ///

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KEY TAKEAWAYS

- Employment rates for autistic people remain low due to systemic barriers, not lack of ability.
- Hiring practices often filter out autistic candidates by overvaluing social and verbal skills.
- Many autistic individuals excel in roles requiring focus, precision, and data analysis.
- Common barriers include rigid routines, poor accommodations, and fear of disclosure.
- Belonging improves when workplaces value authenticity over conformity.
- Inclusive HR boosts innovation, reduces groupthink, and taps into overlooked talent.

& ESG FINANCE

CODE GREEN: HOW AI IS RESHAPING SUSTAINABLE FINANCE

> **By enabling faster, smarter, and more accountable finance, AI can help scale the next generation of ESG investments.**

Eduardo Chukr, Finance and M&A Director at V.tal and **FGV EAESP** Alumnus, and **Helena Margem,** PhD, share their research into how Artificial intelligence (AI) applications have the potential to bridge the gap between investors' growing demand for ESG information and the limited availability of detailed and transparent reports.

Code Green: How AI is Reshaping Sustainable Finance by Eduardo Chukr Mafra Ney and Helena Rangel Margem. Originally published in Portuguese in GVexecutivo – FGV EAESP, V. 24 N. 1 | 2025.

As environmental, social and governance (ESG) factors become central to capital allocation, sustainable finance is reaching a critical turning point. Yet despite growing investor interest, sustainable investing still faces a credibility gap. Inconsistent, incomplete and sometimes misleading ESG data makes decision-making difficult – and trust elusive.

Enter artificial intelligence (AI). From automating financial analysis to detecting greenwashing, AI is emerging as a transformative force in sustainable finance. It bridges the gap between the growing demand for ESG insights and the limited supply of transparent, reliable data.

A TURNING POINT IN ESG TRANSPARENCY

According to a joint study by Deloitte and Tufts University, 83% of investment managers now incorporate ESG criteria into their decision-making. But nearly two-thirds cite information quality and consistency as a major barrier. ESG remains, in many cases, more a marketing slogan than a material risk factor.

AI can help correct that. With machine learning and natural language processing (NLP), AI can analyze data from a multitude of sources, assess ESG controversies in real time, and uncover inconsistencies in sustainability reporting. Satellite data powered by AI can monitor environmental risks like deforestation or methane emissions. Predictive models can help firms and investors anticipate regulatory shifts, reputational threats, or climate hazards.

And the applications aren't theoretical. Morgan Stanley, BlackRock, HSBC, and Amazon are already using AI to optimize sustainability portfolios, manage risk exposure, and reduce carbon footprints. AI is not just crunching numbers – it's

FIVE WAYS AI IS TRANSFORMING SUSTAINABLE FINANCE

Drawing from recent academic and market research, here are five key domains where AI is unlocking value in ESG finance:

1. Sustainable Financial Management
AI enhances the accuracy of ESG metrics and automates analysis across complex datasets. It helps investors select assets aligned with sustainability goals, reduces operational costs, and increases data transparency – all of which boost efficiency and impact alignment.

2. Green Capital Allocation
AI prioritizes high-impact projects by evaluating environmental outcomes and predicting long-term benefits. Smart algorithms can distinguish truly sustainable initiatives from trendy but ineffective ones, enabling better decisions in green bonds and impact investing.

3. Risk Analysis and Mitigation
Traditional ESG ratings often conflict or lack transparency. AI enables deeper, more consistent risk assessment by integrating satellite data, financial reports, media coverage, and supply chain intelligence. It models climate-related risks and provides early warnings for investors and companies alike.

4. Operational Efficiency and Emission Reduction
By optimizing logistics, inventory management, and energy use, AI improves both business performance and environmental outcomes. It helps organizations identify and address high-emission processes, reducing their carbon footprint while enhancing competitiveness.

5. Combating Greenwashing
Perhaps AI's most disruptive role lies in accountability. NLP tools can scan reports and social media for vague language or inflated ESG claims. AI exposes discrepancies between stated goals and real-world behavior, increasing market trust and reducing reputational risk.

RISKS AND DILEMMAS OF AI IN ESG

Despite these benefits, deploying AI in sustainable finance raises complex ethical and governance questions. Key concerns include:

- **Algorithmic transparency:** Many AI models function as "black boxes," making it difficult to verify that decisions align with ESG principles.
- **Automation vs. human judgment:** Delegating decisions to algorithms risks sidelining human oversight in matters that demand ethical reasoning.
- **AI's own ESG impact:** Training large AI models consumes significant energy and can entrench social biases if not carefully managed.

These issues demand robust oversight. Companies must invest in AI governance frameworks, conduct regular algorithmic audits, and ensure human supervision remains central – especially in decisions with deep environmental or societal implications.

AI AS AN ALLY, NOT A REPLACEMENT

AI should not replace human decision-making but rather enhance it. When thoughtfully implemented, it becomes a strategic tool: accelerating climate solutions, improving resource allocation, and boosting financial returns in alignment with sustainability goals.

By enabling faster, smarter, and more accountable finance, AI can help scale the next generation of ESG investments. But to succeed, it must be applied responsibly – with transparency, fairness, and a human-centered approach.

In short, artificial intelligence may be the key to unlocking the full potential of sustainable finance. But we must write the code – the code green – with care. ///

KEY TAKEAWAYS

- AI is emerging as a powerful solution to address the lack of consistent, transparent, and reliable ESG (Environmental, Social, and Governance) data, which hampers effective decision-making in sustainable finance.
- While 83% of investment managers now consider ESG factors, nearly two-thirds struggle with data quality and consistency—highlighting a credibility gap in sustainable investing.
- AI is transforming ESG finance in five domains:
  - *Sustainable financial management* (enhancing data accuracy and efficiency)
  - *Green capital allocation* (prioritizing truly impactful projects)
  - *Risk analysis and mitigation* (using real-time, multidimensional data)
  - *Operational efficiency and emission reduction*
  - *Combating greenwashing* (exposing misleading ESG claims through NLP)
- Major institutions like BlackRock, Morgan Stanley, HSBC, and Amazon are already using AI to manage sustainability portfolios, mitigate risks, and reduce emissions.
- The use of AI in ESG finance raises important dilemmas, including algorithmic opacity, the risk of over-automation, and AI's own environmental and social footprint.
- To avoid misuse, organizations must implement strong AI governance, including transparency standards, ethical audits, and human oversight in decision-making.
- AI should complement, not replace, human judgment—enhancing decision-making in ways that are responsible, ethical, and aligned with sustainability goals.
- If deployed thoughtfully, AI can accelerate climate solutions and scale ESG investing by making finance faster, smarter, and more accountable.

REAL ESTATE'S ESG RECKONING: WHY NEW GOVERNANCE IS THE NEXT BIG SHIFT

> **Healthcare real estate isn't just about walls and roofs – it's about people.**

In healthcare real estate, "green" is no longer enough. A new model of governance – collaborative, transparent, and deeply human – is emerging to meet the sector's evolving ESG challenges. Will real estate investors rise to the occasion? **Stéphane Hedont-Hartmann,** Director of CSR-ESG Strategy at **MoZaïC Asset Management,** explores.

If real estate has long been considered a safe bet, healthcare real estate has been viewed as its most resilient corner – steady returns, long leases, and social impact. But as ESG becomes more than a marketing slogan, cracks appear in this once-comfortable narrative.

More profound questions are being asked behind the façades of eco-certified buildings: Who governs these spaces? What is the quality of life inside them? Who ensures accountability – not just to shareholders but also to patients, caregivers, and communities?

In a world where regulators, investors, and civil society demand more, healthcare real estate is undergoing a quiet but urgent revolution. And at its centre is one idea: **governance matters more than ever.**

FROM LABELS TO LIVES: THE ESG EVOLUTION

Environmental benchmarks such as BREEAM, LEED, and France's HQE have long dominated discussions on real estate sustainability. They assess carbon footprints, energy performance, and resource efficiency. However, they do not evaluate whether a nurse can find a break room, whether dementia patients feel safe, or whether staff leave the sector in exhaustion.

Healthcare real estate isn't just about walls and roofs – it's about people.

A recent white paper by MoZaïC Asset Management, "Beyond Carbon: Addressing Social and Governance Issues in Healthcare Real Estate," highlights this: while environmental metrics are essential, they are insufficient. In healthcare, **the social and governance dimensions must especially take centre stage.**

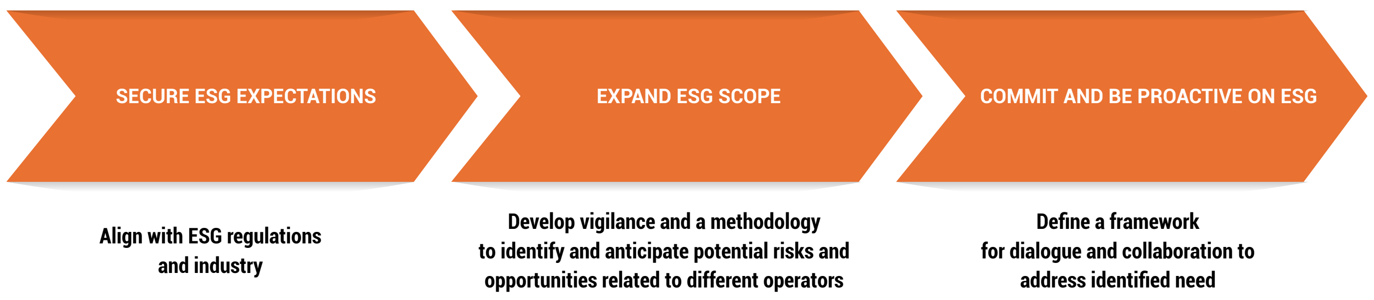
REGULATIONS ARE CATCHING UP – FAST

The EU's Sustainable Finance Disclosure Regulation (SFDR) and Corporate Sustainability Reporting Directive (CSRD) now require real estate investors to assess how ESG risks affect their bottom line and how their investments impact society and the planet.

This is the era of **double materiality.** And the message is clear: a building that's energy efficient but socially negligent is no longer defensible.

Under the SFDR, Principal Adverse Impacts (PAIs) include energy inefficiency and fossil fuel exposure indicators. However, in sectors like healthcare, more is needed: data on patient satisfaction, staff well-being, and operational ethics must become standard practice.

DIAGRAM: WHAT LEVEL OF RESPONSIBILITY DO INVESTORS HOLD?



