JOURNAL OF COMMERCE & INDUSTRY

Vol. 1, 2019

Selected Issues on Commerce and Industry

CONFEDERATION OF ASIA-PACIFIC
CHAMBERS OF COMMERCE AND INDUSTRY

CACCI JOURNAL OF COMMERCE AND INDUSTRY

The Journal of Commerce and Industry hopes to provide its readers with ideas and visions on regional economic cooperation. Articles on industrial entrepreneurship and management and on international trade and business practices also offer challenging and inspiring models.

The CACCI Secretariat welcomes opinions and comments and will be glad to consider for possible publication articles which will help advance the aims and objectives of the Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI) and of this Journal.

SIGNED ARTICLES NOT NECESSARILY ENDORSED BY CACCI

The opinions, figures and estimates set forth in the signed or bylined articles are the responsibility of the authors and are not necessarily to be considered as refelcting the views or carrying the endorsement of CACCI unless to qualified.
Mention of names of corporate institutions and their services neither implies endorsement by CACCI.

Editorial correspondence should be addressed to the Editor, CACCI Journal of Commerce and Industry, 7F-2, No. 760, Sec. 4, Bade Road, Taipei 105, Taiwan

---

IN THIS ISSUE (Vol. 1, 2019)

This issue features articles that appeared in BRINK, the news service of Marsh & McLennan Insights, a research institute dedicated to analyzing increasingly complex risks that are reshaping industries, governments, and societies. Drawing on the resources of Marsh, Guy Carpenter, Mercer, Oliver Wyman, and independent researchers, Marsh & McLennan Insights collaborates with industry, government, non-governmental organizations, and academia around the world to explore new approaches to problems that require shared solutions across economies and organizations. BRINK gathers timely perspectives from experts on risk and resilience to inform business and policy decisions on critical challenges. The editors and staff of the CACCI Journal of Commerce and Industry would like to take this opportunity to thank the authors – and Marsh & McLennan Insights - for sharing their materials with CACCI and its members.

JOURNAL OF
COMMERCE & INDUSTRY

Vol. 1, 2019

Selected Issues on Commerce and Industry

CONFEDERATION OF ASIA-PACIFIC
CHAMBERS OF COMMERCE AND INDUSTRY

CACCI JOURNAL OF COMMERCE AND INDUSTRY

2019 **No.1**

TABLES OF CONTENTS

Will Consumers Ever Let Tech Companies Control Their Health Care?

Helen Leis
Partner, Health & Life Sciences practice for Oliver Wyman

Health consumers see the health care world around them changing, but they aren't always sure if it's good for them or not.

They love Amazon, but haven't yet grown completely comfortable seeking health services from organizations outside the traditional health care space. They typically trust their physicians to help manage their medical records, but don't quite trust them to provide apps or tools for independent health management.

Sobering Message for Health Care Companies

Compared to their technology and retail competitors, health care insurers and providers don't fare well on critical consumer loyalty measures.

When Oliver Wyman asked consumers in the U.S. whether they were likely to recommend organizations they had experience with to their friends or family, consumers were far less likely to say they would recommend health care organizations (health insurance companies, hospitals, and retail pharmacies) than general retailers (like Walmart and Target) or technology companies (like Apple and Google).

- Health insurance companies were rated 30 points lower than retailers and 20 points lower than tech companies.
- Hospitals scored more than 40 points below retailers and 30 points below technology companies.
- Retail pharmacies fared better than other health care insurers and providers, scoring 15 points below retailers and 5 points below technology companies. This more positive performance likely reflects that retail pharmacies are hybrids between health care and retailers and have already been working to find ways to serve health needs in consumer-friendly ways.

Headwinds for Disruptors As Well

Despite consumers' generally rosy view of retail and technology organizations, they remain skeptical about the idea of retail and tech companies entering the health care field.

When we asked consumers who they'd prefer to buy health care services from, or who they were comfortable giving their personal health information to, health care providers and insurance companies still topped the list.

Eighty-two percent of survey respondents would share personal health information with their primary care physicians, 46 percent would share it with their hospitals or health systems, and 30 percent with their health insurers. Far fewer respondents would share this information with nontraditional players: Only 5 percent with a mobile app and 3 percent with an online retailer.

Data and Relationships Matter

Data will be a key point of strategic control in the health care landscape, and consumers still express more confidence in sharing data with health care providers and insurers than with emerging tech and retail competitors.

Consumer relationships are another critical point of strategic control. Retail and technology organizations have those relationships to an extent, but they don't yet have full consumer trust when it comes to health care applications of those relationships.

The recent vertical consolidation across the industry, such as CVS-Aetna and Walmart-Humana, reflects the value of these strategic control points and of associating more traditional health care brands with retailers as a way to secure those points.

Consumers don't like their health care services options, but they don't seem to trust anyone but health care insurers and providers to do the job.

Will health care insurers and providers build more magnetic, consumer-friendly offers and service models? Or will new entrants build necessary trust and credibility with consumers?

Preferences Vary with Age

Millennials are now well into their adulthoods. Some are approaching 40, saving for college tuition for their children, caring for elderly parents, and managing their own growing aches and pains.

Millennial attitudes are the future of health care, and they tend to perceive technology companies more favorably than baby boomers do.

Regarding net sentiment, millennials rated health insurance companies 20 points lower, hospitals 22 points lower, and pharmacies 17 points lower than did boomers. While both generations tend to view retail companies similarly, millennials rated technology companies 15 points higher.

The more millennials take the reins on health care decision-making, the more traditional health care insurers and providers will be disadvantaged by the innovation of the disruptors.

It's also a mistake for health care insurers and providers to think they can necessarily rely on baby boomers, as boomers often follow trends started by younger generations, for example, your parents probably have smartphones.

Consumer Loyalty Is Not Created Equal

Another worrying sign for traditional health care insurers and providers: Consumer loyalty toward incumbent health care organizations often depends on out-of-pocket medical costs.

Those with high deductible plans perceived health insurers and hospitals in significantly lower regard compared to industries like retail, technology, and retail pharmacy—two times more negatively than general retail, for example.

But all categories of consumers trust their personal doctor more than any other entity to provide a variety of health care services—from monitoring health through a wearable device to providing access to a health guide who would help them make health care decisions.

What's the Care Delivery of the Future?

Traditional health care insurers and providers don't have to become Amazon. But they must make consumer interaction easier. The trick is in how they do it. It has to feel genuine and authentic.

This means redesigning service models and products and expanding their reach so consumers achieve greater well-being daily. This includes creating new channels—digital and otherwise—for consumers to access health care, including those that come right to the home.

Indeed, consumers are growing more comfortable with home-based care. For instance, 33 percent of respondents said they'd consider having a doctor or nurse visit their home to perform an annual physical, and 30 percent would be open to minor medical events being addressed in the home.

For innovators, moving into core health care services may be tough, but many services are adjacent to core health care/health insurance. Those include physical fitness and mental well-being, which emerging players may have permission to enter. These adjacent services are often on consumers' minds daily, in contrast to core health care services.

As consumers seek solutions to their acute problems as well as broader issues (How do I get enough sleep?), the organizations that can provide solutions will win consumer loyalty.

About Author

Helen Leis
Partner, Health & Life Sciences practice for Oliver Wyman

Helen Leis is a partner in Oliver Wyman's Health & Life Sciences practice and co-head of the New York Office. She provides strategic planning, large-scale transformation, and organization alignment advice to clients in healthcare (payers, providers, enablers), public health, consumer companies, and private equity. In healthcare, Helen focuses on the shift to consumer-centric business models.

Medical Tourism in Asia-Pacific: Strategies for Medtech Firms

Bart Van den Mooter
Principle & Founder of TforG – an IQVIA company

The first part of this investigation into medical tourism in Asia-Pacific introduced the market, its dynamics, trends, and pull and push factors. The second part of the series explores at greater length what is happening in specific countries and strategies that medtech companies need to be mindful of to remain competitive and successful in such a diverse region.

Where Are the Hotspots?

Asian countries are fast growing in prominence as medical destinations. A combination of factors—including but not limited to high quality and relatively lower costs—makes it a preferred destination for many international patients.

India. India attracted over 4 million medical tourists in 2016, generating around 4 billion euros ($4.7 billion) of health care revenues. Several hospitals are accredited by the Joint Commission International. They are typically staffed by physicians trained in the U.S. and Europe. The Indian health care tourism sector focuses on cardiac treatment, transplants and orthopedics. The country has introduced a special visa category (M visa) to facilitate the visits of the growing number of medical tourists.

Thailand. Medical tourism is big business in Thailand. In 2016, over 3.5 million foreign patients went to the country, spending over 4 billion euros on health care. Thailand has perhaps the most advanced medical tourism sector with end-to-end solutions, fully integrated with air travel, hotel accommodation for traveling families, and airport greeting. The Thai health tourism sector attracts patients from Japan, the

Middle East, the UK, U.S., Australia, and also from its neighboring countries. Its main competitor is India, which offers more price-effective care. Fifteen hospitals have been accredited by the Joint Commission International.

Singapore is one of the top destinations for medical tourism in the region. The country's health care system has the sixth-best health care system in the world. It has a well-developed infrastructure and offers high quality treatment. Eighteen hospitals are accredited by the Joint Commission International. Health care tourism accounted for almost 1.6 billion euros in 2016, with close to 900,000 patients. It is a global center of excellence in oncology, neurology, cardiology and stem cell therapy, which results in high revenue levels per patient. However, Singapore faces fierce pricing competition from Thailand and Malaysia, due to its higher (and faster rising) costs. In the last few years, this has led to holding a smaller piece of the medical tourist and revenue pie. There is also the emergence of high-end private hospitals in China, which adds to the competitive pressure.

Malaysia. In 2016, around 1.2 million medical tourists went to Malaysia and spent around1.4 billion euros. This sector is growing at 15-20 percent annually. About 20 percent of the patients are Indonesian. The government actively promotes and is strategically developing its medical tourism sector, accounting for Malaysia's success in establishing high-standard health tourism facilities. It's the fastest-growing health care tourism hub in the region. The patients are mostly from Indonesia, Singapore, Japan and West Asia. Nine hospitals have been accredited by the Joint Commission International.

South Korea. The South Korean government demonstrated their commitment to the expansion of the inbound medical tourism market through targeted investments to compete directly with other Asian countries. It actively promotes the health care industry, both domestically and internationally. The Korean medical tourism sector markets itself as offering high-quality care in hospitals of the "developed world" at lower costs. The high quality and low cost of treatment is used to target Korean expatriates and communities abroad. Furthermore, there is the development of South Korean cities that are particularly focused on health care provision, with a high concentration of health care facilities.

China is a newcomer in health care tourism. There is a definite link between the increase of private hospitals and clinics, and the rising interest in health care tourism. The impact of private investors on hospital infrastructure is rapidly growing, as is the interest in medical tourism. For example, since 2013, China Phoenix Healthcare Group, a private hospital group, tripled their number of hospital beds, along with their revenue. Today, the number of private hospitals in China represents over 50 percent of the entire hospital market. However, the amount of services delivered by these private providers only accounted for 15 percent of the total care.

