

Sydney Business Connect



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Business School



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Future fluencies

Upskilling for tomorrow's jobs

Whether you call it the Second Machine Age or the Fourth Industrial Revolution, it is becoming increasingly obvious that we are moving into a new era in which powerful forces are combining to transform – potentially radically – the world of work.

While debate rages about the extent of job losses or gains as a result of these forces, our responsibility as a business school is to focus on how we – and the University more generally – best prepare our students for the future of work. The key question is: what kinds of skills will future leaders need?

We know a lot already, of course, about employers' expectations. They're looking for graduates with outstanding capabilities in critical thinking and effective communication, who work well and inclusively in teams and are resilient, creative and curious.

This already looks like a long and daunting list, but will future leaders require additional skills; proficiencies that will increase in importance as we move into this new era?

I'd suggest there are plenty but for now let me point to three.

Alec Ross, author of *The Industries of the Future*, talks about the importance of multicultural fluency in an age of ever-increasing globalisation. There will be a premium for people who can understand the language and culture of the regions in which they are doing

business. Training in a foreign language is beneficial in its own right, not only for the way in which it improves the mind but for how it opens you to new ideas, new ways of expressing things, and different logics.



Language fluency is also a gateway to improved cultural understanding, encouraging you to think about the assumptions you take for granted and confront norms you perhaps thought were universal.

Alec Ross also talks about the importance of being fluent in a technical, programming or scientific language. In a world of big data, genomics, and robotics, an understanding of data analytics is even more powerful when combined with fluency in the programming languages used in these fields. The ability to code isn't just useful per se but because of how it changes the way you think, encourages

abstraction and develops an appreciation of the need to break up problems into smaller parts while recognising how they fit into an interconnected, larger system.

A third skill relates to scanning: seeking to understand the nature and implications of existing and evolving megatrends – including the technological changes that underpin the Fourth Industrial Revolution – and making sense of the opportunities they will provide.

It's all too easy for leaders to be overwhelmed by a multitude of short-term concerns, but increasingly they will need to be able to track and interpret the large-scale forces – the technological, demographic, environmental, geographical and social megatrends – that are reshaping the global business landscape.

Markets will evolve ever more quickly, industry boundaries will become ever more blurred, and the challenge of determining where and in what form competition will arise will become ever more acute.

Those leaders who have skills in scanning the periphery and taking a broader and more future-focused perspective of the evolution of markets will have a powerful advantage.

Professor Greg Whitwell
Dean, the University of Sydney
Business School

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The Remote and Rural Enterprise (RARE) program taking students out of the classroom to work with communities to build innovative business solutions.

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Blockchain: Bust or brave new world?

Written by Ashton Jones (BCom '07)
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THE HYPE CYCLE, A CONCEPT POPULARISED BY GARTNER, THEORISES THAT ALL TRANSFORMATIVE TECHNOLOGY GOES THROUGH A STEEP UPWARD TRAJECTORY OF EXCITEMENT THEN A BUST WHICH LEADS TO DISILLUSIONMENT BEFORE GRADUAL LONG-TERM PRODUCTIVITY IS FINALLY ACHIEVED.

Blockchain's recent history has been marked by oscillations between boom and bust. Inflated expectations and inherent scepticism have caused a perfect storm of negative commentary when Blockchain hasn't rapidly changed everything as we know it.

Blockchain has been through two key waves of evolution:

– **Power behind the throne**

At its inception, no-one even talked about the technology powering Bitcoin, the 'Godfather' of the cryptocurrency world. However, smug insiders spoke in hushed tones about the 'real innovation' of Bitcoin's underlying technology – the Blockchain.

– **Big corporate darling**

Soon, the big end of town woke up to the fact they could get on the hype train for this new technology without dabbling in the murky world of Bitcoin. Voila, working groups and pilots for Blockchain (or if they wanted to be fancier, Distributed Ledger Technology) sprung up at all the big banks and financial services companies around the world.

Having been through this cycle of boom and bust, Blockchain is now on the cusp of a third evolution, one that could be truly transformative for its widescale use and adoption.

A new economic paradigm

At its heart, Blockchain's profound potential isn't about dreary concepts like database management or authentication. Blockchain's power really comes into stark relief when you consider its potential in the context of incentive design. Incentives are what drive society forward and facilitate creative enterprise. Blockchain enables new and innovative consensus mechanisms to transparently and accurately motivate and reward communities.

Consider the example of a community on the outskirts of the burgeoning metropolis of Lagos, the beating heart of rapidly industrialising Nigeria. The residents of the community want to ensure that, as the urban sprawl continues, their children still have a field to play football. Today, they would probably have to bribe and lobby their local officials – a tough and fruitless task. Even once the park was built, there would be no guarantee that any institution would maintain the park and overuse would see it soon fall into barren disuse.

Imagine a different way – one supported by Blockchain, which overcomes this Tragedy of the Commons¹ and moves the dial towards collective or democratic commerce. Suppose 100 of the residents decide to self-organise and each contribute \$30,000 Nigerian nairas (approximately A\$100) towards rehabilitating the park, maintaining it, and building a fence around the space. In return, they each receive a unique digital token which they can use to exclusively access the park for the next two years.

If other residents of the community become aggrieved that a subset of the community now has privileged access to this beautiful park, there is a simple solution:

- new unique tokens can be issued if a majority of the existing token holders agree; or
- the tokens can be sold by the existing holders (for a fair market price) to new residents or other potential park users.

This concept may be anathema to people who believe that capitalism has no role to play in the provision of public goods, but it is undeniable that Blockchain-based solutions of this nature could be profound because they:

- facilitate trust where the state is corrupt or property rights are weak
- digitise intangible assets to make them unique, indelible and transferable
- provide liquidity and reduce friction in the exchange of intangible assets
- allow communities to self-organise, transparently vote and approve activity.

Blockchain is on the cusp of exiting from the trough of disillusionment and enabling a new way of economic thinking and incentive design which “harnesses self-interest as a public good and operates by mutual coercion to preserve the freedom of all participants”.²

To realise this freedom, individuals and companies alike will need to think differently about Blockchain and its applications to commerce and society. Blockchain really could be a brave new world – bigger and bolder than anything that has come before.

1. investopedia.com/terms/t/tragedy-of-the-commons.asp
2. coininsider.com/blockchain-sidesteps-tragedy-commons/

Banking on technology

Written by Andy Mitchell (MCom '13),
Chief Growth and Innovation Officer, ZipCo

Think about the core financial products you or your business use. Virtually none were invented in this millennium.

You probably have an everyday account and a savings account (invented in the 1300s) and a network debit card (1978) which also doubles as an EFTPOS debit card (1984).