Source: MoZaiC Asset Management - White paper "Beyond carbon: Addressing social and governance. Issues in healthcare real estate"

FROM LANDLORD TO PARTNER: A NEW GOVERNANCE MODEL

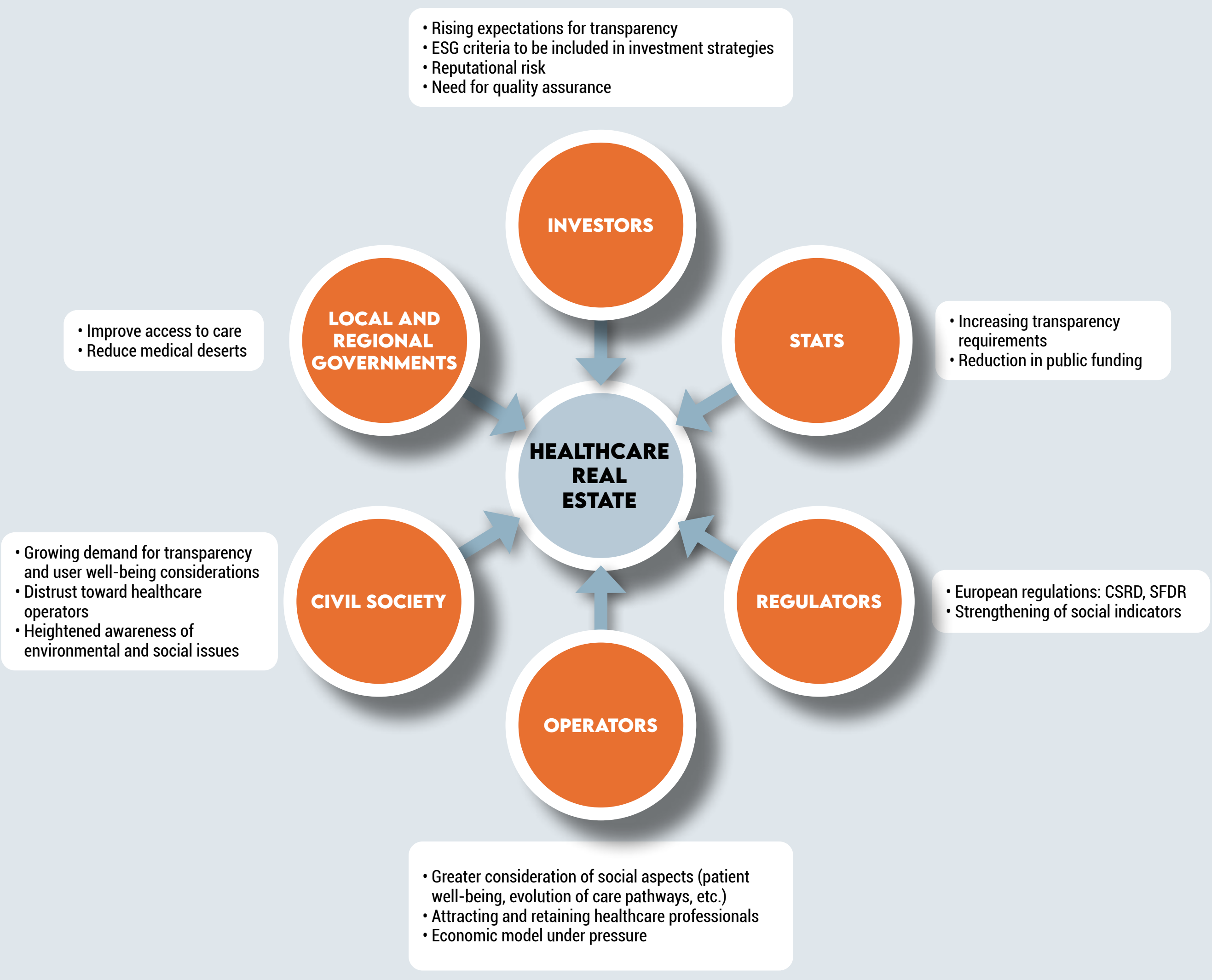
So, what does a new governance model look like?

Firstly, this indicates that **investors can no longer remain passive owners.** According to the white paper, investors, operators, and public authorities must establish **tripartite governance alliances,** based on shared objectives and transparent decision-making.

"Even without legal liability for what occurs inside the facility, investors can no longer disregard reputational risk," the report warns.

The model redefines roles:
- **Investors** bring capital and long-term vision.
- **Operators** offer frontline insight into patient care, staffing, and facility use.
- **Public institutions** ensure that infrastructure serves public health needs.

HEALTHCARE REAL ESTATE – STAKEHOLDERS' EXPECTATIONS AND KEY CHALLENGES



Source: MoZaiC Asset Management - White paper "Beyond carbon: Addressing social and governance. Issues in healthcare real estate"

This isn't about micromanagement – it's about shared stewardship.

BOOTS ON THE GROUND: FIVE SHIFTS IN ACTION

The white paper outlines five strategic moves investors must make to adapt:

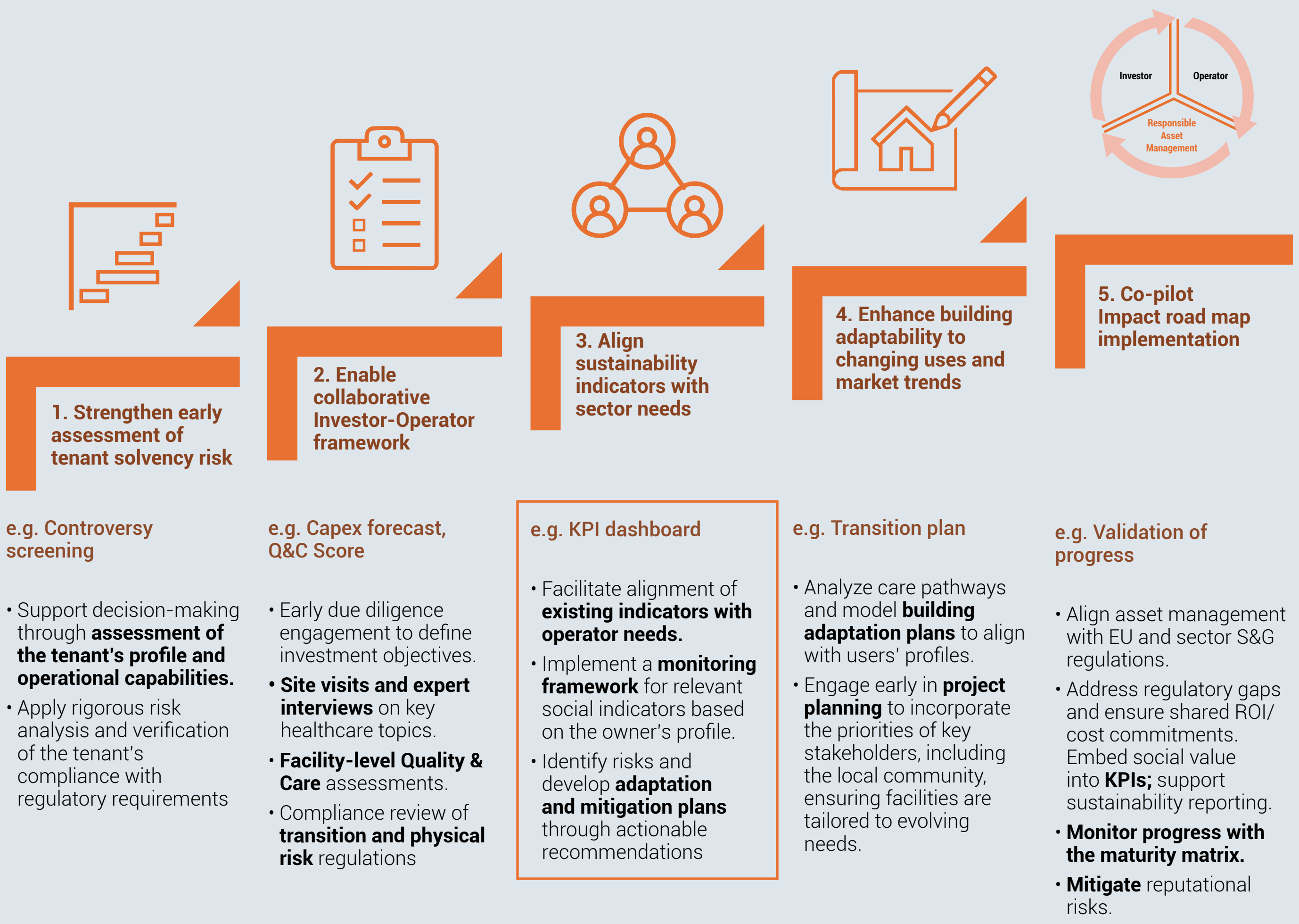
1. Lead the ESG Agenda
Investors must move beyond compliance. They must anticipate regulatory change, manage reputational risk, and balance financial return with social value. ESG performance should be treated as an asset class in itself.

2. Embed ESG in the Relationship
ESG must be written into every stage of the investor-operator relationship, from lease terms to tenant engagement. This includes co-created transition plans, contract ESG clauses, and clear KPIs.

3. Make Social and Governance Criteria Investment Filters
It's no longer enough to ask "What's the yield?" Investors must also ask, "What are working conditions like for staff? Are patients safe? Are we aligned with local healthcare strategies?"

4. Design for Adaptability
Facilities must evolve with changing care models, demographics, and technologies. The future of healthcare real estate lies in modular, flexible spaces, not cookie-cutter clinics.

5. Rethink ESG Indicators
Standard metrics fall short. Real impact requires tailored indicators: staff retention, patient satisfaction, workplace well-being. And these must be tracked, published, and improved over time—in partnership with operators and stakeholders.



MOZAÏC ASSET MANAGEMENT

Source: MoZaiC Asset Management - White paper "Beyond carbon: Addressing social and governance. Issues in healthcare real estate"

A CULTURE SHIFT: ESG AS DIALOGUE, NOT DIKTAT

Change won't come from checklists alone. As Philippe Denormandie, a white paper contributor and surgeon turned ESG advocate, puts it:

"It's time to rethink investment not only in terms of property but in terms of use – projects must be collaborative, eco-responsible, and truly adapted to their purpose."

Indeed, this governance rethinking is as much cultural as it is technical. Investors must engage more deeply with the realities on the ground. This entails regularly conversing with facility managers, healthcare staff, and families. It involves listening – not just reporting.

WHAT THIS MEANS FOR MANAGERS AND ESG LEADERS

For those in the broader business sustainability community, the lessons are clear:

- **Governance is the backbone of ESG.** Without shared governance, environmental and social goals fall apart in execution.
- **Real estate must become relational.** Stakeholder engagement isn't just ethical – it's strategic.
- **Buildings must become adaptable.** Fixed-use, inflexible facilities will become stranded assets in a world of evolving social needs.

Whether in healthcare, senior living, or education, the new frontier of real estate ESG isn't just smart sensors or solar panels. It's about **who has a seat at the table – and who benefits from what's being built.**

TOMORROW'S LEADERS ARE SHAPING GOVERNANCE TODAY

Investors who embrace these changes will future-proof their portfolios and improve the real estate landscape.

The ESG debate in real estate is maturing. Labels and checklists, while helpful, are not enough. As investors seek to align capital with purpose, **the true differentiator will be how governance is designed and practised.**

The path forward is clear: embrace governance not as a compliance hurdle, but as a source of resilience, innovation, and shared value. In doing so, we move from buildings that are sustainable in theory to spaces that are truly sustainable in use.

Because in the end, real estate is not just about walls – it's about people. ///

KEY TAKEAWAYS

Governance Is the Emerging ESG Priority
In healthcare real estate, *green credentials alone are no longer sufficient.* Governance—collaborative, transparent, and human-centered—is becoming essential in delivering real, sustainable impact.

ESG Must Move Beyond Environmental Labels
Certifications like BREEAM and LEED don't address staff well-being or patient safety. ESG frameworks must expand to include *social and governance realities* within healthcare environments.

Double Materiality Is Reshaping Regulation
With EU regulations like SFDR and CSRD, investors must assess not just how ESG risks affect returns, but how their investments *impact people and planet.* Social neglect is no longer defensible—even if a building is energy efficient.

A New Model of Shared Governance Is Needed
Investors, operators, and public institutions must co-govern healthcare facilities through *transparent, tripartite alliances*—where each party brings complementary strengths and shares accountability.

Five Action Shifts for Investors
Investors should:
- Lead the ESG agenda proactively
- Integrate ESG into all investor-operator relationships
- Use social and governance filters in investment decisions
- Design facilities for flexibility and change
- Track tailored, human-centered impact metrics

ESG Is Now Cultural, Not Just Technical
Real change requires *deep stakeholder engagement*—not checklists. Investors must listen to caregivers, facility managers, and patients to shape purpose-driven spaces.

AUTHENTIC PURPOSE IN BANKING: THE ULTIMATE STRATEGIC ADVANTAGE

> **Since higher purpose transcends conventional thinking, pursuing it can be particularly challenging in organizations where control and compliance are paramount.**

Profs. **Anjan V. Thakor, WashU Olin Business School,** and **Robert E. Quinn, Michigan Ross School of Business,** draw on their research into the Bank of Bird-in-Hand in the United States to highlight how even a highly regulated institution can embrace authentic purpose and integrate it into its business model.

Related research: Ethics, Culture, and Higher Purpose in Banking: Post-Crisis Governance Developments, International Journal of Central Banking, December 2021.