Indonesia is not a center for health care tourism; it is a source of patients for its next-door neighbors. Indonesian patients spend around 2 billion euros in Malaysia and Singapore on health care services. Indonesian regulations preventing foreign doctors from practicing domestically have hampered foreign direct investment into its medical sector.

Sales and Marketing Strategy for Medtech Companies

Adapt commercial models and channels

- It pays off when companies build a range of go-to-market models that address the specific needs of the health care tourism sector.
- Companies that rely heavily on distributor networks may require deliberate tactics, because these networks make it more difficult to develop close relationships to different stakeholders.

Product and service portfolio

- The specific opportunities, challenges and priorities associated with the care providers in this sector require the design of suitable, appropriate offers and the development of relevant products.
- This refers to products and services that are cost-effective and that optimize the care provision processes, specifically target the specialties offered by the procuring hospitals, and manage patient-flows.
- Companies must redesign and optimize their supply chains in line with the needs of the stakeholders.

Suitable organization

- The opportunities and needs of the respective segments in the health care tourism sector require marketing, sales and service organizations that are fit for the task and knowledgeable about the markets context, priorities and decision-making processes.
- The most successful Asian companies are competing with global brand leaders, and these regional players are benefitting from effective insights into their local market needs. Global market leaders are often slower in responding to market needs and cannot shift resources as quickly as local players can.

Effective Business Intelligence

Much of the above relies on detailed knowledge of the market situation and insights regarding its dynamics and processes. This includes a thorough understanding of health care tourism patient flows; the weight, size and growth of the sector; the structure of the market and its segmentation; the stakeholders and their priorities; the competitive landscape; and the regulatory context.

As competition intensifies in the region, providers must ensure a rewarding patient experience with high-quality service. High-quality products and services, for a larger patient population, are in demand as care standards are being raised. This goes hand-in-hand with health care tourism and is heightening the competition among medtech firms to deliver the goods demanded. For medtech companies in the region, a diligent sales and marketing strategy is a must to remain relevant.

About Author

Bart Van den Mooter
Principle & Founder of TforG – an IQVIA company

Bart is the CEO and founder of TforG and works closely together with over 50 global companies such as Abbott, Baxter, GE, J&J, Medtronic, Philips, Stryker and Covidien.

Technology Adoption Can Alleviate the Challenges Faced by Aging Societies

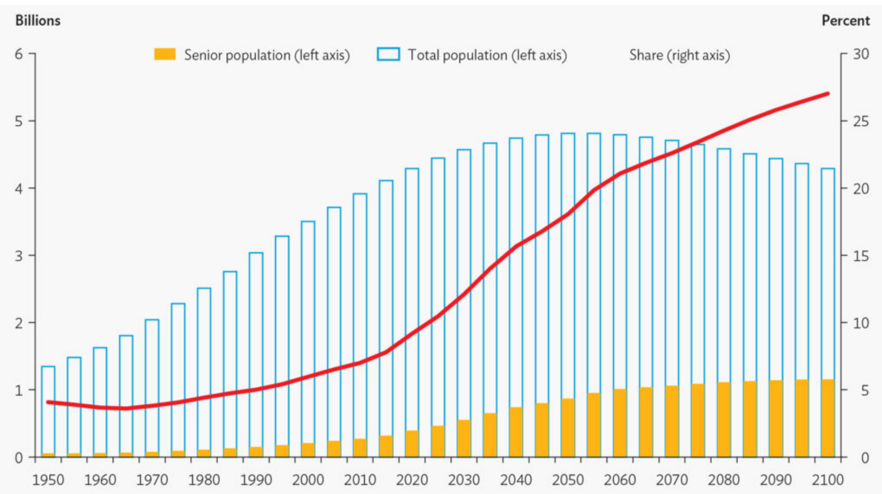
BRINK Asia Editorial Staff

The question of aging is a foremost concern in the Asia-Pacific region, and most believe it can adversely impact economic growth over the next few decades. In a recent report by the Asian Development Bank (ADB), Yasuyuki Sawada, chief economist and director general, ADB, said that "aging has become one of the key policy concerns in the Asia and Pacific economies. Policymakers in the region urgently need to understand the scale of demographic changes, their impact on productivity and growth and the underlying mechanisms behind the aging and growth nexus."

Asia's Demographic Landscape

The demographic landscape in Asia-Pacific is characterized by rapidly aging societies. A low birth rate coupled with higher longevity has resulted in a 67 percent increase in seniors (aged 65 years and older). In numbers, this translates to an increase from 209 million in 2000 to 348.9 million in 2017. This is projected to reach 870 million by 2050. In 2015, the average age of the working population was 37; in 2050, it is expected to be 40. In fact, should the current rate persist, it will likely result in one in five individuals being a senior by 2055.

Exhibit 1: Senior Population in Asia-Pacific, 1950–2100



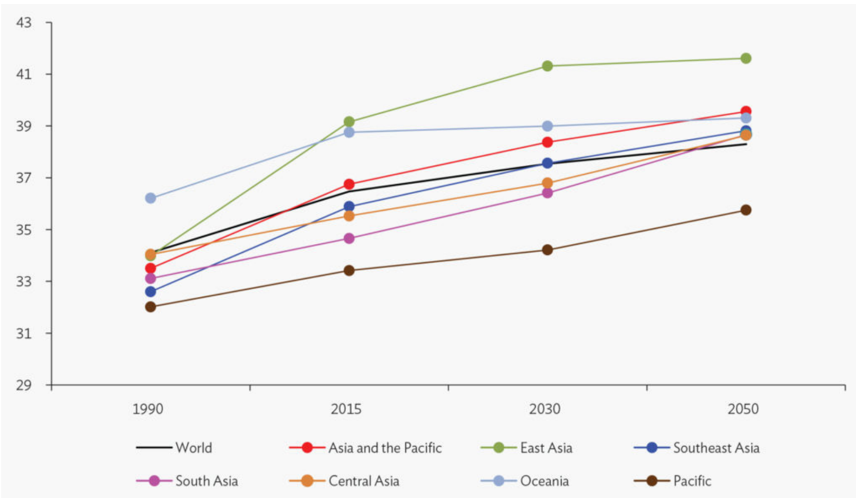
Between now and 2050, countries that are expected to witness an increase in the number of seniors include South Korea (from 14 percent in 2017 to 35 percent in 2050), Singapore (from 13 percent to 34 percent) and Thailand (from 11 percent to 29 percent). China is expected to register an increase from 11 percent to 26 percent. “Economies likely to see a large contraction of working-age population during this period include Hong Kong (10.4 percent), South Korea (10.3 percent) and Japan (8.7 percent),” the report said.

The Impacts of an Aging Workforce

The economic and social progress of a country is closely linked to demographic transitions. An increase in a younger workforce is commonly associated with accelerated growth. It has also been substantiated by empirical evidence that aging in advanced economies led to a decline in per capita product.

Some Asian economies are expected to see a drastic reduction in their working-age populations (ages 15–64). For instance, Hong Kong, China and South Korea’s productive population will shrink by 10 percent between 2017 and 2030. Similarly, Japan, which is already at an advanced stage of aging, will witness even more reduction of its working-age population by 8.7 percent in the same period.

Exhibit 2: Mean Age of the Working-Age Population in Asia-Pacific



According to the report, “aging and advanced economies such as Hong Kong, South Korea and Singapore have already been paying a demographic tax, with the negative impact of the old-age dependency ratio outweighing the positive contribution of youth to growth.” With aging populations, governments are burdened with the provision of increased social and income support and therefore, such countries will find it all the more difficult to finance growth.

The Role of Technology in an Aging Society and Workforce

Although the impacts of aging societies pose serious challenges, the report said that "experience from 'aged' countries suggests that technology plays an essential role in providing solutions to the aging of the workforce." Technology stands to alleviate the challenges being faced due to aging in the following ways:

Technology for health and longevity. Higher longevity and healthier life spans have been a direct result of rapid progress made in the medical sciences and biotechnology sectors. In the Organization for Economic Cooperation and Development (OECD) countries, between 1977 and 2010, the estimated work capacity of adult men between the ages of 55 and 69 had grown by 3.2 years to 8.4 years. Healthier workers also have higher productivity.

Technology for work and workplace. Technology allows seniors to participate actively and improves their productivity. With the incorporation of state-of-the-art technology such as automation and artificial intelligence (AI), jobs that were perhaps physically demanding earlier are no longer so. Industrial robots are being widely used and technology is expected to grow by a staggering 120 percent from 2016 to 2020.

Technology for workers and supportive labor market infrastructure. Technology application allows the creation of a more supportive labor market and market infrastructure through tools such as innovative education and skills training, better human resource management for age diversity and better job-matching that enables seniors to participate actively in the workforce and enhance their job skills, too.

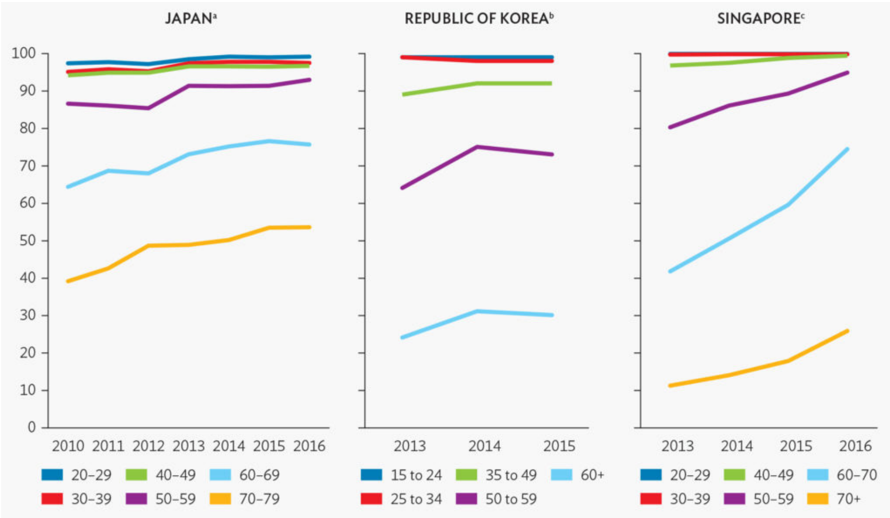
Boosting Productivity by Unlocking Technology Potential

The widespread adoption of technology has led to significant changes in the workplace. Currently, it is imperative for workers of all ages (including seniors) to be extended the opportunity to upgrade their skills and perhaps even learn new skills throughout their careers. The failure to do so could yield negative consequences. Earlier held notions are obsolete and the report outlined that, "the career path of someone seeking to extend their working life may consist of multiple stages, rather than the old dichotomy of pre- and post-retirement, and includes a conscious review and upgrading of skill sets."

Despite lifelong learning programs being offered by some governments in the region, there has been a lack of uptake of training and learning opportunities by seniors. For instance, in South Korea and Japan, there is low on-the-job training rates for middle-aged to older workers. In Singapore, only 19 percent of workers aged 50–64 participate in training, whereas this number is less than 10 percent in South Korea. This is in sharp contrast to 40 percent in the United States and Nordic countries. In addition, it is important for employers to extend equal training opportunities to workers of all ages, considering that in the U.S., seniors were faced with age discrimination and the lack of technology skills.