You may also have a credit card (invented in the 1950s), or use in-store finance (1970s). If you purchase online you may use a digital wallet such as PayPal (1998).

You pay your bills using BPAY (1997) or direct debit (1970s) and when you have to transfer funds, you use 'pay anyone' (1970s). Your cards probably have a PIN (1967), a mag stripe (1972), a chip (1986) and can be used for contactless transactions (1997).

ATMs still offer cash, as they have done since 1967, and interaction with your

account and servicing is handled via online banking (mid 1990s) or, more recently, mobile banking (2010).

While these core consumer and business products remain virtually unchanged, the financial services sector is undergoing a major technological transformation driven by innovations in distribution, service, data analysis and new platforms.

For example, it was a very different experience getting a credit card 20 years ago. You'd start by sending a paper application to your bank. This would be followed by a long and arduous approval process, usually including a couple of trips to a branch. Your card would eventually arrive in the mail and require activation via another visit to a branch.



While the core product has barely changed, technology and automation have transformed the process: compressing the cycle time from weeks to minutes, reducing customer friction and eliminating a significant amount of operational costs.

Customers now browse for a credit card online, often via a third-party comparison site and apply online. Automated models often use external behavioural, identification and social data to make a final risk decision in real-time and if approved, a new card can be deployed ready-for-use into a mobile wallet (such as ApplePay) almost immediately.

This whole process takes place without any human intervention and the consumer's transaction history, account balance and customer servicing are a few clicks away, 24/7.

One issue facing banks and other traditional financial institutions is that their size, culture and regulatory environment stifles innovation. As a result, agile new-entrant financial technology (FinTech) businesses are intermediating the coveted first-party relationship between banks and their customers through superior customer experience and differentiated services, often on top of existing core products.

This process is slowly relegating banks to commoditised offerings and price-based competition, as evidenced in mortgages, savings and credit products.

Alternative payment methods such as AfterPay (founded 2015), Klarna (2007) and Affirm (2014) are squeezing themselves between banks and customers, capturing sizeable transaction fees. Their seamless, low-friction, mobile customer experience, sophisticated data modelling and use of AI are far ahead of traditional credit providers, relegating the bank to merely a funding source.

Technology and the future of financial services

The breadth and depth of data available to FinTechs is helping customers make better decisions and manage their finances. With consent, a third-party can scrape their customer's entire multi-bank transaction history. Apps such as Pocketbook present this information to consumers in a rich, easy-to-understand format, with actionable insights, such as notifying users how much they can safely spend and when bills are due.

Analysis of a customer's transaction history is leading to better credit decisions (something that benefits lenders and society as a whole) and easier swapping of accounts between financial institutions. The Australian Open Banking regime will take this a step further, mandating banks to supply customer data via APIs to third parties when requested.

New platforms open up opportunities to circumvent existing rails. Blockchain – which offers an open, distributed ledger that records transactions between parties – gives an insight into

what is possible. Cryptocurrencies, such as Bitcoin and Ethereum, which run on Blockchain, remove the need for a central bank altogether.

In Australia, the New Payments Platform (NPP), promising near real-time interbank settlement, launched this year and is slowly being rolled out.

National platform projects like NPP and the UK's Faster Payments (2008) require extensive coordination, cost billions of dollars, and take years to implement.

Internationally, disruptors like Venmo and Square are building their own systems by front-ending banking platforms with real-time peer-to-peer payments on mobile devices. Venmo is estimated to have 10 million monthly active users in the US.

Australia has joined other developed countries in supporting new entrants, as recent waves of Federal Government reforms such as Open Banking, Comprehensive Credit Reporting and new APRA rules encourage startup banks. Whether this will be successful remains to be seen.

Incumbent financial institutions won't stand still while they're disrupted, but they are weighed down by deep-rooted cultural issues and, post-Banking Royal Commission, increased regulatory oversight and consumer distrust.

However, under shareholder pressure, there are a range of strategic countermeasures they can deploy – some legitimate, some questionable.

Forward-thinking financial service businesses have made strategic, minority FinTech investments in recent years and incumbents still own and control access to the main financial services infrastructure.

So, when the economic cycle inevitably turns, distressed or capital-constrained FinTechs could become acquisition targets for large businesses who can ride out the downturn. Everything has a price and banks have deep pockets. Capitalism may be their solution to disruption.



A new equality: people, planet *and* profits

Written by Trevor Watson

THE ZIMMERMANS ARE A FAIRLY TYPICAL AUSTRALIAN FAMILY OF FOUR. IT'S THEIR HOME THAT'S ATYPICAL. AS THE NATIONAL DEBATE RAGES OVER ENERGY SUPPLIES, WASTE DISPOSAL, WATER CONSUMPTION AND RISING COSTS, THE ZIMMERMANS FIND THEMSELVES IN THE ENVIABLE POSITION OF LIVING IN THE 'HOUSE WITH NO BILLS'.

Their home is a prototype built by construction and property management giant Mirvac, on foundations underpinned by a policy that gives equal priority to people, the planet and profits.

Founded in 1972, Mirvac currently has more than \$18 billion dollars worth of assets under management. Its corporate

logo flies over office towers, construction sites, shopping malls, apartment blocks and homes across Sydney, Melbourne, Brisbane and Perth.

CEO and Managing Director Susan Lloyd-Hurwitz admits that the company has delivered some outstanding financial results over the past five years. But for Mirvac, she adds, exceptional results are not delivered in a vacuum.

As she explained at a recent University of Sydney Business School alumni dinner, "business success goes hand in hand with doing the right thing and putting people first. Building homes, communities and ecosystems is not simply bricks and mortar. Profit is not enough by itself – we must be driven by purpose".

Ms Lloyd-Hurwitz is a former New South Wales Business Woman of the year and appears in the list of the nation's 50 most influential women. She has been at the top of the corporate ladder for long enough to know that "sometimes a big company talking about purpose seems like slogans and lip service".

Mirvac's commitment to people and the planet, she assured her audience, is genuine. "Our purpose to 'Reimagine Urban Life' is behind everything we do," she says. "Our sustainability strategy: 'This Changes Everything' is a reminder that business must be a force for good. We want to ensure we are leaving behind a positive legacy that lasts long after we have laid the last brick."

The Zimmerman's 'house with no bills' is a small example of Mirvac's sustainability policy at work. The house is an effective mix of design and innovative technology which aims to eliminate bills for energy, water and sewage. The Zimmerman's experience is helping Mirvac to deliver sustainable homes to the mass market.

"Sustainability is at the core of what we do and is incorporated into the way we design, build and think – right from the beginning," says Ms Lloyd-Hurwitz. "It is not a box to be ticked, but a holistic approach to the questions we ask ourselves and the way we collaborate. We work towards development which puts social sustainability on the same footing as environmental sustainability."