Many Fortune 500 companies have an explicitly stated mission statement, but few have an authentic statement of higher purpose – one that transcends the typical pursuit of profit and prevents the emergence of a transactional culture where self-interest drives the culture. An authentic statement of higher purpose clarifies the organization's mission and attracts people to commit to the common good. It serves as the guiding principle for every decision, breaking down silos and fostering a culture of unified, creative effort.

The key is authenticity. As we pointed out in our 2018 Harvard Business Review article, most attempts to create purpose-driven organizations fail because many executives cannot imagine themselves, or others, moving beyond a conventional, self-interested mindset to genuinely pursue the common good. Most "know" it is impossible. As one CEO candidly told us, "I do not want to create a statement of purpose, because I know we will not live it." Unfortunately, hypocrisy is often assumed in professional life. We live in pretense, perpetuate it, and ultimately reap its consequences.

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People work for many reasons, one of which is to make money. While money may bring a person's body to work, it seldom brings their soul. In high-performing organizations, people feel a deep sense of meaning and passion for their work. These organizations typically have a higher purpose – not a PR statement or a productivity tactic, but a collective call to contribute to something greater. This purpose is a moral statement that everyone believes in and endorses, creating accountability that comes from within, not imposed from outside.

Since higher purpose transcends conventional thinking, pursuing it can be particularly challenging in organizations where control and compliance are paramount, such as highly regulated, deposit-insured banks. Following our 2018 HBR article, we set out to explore whether purpose-driven banks exist, and if so, how they balance business prudence with authentic purpose.

A little over a year ago, we were fortunate to find just such a bank and conduct an in-depth study, including on-site visits and interviews with executives, employees, customers, directors, and investors. The bank, called Bank of Bird-in-Hand, is the first FDIC-insured de novo bank to open in the U.S. after the 2007-09 financial crisis. Our research provided valuable insights into how even a highly regulated institution can embrace authentic purpose and integrate it into its business model. Here, we share some of what we learned.

BACKGROUND

The Bank of Bird-in-Hand was founded in December 2013 with 10 employees, becoming the first bank in the U.S. to gain a charter since 2010. It was established by a group of investors in the rural village of Bird-in-Hand, located in Lancaster County, Pennsylvania – a regional home to a significant Amish community. The bank's purpose was clear from the start: to provide much-needed banking services to the underserved area, particularly to the Amish and Mennonite communities, who had limited access to financial services.

The bank received approval from the Federal Deposit Insurance Corporation (FDIC) on November 27, 2013, and launched with $17 million in equity capital provided by the initial investors. Although the bank is stockholder-owned, it is not publicly traded.

From its inception, the bank's major investors and Board of Directors made a decisive commitment: they would not "cash out" by selling the bank to profit from their investment. Instead, the transcendent purpose of the bank—to provide financial services to an underbanked community – remained the focus. The bank's first CEO, Brent Peters, stepped down on July 1, 2014, and was succeeded by Lori Maley, who served as acting CEO until November 2014, when Alan Dakey was appointed. After his retirement in March 2017, Ms. Maley was promoted to CEO, a role she holds today.

Since its founding, the bank has experienced impressive growth, with total assets reaching $1.363 billion, deposits totaling $1.089 billion, and shareholders' equity amounting to $141.253 million by the end of 2023. Investors we interviewed expressed high satisfaction with their returns.

While it may sound overly complimentary, it's important to highlight a few remarkable facts about the bank. First, the bank has experienced virtually no loan defaults, a testament not only to its credit risk management but also to the strength of its purpose-driven culture and its deep relationships with borrowers and the local community. Second, the customers we interviewed – including those at the bank's annual customer appreciation picnic – were genuinely enthusiastic about the bank. Third, employee engagement and satisfaction were exceptionally high. One employee, recovering from cancer treatment, was advised to take more time off before returning to work, to which she responded, "Why? The bank is where my sunshine is!" Finally, bank regulators have expressed satisfaction with the bank's operations, indicating that it has successfully balanced regulatory compliance and control with fostering a purpose-driven culture that empowers employees without stifling them.

WHAT DO WE LEARN?

Rather than delving into the specifics of how the Bank of Bird-in-Hand has managed to be both authentically and successfully purpose-driven, we'll highlight the three most important lessons we learned from studying the bank.

Lesson 1. Authentic, Higher Purpose Comes from an External Motivation, but The Channel through which it is Manifest is Internal.

The key to the success of Bank of Bird-in-Hand's higher purpose pursuit is the impact its purpose has on the internal motivation of the bank's employees. But alignment is key to having a positive motivational effect, so how do you align all employees with that purpose? What we learned from studying the Bank of Bird-in-Hand is that for an organization to truly live its purpose, employees must believe in it as passionately as the founders and senior leaders do. This may sound straightforward, but in practice, it's a formidable challenge.

To achieve this alignment, several elements must be in place: employees must trust that their leaders genuinely believe in the purpose, so that when profit and purpose seem to conflict, the organization chooses purpose; the pursuit of purpose must inspire pride in employees, offering deep meaning in their work; and the purpose must transparently guide routine decision-making, shaping the organization's culture. At the Bank of Bird-in-Hand, all these elements were present. So, even though the bank was motivated by the "external motivation" of serving an underbanked community, its success was driven by the internal commitment of its employees.

Lesson 2. Leading a Purpose-Driven Organization is Challenging Internally Because Authenticity of Purpose Conflicts with the Transactional Belief System

Given the growing evidence – both anecdotal and empirical – that purpose-driven organizations achieve positive economic outcomes, the obvious question is: why isn't everyone following this model? The answer lies in the subtle conflict between purpose-driven leadership and the more common, control-oriented, transactional leadership style that delivers solid economic results for many companies.

In a purpose-driven organization, leaders don't treat employees as mere factors of production, as standard microeconomic theory suggests. Instead, they see them as "creative geniuses" who must be respected and aligned, not controlled. Leaders in these organizations understand that their role is not to manage people, but to help them find their "why" – the deeper purpose that drives their energy and focus.

From there, the organization is built around these values. This requires placing recruitment at the forefront and making decisions that don't threaten the culture. For example, the Bank of Bird-in-Hand has turned down numerous opportunities for rapid growth, always asking one critical question: "Can we do this while maintaining our approach to recruitment and our culture?" Few organizations can consistently operate with such a commitment to alignment.

Lesson 3. Internal Challenges in Pursuing Purpose are Magnified by Hidden Non-Believers.

Many organizations have leaders who publicly endorse the organization's higher purpose but secretly don't believe in it and may even engage in undetected sabotage. We've observed this problem in too many organizations, where managers are promoted not because they inspire others but because they excel at complying with directives or ingratiating themselves with higher-ups.

These leaders often find themselves in charge of employees who are more purpose-driven and sharp-witted than they are. Leading such employees is a task these managers often fumble. Worse, they may feel threatened by them. This dynamic can lead to a series of decisions that gradually extinguish the organization's purpose. Fortunately, at the Bank of Bird-in-Hand, the leadership provided by Lori Maley and her team has avoided this pitfall, preserving the organization's purpose and maintaining its authenticity.

Lesson 4: Because Bankers Cannot Believe in Higher Purpose, Higher Purpose is the Ultimate Strategic Advantage

Leaders cannot pursue what they cannot imagine. Purpose-driven banking is outside the transactional mindset that dominates global banking. Most readers of this paper will likely dismiss the idea, "knowing" that higher purpose cannot be implemented in modern banking.

In each interview, we asked whether the culture of the bank could be replicated in an area very different from Lancaster County, Pennsylvania, say South Chicago. Almost everyone doubted it. ///

KEY TAKEAWAYS

- Unlike standard mission statements, a genuine higher purpose transcends profit and prevents a transactional culture, fostering unity, creativity, and commitment to the common good.
- Many organisations fail at purpose-driven transformation because leaders doubt its feasibility, assume hypocrisy, or fear they cannot live up to their own statements of purpose.
- Pay alone brings employees to work, but purpose brings passion, meaning, and intrinsic accountability, which are the hallmarks of high-performing organisations.
- Despite operating in a highly regulated banking environment, this rural Pennsylvania bank authentically lives its purpose of serving underbanked Amish and Mennonite communities while achieving strong financial and cultural outcomes.
- Employees must believe in and live the purpose as deeply as the founders. Trust in leadership, pride in work, and purpose-driven decision-making are crucial for alignment.
- Purpose-driven leadership clashes with traditional control-oriented management and is undermined when "hidden non-believers" in leadership positions sabotage purpose by prioritising compliance or self-interest.
- Since most banking leaders cannot imagine a purpose-driven model, authentic purpose becomes a rare competitive edge. Its success depends on leaders with unwavering commitment to the common good.

TRENDS IN GREEN FINANCE AND INVESTMENT

> **The road ahead demands collaboration, innovation, and a steadfast commitment to transparency and accountability.**

Held in October, the **OECD Forum on Green Finance and Investment 2024** proposed a platform for discussions on aligning finance with global climate goals. Focusing on mobilising private investment, regulatory frameworks and sustainable business practices, the forum addressed key topics including the need for robust transition plans, biodiversity finance, green bonds and integrating sustainable practices across sectors. The event highlighted the importance of public-private collaboration to support decarbonisation, resilience and other environmental goals, by promoting a holistic approach to climate finance. Against this context, **Ksapa** CEO **Farid Baddache** shares some key elements of supporting business transition plans.

TRANSITION PLANNING AND CREDIBILITY

Transition plans are essential to align with the Paris Agreement's targets. A successful plan should not only promise emission reductions but also ensure economic credibility, avoiding the pitfalls of greenwashing. Greenwashing, where companies falsely present themselves as environmentally friendly, undermines genuine efforts and is a significant concern. Therefore, credible transition plans are needed, focusing on long-term transformation and measurable impact.

SCOPE 3 CAN BE 26 TIMES HIGHER FOR COMPANIES, BUT COLLECTING THE SCOPE 3 DATA IS NOT THAT IMPORTANT

The level of adoptions by the private sector is worrying. For example, CDP (Carbon Disclosure Project) data shows that while two-thirds of global companies report on climate data, only a quarter have some form of transition plan. However, only about 1% (31 companies) have plans deemed "credible," meeting CDP's comprehensive 21-data-point framework. This suggests that most businesses still have a long way to go in developing rigorous, trustworthy strategies. One major issue is the lack of reliable data on Scope 3 emissions (indirect emissions throughout a company's supply chain), which are often 26 times higher than direct (Scope 1 and 2) emissions.

On the other hand, initiatives the like The Climate Bonds Initiative focuses on creating frameworks for green finance, promoting the issuance of bonds to support climate-friendly projects. Unlike CDP, CBI does not emphasize the need for detailed Scope 3 data. That can be useful for obvious industries the like oil and gas or automotive chains. Instead, they however primarily advocate for clear, scalable plans developed by issuers that demonstrate how companies can support the climate transition efficiently. CBI notes that existing Nationally Determined Contributions (NDCs) under the Paris Agreement are often insufficient, calling for stronger, scalable plans that can rapidly mobilize private sector resources expected to be perhaps and hopefully released through the upcoming COP 29. CBI is also working and calling towards stronger coherence with other organizations like CDP and the Science-Based Targets initiative (SBTi), aiming to harmonize expectations across different regions and industries. By developing taxonomies that guide investors, they enhance the alignment between private investments and sustainable practices, sending a clear message to economic actors about the urgency of the climate crisis.

All in all, the question of balance between efforts to collect unavailable scope 3 data – especially across value chains, and instead focusing on supporting industry wide or territorial specific programs fast tracking decarbonization on clearly identified hotspots, has yet to be found.

COOPERATION BETWEEN PUBLIC AND PRIVATE INVESTORS IS KEY TO AMPLIFY CLIMATE ACTION

Cooperation between the public and private sector is also critical to provide long term regulatory vision, and decrease climate transition risks taken by private sector. For example, initiatives like Japan's GX Agency play a critical role in this context by merging public support with private investment to drive green transformation at scale. Japan's Green Transformation (GX) Agency emphasizes indeed transformation rather than mere transition, aiming to accelerate private investments in green solutions. Unlike typical transition plans, the GX Agency seeks to create a stable regulatory environment that encourages companies to invest in long-term climate strategies. This approach blends public and private efforts, providing a holistic framework for sustainable growth and addressing urgent environmental challenges.