The report also highlights the "gray divide," that is, the gap between technology and the ability of seniors to use it. Though this has reduced over time, it is still evident in the region and involvement from both the government and the private sector is needed to narrow the gap. For instance, in Japan, the rate of internet access among the age group 60–69 was 23.5 percent lower than for the age group 20–29 in 2016. A similar story is playing out in South Korea and Singapore.

Exhibit 3: Internet Use in Japan, South Korea, and Singapore by Age Group (%)



While technology is mostly designed to cater to the young population, the report notes that "promoting age-related technology" is crucial to bridge the gray divide.

Going Forward

Asia-Pacific countries must encourage technological innovation and adoption to alleviate undesired outcomes from a decreasing and aging workforce. This can be achieved through sufficient funding of research and development activities and with the development of human capital and resources. Countries that are currently in advanced stages of demographic transition are evidence of the fact that technology adoption among senior age groups is possible with greater policy attention and innovative measures. The report reiterated that, "amid the increasing pace of technological change, workers—including seniors—need to undergo lifelong training to upgrade and relearn skills. The effort to bridge the "gray divide" can be strengthened by taking into account seniors' specific needs and concerns."

Tourism's Alarming — and Growing — Carbon Footprint

Ya-Yen Sun
Senior Lecturer, Business School at the University of Queensland, Australia
Arunima Malik
Lecturer in Sustainability, University of Sydney, Australia

Tourist travel has become a way of life for millions of people—a way to rediscover ourselves, learn about new cultures, rejuvenate our minds and souls, and much more. The statistics are staggering: There were 1.3 billion international travelers in 2017, a number that's been growing ever since.

A Smoke-Free Industry?

For many places, tourism is a lifeline. The tourism industry contributes more global GDP than that of banking, mining, agriculture, and automotive manufacturing. But while the economic contribution of tourism is well-recognized, the impact on the environment and the climate is often overlooked. A popular mindset exists that tourism is a "smoke-free industry."

But tourism is, in fact, very carbon-intensive.

Tourism contributes about 8 percent of global greenhouse gas emissions (GHG) as a result of providing accommodation, dining, transportation, recreational activities, and souvenirs to tourists.

Shipping Bottled Water

Tourism consumption leads to direct emissions produced by tourism firms, such as hotels, airplanes, or theme parks, while indirect emissions are the result of upstream suppliers that provide inputs to tourism industries.

An example of indirect emissions is the GHG produced as a result of the international transportation for shipping bottled water from France to the U.S. for the enjoyment of U.S. tourists.

From an economic-environmental perspective, tourism bears a very high environmental cost to destinations. One dollar of tourism earnings produces a carbon footprint that is 25 percent higher than emissions produced through a dollar of earnings across all other sectors.

Among all components of our travel consumption, the distance traveled to destinations, modes of transportation (especially the use of aviation), and the level of luxury services are the key variables that govern the overall carbon performance of a journey.

The 'Smokestack' of Long-Haul Flights

Based on UN World Tourism Organization (UNWTO) estimates, long-haul travel by air between the five world tourism regions represents only 2.2 percent of all tourist trips, but contributes 16 percent to global tourism-related CO2 emissions. In contrast, international journeys by coach and rail account for 6 percent of global tourism volume, but stand only for 1 percent of CO2 emissions generated by all international tourist trips.

Emissions by long-haul aviation outweigh the pollution produced by other components of the journey.

A UK backpacker flying all the way to India to stay at budgetary accommodation and participating in non-motorized recreational activities, while enjoying vegetarian meals and using local public transportation, still amounts to a larger carbon footprint to the planet compared to a five-day luxury domestic trip by residents in India.

The Carbon Footprint of Tourists Is Expanding

Tourism will constitute a growing part of the world's greenhouse gas emissions, which are expected to increase at 3 percent annually. This worrisome result is due to a combination of factors. From the consumer perspective, people now choose to travel more and further, demand more luxury amenities, and increasingly rely on aviation.

Combined with a projection of 4 percent annual growth in global visits, tourism emissions are exacerbated by visits (a volume problem) and average emissions per journey (an intensity problem).

How Can Travelers Help?

Mitigating tourism-related emissions requires a hand-in-hand collaboration between travelers and producers. How can travelers help? Behavior change is key!

Sustainable travel involves traveling less, but with an extended length of stay per journey, choosing destinations close to home, and using less aviation.

This concept is echoed by the emerging "slow travel" concept—an environmentally friendly way of experiencing journeys. The key ingredients of slow travel include the importance of experiences en route to and at the destination, the enjoyment of local culture, and the use of low-carbon transportation modes based on a strong environmental consciousness.

The essential spirit of slow travel is the pursuit of quality over quantity.

Removing Carbon from Tourist Transportation

The next approach to curb tourism emissions is to actively push for the most effective and the cleanest energy use for tourism business. Tax-incentive or market-based control schemes, such as the EU Emissions Trading System and the Carbon Offsetting and Reduction Scheme for International Aviation, are currently being implemented or are about to launch to promote technological improvements in energy use among tourism firms. Strategies for the aviation and hotel sectors are especially emphasized by UNWTO.

Recommendations included the development and deployment of low-carbon sustainable energy, fleet renewal, removal of infrastructure inefficiencies and refurbishments. These strategies, however, only push tourism energy use to improve at an average rate of 1.5 percent annually—insufficient to offset the emissions from tourism expansion.

Consumer Pressure Matters

One additional path to accelerate the adoption of clean technology is to take the demand factor into the mechanism, allowing environmentally conscious consumers to drive the growth of green firms.

A successful consumer-driven greening process requires two facilitators: credible and transparent information on how firms decarbonize to increase the consumer's confidence and an effective information distribution strategy to raise awareness and facilitate green-product purchasing.

For example, in the aviation sector, a third-party accredited system could be leveraged to establish a clear disclosure of carbon intensity indicator per passenger mile among airlines. This indicator is then crafted into easy-to-understand information and subsequently advertised on tourism product purchasing channels.

Transparency

We recommend that a clear disclosure of a carbon intensity indicator be placed along with other key information, such as the departure/arrival time, airfare, and seat class in major booking platforms, such as Orbitz or Skyscanner, to facilitate consumers' willingness to purchase green products.

Considering that the least-efficient airlines use up to 50 percent more fuel than best performers in transatlantic flights, choosing an energy-efficient airline could substantially cut a journey's emissions.

We are all travelers. It is our responsibility to choose the right companies and to encourage their ecological initiatives to ensure sustainable tourism development. Travel Green!

About Authors

Ya-Yen Sun

Senior Lecturer in the Business School at the University of Queensland, Australia

Dr. Ya-Yen Sun is a senior lecturer in the Business School at the University of Queensland, Australia. Her research interests are on tourism economic impacts and tourism environmental impacts at national and regional levels.

Arunima Malik

Lecturer in Sustainability at the University of Sydney, Australia

Arunima Malik is a lecturer in sustainability at the University of Sydney, Australia. She carries out supply-chain assessments on high-performance computers using large-scale multi-regional trade databases.

Is Coastal Tourism in Danger of Going Underwater?

Brooke Porter
Lecturer at the Umbra Institute

In late 2018, the United Nations' Intergovernmental Panel on Climate Change scientists released a startling report about the impending impacts of rising temperatures. On our present track, the world is predicted to warm by 2 degrees Celsius compared to preindustrial levels by 2040.

For the coastal tourism industry, a 2-degree Celsius rise in temperatures would be catastrophic.

Many locations are already feeling the effects of a changing climate in the form of rising sea levels, an increase in dramatic weather events, and noticeable shifts in weather patterns. As a recent example, due to increasing frequency of stronger weather systems, some government weather authorities have added a new classification for typhoons—"Super Typhoon"—surpassing the previously highest classification, Category 5.

Tourism Businesses Must Plan Now

To avoid a 2-degree Celsius rise in temperature by 2040, current CO2 emissions levels will need to be cut by around 50 percent by 2030. For tourism businesses, this deadline is only one year beyond the scope of current 10-year business plans. In other words, efforts to mitigate and offset climate change must take top priority for industry stakeholders.

Current estimates suggest that around 80 percent of tourism is located in coastal environments. This means that if the tourism industry and operators have not yet felt the impacts of climate change, they soon will as the effects in coastal areas are becoming increasingly apparent, with disappearing coastlines, more dramatic weather events, and noticeable shifts in precipitation patterns.

Some big industry players, such as Disney, have begun to act, realizing that changing climate will bring discomfort and disruption to their guests. The company has invested in large solar farms, switched transportation to biofuels, and is advancing strategic plans on how to reduce water waste.

Even the cruise industry, which is notorious for poor environmental standards, has taken action. For example, Hurtigruten Cruises, a Norwegian cruise operator, has banned single-use plastic on board and is aiming to power its ships with biogas in the near future.

Adaptive Strategies

The benefits of undamaged coastal environments are numerous not only for their inhabitants, but also for their residents and visitors. For tourist operators, healthy coastal ecosystems are a big part of their business proposition, and researchers have documented the aesthetic value of a healthy marine ecosystem in coastal tourism. Other studies have suggested that tourists and visitors frequent coastal spaces for reasons that are more complex than simply seeking relaxation. Some tourists liken their travels to a form of spiritual devotion to a place.

Adopting a climate-inclusive management approach is critical to the long-term survival of the environment that the tourism sector depends on. Using sunscreen as an example, research has shown that many of the chemicals in traditional sunscreens kill corals, which are critical carbon sinks.

While far from comprehensive, these guidelines provide industry stakeholders with applicable strategies for mitigating CO2 emissions in a coastal context:

	UNDESIRABLE	BETTER	BEST
Building Materials	No policy.	Mix of standard and energy-efficient fixtures, appliances and sustainable building materials.	Prioritization of energy-efficient fixtures, appliances and sustainable building materials.
Coastal Barriers	Hard (e.g., concrete breakwater) coastal barriers.	Integrated hard and natural (e.g., mangrove) coastal barriers.	Natural coastal barriers (e.g., mangrove).
Guest Staff	No standards for staff.	Environmentally trained staff.	Experienced, educated, and trained staff.
Water	Only bottled water available.	Bottled water and refillable water stations available.	Only refillable water stations available. Single-use water bottles banned.
Human Effluent	Unprocessed and/or directly discharged to sea.	Processed and discharged in deep water injection wells.	Hydroponic filtration and reused onsite (e.g., watering grounds).
Cleaning Products	No standards.	Eco-friendly products.	Eco-friendly, locally sourced products.
Vessel Power	Diesel only.	Alternative fuel blend, wind/solar power.	Primarily wind/ solar power.
Disposables	Single-use plastics and/or nonrecyclable flatware.	Bio-compostable flatware and/or recyclable flatware.	Locally and sustainably (e.g., seafood) sourced products.
Cuisine	Mostly imported products.	Locally sourced products, but sustainability (e.g., seafood) not considered.	Locally and sustainably (e.g., seafood) sourced products.
Souvenirs	No regulations.	Locally sourced handicrafts and souvenirs.	Locally sourced, sustainable (e.g., no shark teeth or live-harvested shells) handicrafts and souvenirs.