The Zimmerman family



While the 'house with no bills' may deliver innovative solutions in the future, it is Mirvac's commitment to social and environmental sustainability being played out on countless sites across the country that will have the most significant impact. As Ms Lloyd-Hurwitz points out, property is a \$202-billion-dollar industry in Australia and employs 1.4 million people. The built environment alone generates 25% of total greenhouse gas emissions.

Pointing to Mirvac's achievement, she said that the company had reduced both its "carbon and water intensity" by about 25% and established its own renewable energy company. It is also recycling 95% of its construction waste. "Mirvac is leading the industry in our commitment to be net positive in carbon emissions and water by 2030. We also aim to send zero waste within our operational control to landfill by 2030," she says.

"In an Australian clean-energy first, we are working with the Clean Energy Finance Corporation to embed a range of clean energy initiatives as part of the base build in three new master planned residential communities," she says. "These communities will include more than 300 family homes, each with built-in solar and battery storage systems, as well as high-grade insulation, LED lighting and energy efficient appliances."

Mirvac's environmental performance record speaks for itself. In 2017, it was ranked the world's most sustainable property company by the Dow Jones Sustainability Index. More recently, it was named Australia's No. 1 company for ESG (environmental, social, and governance) by J.P. Morgan.

On the social front, Ms Lloyd-Hurwitz says the company plans to provide employees with unlimited paid volunteer leave and triple its community investment by 2022. It will also direct \$100 million towards social procurement by 2030.

As she concluded, "to work in a corporate, purpose must be in everything you do – from the coffee we serve at our Sydney headquarters, where 100% of the profits fund services and programs run by YWCA NSW, to the communities we plan."

CEO and Managing Director of Mirvac, Susan Lloyd-Hurwitz (BA '89), delivered the keynote address at the 2018 Business School Alumni Dinner.

Building cities for our future

Written by Yi Ho (BDesArch '13 MArch '15)
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Our world is changing rapidly – technological process is accelerating at an unprecedented pace, people and technology are becoming more interconnected, people are living longer and urban populations are increasing faster than ever. The UN's population division estimates that more than 68 percent of the world will be living in cities by 2050.¹ If not planned well, these cities run the risk of becoming congested, resulting in a negative environment for the people who live, work and play there.

Cities are the cornerstones of regional and national economies. To grow population and the economy, we must be able to deliver supporting infrastructure. Currently, growth is centred around developing existing urban areas, leveraging existing infrastructure and building a network around them. This train of thought focuses on growing existing well-connected, service-based cities by reinforcing the existing agglomerations of industries.

The 2018 Infrastructure Australia report by the Commonwealth Government indicated that Sydney would get the most 'bang for its

buck' by focusing development and infrastructure provisions within its middle and inner rings. This kind of infrastructure-directed growth tends to aim for the most benefit in the shortest amount of time. It is generally tactical than strategic, and has shorter time frames.

Retrofitting existing urban centres may seem efficient, but this could be a short-term 'band-aid' fix to a long-term problem. Like in a business

context, tactical fixes may not necessarily result in good long-term strategic thinking. For example, if there is congestion, a tactical fix is to introduce congestion-easing measures such as widened roads, streamlined traffic signals, new clearways or even the relocation of population by the extension of urban areas into greenfield peripheries. This was, until quite recently, the status quo for all major Australian cities.



Taking into consideration the “three horizons” model for business strategy, we have started investing in second horizon mass transit projects to make our existing urban areas more efficient and effective, and keep these cities competitive. However, a by-product of this competition is significant disparities of wealth caused by the concentration of resources within an existing economic geospatial framework.

A better approach is for nation states to develop urban policies that look beyond the short-term tactical interventions of providing infrastructure in existing high-density urban areas. Planners should strive to be more aspirational and direct a mode-equitable spread of population throughout the country.

Third horizon projects can be considered nation-building projects with little return in the short run. They require a coordinated approach between the public and private sector. To encourage people to want to live out of well-established urban centres, as a foundation, there should be greater economic opportunities for them at or near those locations.

Jobs, particularly high valued ‘attractor’ jobs, need to be planned for in these areas, before homes are developed. Large anchor organisations are often willing to establish their workplaces in regional locations, given the right incentives.

There are plenty of examples globally where the planning and the delivery of entirely new cities has resulted in significant benefits for those countries.

One example is New Songdo International Business District in South Korea. New Songdo is a greenfield city between Seoul’s international airport and Seoul city proper. This new city was driven by the concept of the ‘smart city’, knowledge-based jobs, reduction of reliance on export-driven manufacturing and connectivity. The city is now home to more than 100,000 people and is becoming an important part of South Korea’s economic landscape.

Could the same be done in Australia?
Could we rethink our approach to urban development and infrastructure and create new cities for the benefit of all?

1. *World Urbanisation prospects - Population Division*, 2018, United Nations, esa.un.org/unpd/wup

The disruptors redesigning fashion's future

GLAM CORNER



EVERY DAY, WE SHARE RIDES AND HOMES – SO WHY NOT CLOTHES? WIFE AND HUSBAND DUO AUDREY KHAING-JONES (BCOM '09) AND DEAN JONES (BCOM (HONS) '10) ARE ON A MISSION TO SHAKE UP THE WAY WOMEN CONSUME CLOTHES BY BUILDING FASHION'S ANSWER TO THE SHARING ECONOMY.

Founded in 2012, GlamCorner is an online mecca of designer clothes from local and international brands that women can rent for an affordable price. Now, the Sydney startup is the leading online destination for women in Australia to rent designer dresses, helping them not only reduce the impact on their wallets but also the environment.

While Australians send six tonnes of clothing to landfills every 10 minutes, Audrey and Dean are waging a war on fashion waste by offering a smarter way for women to shop and reduce the amount of fast fashion that ends up in the trash.

We sat down with the GlamCorner co-founders to ask about how they're changing the fashion industry for the better, the realities of running a startup and what their future holds.

How did you meet?

Audrey: We met in our first year at university in accounting. I got lost on my way to the first tutorial and was pretty late to class.

Dean: You hear a lot of stories about love at first sight, but I honestly remember very visually seeing Audrey walk into that class, really late, and feeling like I really needed to know this person.

Audrey: For me, it came a little bit after [laughs]. But that's pretty much how we met, in Accounting 1A.

What inspired you to start GlamCorner?

Audrey: I was in my early '20s and being invited to a lot of events. Every time I looked in my wardrobe, I thought "I have nothing to wear". But really, I had a lot to wear – I just didn't want to wear the same outfit again because I had worn it to another well-documented event the week before.