In view of demographics, as much as where extensive scope 3 emissions of global chains can lie, the inclusion of emerging economies is obviously critical. In this space, The International Finance Corporation (IFC) has committed to aligning 85% of its investments with the Paris Agreement, incorporating transition as a central investment lens. For the IFC, assessing the robustness of a company's transition plan is a prerequisite for funding. Their approach includes safeguarding against risks through performance standards and ensuring that no investment causes harm. The IFC recognizes the significant gap in Scope 3 emissions data, particularly in emerging economies, where these indirect emissions dominate the carbon footprint. To address this, they support capacity-building initiatives that help companies develop better data reporting and transition plans. Monitoring and continuous assessment are key to ensuring that investments achieve meaningful environmental impact, and corrective measures are taken as necessary to enhance outcomes.

CHALLENGES AND OPPORTUNITIES IN THE GREEN TRANSITION

Despite advances, more government action is needed to increase private sector contributions with credible transition plans. CDP highlights the absence of a unified global reporting standard, which hampers the consistency and comparability of data across companies and industries in context of growing data disclosure. India, for instance, has seen a 100% year-on-year growth in climate data reporting, showing significant progress. However, the lack of standardized frameworks still poses challenges.

The IFC emphasizes that without greater rigor and comparability, it becomes difficult to assess and challenge transition plans effectively. This is crucial, as not all transition efforts lead to positive economic impacts; some can cause short-term disruptions, which can create resistance. Hence, robust frameworks are necessary to balance environmental goals with economic realities, ensuring smoother transitions.

CBI further stresses the need for public initiatives to drive market demand aligned with scientific recommendations. This involves building enabling programs, providing financing, and establishing clear agreements that incentivize companies to adopt sustainable practices. Collaboration between governments and private entities, such as seen in Japan's GX initiative, can accelerate these efforts by blending resources, reducing risks, and encouraging large-scale adoption of green solutions.

The global transition to a low-carbon economy is complex, requiring coordination across multiple sectors and regions. While the principles behind transition planning are straightforward, executing them effectively involves numerous challenges. One of the most critical is the risk of greenwashing, where companies mislead stakeholders about their environmental efforts. Without credible, transparent, and consistent transition plans, there is a risk of losing public trust and misallocating capital, which could otherwise drive meaningful climate action.

The lack of comprehensive Scope 3 data is another significant hurdle. Most companies have started reporting direct emissions, but their supply chains—often responsible for the majority of their carbon footprint—remain opaque. Improved data collection and reporting standards, especially in emerging economies, are crucial for addressing this gap. Companies need support not only from governments but also from investors and international organizations to build capacity and enhance transparency in reporting.

Despite these challenges, the rapid development of green finance initiatives, such as green bonds and sustainability-linked loans, offers hope. Tools like the taxonomies developed by CBI and the frameworks from CDP are helping standardize what constitutes a credible transition plan. By setting clear guidelines, these initiatives are sending strong signals to the market, encouraging companies to adopt robust climate strategies and align their operations with global climate goals.

A POTENTIAL FOR SIGNIFICANT PROGRESS

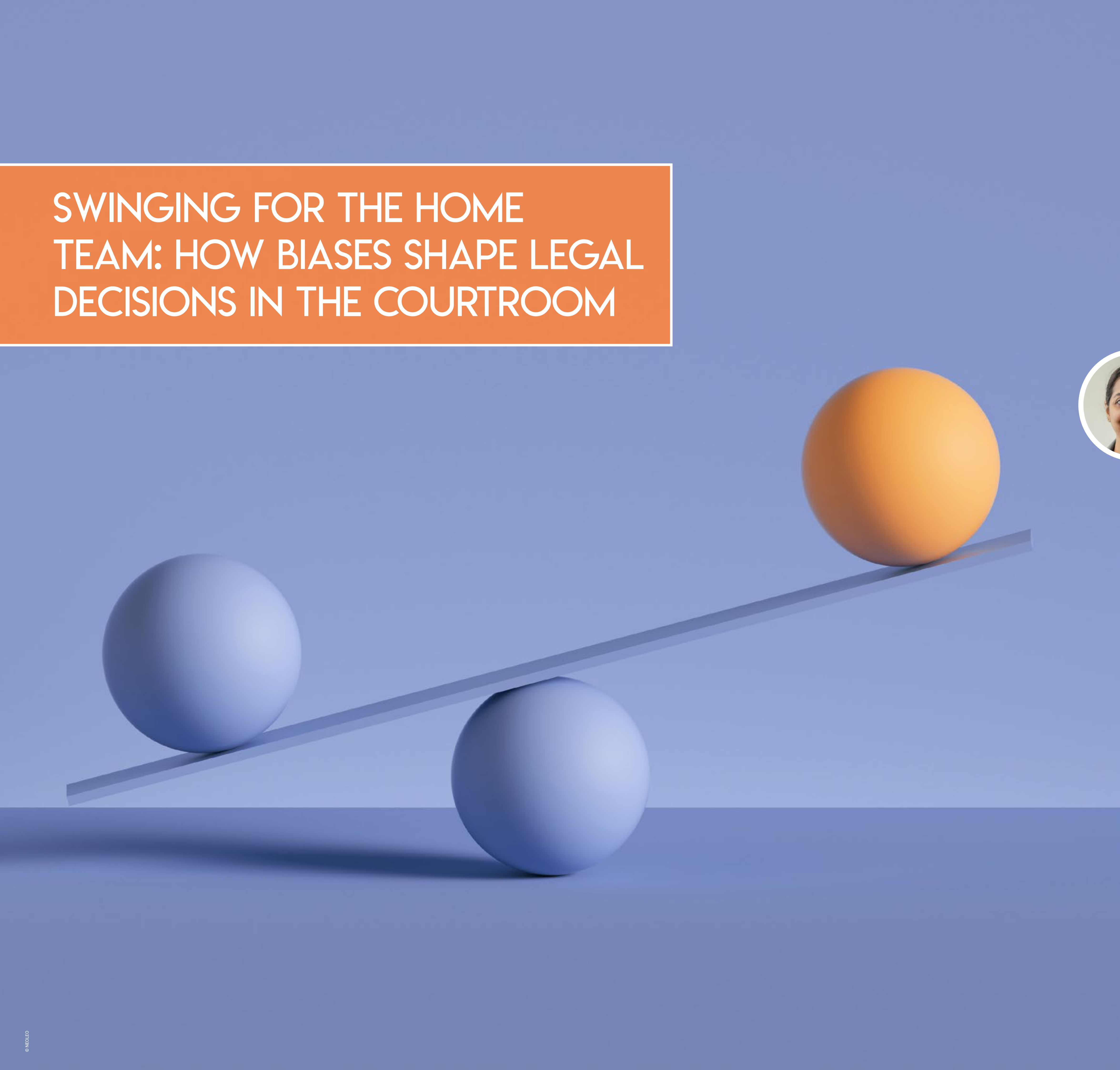
The OECD Forum on Green Finance and Investment 2024 underscores the urgency of developing and implementing robust transition plans. Whether through the frameworks established by the CDP, the transformative approach of Japan's GX Agency, or the investment strategies of the IFC, a common theme is the need for credible, scalable solutions that can mobilize private sector engagement effectively.

To achieve the Paris Agreement goals, companies must move beyond superficial commitments and invest in long-term transformation strategies. Government action, in the form of standardized regulations and supportive financial mechanisms, is essential to create a level playing field and encourage widespread adoption of green practices. By blending public and private efforts, and leveraging frameworks like those developed by CBI and CDP, there is potential for significant progress in building a sustainable global economy. However, the road ahead demands collaboration, innovation, and a steadfast commitment to transparency and accountability. ///

KEY TAKEAWAYS

- To align with the Paris Agreement, companies need transition plans that are **economically sound and transparent,** not just promises of emission cuts. **Greenwashing** remains a major risk, undermining real progress.
- Scope 3 emissions (indirect, supply chain-related) can be **26 times higher** than Scope 1 and 2. Yet, most companies **don't collect or report them,** creating a blind spot in climate accountability.
- According to CDP, only **1% of companies** have transition plans that meet credibility standards. This indicates a major gap between climate commitments and actual preparedness.
- CDP stresses **comprehensive data and reporting,** while the **Climate Bonds Initiative (CBI)** prioritizes **clear, scalable action plans**—even without full Scope 3 data—especially in high-impact sectors like energy and automotive.
- Initiatives like **Japan's GX Agency** and **IFC's investment strategy** demonstrate how **regulatory stability and financial support** from governments can lower risks and encourage private climate investments.
- Emerging markets face data and capacity limitations, especially around Scope 3. Organizations like the IFC are addressing this by investing in **capacity-building and monitoring systems** to ensure impact.
- Without **global reporting standards,** climate data remains inconsistent, making it difficult to compare, assess, or hold companies accountable. This is a major challenge to achieving climate goals.
- Robust **taxonomies, regulations, and green finance instruments** (e.g., green bonds, sustainability-linked loans) are necessary to **mobilize private investment** and ensure climate strategies are both credible and actionable.

& BUSINESS SOCIETY



SWINGING FOR THE HOME TEAM: HOW BIASES SHAPE LEGAL DECISIONS IN THE COURTROOM

> **As the world grows more contested with rising nationalism, populism, and geopolitical concerns, many business disputes will end up in court.**

Can personal biases sway judicial decisions even when the law is impartial? If so, how is this possible and what drives these preferences? A recent study by **Prof Srividya Jandhyala, ESSEC Business School Asia-Pacific,** reveals the presence of national bias in court decisions involving international business law disputes.

Related Research: Economic nationalism and the home court advantage, Arnab Choudhury, Srividya Jandhyala, Anand Nandkumar, Strategic Management Journal, Wiley.

THERE'S NO PLACE LIKE HOME

The *Homefield Advantage* is a phenomenon most commonly observed in sports, particularly baseball and American football. Coaches and players often count on the boost they get from playing on their home turf – whether it's the comfort of familiar surroundings or the energy and support of the crowd. But this additional support isn't just for athletes.

A recent study suggests that the Homefield Advantage extends beyond sports arenas and into U.S. federal courts, where it manifests as a better win rate for domestic companies in lawsuits against foreign companies. Courts appear to exhibit a subtle bias due to economic nationalism, or "a preference for domestic welfare enhancement at the expense of foreign interests."

THE REALITY OF JUDICIAL INDEPENDENCE

In nations with strong judicial independence, like the United States, courts are expected to operate impartially, with federal judges interpreting laws neutrally rather than favouring any party. U.S. federal judges – appointed for life – are often regarded as pinnacles of fairness and justice dedicated to upholding federal laws and the Constitution. But are they?

New research from Prof. Srividya Jandhyala and her co-authors investigates apparent bias in judicial decision-making. By analysing data from 33 years of patent disputes, the study reveals how judges tend to favour domestic firms over foreign ones.

ROLE OF IN-GROUP BIAS AND JUDICIAL IDEOLOGY

This subtle but significant tilt toward domestic firms in judicial rulings raises a compelling question: *what drives this bias?*

The researchers point to *social identity theory,* where in-group favouritism leads to restricting opportunities for out-group members. Judges, who are members of nation and share a collective identity, differentiate between in-group (domestic) and out-group (foreign) firms. They choose an interpretation of the law that favours domestic firms over foreign ones, even if the law itself does not discriminate between the two.

The study also uncovers another key factor – political ideology.

Conservative judges, for example, are more likely to favour domestic firms at the expense of foreign competitors. This pattern aligns with broader psychological traits associated with conservatism, such as uncertainty avoidance, resistance to change, a need for order, and heightened security concerns. These tendencies often reinforce a preference for the familiar and the in-group – domestic entities – over the ambiguity and perceived risk associated with foreign firms.

In contrast, judges with liberal political beliefs show a reduced inclination toward such biases. Liberalism, characterized by openness, inclusivity, and egalitarian values, counteracts the effects of economic nationalism. These judges are more likely to render impartial decisions, treating domestic and foreign firms with greater equity.