Many of these strategies have strong marketing value. The words "local" and "sustainable" are valuable marketing concepts. In addition, sustainable strategies such as best-practice coastal barriers can reduce long-term economic vulnerability. For example, a mangrove habitat, which is often destroyed to make room for coastal development, provides a natural and adaptive coastal barrier, which can reduce damage during extreme weather events. Compared to a hard, concrete-type barrier, a mangrove forest will grow—this is especially important with the rising sea levels.

Adopting best practices also provides business opportunities. For example, not using plastic bottles and only offering water refills to guests creates an opportunity to sell sustainably sourced, reusable drinking containers.

A predictable, stable climate is foundational for the tourism industry, and proactive conservation strategies are becoming an expected component of the visitor experience. Those companies that invest in the environment can expect higher returns in the form of a greater customer base, longer-term profits, and a more stable business.

About Author

Brooke Porter
Lecturer at the Umbra Institute

Dr. Brooke Porter is doctor of environmental studies at the Umbra Institute in Perugia, Italy. She is also an adjunct faculty member at the Auckland University of Technology.

When Aging and Automation Collide, Which Countries Lose?

Patty Sung
Innovation Leader at the Mercer Global Innovation Hub
Leslie Chacko
Director at Global Risk Center, Marsh & McLennan Companies

Today’s workforces are facing two unprecedented and far-reaching trends: widespread societal aging and the automation of work by intelligent technologies. Increased longevity and declining fertility rates around the world are creating lasting shifts in the age compositions of workforces globally. Concurrently, emerging technologies are displacing workers and transforming the very landscape of work.

The confluence of these two trends of aging and automation therefore raises a crucial question: What effect will increased workplace automation have on populations of older workers? A new report from Marsh & McLennan Companies finds that older workers in several major economies are, in fact, at serious risk of being displaced by workplace automation.

Using age projections from the United Nations’ World Population Prospects database and automation data from Oxford researchers Carl Frey and Michael Osborne, MMC’s new report estimates what the risks of aging and automation entail in 15 key countries. The report found that countries facing a high risk of automation of jobs of older workers also tend to be projected to age rapidly in the coming decade. China, Vietnam and Thailand were found to have some of the highest risk levels, while Canada and Australia were found to have some of the lowest.

Of all the nations sampled, China was found to be the nation most at risk of the confluence of these two trends. The report shows that older workers in China are doing work that is on average 76 percent automatable. At the same time, between 2015 and 2030, the number of Chinese workers aged 50-64 will increase by more than 1.28

times. Of the European countries sampled, Italy is at the highest risk of both of these trends. Italy's older workers, on average, do work that is 58 percent automatable, and its population of older people is set to increase by 1.17 times. Clearly, the confluence of these trends will be all the more pronounced as both concurrently gain steam across the globe.

The report classifies these 15 countries by region and risk exposure into five key groups:

High-risk emerging Asia-Pacific: China, Vietnam and Thailand were found to have particularly large numbers of older workers at risk of job automation. As manufacturing hubs, these nations are at a high risk of worker displacement at the hands of technology across age groups—but older workers particularly so. These nations are also projected to age rapidly in the coming years: In China and Thailand in particular, more than 30 percent of the working-age population will be between 50-64 years of age by 2030. These nations will need to take significant precautions in the coming years to ward off against displacement of older workers.

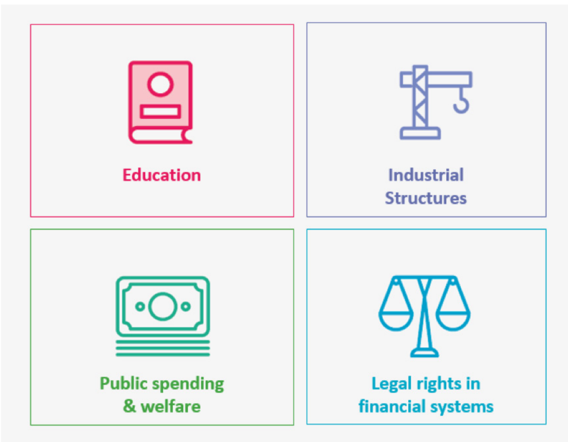
High-risk developed Asia-Pacific: Singapore, Japan, and South Korea, despite being developed economies, also have populations of older workers that are at high risk of automation and are concurrently experiencing rapid aging. Notably, South Korea and Singapore were found to have older workers who face far higher risks of displacement than younger workers—more so than in the other nations sampled. Older workers in these nations are, indeed, disproportionately found doing low-skilled work, such as cleaning and serving food. Australia was found to be a notable exception in the region with a much lower risk score for older workers and a shrinking population of older workers.

High-risk Europe: Of the countries sampled in Europe, the report found the nations with the highest risks of aging and of older-worker job automation to be Italy and Germany. With large bases of manufacturing and industrial jobs, older workers in these two nations are widely employed in low-skilled and automatable work. Additionally, Italy is projected to have a working-age population that is 38 percent made up of workers aged 50-64 by 2030. More than a third of Germany's working-age population is projected to be aged 50-64 by 2030 as well.

At-risk Europe: With older workers doing work that is more than 45 percent automatable, and with populations of older workers projected to increase going into 2030, the UK, Sweden, and Switzerland will soon also find themselves facing these twin trends head-on. The onset of aging and automation trends are likely to be particularly pronounced in the UK, where controls on immigration following Brexit could speed up the aging of the working population.

At-risk Americas: Older workers are, on average, employed in work that is more than 45 percent automatable in the nations sampled from the Americas. Like many Asian nations, Chile's jobs employing older workers are at particularly high rates of risk of automation—at 63 percent—and the nation is projected to age rapidly going into 2030. By contrast, the U.S. and Canada's populations of older workers are projected to shrink as a proportion of the working-age population going into 2030, and these nations have comparatively much lower risks of automation to older workers. However, as politicians in the United States move toward restricting foreign labor, the aging of the American workforce could increase, and the skill composition of workers may shift as a result.

The report goes on to conduct this analysis on all OECD nations and Singapore to dig deeper into the factors that might explain why some nations have more older workers at risk of automation than others. The report finds four key themes behind the automation risks to older workers: education, public spending/welfare, industrial structures, and legal rights in financial systems. The report recommends that policymakers and firms take note of these factors as potential levers for reducing the risk of automation to their older workers.



Indeed, firms must invest in these levers to upgrade the human abilities and skills used in their operations. What in the past was considered "premium" in global markets will now be considered "standard"—a phenomenon that will necessarily push human workers out from lower-value work into more value-added services. For example, humans who previously worked as order-takers and payment processors will need to be transitioned into customer-service and dining-event management roles. Plant and machine operators will need to become specialty technicians and robotics monitors.

Companies, therefore, have much to benefit from investing the productivity gains from automation into their human workers—particularly older ones, who are increasingly willing and able to remain in and return to work around the world. Investing in older workers through firm re-training programs and older-worker accommodation strategies would help older workers re-skill and redeploy themselves into premium areas of the workplace and provide firms with a fresh source of vitality in a world of shrinking young labor forces. With labor markets around the world aging so rapidly, it will be incumbent upon firms to use the unique abilities of older workers as part and parcel of their digital evolution.

About Author

Patty Sung
Innovation Leader at the Mercer Global Innovation Hub

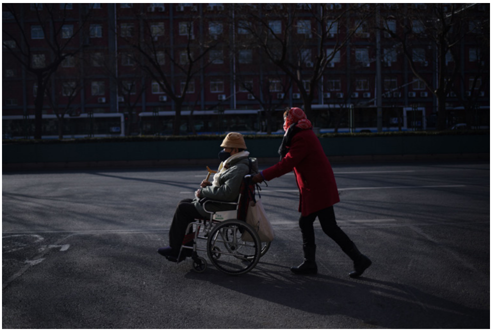
Patty Sung is an innovation project leader focusing on emerging technologies and demographic challenges as it relates to the future of work.

Leslie Chacko
Director at Global Risk Center, Marsh & McLennan Companies

Leslie Chacko is head of the Global Risk Center's emerging technologies program. He has over 14 years of experience in advising clients in the financial services and high tech industries at the intersection of strategy, technology and risk.

Asia Needs to Adapt Swiftly to Rapidly Aging Populations

Eduardo P. Banzon
Principal Health Specialist, Sustainable Development and Climate Change Department at the Asian Development Bank



The world is experiencing an unprecedented demographic transition–it is getting older. By 2025, 26 percent of the global population will be at least 65 years old.

In Asia, the elderly soon will account for more than 20 percent of the population in China, South Korea and Singapore. Japan already surpasses that figure. Rapid aging also is affecting several low- and middle-income countries in the Asia-Pacific. The share of the population over 65 is expected to increase four- to seven-fold from 2012 to 2050 in India, Mongolia, and Thailand.

There is growing apprehension among countries in developing Asia about whether they will have enough time to successfully adapt to their aging demographic profile, as Japan or Europe have done.

The Effects of Aging Societies

Elderly populations generate greater demand for healthcare services for chronic conditions, including non-communicable diseases such as heart disease and cancer. The aging process speeds up epidemiological changes that manifest as NCDs and other chronic conditions, which are becoming the main cause of illness and account for 75 percent of deaths among the elderly.

A rapidly aging Asia demands swift adaptation and changes. Future education, employment and social protection systems should be geared to enable the elderly to continue working and provide adequate income security long into their 80s and 90s.

We also need to promote innovative financing mechanisms and public-private partnerships, and mobilize and reallocate government and private sector funding—including for health insurance—to help build up new health infrastructure that appropriately responds to the needs of the elderly.

To cope with aging populations, countries in developing Asia will have to reconfigure their health service delivery systems and step up ongoing moves around the region toward universal health coverage so older people will not face the risk of financial hardship as they access care.

The Current Situation

At present, health systems in many low- and middle-income Asian countries lack the cohesiveness and efficiencies required for universal health coverage. They are fragmented, involving a multitude of national and sub-national government entities, funding agencies and healthcare organizations.

Moreover, there is a lack of coordination between different levels and settings of the health systems, as well as separate funding mechanisms and a wide range of separate financing pools.

In a fragmented system, different populations are covered under different financing pools and served by different healthcare providers. Fragmentation entails heavy reliance on out-of-pocket payments as people increasingly rely on private healthcare services, resulting in rising total costs.

Access to quality healthcare in fragmented systems is based on ability to pay, so coverage is inequitably distributed across and within countries. This in turn leads to large disparities in health outcomes within a common system.

Fragmentation has contributed decisively to the misalignment of incentives and a lack of coordination between government service providers, creating inefficiencies in the pooling of funds. It raises concerns about the capacity of national governments and health insurers to function as strong purchasers of healthcare services.

How Can We Respond?