I kept buying new dresses for specific events and started to feel really guilty. I was only going to wear them once. Was there a better way? I found some US-based websites that offered rental wear, but they didn't ship to Australia. There were also traditional rental shops, but they only offered bridal or formal wear. I asked Dean, "Do you think there are other women out there with this problem?"

Dean: We started doing some homework, sizing up the market opportunity. It became clear that most women had this problem – a wardrobe full of clothes and nothing to wear.

It turns out that an average Australian woman only wears about a third of what's in her wardrobe. The other two thirds are a stockpile of one off-items that were bought for a single occasion and never worn again.

Audrey: So, we pretty much bootstrapped with our savings and started renting out dresses through social media. It started with around 20 dresses and we got quite a bit of traction – people were interested in how it worked.

Dean: I remember early on realising we were onto something because the feedback we got was that the behaviour of sharing clothing was not new. It was something our target customer was really familiar with, but before GlamCorner, she would only share with her close friends and family.

How does it work?

Dean: GlamCorner is the sharing economy for women's wardrobes. Our customers can borrow from us just as easily as they can purchase anything else online. The difference is that the items come back to us after four to eight days of hire.

We have a huge wardrobe that our customers can borrow from whenever they like. The more customers there are, the bigger the wardrobe gets. Through this sharing system, our customers are subsidising each other's access. It's a great deal for them, for what are designer items.

Audrey: These high-quality items can be worn up to 20–30 times before they no longer look 'as new'. So, we're not only giving our customers access to them at a more affordable price, we're reducing the number of items that are manufactured for just one use.

GlamCorner is also a brand discovery platform. It's a great way for emerging designers to showcase their brand and collect insights from customer feedback early on.

GlamCorner places a huge importance on sustainability. Why did you see this as a business priority?

Audrey: Our mission is to build a business with purpose; we don't just want to be driven by profit. We started out wanting to help women save money. But now, we're more aware that the fashion industry is the second most polluting industry in the world.

We have a voice and are in a position to show our customers that there is an alternative way to consume fashion. It's important for sustainability to be top priority, because if we don't say it out loud then it won't be a priority.

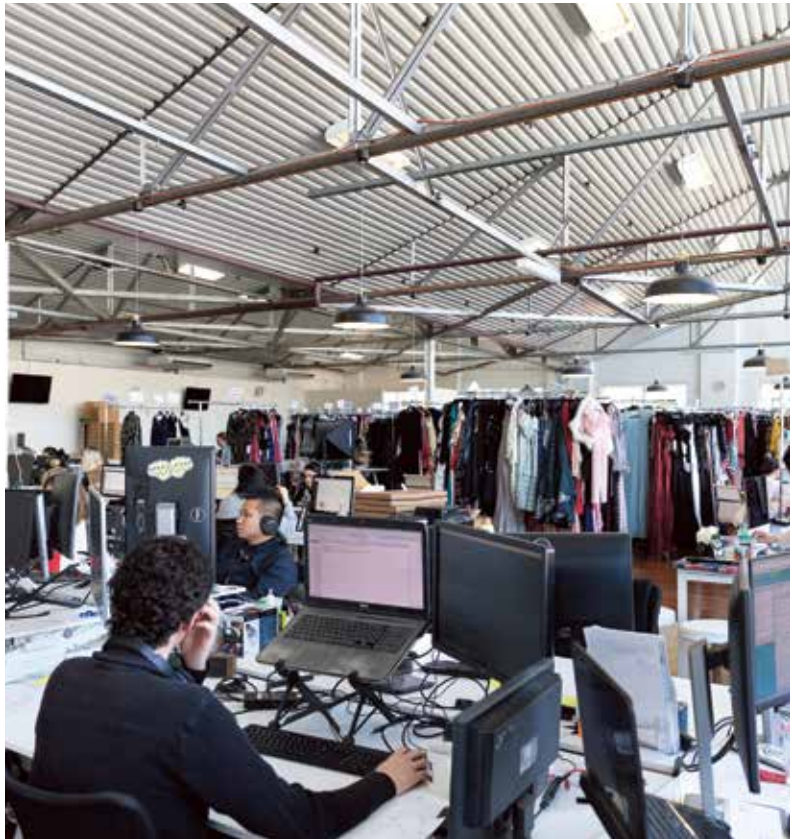
Dean: The reality is that each year, the average Australian woman buys 27kg of clothing and throws away 23kg. If we can play even a small part in changing the way fashion is consumed, we are making a difference.

This extends to every area of our business. From partnering with TerraCycle to recycle mailing satchels to investing in energy and water-efficient machines to clean our dresses. It's all to ensure we're minimising our impact on the environment.

What is one of your proudest achievements?

Dean: Becoming a certified B Corporation (bcorporation.com.au) was a really important milestone for us. We have the opportunity to set a new bar for how to run a fashion business in the 21st century. Our certification resonates a lot with our customers and even more so with people in the industry.

As the population grows, we need to get much better at the way we consume things. We're not doing future generations any favours with the current model.



Have there been any challenges along the way?

Dean: Logistics became a big challenge for us as we grew, which is why investment in technology was the answer. We had to build our own proprietary software and hardware systems to fit our business needs.

Audrey: Funding is also really important. Startups are capital-hungry. People started asking us whether we would take external funding or not. After bootstrapping for a while, the time came where we needed investors who could not only bring us capital but also experience, so we got seed funding through AirTree Ventures.

Did you always want to run your own startup?

Dean: Audrey is an example of a career entrepreneur. From the day she could go out and work, she's been thinking about her own projects. We never really had a dream to have a startup in the fashion industry, but always loved the idea of having our own business.

Do you have any advice for aspiring entrepreneurs?

Dean: Don't hold back. If you've got a good idea, the sooner you can put out something cheap and easy to market to validate your concept, the better. It doesn't have to be expensive or risky to get something out there and build it incrementally.

Audrey: You need to invest in the right team; the wrong team can really set you back. And if people tell you that you're too young and you need senior people to come in to coach you, don't listen. It's really important to tune out the naysayers. Believe in what you're doing and protect it.

Dean: Failures and setbacks are not a sign that you have a bad idea – they're symptomatic of any business that's growing. Building your own business is a marathon, not a sprint. No matter how many books you read or how many people tell you about it, nothing prepares you for what it is really like. It requires endurance.

Do you have a favourite designer?

Dean: We're huge fans of local Australian designers. It's so interesting how many Aussie labels punch above their weight globally. In terms of how big our country and economy are, we're minting some world-class designer fashion labels.

Audrey: These designers are really hardworking entrepreneurs. We want to make sure they have the opportunity for people to discover them, because it takes a lot of time and energy to produce a collection.

What's next for GlamCorner?