This interplay between ideology and judicial behavior underscores a deeper reality: even in courts designed to be impartial, personal political beliefs can subtly influence decisions.

BEYOND THE BENCH

Prof. Srividya Jandhyala's research reveals how economic nationalism and judicial ideology subtly sway rulings, favouring domestic firms over foreign competitors. These findings underscore the human element behind the bench, where personal beliefs and national identity can unconsciously shape decisions.

As the world grows more contested with rising nationalism, populism, and geopolitical concerns, many business disputes will end up in court.

Courts must rise to this challenge, ensuring that justice serves all parties equally -- domestic and foreign alike. By embracing ideological diversity and reinforcing impartial practices, the judiciary can help level the playing field and strengthen the fairness of international business law. ///

KEY TAKEAWAYS

- **National Bias in Judicial Decisions:** The study identifies a presence of national bias in court rulings, with judges favouring domestic firms over foreign competitors in international business law disputes.
- **Social Identity Theory:** Judges display in-group favouritism, favouring domestic firms to promote national economic well-being. This aligns with social identity theory, which suggests in-group members receive preferential treatment over out-group entities.
- **Impact of Judicial Ideology:** Political ideology influences judicial bias. Conservative judges are more likely to favour domestic firms, driven by traits such as resistance to change and heightened security concerns. Liberal judges, on the other hand, exhibit greater impartiality and inclusivity.
- **Judicial Independence Tested:** Despite the expectation of impartiality in countries like the U.S., where judicial independence is strong, the findings reveal that personal and national biases can influence rulings, challenging the ideal of neutral decision-making.
- **Call for Ideological Diversity and Impartial Practices:** The study emphasizes the importance of ideological diversity among judges and the reinforcement of impartial practices to ensure equal treatment of domestic and foreign parties, safeguarding judicial integrity in an increasingly interconnected world.

THE GENERATION GAME

> **Any conscious attempt to improve the age diversity of a board will typically require a concerted effort to extend the age profile of the board at both ends of the spectrum.**

Professor of Accounting **Yuval Milo, Warwick Business School,** explores the little researched area of age to unravel why boards with a big age range are better at reining in CEOs

First published in CORE Magazine edition 14.
With kind acknowledgements to Warwick CORE Insights.

We hear a lot about the role diversity plays in organisations and on company boards, but this often tends to revolve around ethnicity. We are not aware of any regulation or governance code emphasising the importance of age, even though nearly 90 per cent of directors of firms in the Standard and Poor's (S&P) 500 consider age diversity important.

And yet, only six per cent of S&P 500 firms have directors younger than 50, according to research conducted by PwC in 2018. This paucity of information also holds true for academic papers, where we found there was very little around the topic of age diversity, so along with Mohamed Janahi, of the University of Bahrain, and Georgios Voulgaris, of the University of Manchester, I decided to investigate it.

A BOARD THAT ARGUES: PARADOXICALLY GOOD

We looked at the banking sector in particular, partly due to its significance to the wider UK economy, and partly because it's so opaque in how it performs from a management perspective that it can be hard for external stakeholders to assess how effectively banks manage risk.

Our theory was that the more diverse a group is – especially regarding age – the more prone it is to arguments and disagreements, so the social cohesion is lower. The logic is that a mix of backgrounds, perspectives, experiences and reference points will make it less likely that they will agree in an Orwellian groupthink mentality.

Having a board that regularly argues might sound problematic, but boards essentially are designed to do two roles: give advice and monitor activity. Our contention was that a less homogeneous board that is made up of a diverse range of individuals and ages may be slower at providing advice, as it's more prone to disagreement, but it tends to be better at monitoring how well the executives are doing their jobs.

OF AGE AND RISK

Our study looked at 232 US banks, from 1996 to 2018, and assessed the impact of age diversity in non-executive directors on loan loss provision (LLP). This is the amount of money banks put aside to cover cases of loans going bad, and is generally considered a reflection of a bank's approach to risk.

One initial early finding was that bank boards in general are older and less age-diverse than boards in non-financial industries. The average age of bank directors is 62, which – at least from 1996 to 2018 – is some three years older than non-financial firms listed on the S&P 500.

Our research backed up the initial hypothesis: That boards with greater age diversity were better at identifying risky or less-than-prudent behaviour in banks. They are more prudent with customers' money, and more likely to make greater discretionary loan loss provisions (DLLP).

In turn, this impacts on the need to engage in earnings management – the application of accounting techniques to smooth out losses over a number of years – which can be indicative of poor-quality reporting and low levels of competence among both executive and non-executive directors.

Other studies have also made a link between banks that do not manage earnings, and that report timelier LLP, and decreased loan risk.

Specifically, we found that age diversity is associated with a decrease of 0.0187 percentage points in DLLP. For a medium-sized bank, this is equivalent to a reduction of $1.6 million: a significant figure given that the median LLP in our sample was $6.52 million, and median earnings were $32 million.

Our results hold even after we control for CEO characteristics, as well as for tenure diversity and board education.

Furthermore, there was a positive association between reduced earnings management and bank growth. In the current landscape, when there are, again, concerns emerging over how resilient banks are, this has practical implications. Under risky conditions, banks that adopt a more prudent approach are more likely to save themselves from potential losses and gain a reputation for responsible management.

DIVERSITY ON BOARDS IS BETTER: WHEN BOTH ENDS OF THE AGE SPECTRUM ARE ENCOURAGED

The 2007–09 financial crisis shows that excessive risk-taking by banks can be costly to the economy as a whole. With the recent downfalls of Silicon Valley Bank and Credit Suisse, now would be a good time for boards to consider improving their diversity, and to include age within that.

Policymakers should also be interested in the findings. In 2015, the Basel Committee on Banking Supervision explicitly specified that the complex nature of banking operations calls for banks' boards to include a diverse set of directors.

Our results support this, and regulatory bodies' inducement of companies to increase diversity in their boards more generally. There are some wider findings, too, for other publicly traded organisations or those that have non-executive directors. It stands to reason, as a more general rule, that those boards that are more deliberate and essentially give executives a harder time can be more effective, delivering higher-quality reporting and reducing risk overall.

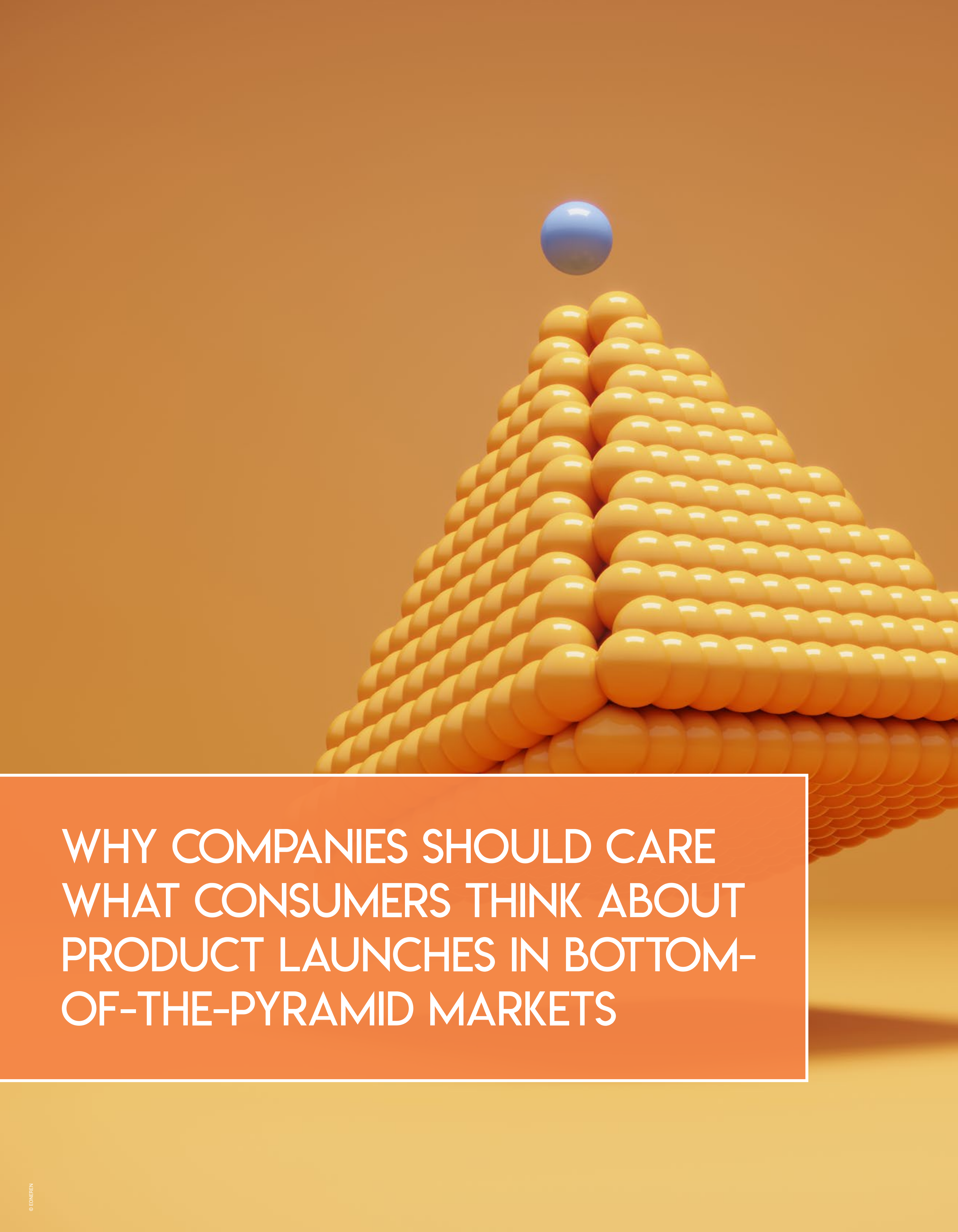
But just putting in place one person of a different age – whether older or younger – does not make for an age-diverse board. Any conscious attempt to improve the age diversity of a board will typically require a concerted effort to extend the age profile of the board at both ends of the spectrum, taking on younger and older people.

For some organisations, this will mean actively extending the potential pool of candidates for non-executive roles and not rejecting people on the basis that they may be too young. It also means boards should avoid thinking that someone already in place may be too old. They may even look to welcome individuals who are instinctively prone to challenge, rather than overlooking them.

All this fits with other studies that have regularly demonstrated the benefits of having more diverse workforces in general. Age diversity should be seen as a central part of this, and should be welcomed rather than feared. ///

KEY TAKEAWAYS

- Despite widespread belief in its importance, age diversity is largely neglected in boardrooms, especially in the U.S. banking sector, where most directors are older and boards are relatively age-homogeneous.
- Boards with a wider age range may argue more and have lower social cohesion, but they are better at overseeing and challenging CEOs, leading to stronger governance and risk oversight.
- Age-diverse boards are more likely to increase discretionary loan loss provisions (DLLP), signaling a more cautious and responsible approach to risk, particularly in banking.
- The research found a link between age diversity and reduced earnings management practices, which contributes to more accurate financial reporting and increased transparency.
- A seemingly small reduction in DLLP (0.0187 percentage points) translates into meaningful financial savings—about $1.6 million for a medium-sized bank—indicating real economic benefits of age-diverse boards.
- The findings suggest boards and policymakers should actively foster age diversity at both ends of the spectrum. This includes recruiting younger directors and retaining older ones to enhance board effectiveness and reduce systemic risk.



WHY COMPANIES SHOULD CARE WHAT CONSUMERS THINK ABOUT PRODUCT LAUNCHES IN BOTTOM-OF-THE-PYRAMID MARKETS

> **The country-of-origin of a company is central, shaping the expectations of emerging market consumers of how well that company can understand the needs and desires of BoP consumers.**

What do mainstream consumers think about product launches in emerging markets to low-income consumers? And why should companies worry about what they think? Prof. and Deputy Dean **Reetika Gupta, ESSEC Business School Asia-Pacific,** along with **Deepa Chandrasekaran** from the **University of Texas at San Antonio, Sankar Sen,** from **Baruch College, City University of New York,** and **Tanvi Gupta** from the **Indian Institute of Management Ahmedabad,** provide a detailed analysis of the implications of the concept of "marketing to the bottom of the pyramid" in today's globalized world.