The appropriate response to the changing health needs of aging populations is to shift from acute and episodic care and fragmented systems toward integrated systems that provide a coordinated continuum of care, including home care.

Asian countries, which lifted millions out of poverty just a few decades ago, can rapidly produce the quality elderly care workers who are needed for integrated systems. They can mobilize the financing needed for comprehensive provision of elderly care, just as they did for national health insurance systems.

Countries including China, Indonesia, Laos, Mongolia, the Philippines, Thailand and Vietnam are in the process of scaling up NHI coverage to between 80 percent and nearly all of their population.Benefits would be even more profound if these countries similarly reconfigured their health service providers into integrated service delivery systems, while using their NHI systems as platforms for financing comprehensive elderly care—as is happening in Japan, South Korea and Singapore.

Aging populations pose challenges for health systems, but they also provide an opportunity to make the changes needed to assure better and more responsive care.

Inclusive, innovative and resilient health systems will deliver better care to older people with NCDs and other chronic conditions, enabling them to live longer, healthier and more productive lives.

This piece first appeared on the Asian Development Blog.

About Author

Eduardo P. Banzon
Principal Health Specialist, Sustainable Development and Climate Change Department at the Asian Development Bank

Eduardo P. Banzon champions universal health coverage, and has long provided technical support to countries in Asia Pacific in their pursuit of this goal. Before joining the Asian Development Bank, he was president and CEO of the Philippine Health Insurance Corporation, WHO regional adviser for health financing, World Bank senior health specialist, and a faculty member of the University of the Philippines' College of Medicine and the Ateneo University Graduate School of Business.

Farms Are Going Carbon-Neutral—and Cows Are Leading the Way

Michael J. McCloskey
Co-Founder and CEO of Select Milk Producers

Going carbon-neutral is an ambitious goal for even the greenest food business—and exponentially more so for a 37,000-cow dairy farm. But that's the goal we at Indiana-based Fair Oaks Farms have set. And we have a message for the governors, mayors, CEOs, producers and others gathering in San Francisco next week for the Global Climate Action Summit: It isn't just possible to slash carbon emissions—it is happening now.

Years ago, we observed that people didn't just want food that's good for them, they also wanted food that's good for the planet. We also started listening to environmental groups such as World Wildlife Fund about working toward more sustainable food. We recognized the importance of reducing carbon emissions, especially those coming from our cows' waste. We soon realized, however, that waste wasn't the problem, but the solution.

Manure-Powered Vehicles

Since animals were first domesticated thousands of years ago, farmers have used manure to fertilize crops. But as crop and livestock production have become more industrialized and separated from each other over the last century, fully leveraging the value of manure has grown more difficult.

Today, producers are working to recapture the lost value in waste. On my home farm in Fair Oaks, Indiana, we're turning manure not only into fertilizer, but also into clean energy and carbon. In fact, our carbon emissions are 70 percent lower than the industry average—about one pound of carbon versus 3.3 pounds per liter of milk.

We owe much of it to our 37,000 cows. Three times a day, we collect their manure and deliver it to sealed chambers called anaerobic digesters. They effectively serve as a cow's fifth stomach, where bacteria continue to digest the organic matter left in the cows' waste and turn it into methane. The gas is captured and used to power the farm and fuel the trucks that take our milk to market.

For every ton of methane burned, we prevent the equivalent of 24 tons of carbon dioxide from being emitted into the atmosphere. And by using this renewable biofuel in our trucks, we're replacing 2 million gallons of fossil fuel every year. With additional nutrient recovery technology, the waste also yields valuable fertilizers such as ammonia, nitrogen and phosphorous that we would otherwise buy from industrial sources, which use fossil fuels to produce the substances.

With the right infrastructure, dairy farms can accept additional waste—and tipping fees—from communities and other farms to generate even more fuel, fertilizer, carbon, and revenue. By diverting that waste and processing the carbon out of it, producers can generate more capital via market-based carbon credit trading programs.

Reducing the Cost of Clean Water

Beyond reducing carbon emissions, dairy producers can also help improve the quality of drinking water. Municipal waste treatment plants expend more than $140, on average, to remove one pound of nitrogen—a common element in waste and fertilizer—from sewers and stormwater recovery systems, compared to $25 for a producer in the same watershed.

Scaling on-farm digesters would help states and municipalities meet their goals of reducing nitrogen runoff at as little as 20 percent of the costs. Trading credits for nitrogen could help scale the infrastructure further.

How To Make a Cow Less Carbon-Intensive

Manure management comprises only about a quarter of dairy's carbon footprint. To have the greatest impacts, we must also focus on the emissions from the cows themselves, which contribute 25 percent of the carbon footprint by belching methane, and from the feed, which accounts for another 19 percent of the carbon embedded in each container of milk.

Through gene mapping, editing and breeding, we can further improve the efficiency with which cows turn feed into milk with fewer emissions. Automation and robotics are generating billions of pieces of data that enable us to improve diets and care based on each cow's consumption, weight, and other indicators of health and growth. Armed with these innovations, producers can increase yields and resource efficiency, build healthier and more resilient soil, shrink our carbon footprint, and measure and verify that these improvements are happening. Looking ahead, Fair Oaks Farms can use offsets from digesters, improved feed, and conservation tillage to go carbon-negative.

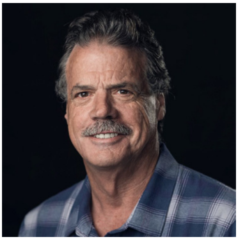
Bending the Curve

Looking back, the industry's past performance is encouraging. Comparing our 2007 performance to 1944, we produced a billion gallons of milk with 21 percent of the animals, 23 percent of the feed, 35 percent of the water, and only 10 percent of the land, while generating only 24 percent of the manure and 37 percent of the carbon emissions. We achieved these efficiencies before we were even measuring them. Imagine what we can do with measurable targets, financial incentives, and technological innovations.

Much of the demand for change is coming from the consumer end of the supply chain. More and more, people are urging their favorite supermarkets, restaurants, and brands to reduce their carbon emissions. Ultimately, achieving many of those goals falls to producers like me, but we're ready.

Even without setting aggressive goals to go carbon-neutral, the challenges of farming are many. Yet producers will continue to improve as we always have. Together with our partners across the value chain—from buyers to brands to bankers—we can produce nutritious food that sustains people and the planet, while generating new income streams that sustain producers.

About Author



Michael J. McCloskey
Co-Founder and CEO of Select Milk Producers

Michael J. McCloskey is co-founder and CEO of Select Milk Producers, the sixth-largest milk cooperative in the United States, and chairman of the board for Fair Oaks Farms.

How Do We Think About the Winners and Losers from Globalization?

Nicolas Lamp
Assistant Professor of Law at Queen's University

In the past half-decade, the term "globalization" has gained an unforeseen political valence. Conferences are regularly arranged to convene experts to debate the subject. Corporate leaders have expressed their desire to respond to and resolve the issue. World leaders have been elected on the strength of their promises to find solutions to the unforeseen consequences of globalization and trade liberalization.

In that time, the language around trade and globalization and the ways in which people synthesize and talk about these issues has evolved. BRINK News spoke with Nicolas Lamp, former dispute settlement lawyer at the Appellate Body Secretariat of the World Trade Organization, about his recent paper, titled How Should We Think about the Winners and Losers from Globalization? Three Narratives and Their Implications for the Redesign of International Economic Agreements, and how these competing narratives stand to reshape the future of trade.

BRINK News: In your paper you write about three narratives around globalization and their key elements. Could you tell me what those are?

Nicolas Lamp: The first one is the establishment narrative, which has been dominant in the trade and investment space for the past decades. The guiding idea of the establishment narrative is that what we want to do is to improve wealth and economic growth. And how do we do that? By improving productivity. And we improve productivity by having an efficient allocation of resources in line with comparative advantages. You allow that by liberalizing trade, because then, everybody can do what they are best at, and they're going to be more productive.

A key element of this narrative is that all economic gains are essentially fungible. If you lose your job and you have to take another job where you get a lower wage, that may be made up by the fact that you have access to cheaper products. The second normative element is that it's legitimate for people to have to adjust. People have no right to their jobs. They may have to be flexible and move around, and that's perfectly legitimate.

The most prominent counter narrative to that, in the past two years at least, has been the "Trump" narrative. This narrative conceptualizes this process of resource allocation completely differently from the establishment narrative because it says "it's not legitimate to have this reallocation of resources." It views workers in developing countries and trade-surplus countries as stealing jobs from the U.S. Hand in hand with that goes a rejection of the establishment narrative's idea that it's legitimate for people to adjust. This narrative says, "no, it's not legitimate."

There's yet a third narrative, which I call the critical narrative. It essentially agrees with the establishment narrative on the benefits of liberal trade, but it's concerned about the effect that liberalizing trade has on the power relations between the owners of capital on the one hand and workers on the other hand. It notices that if labor rights are not enforced in some countries, environment standards are not enforced in some countries, it can lead to a race to the bottom.

BRINK News: You write that these three narratives have "profound implications for the redesign of international economic agreements." What are the implications?

Mr. Lamp: It's simplest in the case of the establishment narrative because the establishment narrative says, "everything is fine with these agreements, the problem is with domestic policy. Domestic policymakers have to do a better job of redistributing the gains from trade."

The Trump narrative is the opposite. It sees the types of agreements that we have as the problem because they allow cheating and the theft of jobs. What the Trump narrative will try to do is negotiate in a way that will allow increased access for U.S. products to foreign markets while minimizing access to the U.S. market. It flies in the face of the establishment narrative, which says "we have to allow international supply chains so everybody can do what they're best at." The Trump narrative says "we don't care. We want to make sure that supply chains come back to the U.S. and we don't care whether we are less efficient."

How does that manifest itself? You can see a couple of examples. In the new NAFTA, the USMCA, you have the increase of the regional and content requirement and essentially a domestic content requirement for U.S. producers. Initially, the U.S. proposed a 50 percent domestic content requirement for cars. Every car that wanted to have duty-free exit to the U.S. had to have 50 percent U.S. content, and of course Mexico and Canada balked at that. What they did instead was impose this rule that a certain percent of the content had to be produced by workers making $16 an hour, which lets Canadians back into the fold, but cuts out Mexico. It's all targeted at moving jobs back to the U.S.

The critical narrative's implications are not that clear, but there are a couple of things that stand out. One thing they focus on is the ability of corporations to play workers off against each other. A way to address that is to use international economic agreements to strengthen labor in developing countries. One example is the recently initiated consultation by the European Union with Korea: The EU is trying to encourage Korea to allow effective unionization to address some of those concerns. The critical narrative tries to strengthen labor in developing countries so that labor collectively has a stronger hand against corporations, which can move capital around.

BRINK News: You're on the faculty of law and a former dispute settlement lawyer at the World Trade Organization. Do you have a sense of how much standing these narratives have in the legal trade establishment?

Mr. Lamp: It's hard to say. What's striking about lawyers who are working on these agreements is that they are very tied to precedent. They're very keen to only make incremental steps. Radical changes to trade agreements are just very far away from the precedents that the negotiators work with.