Dean: We're on a mission to revolutionise the way Australian women think and feel about their wardrobes. It shouldn't be something you're regretful about. Everything you put on should make you excited, because there's nothing fundamentally wrong with wanting something new.

So, we will continue to apply this incredible machine we've built into other parts of our customer's wardrobe. And while it's probably not going to take up 100 percent of it, we know that in five to 10 years from now, our typical customer's wardrobe will be smaller.

Audrey: We want GlamCorner to be a household name because it's a smarter, more sustainable way to dress. When women are looking for an outfit, we want them to consider GlamCorner among the other options out there.

So you're married and run a business together – how do you balance work and life?

Audrey: GlamCorner is truly just a part of our lives. It's not really about balance but more about switching it off when we want to. We're passionate about our business and the amazing work our team does. It helps having someone you trust in your corner.

Dean: I like using the term: work-life harmony. Balance assumes some sort of 50/50 split, which is hard to do. And even if you achieve that split, it doesn't mean you're happy. What really matters is that your work and home life are in harmony together.

Fundamentally, we're a good team, which is why we got married! We make it work for us.

– glamcorner.com.au

What's up with universal basic income?

Written by Dr Sandra Peter, Director, Sydney Business Insights, and Professor Kai Riemer

WHAT'S ONE THING MILTON FRIEDMAN, RICHARD BRANSON, RICHARD NIXON, MARTIN LUTHER KING JNR, EVA COX, ELON MUSK, ARCHBISHOP DESMOND TUTU AND MARK ZUCKERBERG HAVE IN COMMON?

All have advocated the introduction of a universal basic income (UBI), an unconditional regular income payment paid to every citizen regardless of income.

For an idea that has passionate fans (and equally fierce critics) on all sides of the political spectrum, universal basic income has kept a pretty low profile. We predict this

is about to change – 2018 could be the year that UBI steps into the spotlight.

That's because this form of income distribution is now being threaded into the highly contested debate around the social and economic havoc anticipated by some from the relentless march of automation into the workspace, said to be chewing up jobs and casting millions into permanent unemployment.

This link is highlighted in a recent Gallup Poll that found 48% of Americans support a UBI – but 80% of those people think it should be paid for by the companies that benefit from artificial intelligence (AI).

Because the supporters of UBI come at it for diverse – and sometimes conflicting reasons – we have prepped a UBI 'cheat sheet' to get you UBI fighting fit. We have distilled the conversations into five schools of thought:





1. The Compensation Argument

For:

Silicon Valley. With automation speculated to cause unemployment between 20–50%, a UBI would appease the unemployed, lighten the conscience of those responsible, and ensure enough people could still afford to buy stuff to keep the economy ticking along.

Against:

Those who worry about what will happen to people's motivation to work when they're given no-strings-attached, guaranteed money; and those who don't believe the automation hyperbole.

2. The Poverty Alleviation Argument

For:

Social justice advocates. UBI provides a financial safety net. People liberated from the mental stress of making enough money from their daily struggles will be free to live more fulfilling lives.

Against:

Labour organisers. Concerned it will undermine unions because workers will no longer feel the (economic) need to organise for higher wages. This will further reduce the power of workers as their investment in their work is diminished.

It is worth noting that this fear of laziness and its economic consequences did not eventuate in places where UBI was implemented, such as Canada in the 1970s where less than 1% of people slacked off.

3. The Small Government Argument

For:

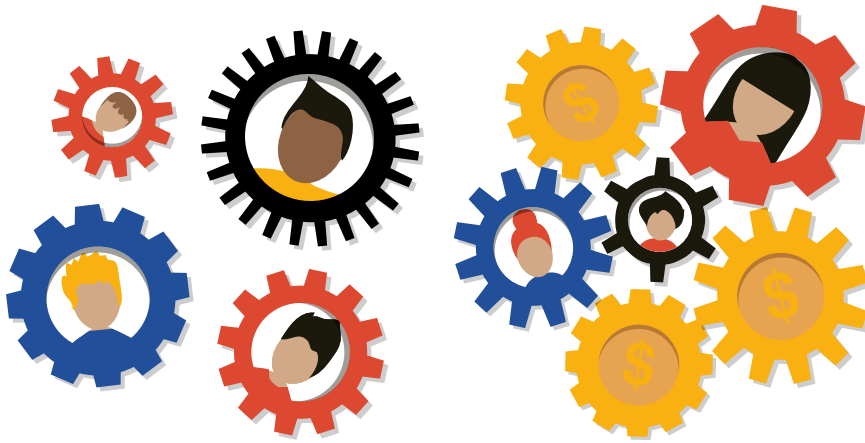
Libertarians. The government can reduce or eliminate other forms of welfare payments, thereby shrinking bureaucracy. People know best how to spend their money and are free to buy services they want, liberating governments from the need to provide some services that are currently free or subsidised. Milton Friedman's version of this was dubbed the 'negative income tax'.

Against:

Those who believe the removal of the monetary incentive associated with work will make people lazy, production will fall, and the economy will suffer; and those who argue that essential infrastructure (such as education and health care) are impossible to be organised and paid for individually.



Above left: The Compensation Argument
Above right: The Small Government Argument
Left: The Poverty Alleviation Argument



Left: The Alienation Argument
Below left: The Common Wealth Argument

4. The Alienation Argument

For:

Marxists, 'Scandinavian' model. In our industrialised societies, workers are alienated from both the bounty and the joy of their labours. Many jobs involve menial work that provides no meaning – you don't have to be a Marxist to believe that a worker in an Amazon warehouse or a large office bureaucracy could be a modern-day embodiment of an alienated worker. A UBI would free people to pursue creative ideas or to take up volunteering or entrepreneurial roles that offer meaning but are not financially sustainable.

Against:

Those who argue that large organisations, and modern organisation of work, are the only ways to provide services at the scale and cost required by our modern-day lifestyle.

5. The Common Wealth Argument

For:

Thomas Paine and the *Rights of Man* school of thought. The earth's resources should be shared fairly. Today this has expanded beyond tangible common assets, such as oil and mining royalties, to the idea that we should be compensated for the data that is mined from all participants in the digital economy (literal data mining). UBI would be a way for everyone to share in the proceeds of public goods.

Against:

Those who argue that resource exploitation requires individual risk-taking and reward, and common ownership of resources take us on a route to communism, which did not work the first time around.

This year's World Economic Forum in Davos discussed the rising temperature around UBI discussions – noting that because both the left and the right of politics have an interest in the topic, for very different reasons, achieving a coherent UBI framework will be especially challenging.

UBI trials are underway in Finland, the Netherlands, Ontario and Canada. The city of Stockton in the United States is giving low income families \$500 a month for a year to see what happens across a range of metrics. Y Combinator (a Silicon Valley startup accelerator) is funding a five-year experiment with two levels of monthly income payment: \$50 and \$1000.