Related research: Marketing to Bottom-of-the-Pyramid Consumers in an Emerging Market: The responses of Mainstream Consumers, Reetika Gupta, Deepa Chandrasekaran, Sankar Sen and Tanvi Gupta, Journal of Business Ethics (2024).

CONSUMER SEGMENTS AND "PERMISSIBLE CONSUMPTION"

Prof. Gupta and her colleagues' research Gupta assesses how mainstream consumers react to a company's marketing efforts to a lower-income segment in emerging countries and if their reactions depend on the product type, the cultural closeness, and the company type.

In her study, Prof. Gupta refers explicitly to "Bottom-of-the-Pyramid" (BoP) – consumers living in a state of extreme poverty and deprivation. Numbering 4-5 billion people, they make up the largest and poorest part of the world population, living on less than $2 a day. Nowadays, an increasing number of companies launch products and market them to BoP consumers. These could be products like "Minute Maid Vitingo", a drink by the Coca-Cola Company addressing malnutrition in rural India or Shiseido's "Les DIVAS" make-up line for women in rural Bangladesh.

Mainstream consumers perceive the type of product differently, having a negative opinion of companies that treat poorer customer segments unequally in the marketplace. However, they also have beliefs about what the poor should be consuming. When companies communicate their BoP efforts, this could, in turn, impact how these mainstream consumers perceive the company and thereby harm the latter's standing in the mainstream market.

A NEW GLOBALISED AND CONNECTED ERA OF COMMUNICATION

Researching this topic is helpful in understanding how companies should communicate their BoP efforts to mainstream consumers. In fact, a good BoP communications strategy could even lead to a competitive advantage. Gupta et al.'s insights on the permissible consumption mindset in developed economies can indeed show companies how product launches in the BoP market could affect company evaluations in the mainstream market.

The increasing significance of an effective communication strategy is highlighted by the growing importance that mainstream consumers place on companies' purpose and actions. Moreover, due to global social media and news, as well as increasing cross-border movements, consumers in both emerging and developed countries are now easily informed about companies' global and local activities. In the future, companies will need to involve these consumers in their strategic considerations, as any company activity has the potential to impact the opinions and attitudes of mainstream consumers.

THE DIFFICULTY OF WALKING A MILE IN UNKNOWN SHOES

The studies conducted by the authors show that US consumers have a less positive attitude towards companies launching hedonic BoP products than their Indian counterparts, whereas Indian mainstream consumers do not have a significantly different attitude between companies launching a hedonic or a utilitarian product.

On the one hand, these findings can be traced back to the concept of permissible consumption, which in this context is linked to mainstream consumers' beliefs that utilitarian products should be prioritised over hedonic products, as the latter fulfil higher-order needs. This finding corroborates with extant research has shown that mainstream consumers view a consumer who receives government assistance as less moral and ethical if they choose to spend money on discretional goods, even if they, themselves, spend money on perceived "luxury goods." Connected to consumers increasingly perceiving companies as moral agents with moral responsibility, their permissibility-based judgements on BoP consumer consumption carry over to the expectation of which products companies should be launched on the BoP marketplace.

On the other hand, however, these beliefs may not be based on actual understanding of BoP consumer wants, needs, desires or their overall life situation. This explains why consumers from developed countries are more susceptible to these stereotypes, as they are less equipped to take the perspective of a consumer segment that is both culturally and physically very distant from them. This is also why Indian mainstream consumers have a less negative opinion of hedonic product launches – they are more empathetic to the situation of their fellow BoP citizens and, therefore, have different expectations of product launches, which are met.

EMPATHY AND EXPERTISE: HOW COUNTRY OF ORIGIN AND PROFITABILITY AFFECT PERCEPTIONS

Furthermore, Reetika Gupta et al. found that mainstream Indian consumers had a slightly more favourable reaction to domestic companies launching a hedonic product compared to a foreign one. They also perceived for-profit companies more positively than non-profit ones when launching a hedonic product.

The research found that the country-of-origin of a company is central as it shapes the expectations of emerging market consumers of how well that company can understand the needs and desires of BoP consumers. Especially when launching hedonic products, consumers perceive domestic companies as more empathetic than foreign companies.

Similarly, consumers perceive for-profit companies as being more suitable for launching a hedonic product to BoP consumers, and their efforts are better received.

MANAGING COMPANY AND PRODUCT EXPECTATIONS IN A GLOBALISED WORLD

Prof. Gupta and her colleagues' studies have implications for academia as well as the management profession itself. Firstly, for the research suggests that mainstream consumers who are more culturally distant will evaluate companies more positively if their BoP products address utilitarian needs. Secondly, Gupta found that mainstream consumers who are culturally closer to the BoP markets have a similar judgment of companies, regardless of whether they are marketing utilitarian or hedonic products.

On a management dimension, in order to prevent potentially negative attitudes from culturally distant mainstream consumers, companies would be wise to communicate their hedonic BoP product launches neutrally and draw less attention to them.

At the same time, specifically international and/or foreign companies should engage with local communities in emerging markets to prevent negative publicity while introducing hedonic products. For example, they could directly involve target BoP consumers in their product development and communication campaigns to be perceived as more genuine and empathic in their efforts.

All in all, Prof. Gupta's research suggests that companies would be wise to adjust their communication strategy for BoP product launches and take their mainstream consumers' expectations into account. ///

KEY TAKEAWAYS

- Mainstream consumers have expectations about what low-income consumers should consume; this concept has been researched under the term "permissible consumption". Due to modern companies' status as moral agents, they are affected by mainstream consumer scrutiny concerning their product launches on BoP markets. Therefore, companies need to take these mainstream consumer beliefs into consideration when launching new products.
- Social media and global news make consumers more aware of a company's global activities. In this context, a good communications strategy can become a competitive advantage.
- The type of product (hedonic versus utilitarian), the country-of-origin of a company, as well as profitability motivation, impact the perception of BoP product launches.
- Cultural closeness and perspective-taking affect the perception of specifically hedonic products; companies that are culturally closer to their market are also seen as more empathetic.

EMPOWERING RURAL CHINA: THE IMPACT OF THE CHINA PHILANTHROPY E-COMMERCE PLATFORM ON TARGETED POVERTY ALLEVIATION

> **The success of the CP platform in poverty alleviation highlights the importance of targeted strategies and the role of large businesses.**

In the heart of Hunan province, a small village hummed with activity as General Secretary Xi Jinping made his way through the streets, meeting with residents living in poverty. Little did they know, this visit would be the catalyst for a revolutionary approach to poverty alleviation in China: The China Philanthropy e-commerce platform. Professors **Qinqin Zheng** and **Jieyou Zhang, School of Management Fudan University,** explore the promises and impacts of the platform.

The effects of an innovative e-commerce poverty alleviation platform on Chinese rural laborer skills development and family well-being, Children and Youth Services Review, Chien-Chung Huanga, Huiying Jina, Jieyou Zhang, Qinqin Zheng, Yafan Chena, Shannon Cheunga, Chuwei Liua, Elsevier

In November 2013, China's General Secretary Xi Jinping visited a small village in Hunan province where he met with residents living in poverty. During his visit, he noticed that despite the 1978 economic reforms, rapid economic development, and social welfare policies implemented in previous years, poverty alleviation efforts were not reaching the most vulnerable and remote areas of the country.

The economic miracle of China is well recognised. In 2018, there was a massive x 167 increase in GDP per capita from 385 RMB in 1978 to 64,644 RMB but this growth was experienced unevenly. The evidence can be clearly seen in the increase in the country's Gini coefficient – a measure of income inequality within a population. This ranges from 0 to 1, with 0 indicating perfect equality (everyone has the same income) and 1 indicating perfect inequality (one person owning all income).

After witnessing this uneven distribution, a proposal for the concept of "targeted poverty alleviation" was advanced which focuses on devising effective poverty reduction programs based on the specific needs of poverty-stricken areas. The idea was to make poverty alleviation efforts more realistic and appropriate by tailoring them to the local conditions of struggling counties.

2 years later saw the publication of the "Decision of the Central Committee of the Communist Party of China and the State Council on Winning the Fight against Poverty", setting goals for all rural residents to have access to sufficient food and clothing, education, medical care, and housing by the end of 2020. This strategy involves the participation of enterprises in the poverty alleviation effort and one such innovative effort is the China Philanthropy platform.

This is a successful e-commerce platform that has been able to positively impact the skills, income, and resource allocation of workers and their families. Moreover, the platform has a strong potential to improve the professional skills of the participants and increase their family incomes, leading to more resources to be allocated to the education of their children, indicating human capital accumulation.

THE STORY OF THE CHINA PHILANTHROPY E-COMMERCE PLATFORM

To understand the significance of this platform, let's consider the example of farmers residing in rural China and struggling to make a living wage. They had little access to markets and resources to sell their agricultural products. Subsequently, a new e-commerce platform – China Philanthropy (CP) – was introduced, designed to help alleviate poverty by allocating resources through the collective efforts of its stakeholders, including platform operators, assistant enterprises, poor farmers, and registered users.

The 150-person CP team invested in building up the platform, focusing on technology development, platform management, and product promotion. Assistant enterprises, a new concept, used their professional expertise and provided technical support to farmers, helping them to promote their products and negotiate prices, as well as employing rural labourers. On their side, farmers were able to use their own knowledge and skills to invest in growing agricultural products.

Moreover, farmers were able to list their products on the CP platform for sale and receive income through the assistant enterprises. They also received training and workshops, which increased their work capacity and improved their professional skillsets. The registered users, who were able to purchase products directly from the platform with low intermediary costs, benefited too.

Thanks to the innovative model of the CP e-commerce platform, the farmers were able to increase their income and improve their livelihoods – as a result opening the path to investing more resources in their families and children's education, and thereby leading to better opportunities for future generations. Indeed, it can reasonably be claimed that the CP platform empowered these rural farmers and changed their lives for the better.

LIMITATIONS OF THE CP PLATFORM

There are still some limits and challenges that pose barriers to further success. ZYSY, the company that operates the platform, for example, charges a maintenance fee of 4% on each transaction, but this fee only covers a small portion of the platform's operating expenses. As a result, the company has experienced an annual loss of around 30 million yuan over the past three years.

However, despite these limitations, the study confirms the theories of household production, resource allocation, and human capital accumulation and supports the use of social innovation to replace traditional methods of meeting social needs. The CP e-commerce platform provides a creative and effective solution for poverty alleviation in China by bringing together different sectors of society to address a grand challenge. ///

IMPACT OF THE CP PLATFORM ON RURAL FAMILIES' LIVELIHOODS

Profs. Zheng, Zhang and their fellow researchers examined the effectiveness of this platform by monitoring the work skills, income, and expenditure of a sample of 41 families. Their study found that work skills – specifically agricultural expertise, computer skills, customer service skills, Mandarin proficiency, cell phone skills, and online sales skills – significantly improved after the CP platform was established.