If there is a sense that the entire system could come crashing down, then things suddenly might start moving really fast. For example, investor-state arbitration has been eliminated between Canada and the U.S. in the new NAFTA. If the U.S. continues pursuing further agreements in which you don't have investor-state dispute settlements (ISDS), then the people who still want to keep ISDSs may be way more open to considering more radical changes to the system in order to keep it alive. There are these competing pressures, on the one hand incrementalism, on the other hand, the fear that you might lose everything if you don't move.

BRINK News: What are the risks to corporations that are aligned with the establishment narrative? Is there any room for them to move in the direction of the Trump narrative or the critical narrative?

Mr. Lamp: It depends, of course, on the particular business where their market is. If they can get all their supply from the U.S. market, then it would make sense to adapt to the Trump narrative by relocating production to the U.S. But it may be more promising to think in the vein of the critical narrative. A corporation, if they want to stem backlash, could consider engaging in less-aggressive tax strategizing. They could do more about workers' rights. You see some movement in this direction, with Amazon accepting the $15 minimum wage.

I think some of the purchase that the Trump narrative gets stems from the idea that people feel like their jobs are intimately connected to their identity and to the survival of their community. Corporations should take that seriously, even if they can't make it the governing philosophy of their operations. If companies can make it part of their strategy to say "Okay, we make sure that workers in our factories are paid well, and our contractors pay adequate wages and comply with or potentially allow unionization," that could also create goodwill, making business more sustainable. Of course, that's more possible in industries where there are fatter margins than in others where the margins are extremely thin.

I think a change in mindset would go a long way toward taking some of the pressure or some of the momentum out of the Trump narrative and this wider backlash against the global elite that's currently taking place.

BRINK News: The losses from globalization are mostly concentrated—at least in the U.S.—in the South and South Atlantic, where a relatively small percentage of jobs have been impacted. Why do these losses resonate so much? Why did they lead to such skepticism of the establishment narrative?

Mr. Lamp: The establishment narrative is at pains to point out that 8 percent of the workforce is in manufacturing, which is a very small percentage. I think that because it's so geographically concentrated, it's much more noticeable. When you have entire towns essentially depending on one factory, the closing of the factory results in the decline of the entire town and the entire community.

You have more people lose jobs every month in the retail sector than you have losses of manufacturing jobs in an entire year. The numbers are in a different dimension in the service sector. But it rarely has a very concentrated impact. It's not so geographically concentrated, and it doesn't have the same effect of dragging entire communities down.

This interview has been edited and condensed for clarity.

How Collaboration Is Going To Transform Our Workforce

Martine Ferland
Mercer

There are 7.5 billion people in the world—and almost as many smartphones. More than half of the world's population has access to the Internet, including about 2 billion people in growth economies.

The Internet of Things has led to technological innovations being developed at an unprecedented speed and scale, changing how individuals, governments and companies relate to each other.

The Future Workplace

To embrace the possibilities of the future of work, we must find new forms of effective collaboration to create opportunities for workers younger and older, for all genders, for those with the skills of today and those needing the skills for tomorrow, locally and across countries.

A lot of the conversation last week at the World Economic Forum in Davos centered on new ways of working. Many of the challenges—such as longevity and augmented reality—are so enormous that they will require collaboration not only within segments of the global economy but across them as well.

The New Collaboration

On the surface, there would seem to be nothing new about collaboration. Businesses have used partnerships and joint ventures for a long time with other businesses, and public-private partnerships with governments are also not uncommon.

What's different now is that, instead of collaborating to drive the sale of a product or service, businesses and governments—and the larger world in which they operate—are joining forces to reshape work. As my colleague Renee McGowan has rightly noted, the aim is workforce enablement, not worker displacement. Workers will have longer lives—and longer careers. Diversity is a vital multiplier; when women thrive, organizations and society thrive, and co-workers may as well be in the next seat as five time zones away.

Mercer's research has shown what goes wrong when we fail to acknowledge differences and don't work to bridge them. The dialogue at WEF was on new employment models for workers of all backgrounds and skills and how technology will help us to realize those changes.

To build a talent ecosystem of the future, one that is up to the challenges of work-altering technologies such as artificial intelligence and robotics, businesses will need to collaborate for talent and not compete for it. Mercer partner Antonis Christidis has made a strong case for upending old recruiting methods and replacing them with "open-source" approaches to talent.

Early-Stage Work

At an individual corporate level, this new collaboration also means breaking down silos that have been our pillars of organization in the past. This will be a challenge for older companies, but newer ones will not be exempt. The Chinese Internet giant Tencent kicked off the year by unveiling a corporate-level technology council to speed R&D collaboration among its different business units.

With government support of university research on the wane in many places, we should expect more collaborations between business and education, like the one rolled out by New York-based biotech investor Deerfield Management to support early-stage work in university laboratories, rather than proven treatments.

For its part, Mercer has expanded its collaboration footprint from partnerships with industry peers and research organizations to create a technology incubator that could transform the world of talent management. We are also connecting diverse clients to help them create flexible talent ecosystems.

Collaboration between Governments

In the same way that there has long been collaboration between businesses, governments have their own history of cooperation on a wide range of issues from safety and security to trade and, most recently, the environment, diversity in general and in the workplace, financial security and training the workforce for the future. We have moved well beyond collaboration solely within the developed world to now include growth economies and those that aspire to join them.

As Grant Robertson, New Zealand's minister of finance, noted at one World Economic Forum meeting last week, "We've set up a forum to drive forward the changes, acknowledging the very things that the panel has been saying, which is that we are all in this together, and there is no point in a single government strategy, or might I say, in a single business strategy, either."

Cities as Crucible of Collaboration

The world ahead will also require greater cooperation between governments of emerging megacities, their national leaders and their international counterparts. There are unprecedented opportunities in these metropolises, opportunities that could vault them past larger, more established markets. But if this is to happen, these cities must be able to attract and keep highly skilled people. They need collaboration to build their workforce of the future.

The goal is, as Mercer noted in its 2018 report on global talent trends, to unlock new forms of growth in what we have called the Human Age. Businesses and governments must demonstrate that they can change—and change at speed. They must devise and implement a higher sense of purpose and become organizations that harness the creative potential and ambition of those they employ.

These new kinds of collaborations have already been set in motion. In December, the Organization for Economic Co-operation and Development, Business for Social Responsibility and the French food multinational Danone launched a three-year, global initiative to foster inclusive growth.

Reaching for Full Potential

What they envision could help businesses to deliver value—not just for their shareholders, but for the societies in which they exist—in the form of policies on living wages and profit-sharing, impact sourcing and impact investing. These kinds of collaborations also enhance the concept of working with purpose, something of increasing importance to attracting and retaining younger and older workers alike.

To make these collaborations successful, we must not merely accept the changes that happen around us, we must lead them. We must embrace change in our interactions with the world and within our companies. We must identify the skills that will be required of the workforce of the future and provide the opportunities for learning, upskilling and re-skilling to meet them. The risk to our colleagues is most acute during times of change—but so is the reward when they are supported to develop to their full potential.

About Author

Martine Ferland
Mercer

Martine Ferland is Mercer's Incoming President and Chief Executive Officer, effective March 1 2019.

The Number of Older Workers Is Growing Fast. The Workplace Isn't Ready.

Chip Conley
Strategic Advisor for Hospitality & Leadership at Airbnb

By 2030, people 65 years and older will outnumber children in the United States—for the first time in history. Similar trends are visible across Europe, where in 2017, it was recorded that 19 percent of citizens in the European Union were 65 and older. This has huge implications for the future of work and for people's capacity to retire in their mid-60s. The U.S. Bureau of Labor Statistics data show that the percentage of older workers has been steadily increasing between 2011 and 2018, while in Europe, sources show that the working-age population may soon be outnumbered by citizens old enough to retire.

In light of these trends, BRINK News's deputy editor, Mikhail Klimentov, spoke to Chip Conley, the author of a new book on how older workers can leverage their years of experience into a second wind in the workplace, titled WISDOM@WORK: The Making of a Modern Elder. At the age of 26, Mr. Conley founded what would become America's second-largest boutique hospitality brand. After 24 years at its head, he sold the company and soon joined Airbnb as a mentor to the startup's then-31-year-old CEO, Brian Chesky. During our conversation, we discussed what younger employees stand to learn from their older counterparts, how human resources departments can better account for generational diversity in their hiring decisions, and the risks of rampant ageism.

BRINK News: Could you explain the idea of the "Modern Elder"?

Chip Conley: The reason I came up with the term was because at age 52, I joined Airbnb as the in-house mentor to one of the co-founders and CEO, Brian Chesky, who was 31. I certainly had the industry experience. And, yet, the digital world was, to me, a total mystery. Moreover, I was roughly twice the age of the average Airbnb employee and reporting to a CEO young enough to be my son. So when I came on, I joined to advise and mentor these 20-somethings. But at the same time, I was also very much a student and mentee.

This is how the idea of the Modern Elder came about. Modern Elders possess a set of invaluable skills—high emotional intelligence, good judgment born out of decades of experience, specialized knowledge, and a vast network of contacts. But also, a Modern Elder has to have humility, self-awareness, and curiosity. If you can marry wisdom and experience with curiosity, a beginner's mind, and a willingness to evolve—that is crucial.

BRINK News: In your book, you suggest that retiring in your mid-60s doesn't work anymore. And yet there's probably a lot of nostalgia for that model: People want to be able to retire at a reasonable age. The idea of the Modern Elder assumes that that model no longer works. What would you tell someone who's not convinced of that?

Mr. Conley: There are a lot of online longevity sites where you can put in your data and they'll tell you how long they think you'll live. Obviously, it's a bit of a guessing game, but for me, it says that I'm going to live to age 98. I'm 58 today. If I start counting at age 18, which is when I became an adult, I'm exactly halfway through my adult life. Most of us at age 58 don't think that way.

So if you want to retire at 65, you're welcome to. If you want to go live on a golf course for the rest of your life, you're welcome to. But just know, if you have the same longevity as me, you'll be on that damn golf course for 33 years.

So I do think more and more people are looking at the variety of ways they can slow their lives down—maybe call it retirement, maybe not—and imagine new things for themselves.

BRINK News: In an ideal workforce in which there is the generational diversity you envision, what are younger members of the team learning from older members of the team, and vice versa?

Mr. Conley: I think that the future is all about mutual mentorship. It goes in both directions. Wisdom goes from young to old or old to young. It just depends on the subject matter. I think what I am encouraged by is that more and more companies are looking at how to create mutual mentorship relationships. Rather than formalizing the process and assigning you a mentor, they are creating an environment conducive to mutual mentorship.

There are some companies that have been speed mentoring, where in an afternoon, people come ready to teach or learn. When we did this at Airbnb, what I taught about was why festivals of all kinds were growing in popularity and what Airbnb can learn from that. I had 25 people come and show up, it was mostly younger people because it was a young company. That's what I mentored on. Later, I got mentored on how to understand the 97 percent of my iPhone that I don't know how to work with.