India may have a UBI in two states within the next two years and Kenya is in the middle of a trial sponsored by a charity. While these UBI experiments all suffer from the basic limitation that none of them are 'universal', their existence demonstrates the keenness to find social and political solutions for the economic drama foretold in the automated future rushing towards us.

To hear Sandra and Kai discussing this and other stories, tune into our weekly podcast: *The Future, This Week*.

– sbi.sydney.edu.au



Empowering women



Written by Tricia Yap (BCom '05, BS '05),
Founder, Warrior Academy

TRICIA YAP IS THE FOUNDER OF THE WARRIOR ACADEMY, DIRECTOR OF FITNESS AT GOJI STUDIOS AND A POLIQUIN STRENGTH AND PERFORMANCE COACH. AS A WELLNESS ENTREPRENEUR AND FORMER MMA FIGHTER, SHE IS AN ADVOCATE FOR FEMALE EMPOWERMENT AND A KEY INFLUENCER IN THE WOMEN'S WELLNESS SPACE IN HONG KONG.

How often have you felt that you are not the best version of yourself or you have been made to feel inadequate because you are not “enough” or not living up to others’

expectations? In a 2017 McKinsey & Company study on women in the workplace, it was highlighted that women aspiring to be a top executive are also significantly less likely to think they will become one compared to their male counterparts with the same aspirations.

Outside of the need for more workplace initiatives to address parity, fairness and workplace flexibility particularly in senior management and C-level, we also need to ask: why do women believe they are less likely to achieve even when they have the same aspirations and

dreams as their male peers? Why, as women, are we holding ourselves back from being the best version of ourselves?

Self-limiting beliefs are a narrative that is consistently on replay for those who believe that they cannot achieve what they aspire to be. These limiting barriers are manifestations of fears that hold us back – fears of losing control, being judged, being made fun of, or making a mistake.

The narratives sound like this:

“It’s a man’s role; I cannot do it.”
“I have never understood finance.”
“I am not qualified enough.”
“I want to quit my job but I can’t.”
“I deserve this promotion but I’m too scared to ask.”

It is firstly important to recognise that most fears boil down to a fear of failure in some shape. We need to get comfortable with failure and realise that it doesn’t actually set us back – it is merely a learning experience and a stepping stone towards achievement.

What matters is how you take ownership of failure and move forward. This means allowing room for mistakes, not defining yourself by failure, and allowing yourself to try again. You also need to identify the pieces of your strategy that did work, even if the overall result did not, then harness that knowledge and positivity in your next step.

Redesigning self-limiting narratives into self-empowering ones will help to offset your fears. In preparing for my first job interview as a new graduate, I was up all night revising notes on my potential employer and repeating answers to potential interview questions. I was worried sick that I would not perform well enough. My boyfriend at the time was also doing his first job interviews – only his preparation involved repeatedly telling himself that he was “the best”.

Asserting yourself on the basis of positive affirmations can help drive the change and rewire the way you speak to yourself. For example, try switching your inner monologue from: “I feel unqualified for this promotion”

to “Actually, I’d be great in this role because I have plenty of experience and the right attitude.”

Redefining your concept of success will empower you to break free of self-limits. This means looking inward and being completely honest about what truly matters to you. Success is not about walking the path someone else laid out for you or living up to someone else’s expectations. When you can confidently understand who you are and what your purpose is, there is no ceiling.

You can help others too – by taking control in your workplace to build, drive and nurture systems and initiatives to support and empower other women. This does not need to be as large as Lean In Circles, 30 percent clubs, or mentoring programs from the top down. It can be done at any level within an organisation or team, regardless of gender. Even the smallest of open coaching and support systems can make a difference in the right direction.



RARE opportunities

Written by Jared Harrison (MCom '15)
Entrepreneurship Program Manager,
the University of Sydney Business School



ABORIGINAL AND TORRES STRAIT ISLANDER ELDERS AND RURAL COMMUNITY LEADERS ARE LOOKING FOR INNOVATIVE WAYS TO SOLVE ENTRENCHED SOCIAL AND FINANCIAL PROBLEMS.

Decades of government-led initiatives have done little to close the gap between Indigenous and non-Indigenous Australians on a range of economic and social measures. Notably, the target to “halve the gap in employment”

seems further away than ever, with Indigenous employment rates falling over the past decade to 46.6%,¹ a long way from the 71.8% for non-Indigenous Australia.

Remote and rural communities also face higher rates of unemployment and are falling behind their city cousins in relation to health and social wellbeing outcomes. Frustrated by a lack of progress, many in these communities are looking for alternative ways to generate local solutions.

In many cases, social enterprises have proven to be a successful model for producing innovative, community-focused solutions.

Social enterprises are businesses that exist for a social purpose; hybrid organisations that use business models to tackle entrenched social issues, rather than being driven by the need to maximise profit.

1. Albeit with figures masked by changes in remote employment programs. If this effect is removed, we see an improvement of 4.2% over the 10-year period 2008-2018.





Business School students working with local communities in the Remote and Rural Enterprise program

Through the Remote and Rural Enterprise (RARE) program, students from the University of Sydney Business School have been working alongside social entrepreneurs in Indigenous and rural communities to create solutions in a range of environmental and cultural contexts. They have worked with RARE partners in communities across Australia, from Maningrida in the top end of the Northern Territory to Mogo on the south coast of New South Wales.

RARE was the vision of the late Dr Richard Seymour, a senior lecturer in entrepreneurship who believed that our students needed to be getting out of the classroom and learning by doing, while at the same time having a social impact.

Together the student groups and the social enterprise partners have sought out innovative ways to leverage local resources to create viable businesses. Cultural elements play a central role in the success of efforts to positively impact a community. A real sense of ownership at a community level is of paramount importance and successful initiatives will be driven by the community.

One of the stand-out initiatives in recent years has been the Indigenous ranger programs, whereby local Aboriginal and Torres Strait Islander people are employed to carry out a range of traditional activities that maintain their land and sea according to their priorities, often incorporating land and sea management accredited training.

First funded in 2007, these programs have created more than 2500 jobs for Australia's First Peoples, and seen the Government commit \$550 million over a seven-year period to 2020 in support of their continuation.

As of January 2018, 66 organisations were accessing these funds to support 118 ranger groups nationwide as it becomes clear that creating jobs on-country is key to local buy-in. Some of these organisations are now looking at ways of extending these programs to create more work on-country: more opportunities for meaningful employment that maintains a connection to land and language.