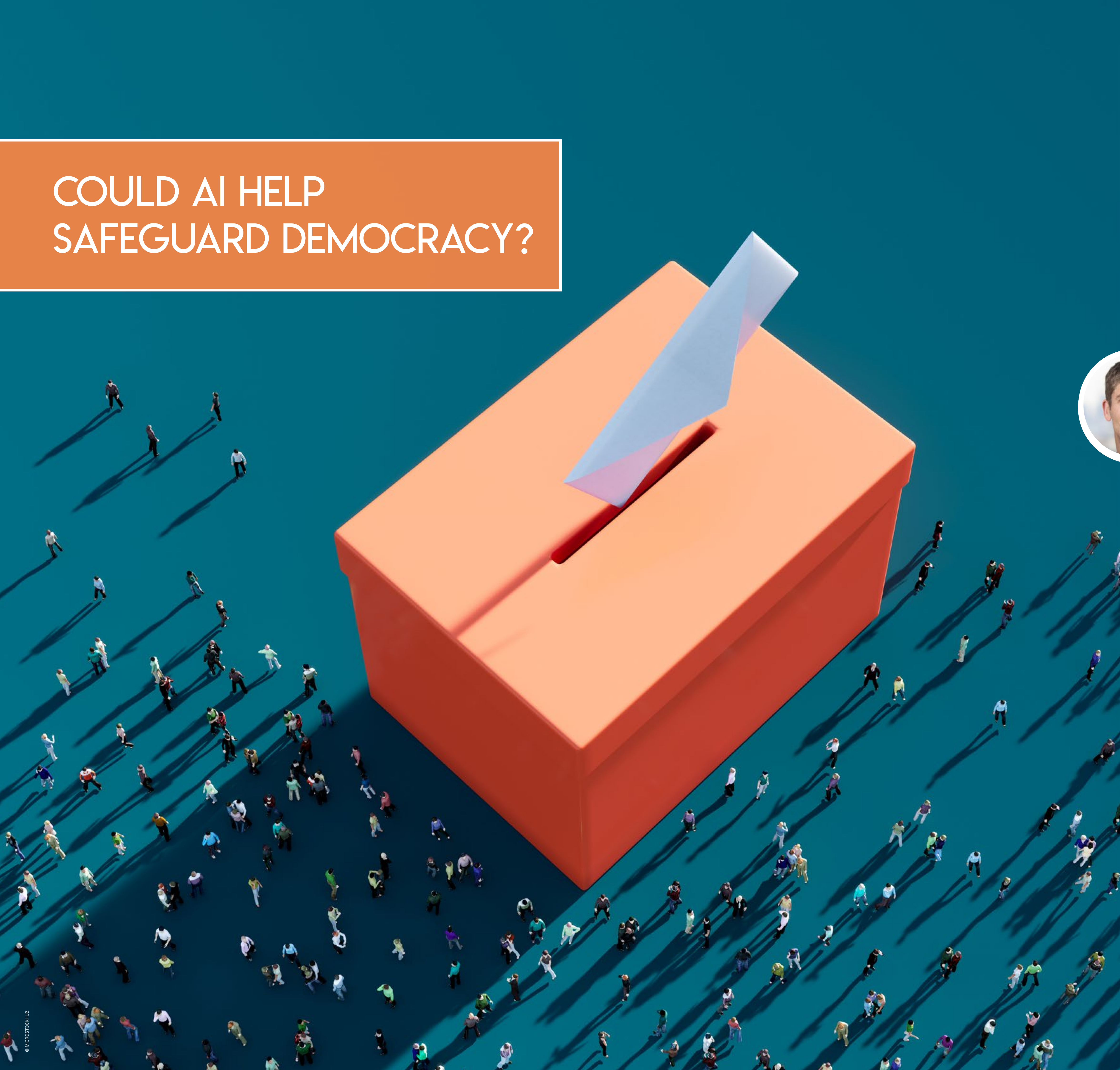
Additionally, family income increased by 50% between 2016 and 2019, mainly due to earned income from the CP platform, and rural collective economic organizations and government support. Moreover, family expenditures also increased by 21% due to production materials related to the CP platform, daily living expenses, and education expenses. On a down note, expenses exceeded family incomes in both 2016 and 2019. Finally, the study also highlighted the effects of drought in 2016 leading to frost damage to apple trees in the two following years and consequently reducing both farmers' income and enterprises' profits.

The success of the CP platform in poverty alleviation, run by the Bank of China, highlights the importance of targeted strategies and the role of large businesses in promoting and improving the well-being of impoverished farmers and their families. Through utilizing their own capital advantages and innovative models, such as incorporating assistant enterprises, the CP platform has been able to improve the technical skills and income of farmers.

KEY TAKEAWAYS

- In 2013, the Chinese government observed that poverty alleviation efforts in China were not reaching the most vulnerable and remote areas of the country, despite the 1978 economic reforms and social welfare policies implemented in the past.
- The authorities proposed the concept of "targeted poverty alleviation" which focuses on devising effective poverty reduction programs based on the specific needs of poverty-stricken areas.
- 2015 saw a publication setting goals for all rural residents to have access to sufficient food and clothing, education, medical care, and housing by the end of 2020.
- The China Philanthropy (CP) e-commerce platform is an innovative effort to alleviate poverty, involving the participation of enterprises. The platform is designed to help alleviate poverty by allocating resources through the collective efforts of its stakeholders, including platform operators, assistant enterprises, poor farmers, and registered users.
- Despite a few limitations, the CP platform has had a positive impact on the skills, income, and resource allocation of workers and their families, and has potential to improve professional skills and increase family incomes, leading to more resources for education and better opportunities for future generations.

COULD AI HELP SAFEGUARD DEMOCRACY?



> **The government should never be tempted to use AI tools for mass surveillance**

In an age of endless political chatter, keeping tabs on how public discourse shapes democracy is more challenging – and more urgent – than ever. But what if we could spot threats before they escalate? Prof. **Simon Angus, Monash Business School,** explores.

First published on Monash University Impact.
With kind acknowledgements.

Artificial Intelligence is often cast as a villain in the democratic narrative – a tool for spreading disinformation, creating deepfakes, and amplifying political polarisation.

However, new research from Monash Business School Professor Simon Angus offers a different perspective: AI as a potential guardian of democracy. The paper – part of a series published by the Australian National University for the Department of Home Affairs *Strengthening Democracy Taskforce* – suggests advanced AI tools could help in understanding public narratives and issues that are important to democratic resilience at an unprecedented scale.

"Growing up in Australia, I consider our democracy to be incredibly precious, so when I was asked to turn my attention to this issue, I was very keen to help," says Prof Angus.

"Rightly, the new wave of generative AI tools has received a lot of negative commentary, however, I felt it was important to highlight how NLP and AI technologies also carry huge potential for improving our understanding of democratic resilience."

WHY TRADITIONAL METHODS FALL SHORT

Public narratives wield immense power, shaping individual beliefs and societal norms. But the sheer volume and speed of modern discourse — from the 24/7 news cycle to social media — make it nearly impossible for traditional tools and tracking methods to keep up.

“There is a perception that threats to the health of our democracy are arising from a range of areas, including polarisation, mis- and disinformation, social media algorithms, and imported narratives that may undermine trust and confidence in our electoral and government institutions,” he says.

“The central idea of the study is that it’s now possible to track narratives that matter to democracies across large amounts of text, such as Parliamentary speeches, news, and social media, and to do this with much greater accuracy than ever before.”

‘THE OPPORTUNITY IS HUGE’

As part of the research, Professor Angus and his team used a technique developed in Monash’s SoDa Labs called ‘paired completion’. This method leverages AI tools to evaluate how closely a text aligns with specific narratives.

To demonstrate its power, Professor Angus and his team analysed more than 4,000 climate change speeches from Australian prime ministers and opposition leaders over two decades, quantifying their alignment with climate change science or denialism. “With human-based reading, labelling, and analysis, this would have taken hundreds of hours,” says Prof Angus. “With our new AI methodology, it takes a few minutes. The opportunity is huge.” The paper and paired completion method are currently under peer review.

REAL-TIME MONITORING OF POLITICAL SPEECH

One of the study’s key recommendations is the creation of an Observatory of Democratic Narratives. This AI-driven platform would monitor political rhetoric and public discourse in real time. This would expose divisive or anti-democratic language moments after it is used, providing the government, journalists, researchers, and the public with timely insights into the health of our democracy.

“Imagine someone standing up in Parliament and bringing a divisive ‘us versus them’ framing to a topic, and then moments later, seeing the Observatory analyse this language, quantitatively placing it in context and allowing the wider public to learn from advanced quantitative tools,” he says. “My hope is that this would bring accountability and strengthen our public understanding of democratic principles.”

ETHICAL CHALLENGES AND THE PATH AHEAD

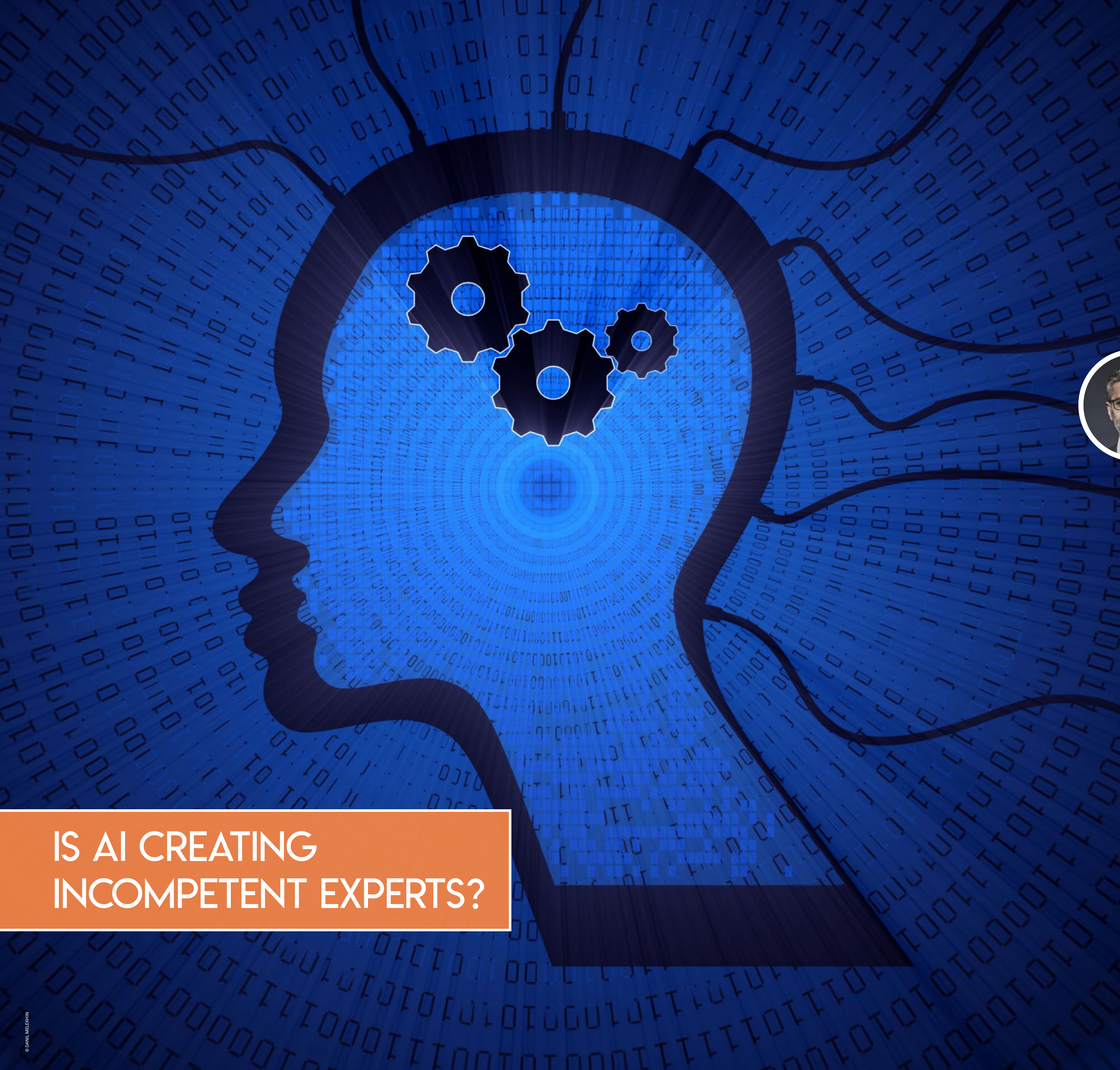
Despite its promise, the use of AI in monitoring democracy isn’t without risk. Chief among these is ensuring that AI tools are used transparently and responsibly.

“The government should never be tempted to use AI tools for mass surveillance,” asserts Prof. Angus. The team’s research has also highlighted potential biases in AI models. “We can quantify these biases and choose tools and methods which largely mitigate these problems, but we should always be aware of them,” he says.