The idea that we are going to be learning and teaching at the same time is something that companies can actually develop in their learning and development programs. I think that will then create more of an environment where people are familiar with the idea that a mutual mentorship relationship could happen.

That is what I had with Brian, the CEO at Airbnb. I taught him about leadership and hospitality and strategy and emotional intelligence. He taught me about Silicon Valley investors, about what it is like to create a tech startup, about millennial travel habits.

BRINK News: Recently, there has been an effort to increase diversity in terms of gender and race. Not all companies have been successful with this—and generational diversity is a whole additional vector of diversity to account for. How do you see HR departments improving to better factor in greater diversity along generational lines?

Mr. Conley: There are people in companies whose sole responsibility is diversity, inclusion and belonging. There are even whole departments in larger companies that do that. We see it when it comes to gender and race, sexual orientation, disability and a few other things. When it comes to age, however, this practice is only in the early stages. In companies that have a diversity and inclusion strategy program, only 8 percent of them globally have expanded that strategy to include age or generational diversity.

I think one of the things that could have a meaningful impact in this area is cognitive diversity. Now, cognitive diversity can also be a label for neuro-diversity and people who have various ways of looking at things—sometimes it includes autism, for example. But when I think of cognitive diversity, it just means somebody who looks at something differently. Their brain function might be different. And age is absolutely an example of that. Our brain operates differently in our mid-50s than it does in our mid-20s. So why not use aging as one of the diversity markers that companies focus on?

BRINK News: Earlier this month, a ProPublica and Urban Institute analysis found that for the majority of older Americans, "working after 50 is considerably riskier and more turbulent" than ever before. How does this complicate your efforts to show the value of an older generation of workers?

Mr. Conley: There's a lot of evidence that ageism is rampant. So I agree with that premise, but what I think is missing is the growing number of companies that actually are shifting.

Tech companies, for example, have been as ageist as any industry out there, other than maybe fashion and entertainment. The tech world used to view 35-years-old as the oldest you would want for a software engineer. That's changing. What they're seeing is that software engineers who are older have an emotional intelligence and a team-building collaboration skill that younger people often don't have. There's a really great opportunity to mix the old and the young in a positive way. Having interviewed over 150 people who have gone back into the workforce in a modern elder kind of role, I do know change is happening in a significant way.

BRINK News: Have you seen any trends amongst the people you interviewed in terms of best practices of going back to work?

Mr. Conley: A headhunter, probably one of the most successful headhunters, said something to me that rang true. She said, "I understand how difficult it is for people past age 45 or age 50 or 65, depending on the industry, to be able to make it through the LinkedIn profile process and the recruiting process and then feel like somehow they don't make it to the second-round interviews." But she also said that one of the things people have to do is look at their soft networking skills and find people who know someone who knows someone else.

The key is—if you can get your foot in the door—here's what works when you're older. It does not work trying to be a know-it-all. It does not work trying to talk about the way things have always been. This is what she told me absolutely works: She said, "When someone shows up with curiosity and passionate engagement, it's almost like the wrinkles fade away and what a recruiter notices is the energy." And if that energy is an energy that mixes curiosity and wisdom—which is my definition of a modern elder—when someone actually shows up with that curiosity and wisdom together in a way that feels energized, people don't notice the age as much.

Now, will there be people who will? Yes. Will there be ageism? Yes. Is there sexism? Yes. Sexism 30 years ago in the workplace was much worse than it is today. Hopefully, 20 years from now, ageism will be less bad than it is today. This is a process that doesn't happen overnight.

Separating Fact from Fiction about Millennials at Work

Haig Nalbantian
Co-Leader of Mercer's Workforce Sciences Institute
Tauseef Rahman
Principal at Mercer

Stereotypes about millennials abound. Read the popular press or reports of employee surveys and you will come away with the view that millennials differ substantially from their older counterparts—and even previous generations of younger workers—in what they value and expect from work.

The stereotypes suggest millennials care most about the pursuit of mission, varied experience, continuous learning, entrepreneurial opportunity and work relationships and that they are less concerned about the traditional extrinsic rewards of pay and hierarchical position.

But are these perceptions accurate?

Specifically, do they reflect the actual behaviors of millennials at work? It's an important question, as many organizations are responding to the received wisdom by trying to tailor their employee value propositions (EVPs) to the supposed unique needs and values of this generation.

Voting with Their Feet

Every day, employees effectively "vote with their feet," deciding whether to stay with or leave their employer. Statistically identifying what most predicts the actual stay or go decision helps identify the elements of the EVP that are, in fact, highly valued by employees.

To test millennial values and the proposition that they differ from older workers, we constructed and estimated a multivariate, logistic regression model that controls for individual characteristics (e.g., generation, age, tenure with the company, performance, pay and job histories), organization and job characteristics (e.g., supervisor status and relationships, supervisor spans of control, job type and function, team characteristics), and external market characteristics (e.g., work location, industry, local unemployment rates).

Rich Millennial Data Set

This model was applied to a data set of over two million records of employees in multiple companies from different industries, covering multiple years. The richness of the data set allowed us to capture not only the effects of individual characteristics and outcomes but those reflective of an employee's work environment and working conditions as well.

We statistically estimated the model to determine relative turnover probabilities, identify significant drivers of turnover probability and measure their relative impact. We also ran separate models by generation to statistically estimate and measure the factors that drive the stay/quit decision for millennials as compared to Generation X, baby boomers, and traditionalists, defined in the following table:

GENERATION	BORN BETWEEN
Traditionalists	1925 - 1944
Baby Boomers	1945 - 1964
Generation X	1965 - 1979
Millennials (Generation Y)	1980 - 1995
Generation Z	1996 - 2010

This modeling allowed us to understand, for example, how much more or less likely an individual is to stay the year following a work-related event such as a promotion, lateral move, performance assessment or pay change, depending on if they are a millennial versus another generation or versus all older generations together.

It also permitted us to examine if and to what extent millennials respond differently to situational factors, such as the characteristics of their supervisor or team. So, for example, we could test whether having a millennial manager or being on a team with proportionally more of their own generation made a millennial more or less likely to turn over as compared to their older colleagues.

Key Findings

Many of the common hypotheses around millennials are not supported by the results of our modeling.

While overall turnover probability was indeed found to be significantly higher for millennials than it was for their older colleagues—roughly 20 percent higher than comparable GenXs, all else being equal—the pattern and relative strength of drivers of millennial turnover are quite different from expectations. Our key findings include:

Base Pay Matters

Contrary to conventional wisdom, millennials are more base-pay oriented than their older counterparts. Their turnover probability is responsive to pay levels and growth as well as receipt of a bonus, but less so compared to older employees. However, the higher that base pay is as a percentage of total compensation, the stronger the retention effect on millennials. This is an outcome not consistently found with older employees. It suggests an aversion to having more pay at risk, a finding at odds with the idea that millennials are intrinsically more entrepreneurial or mission-driven.

Up and Out

It turns out that hierarchical advancement does matter to millennials. Certain model specifications show that, all else being equal, recently promoted millennials are substantially more likely to leave their employer, suggesting they may leverage promotions to secure other opportunities. A similar pattern is seen with respect to lateral moves. These results suggest that millennials may value mobility and learning across employers, rather than within their current organization.

Ambivalence toward Performance Ratings

Contrary to expectation, ratings—both performance and potential—don't seem to hold any special currency for millennials. If anything, they are less sensitive to ratings than older peers. Under some model specifications, high ratings are actually associated with higher turnover probability for millennials, again suggesting a propensity to leverage positive internal signals of value to secure new opportunities in the labor market.

The Relative Importance of Flexibility Is Unclear

Dimensions of flexible employment or alternative work arrangements do not appear to be more valued by millennials than others. For example, while all employees are more likely to leave if they are on a part-time basis, the turnover differential for part-time millennials is about twice as high as it is for non-millennials. This suggests that offering flexible employment, such as part-time status does less to retain millennials than older workers.

Supervisor Characteristics Do Matter

There are more consistent and stronger effects of supervisor characteristics and relationships on millennial turnover than other generations. For example, all else being equal, millennials are far less likely to turn over when they report to highly rated supervisors or to female supervisors. And they are substantially more likely to quit if their supervisor quits. None of these relationships are detected among other generations.

Implications for Employers

Our research carries a number of hiring and workforce implications:

- What people say they value may not actually motivate their behavior, so relying only on surveys can be misleading.
- The idea that high turnover is simply a fact of life when employing millennials is unfounded. The employment value proposition the employer offers matters a lot and can strongly influence the choices millennials make at work.
- The basic economics of the deal—especially base pay—are actually more

important for millennials than their older counterparts.

- The idea that, for millennials, opportunities for internal mobility and more varied experience can substitute for conventional extrinsic rewards is not borne out by the facts. In fact, older workers seem to value mobility more and may be prime candidates for the internally mobile workforce.
- If millennials' behavior is affected by their supervisors, the assignment of supervisors should be done strategically.

In the age of analytics and big data, organizations have the opportunity to understand their employees as well as their customers. Given the sheer size of investments in people made by employers, the payoff from modeling actual behavior can be huge.

With so many millennials burdened with large student loans and facing high costs of living where they reside, the fact that millennials are motivated by traditional extrinsic motivators such as base pay should not be a surprise.

But stereotypes can cloud even basic economics and mislead decision-makers. Hard dollars, predictable (over variable) pay, and effective supervisors may be what it takes to secure and motivate the millennial workforce.

About Authors

Haig Nalbantian
Co-Leader of Mercer's Workforce Sciences Institute

Haig R. Nalbantian is a senior partner at Mercer and co-leader/co-founder of the company's Workforce Sciences Institute. A labor and organizational economist, he has been a pioneer in the development and practice of evidence-based workforce strategy and management.

Tauseef Rahman
Principal at Mercer

Tauseef Rahman is a principal at Mercer and consults organizations on workforce strategy and analytics issues. Based in San Francisco, he has also been based in Mercer's Los Angeles, Dubai, Melbourne, and Houston offices.

Asia Needs More Women in Its Labor Force

Shivaji Bagchi
Senior Contributing Editor for BRINK Asia
Siddharth Poddar
Senior Contributing Editor for BRINK Asia

Asia is home to a population of around 4.5 billion people, with an average female population of 49.8 percent. However, the region is failing women—and in the process, the promise of economic prosperity—by failing to address the barriers that keep many women from the workforce and that society and institutions reinforce daily.

In fact, evidence also indicates a decline in the number of women in the workforce in some key Asian economies. In India, for example, the number of women in the workforce decreased to 28.5 percent in 2018 from 38.8 percent in 2005. In China, meanwhile, it declined from 72.5 percent in 2005 to 68.6 percent in 2018.

It is imperative for Asian governments to put in place initiatives—and potentially even legislation—so women will have the same opportunities as men in the labor force. For those women already in the workforce, policymakers in Asia must endeavor to create conditions conducive to their professional growth, which ultimately reflects in the greater representation of women in senior corporate positions.

Asia performs particularly poorly on both these counts. There are some changes afoot, but given the scale of the challenge, they only address the proverbial tip of the iceberg.