‘Ecotourism’ has emerged as one possible means of doing this, whereby Indigenous rangers can extend their skill set to being tour guides on-country and can tell their stories and share their culture with an outside audience. Developing social enterprise ecotourism businesses has been a focus of the RARE program in 2018. RARE ecotourism project work has been embedded into the social entrepreneurship units of study at the Business School, where students create a strategic business plan to scale the enterprise over a three to five-year period.

In Semester 1 of 2018, our students, working in collaboration with the Mogo Local Aboriginal Land Council, developed business plans for an ecotourism venture, each with different marketing angles, designed to create employment on-country, allow for an exchange of culture and showcase the rich environmental and cultural heritage of Australia’s First Peoples in Yuin country.

In Semester 2, another ecotourism venture will work on Ji-Bena homelands, near Maningrida, West Arnhem Land. Our students will assess the physical, environmental, cultural and human resources to put together an academically rigorous business plan; one that is very practical and down to earth, with



Watching the sun set over Broken Hill

concrete action steps to develop an enterprise in its early stages.

This provides a blueprint for our Indigenous entrepreneurs; a tangible takeaway that can be used to get over a funding hurdle, attract investment and bring the community on-board with their plans to create change for those who have not received their fair share of Australia’s economic prosperity. Social entrepreneurship can help to break cycles of inequality and disadvantage that have been entrenched in remote Indigenous communities for decades.

This is where the value of our RARE program lies. RARE is experiential learning, but goes far beyond simply learning through observation – it is hands-on. Students, led by academics, engage with the local community, assess the problems, create the solutions

and ensure the recommendations incorporated into their business plan are an appropriate cultural fit. Our students form lasting relationships and are exposed to a broader range of the contexts in which business can exist and be useful in solving critical issues that contribute to the inequality between Indigenous and non-Indigenous Australia.

If you are interested in finding out more, our website has information about projects currently on offer and pathways into the program. It also showcases our previous work over the eight years RARE has been in operation at the Business School.

We encourage students and prospective partners to contact us for further information on the work we do and ways you can engage with us.

– sydney.edu.au/business/rare

Beyond the Pale: Cultural diversity on ASX 100 listed boards

Written by Associate Professor Dimitria Groutsis, Professor Rae Cooper and Professor Greg Whitwell



Australia's population is culturally diverse. The Australian Human Rights Commission (AHRC) recently estimated that:

- 58% of the Australian population has an Anglo-Celtic background
- 18% has a European background
- 21% has a non-European background
- 3% has an Aboriginal or Torres Strait Islander background.

The AHRC commented that “according to these estimates, Australia’s cultural diversity has increased over time.”¹

With this breadth of cultural diversity in the workforce and population, it is both troubling and curious that this diversity is not reflected in Australian corporate leadership. Research by the AHRC reveals that men with Anglo-Celtic heritage overwhelmingly dominate the senior executive level of large private sector organisations.²

Specifically, the AHRC’s Blueprint on Cultural Diversity in Leadership (2016) reported that in ASX 200 companies, more than 75% of CEOs are of Anglo-Celtic heritage, 18% have European heritage, 5% are from a non-European background and no CEOs whatsoever have Aboriginal or Torres Strait Islander heritage.³

Similar findings were reflected in the public sector, federal and state parliaments, government ministries, and in the leadership of our universities. The AHRC’s follow-up report *Leading for Change* (2018)

noted that up to 97% of the nearly 2500 executives surveyed had Anglo-Celtic and European backgrounds. In contrast, the report notes that although those with an Indigenous and non-European background account for 24% of the population, these groups comprise only 5% of the senior leadership suite.

Despite almost five decades of Australia’s multicultural policy and a country with one of the most culturally and linguistically diverse populations,⁴ these figures suggest there are factors which inhibit the progression of culturally diverse men and women into senior leadership positions.

In a collaboration between the University of Sydney Business School, the Australian Human Rights Commission and the Australian Institute of Corporate Directors, we sought to uncover three things:

- the barriers surrounding cultural diversity on Australian ASX 100 listed company boards
- the conversations surrounding diversity; generally and specifically cultural diversity on boards
- the experience of culturally diverse board members.

In response to interviews with 18 non-executive directors and chairs of boards and nine representatives from premier executive search firms, we constructed a suite of seven strategies to progress the conversation on cultural diversity on Australian boards.

1. The Australian Human Rights Commission (AHRC, 2016: 75-76) uses four broad classifications for cultural background. See page 4 of the *Beyond the Pale: Cultural diversity on ASX 100 listed boards* for definitions.
2. Australian Human Rights Commission, 2016 and 2018
3. AHRC, *Leading for Change: A blueprint for cultural diversity and inclusive leadership*, 2016
4. Australian Bureau of Statistics, 2017



Strategy 1

Activate supply by developing culturally diverse leaders in the executive team

Senior executive team experience is the training ground for access to boards. There is a serious under-representation of culturally diverse individuals in this strata of Australian business which impacts available supply of board members.

- Build a clear career trajectory for culturally diverse talent.
- Monitor critical drop-off points in the career trajectory and intervene to avoid exit points.
- Build a culturally diverse executive team and pipeline to the executive level.

Strategy 2

Break the 'closed circuit' pathway

Pathways to board membership remain difficult to navigate without the right information, networks, mentors and know-how. This results in an 'in group' mentality to board accession and a process of putting known and trusted names in the mix when recruitment decisions are being made.

- Create transparent pathways to board positions.
- Avoid recirculating names through the same networks.
- Use executive search firms to grow board diversity and ensure transparency.

Strategy 3

Challenge the assimilationist approach to board 'cultural fit'

Cultural diversity on boards has become framed as an impediment to ideal type leadership.

- Avoid homogenising the diversity of leadership styles that culturally diverse leaders bring to the table.
- Disrupt the pre-existing structure of 'exclusive' leadership and open up a process of change, diversity and inclusion of varied opinions and contribution.
- Listen to and include diverse opinions and make this a point of board differentiation.

Strategy 4

Build trust and visibility through genuinely inclusive networks

Current network arrangements in corporate Australia remain the almost exclusive preserve of white, (predominantly) male privilege and as such reinforce and reproduce exclusionary barriers.

- Dismantle barriers at the level of networks through promotion of events and activities.
- Call on network members to broaden invitations to a varied range of participants to generate visibility for a broader group of potential board members while also exposing a broader group to pre-existing networks.
- Build the all-important notion of trust between a diverse group of members.



Strategy 5

Design campaigns which champion change through leader-led ambassadors

Successful change campaigns provide crucial insights to systemic and perceptual transformation.