The team is actively seeking partnerships to help create an Observatory and exploring other applications of AI to analyse discourse at scale. “The aim of this research, for now, is to advise the government on the tools that are out there, and are being created as we speak, that they can harness in their attempts to cultivate a resilient democracy.”

“There is a huge appetite for tracking narratives across a range of topics, so we’re keen to keep pushing into this research area to develop and evaluate scientifically these tools to have the most helpful impact for social good.” ///

Read the full report: Tracking Public Narratives of Democratic Resilience at Scale



IS AI CREATING INCOMPETENT EXPERTS?

> You can't develop judgment about what you don't know.

Generative AI is short-circuiting the learning process that builds real expertise, writes Professor of Systems & Technology **Kiron Ravindran** at **IE Business School.**

First published on IE Insights. With kind acknowledgements.

What if the greatest risk of artificial intelligence isn't job displacement, but something far more insidious: the creation of professionals who appear competent but lack the judgment to back it up?

Last year, Norwegian marine biologists discovered their herring populations had forgotten their ancient migratory routes. After overfishing removed the experienced fish, young herring invented new paths leading them to colder, inhospitable waters. In just one generation, centuries of accumulated wisdom vanished.

The same dynamic is now playing out in knowledge work. As AI tools automate the tasks that once taught professionals how to think, there is now a generation that produces sophisticated outputs yet can't explain their own work.

Steven Schwartz's ChatGPT-generated legal brief appeared flawless, until a judge discovered all six cited cases were fake. When questioned, the 30-year veteran couldn't even identify basic legal citation formats that he'd supposedly used. This case is far from isolated. Damien Charlotin, a research fellow and lecturer at HEC Paris, has documented close to 150 such cases of AI hallucinations filed around the world since June 2023.

Organizations are discovering the same harsh lesson about AI's limitations. Klarna, the buy-now-pay-later unicorn, fired 700 employees last year claiming AI could do their tasks. However, within a year they were on a hiring spree and their CEO stated, "what you end up having is lower quality… investing in the quality of the human support is the way of the future for us."

When vulnerable people meet AI instead of human expertise, consequences can be fatal. NEDA's eating disorder chatbot recommended weight loss. Character. AI's chatbots allegedly encouraged a teen's suicide. Yes, AI will progressively improve, but these tragedies reveal what happens when we prioritize efficiency over understanding in contexts that warrant human judgment.

The WEF seems to think that the most important Core Skill in 2025 is analytical thinking. Perhaps the promise of AI creating an expert workforce, as Dario Amodei and Jensen Huang seem to think, is a little overhyped.

I've observed a worrisome phenomenon in my own classroom. Given the concern that has spread since 2023 over ChatGPT use in written exams, I added oral examinations onto take-home assignments. The results were revealing. I received submissions that read like graduate-level work, but when I asked basic questions about methodology or reasoning, many students struggled to respond satisfactorily. They'd produced sophisticated analysis without developing the thinking skills to support their own assignments.

It is not concerning that students use AI – these tools are a reality of the modern classroom and workplace. It's that they seemed genuinely surprised by my desire to probe further. After all, the written submission had made everything convincingly clear, had it not? The tool's linguistic fluency had convinced them of their competence even as it hollowed out their learning.

Now, a confession: This essay took over twenty drafts alternating between ChatGPT and Claude. But I have read the research and am trained in critiquing it, I lived the anecdotes and formed my thesis before sitting down to write. Absent this training, this article would exemplify its own critique – polished but empty. Even attempting to write substantively about AI's dangers while using AI reveals how easily we can be dependent on such assistance. The lesson remains: competence must precede collaboration. Otherwise, we're just automating ignorance.

At consulting firms, analysts generate polished presentations using AI but when the task was beyond the capability of the AI, the humans did better when they *did not* use AI. Software programmers are now more reviewer than coder – the code can come from AI, but the skills to review that code pull from years of being a junior coder *without* AI.

A quote that triggered this essay came from Ankur Gupta, who states "AI does not understand time. It can recall a prompt from 15 seconds ago, but it cannot appreciate what unfolds over five years of a messy product rollout, nor why a seasoned executive might wait rather than act." In short, AI can simulate knowledge, but it cannot (yet) embody wisdom. Wisdom emerges slowly through frustration, iteration, and adaptation. It is not a product of pattern recognition alone, but of temporal depth and context-sensitive judgment.

Today's AI-hybrid professionals are, for all intents and purposes, considered accomplished and successful. On paper. But without real understanding behind the work, organizations are trading short-term efficiency for, possibly, long-term fragility. Employees might be more likely to falter under pressure, overlook ethical dilemmas, or freeze when conditions change. When AI's answers fall short (and eventually they do) there needs to be someone in the room who knows how to respond. The risk of what Wharton's Peter Capelli calls the experience gap is real: "everybody wants to hire somebody with three years' experience, and nobody wants to give them three years' experience." The belief that the AI-equipped expert can fill this gap may be dangerous.

To understand why AI-assisted work creates such risks, consider two critical dimensions: one is the user's own knowledge and the other is the nature of the task to be accomplished, specifically whether it is factual or subjective.

THE AI RISK MATRIX

Expertise in any domain ranges from low to high – from complete novice to seasoned professional. Meanwhile, the tasks fall into two categories: codifiable/verifiable (where knowledge can be explicitly stated and checked) or non-codifiable/judgment-based (requiring tacit knowledge that comes only from experience).

When a worker has high domain expertise:
- Codifiable/Verifiable tasks: Execution Zone. Fast, accurate, augmented work. Example: A senior accountant using AI to process tax returns.
- Non-Codifiable/Judgment-Based tasks: Judgment Zone. AI assists, but tacit knowledge governs. Example: An experienced doctor using AI for diagnosis.

When a worker has low/no domain expertise:
- Codifiable/Verifiable tasks: Checkable Zone. Fact-checkable but risk of omission. Example: A student using AI to solve physics problems – errors are detectable but might miss conceptual understanding.
- Non-Codifiable/Judgment-Based tasks: Danger zone. Convincing nonsense is undetectable. Example: A junior analyst using AI to assess market dynamics in an unfamiliar industry – no way to know what's missing or wrong.

In the danger zone, AI generates authoritative-sounding analysis with a powerfully convincing tone that novice users are likely to be seduced by and can't or do not feel the need to verify. The output feels sophisticated, and the reasoning appears sound, but hidden beneath fluent prose may lie what Harry Frankfurter calls "bullshit" that these AI users never examined and can't detect. This is neither hyperbole nor hypothetical. The White House MAHA report on making children healthy again had fictitious citations. It is precisely what creates incompetent experts.

Some might argue that what we're witnessing is not incompetence but cognitive evolution. Andy Clark of the University of Sussex suggests that generative AI represents just the latest chapter in humanity's long history of "extended minds" – from writing to calculators to search engines, we've always augmented our thinking with tools. Why should AI be different?

The answer lies in the danger zone. When a GPS fails, you know you're lost. When a calculator malfunctions, the errors are likely quite obvious. But when ChatGPT fabricates plausible-sounding analysis in domains you personally don't understand, the failure goes undetected. Clark acknowledges we need new "metacognitive skills" to evaluate AI outputs – but that's precisely what novices in the danger zone lack. You can't develop judgment about what you don't know.

This isn't Plato worrying that writing would corrupt memory. It's about professionals wielding tools they can't validate in domains they don't understand, producing outputs that look expert but lack the underlying comprehension that defines genuine expertise.

Current research on AI's benefits may be missing this deeper risk. When Ethan Mollick and colleagues cite the work of BCG and P&G to demonstrate impressive productivity gains from ChatGPT, they are looking at highly skilled professionals who developed their expertise before AI existed. These veterans can evaluate AI outputs effectively because they know *what they don't know*. Or when Stanford University's Erik Brynjolfsson shows the productivity gains of call center operators, the tasks are largely routine tasks and more factual than subjective. Neither of these studies addresses the danger zone that can generate incompetent experts.

What happens then, when the next generation of knowledge workers learns strategy, analysis, and problem-solving through AI from day one? They'll produce equally polished work but lack the foundational judgment to distinguish good insights from compelling-sounding nonsense. Rodney Brooks, former director of MIT's Computer Science and Artificial Intelligence Laboratory and founder of iRobot, warns us of how we are easily seduced by language, since we have always associated language skills with intelligence. Today's productivity benefits and the instant generation of words may be borrowing against tomorrow's competence and expertise.

The herring case illustrates what happens when learning chains break. Senior fish didn't just know migration routes, they also understood why those routes worked, carrying accumulated wisdom across decades. When overfishing removed them, it eliminated the system's memory. Professional domains operate similarly. Senior practitioners don't just know answers, they understand the reasoning behind them, the historical context that shaped current practices, the subtle indicators that signal when standard approaches won't work. This knowledge lives in experience and transfers through mentorship, observation, and shared problem-solving.

AI is overfishing in our professional waters, draining the early-career experiences that once developed judgment and skill. When organizations eliminate "inefficient" learning processes, they're dismantling the systems that create wisdom. Junior professionals miss opportunities to observe how experts navigate ambiguity. They skip the productive failures that build judgment.

The solution isn't abandoning AI but recognizing that what we call "inefficiency" is often the foundation of competence. The struggle is the learning. But how do we preserve this in practice? It requires deliberate choices at three levels:

- **Individual Level** – Preserve Developmental Struggles: The cognitive effort required to build competence isn't inefficiency – it's essential learning. Law students need to struggle through bad arguments to recognize good ones. Business students need to crack the case to identify critical information before asking ChatGPT for the solution.

- **Organizational Level** – Maintain Learning Ladders: Companies must resist the false economy of eliminating junior roles. TSMC expanded its apprentice program despite automation because they understand: today's junior employees are tomorrow's experts who will know when the AI is wrong.

- **Systemic Level** – Create Transparency and Accountability: Make AI assistance visible, not to shame but to enable appropriate scrutiny. The EU's AI Act suggests watermarking, but we need to go further.

- The stakes extend beyond individual careers. When entire cohorts skip the experiences that create judgment, the labor force and, in turn, society lose not just talent but institutional memory.

The future of the knowledge economy depends on balancing AI's power with the human learning it still can't replace. Like the Norwegian herring, we may still be moving. But if we're not deliberate about preserving the learning processes that build real competence, we may find ourselves swimming confidently in the wrong direction. ///

KEY TAKEAWAYS

- AI tools can produce sophisticated, fluent work that mimics expertise, leading users—especially novices—to *overestimate their understanding*. This results in a growing class of professionals who look competent on paper but lack the underlying judgment or domain knowledge to support their work.

- The article introduces an AI Risk Matrix: When low-expertise users use AI for judgment-based tasks, they enter a "Danger Zone" where they can't validate the AI's outputs, leading to convincing but incorrect results. This creates risks across industries, from misdiagnoses in healthcare to flawed legal or financial decisions.

- Just as overfishing erased centuries of knowledge in herring populations, AI is "overfishing" early-career learning experiences. By automating foundational tasks, it removes the developmental struggles necessary for professionals to gain intuition, critical thinking, and tacit knowledge.

- Companies like Klarna discovered that replacing human employees with AI led to reduced service quality, prompting a reversal in hiring. The promise of efficiency can erode institutional wisdom, especially when junior roles—essential for skill development—are eliminated.

- Students often submit AI-generated work that appears advanced but struggle to explain the reasoning behind it. This reflects a broader issue: AI's linguistic fluency can mask the absence of true understanding, leaving students ill-prepared to think independently.

- Misuse of AI in sensitive domains like mental health or law has already led to dangerous errors, including fake citations in court cases and harmful advice from chatbots. These examples show how human oversight and judgment remain critical.

- Using AI effectively requires pre-existing expertise. Veteran professionals can critique and refine AI output, but those without foundational knowledge are at risk of simply automating ignorance.

- The article proposes actions at three levels. These steps are essential to maintain competence, pass on institutional memory, and protect long-term organizational resilience. Individual: Embrace struggle as a key part of learning; Organizational: Keep junior roles and apprenticeships alive; Systemic: Make AI use transparent and accountable.

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