Addressing Gender Disparity in the Workplace

Most Asian societies have traditionally perceived women as being central to the family unit. Consequently, women have been unable to devote their undivided focus and efforts toward their own career growth, as they have been seen as responsible for managing households and being the primary caregivers—both to children and to their aging family members. This continues to inhibit their ability to join the labor force and poses many barriers to growth for women who are in the workforce, chief among which is their growth into senior roles.

Several Asian companies still have all-male boards, and almost all have boards on which men are in a majority. The problem is particularly acute in East Asian economies, including South Korea, Japan, Taiwan, China and Hong Kong.

Many Asian governments are aware of the issue and have taken steps to facilitate equal opportunities for women in the labor force and parity in the workplace.

In India, for example, women make up less than a quarter of the workforce—among the lowest globally. Additionally, its gender pay gap is the highest globally, with Indian women making 34 percent less than men in hourly wage. The Indian government has introduced several initiatives to address this. India's Maternity Benefit (Amendment) Act 2017 increased the maternity leave period to 26 weeks from an earlier 12 weeks. However, while this law is well-intentioned, it is likely to deliver unintended consequences. A recent report estimates that 1.1 to 1.8 million women stand to lose their jobs by March 2019 due to this law. This illustrates the complexity involved in policymaking. For the policy to be widely successful, companies would need to restructure the foundations of their operations and budgets to ensure they are built not only for male employees but for all employees.

Elsewhere, Singapore enjoys a relatively high rate of female employment at 72 percent, and there has been a gradual reduction in the gender pay gap. Additionally, Singapore plans to double its share of women on company boards to 20 percent by 2020, from 9.9 percent in 2017. Singapore's women-empowerment schemes have yielded desired outcomes, but more efforts are necessary to reshape traditional mindsets and discrimination. Singapore has established a Tripartite Alliance for Fair and Progressive Employment Practices to encourage fair employment practices, but it has yet to enact this into law, and no current provisions exist to allow monitoring.

One helpful step employers could take is offering flexible working conditions. Eighty-two percent of women in Singapore cite a lack of flexible working conditions as a top reason for quitting their jobs. Sixty-eight percent of women are unable to work from home at their present jobs, with only 14 percent being able to use this option occasionally.

Now, consider China. Globally, China boasts more self-made female billionaires than any other country. However, this doesn't imply an inclusive growth transformation in the country. The number of women in the labor force has declined over the past decade, and women earn 22 percent less than men for the same work. Additionally, efforts toward increasing maternity leave allowances have delivered unintended results, considering these additional operating costs must be borne by companies. For equal-opportunity policies to be successful, companies must be committed to structural change.

In Japan, the Shinzo Abe administration tried to address the disparity in management roles in 2013 by reviving an older target of at least 30 percent of management positions in companies to be occupied by women by 2020. The targets were lowered considerably to between 7 percent and 15 percent for the public sector and the private sector by 2021.

Malaysia has a target of women occupying 30 percent of directorships in the private sector; South Korea is providing subsidies to companies that give more than 30 days of child care leave in a year; and we see a similar pattern play out in countries across the region. Governments and policymakers have attempted to address the disparity, but the initiatives are largely not met with success either because there is opposition to these initiatives from some quarters, companies find ways to work around regulations or the legislation is simply ineffective or toothless.

Lessons from Down Under

Australia has witnessed a notable reduction in the gender pay gap—from 18.5 percent in 2014 to 14.1 percent currently, and it also has a relatively high number of women in the workforce. Gender equality has been an important area of focus for successive governments in Australia. Programs such as ParentsNext provide monetary support to parents of children aged below six to help them fulfill their study and work goals. This is a tangible benefit.

Additionally, Australia has a Workplace Gender Equality Agency, whose mandate is to improve gender parity in the workplace. The agency works with companies and provides advice and practical tools to help companies eliminate gender discrimination, "including in relation to family and caring responsibilities." It also helps companies comply with the reporting requirements of the Workplace Gender Equality Act.

Across the Tasman, New Zealand has also actively addressed issues of gender discrimination in the workplace. It has a legal framework that provides protection against many kinds of discrimination. It also has frameworks in place for equal pay for women, for the prevention of discrimination based on sex and has plans for regulations for equal employment opportunities.

Moreover, New Zealand has also seen significant success in the increase in the share of women working in the public sector. Jacinda Ardern, the prime minister of New Zealand, has said in the past that she would like the public service sector to be a catalyst for greater gender parity. "Our view is that if we can't demonstrate that level of leadership at the center and heart of government, then how can we call on the private sector to do the same? We want to send a message to our CEs [chief executives] that we see it as a priority," she said.

A Long Way To Go

Study after study has shown the economic benefits of having more women in the labor force and equal opportunities and pay. They also point to the positive impacts of gender equality on health, education and social welfare in general. A recent International Labour Organization report, for example, clearly indicates the importance of addressing gender equality for Asian governments. If Asian economies are able to reduce the gender gap in the labor force by 25 percent, this alone can add a further $3.2 trillion to Asia-Pacific's cumulative GDP—a figure equivalent to India's annual GDP.

Collaborative efforts by governments and employers must therefore be undertaken to ensure workplace diversity and skills development for women. This and more must be done for the equal opportunities for and contribution of women to economic growth and sustainability.

As Helen Clark, former prime minister of New Zealand and administrator of the United Nations Development Programme said recently: "Put simply, if the full contribution of women to economies and societies isn't realized, it's not only women who won't reach their full potential—whole countries won't reach their full potential."

For this to happen, Asia's governments must lead.

About Authors

Shivaji Bagchi
Senior Contributing Editor for BRINK Asia

Shivaji Bagchi is a senior contributing editor for BRINK Asia. He is a communications professional with a decade of expertise in copywriting, content creation and development.

Siddharth Poddar
Senior Contributing Editor for BRINK Asia

Siddharth Poddar is a senior contributing editor for BRINK Asia. He is a writer-editor and journalist with a decade of experience across various publishing platforms.

Emerging Markets in Asia as Hubs for Globally Mobile Talent

Mario Ferraro
Global Mobility Practice Leader—Asia, Middle East, Africa and Turkey at Mercer

Multinational companies, especially those in North America and Europe, are increasingly looking east at emerging markets, with a focus on Asia, as new engines of growth. With a growing middle-class population and adoption of technology on the rise, these markets present opportunities at a time when growth in other parts of the world may have slowed or plateaued.

To be able to enter and scale their presence across these markets, multinationals are presented with the challenge of mobilizing their seasoned executives and persuading them to move to emerging market hubs.

Emerging, but Unequal Asia

With increasing improvements in infrastructure, public services and transportation across Asia, this persuasion is less of a challenge than it used to be a decade ago. However, development in the region has not been ubiquitous or evenly spread and therefore the question of hardship, especially in long-term assignments, invariably arises. The issue of hardship and how an employer can address this concern is often compounded if the assignment entails movement for entire families.

Differences in living standards across the region warrant serious consideration for a number of reasons. First, they can create anxiety for the assignee and family, which may lead to reluctance to undertake the assignment. Second, change in living conditions may erode the employee’s morale and affect their performance over time. This could ultimately lead to “assignment failure,” that is, failure to achieve the desired objectives of the assignment and/or a request from the assignee to be repatriated prematurely. Considering the significant financial investment made in deploying an employee overseas, assignment failures are best avoided. Finally, poor planning and preparation for differences in living standards can expose the assignees to a number of risks with potentially harmful consequences. Employers have a "duty of care" obligation toward their employees, which extends to overseas assignments.

Mercer's 2018 Quality of Living Survey

According to Mercer's recently released Quality of Living 2018 survey, Singapore, the most progressive economy, continues to lead the region in terms of ranking. We also see marked improvement in the rankings of other metropolitan hubs in the region, with continued investments in infrastructure and public services by governments in Asia.

Five Japanese cities performed well: Tokyo (50), Kobe (50), Yokohama (55), Osaka (59) and Nagoya (64). Other notable cities in Asia include Hong Kong (71), Seoul (79), Taipei (84), Shanghai (103), and Beijing (119). Governments in the region recognize that offering a certain quality of life—making it attractive for Western multinationals to setup and scale their emerging markets or Asia operations—to today's digital-first and globally mobile talent is the key to attracting trade and investments.

Mercer's proprietary Quality of Living methodology compares living standards in terms of 39 factors grouped into 10 categories for 450 cities around the world. The categories include political and social environment; economic environment; socio-cultural environment; medical and health considerations; schools and education; public services and transportation; recreation; consumer goods; housing; and natural environment.

The scores attributed to each factor, which are weighted to reflect their importance to expatriates, permit objective city-to-city comparisons. However, unlike some of the more quantifiable factors mentioned above, quality of life implications are not only monetary, but can also impact employees' and their families' entire ways of life. This can make compensation package calculations a bit trickier. For example, an employee working in a high-ranking quality of life city such as Frankfurt probably wouldn't be excited about relocating to a remote town in a hardship location. Salary data tells us that employees in a higher-ranking market are likely to be paid more due to the local market compensation trends and a higher cost of living and that employees who are relocated to cities with a lower quality of living will want some extra incentives to take on these less-than-ideal assignments.

What Can Organizations Do?

To be better prepared, multinational organizations looking to send employees to such assignments could consider the following:

In terms of planning, the company would need to carefully evaluate the risks, prepare the assignees and provide as much "on the ground" support and advice as possible to help the assignees and families understand the foreign environment, navigate the various challenges and mitigate the risks. This also includes ensuring that adequate insurance cover is provided for medical emergencies, accidents and fatalities. Extra care is required when deploying employees to conflict zones or locations prone to natural disasters, as many insurance policies exclude "acts of war" or "acts of God," and may therefore require additional policy riders.

From a pay standpoint, the company would need to adequately incentivize and compensate assignees to undertake assignments to such difficult locations. Failure to incentivize these moves would ultimately result in high refusal rates and "assignee bias" toward less difficult locations. Companies also need to have a short- to medium-term roadmap for designing assignee compensation, based on their talent requirement and available pool of "assignable" executives.

"Attracting and retaining the right talent is set to be one of the key challenges for businesses over the next five years," according to Ilya Bonic, senior partner and president of Mercer's Career business.

As with most strategy and policy decisions, there are no silver bullets, and every multinational will need to weigh in their employee mobility decisions in the context of their business and the macroeconomic environment. The talent challenge, however, has meant that evaluating these decisions in light of what employees want has become increasingly important. Learning from the strengths and weaknesses of cities around the world could provide a blueprint for finding the right talent in an increasingly globalized or connected world.

About Author

Mario Ferraro

Global Mobility Practice Leader—Asia, Middle East, Africa and Turkey at Mercer

Mario Ferraro leads Mercer's Global Mobility practice across Asia, Middle East, Turkey and Africa. With over twenty-five years of experience in the design and implementation of effective Global Mobility solutions, Mario is recognized as a thought leader in the area of Global Mobility, and contributes regularly to conferences and media. He is also active at the Worldwide ERC, a professional association representing global mobility professionals, where he has served on the Board of Directors and as the chairman of their Asia Pacific Committee.