- Gain lessons from campaigns on gender diversity on executive teams and boards. For instance, the Chair of Executive Women, the Male Champions of Change campaign and the 30 percent club have successfully highlighted the importance of gender diversity on boards and the executive team and driven transformative change in leadership positions.
- Design campaigns around cultural diversity in leadership.
- Go beyond verbalism and facilitate a culturally diverse board by setting targets and reporting mechanisms to ensure accountability and transparency.

Strategy 6

Make cultural background and cultural diversity part of the narrative

There is a tendency to discuss a 'global mindset', 'cultural awareness' and 'cultural diversity' as being the same thing and use these terms interchangeably as evidence of cultural diversity on boards.

- Clarify key definitions and measures around cultural diversity.
- Ensure board members, chairs and key stakeholders clearly understand the differences between global mindset, cultural awareness and cultural diversity.
- Make cultural diversity part of the discussion when recruiting directors and chairs.

Strategy 7

Measure, report and act on cultural diversity

There are currently no reporting mechanisms for cultural diversity on boards. A lack of measuring, tracking and reporting on cultural diversity negatively impacts good governance practices.

- Establish clear, simple and effective measures for cultural diversity in Australian executive teams and Australian boards.
- Set targets to drive change in the profile of cultural diversity on Australian boards.
- Report outcomes to drive change in the profile of cultural diversity on Australian boards.

This is the start of a conversation which we hope will drive change as the findings from our discussions reveal there is a need to:

- grow and develop the 'supply' of culturally diverse leaders in the pathway to board positions
- develop transparent pathways to board membership
- broaden the reach of network arrangements which create exclusionary gates to board access
- learn from other diversity campaigns
- clarify definitions around cultural diversity
- measure, set targets and report on cultural diversity on Australian boards, in order to drive change.

For more information:

- sydney.edu.au/business/beyondthepale
- sydney.edu.au/business/staff/dimitria.groutsis
- sydney.edu.au/business/staff/rae.cooper
- sydney.edu.au/business/staff/gregory.whitwell

Labour trends in China

Written by Terry Shen (MCom '99), Managing Director, Atomic Recruitment China

OVERSEEING THE OPERATIONS OF MORE THAN 150 RECRUITERS IN SEVEN OFFICES ACROSS MAINLAND CHINA, TERRY SHEN MEETS SOME OF THE TOP TALENT IMPACTING THEIR INDUSTRIES AND HAS A FRONT-ROW SEAT TO WATCH THE COUNTRY TRANSFORM. WE ASKED HIM TO SHARE HIS TAKE ON LABOUR TRENDS IN CHINA AND PREDICTIONS FOR THE FUTURE OF WORK.

What are the key labour trends in China right now? Are there any 'hot' industries?

In terms of labour trends, there has been a huge movement of talent from multinational corporations to Chinese local champions. Ten years ago, large foreign companies like GE, Siemens and P&G would usually have the first pick of top students from China's best universities. But over the past three to five years, we have seen Chinese high-tech giants such as Tencent, Alibaba and Huawei become the most desired companies for these young graduates.

Similar movements are also evident for experienced managers and senior executives who have been trained in multinational companies but leave their comfortable posts to join up-and-coming local companies.

In terms of career opportunities, some of the hottest industries now are health care, automotive (particularly in the electric vehicle space), AI, the Internet of Things, Blockchain and cryptocurrency.

What makes the labour market in China unique?

The sheer size and speed of the changes that are happening around us.

Size has two dimensions: the size of the market and the size of talent pool.

It is estimated that 6.8 million university students graduated in 2016 alone, and this number is growing every year. Wherever there is an industry that has become 'hot', there is a huge demand for top talent and numerous positions opening up over a short period of time.



On the other hand, there is always a tidal wave of people trying to move towards that industry by acquiring new knowledge. The latest example is that in a matter of weeks in early 2018, almost all our clients within the internet sector were asking us to find talent in Blockchain and cryptocurrency. There have been countless seminars and forums to share in and learn about this new technology. Some city governments have even set up special industry parks to incubate Blockchain startups.

Speed of change refers to the fast movement of talent. People in China spend much less time on a job than those in Australia, Europe and the United States. One job a year is not uncommon. This is particularly true in 'hot' industries because of the explosive growth of the numbers and size of companies in those sectors.

Do you have any predictions for the future of work?

I believe we are at the dawn of the technology breakthrough that will have seismic impact on our lives. Anything to do with technology in emerging industries, work related to human experience and creativity will have high prominence in the future.

Unfortunately, it is very possible that low level accountants, doctors, lawyers and even recruiters like myself may be replaced by automated machines in the not-so-distant future. We need to make sure we are prepared for this reality.

Are there any particular skills that employers are looking for?

I see two main skill areas that employers are really looking for: people skills and learning abilities.

People skills include client relationship management, professional communication, active listening, adaptability, resilience, critical thinking, problem-solving, and the ability to work effectively across cultures and borders.

Learning abilities involve open-mindedness, willingness and ability to reskill and upskill (and to unlearn outdated ideas and processes), and a capacity for lifelong learning.

Taking all of this into account, what advice would you give to our graduates about how to future-proof their career?

Embrace the changes and never stop learning.

China's innovation ecosystem

Written by Dr Wei Li and Professor Hans Hendrichske

During recent field trips to the region around Shanghai, we visited the city of Hangzhou where global e-commerce giant Alibaba is building new physical and electronic infrastructure systems that enable payment-less (instead of just cashless) commercial exchange.

In the nearby manufacturing centres of Suzhou and Changzhou, state-owned and privately-owned facilities are upgrading their conventional production lines to Industry 4.0 and China 2025 smart manufacturing standards by replacing manual labour with industrial robots imported from Europe or the United States and homemade robotic equipment.

People are open about how much they rely on imported technology in areas such as chip production and software development. At the same time, it is obvious that China is developing a new innovation ecosystem based on the convergence of global markets and China's domestic market.

With demand in the Chinese domestic market mirroring the demand in developed economies, Chinese producers have gained new economies of scale and become hyper-competitive in sectors such as electric cars and e-bicycles.

Chinese domestic demand drives innovation in surprising ways. China's advantage lies in its market size and enormous population. As the nation with the largest population and the second-largest economy in terms of GDP, China's innovation services the needs of an increasingly demanding and globalising consumer market. The population concentration provides scaling potential for technologies like artificial intelligence (AI) and generates critical volumes of big data.

Alibaba has invested in seven research labs focusing on AI, machine learning and natural language processing in smart city applications. In its famous Singles' Day event, Alibaba used AI-powered algorithms backed by deep learning and natural language processing to recommend products to shoppers and communicate forecasts to retailers to increase inventory in line with demand.

Reliable prediction of consumer demand also enables big suppliers to store goods in regional distribution centres close to buyers. More than 200 robots in automated warehouses can process one million shipments each day. On Singles' Day, automation enabled same-day shipment for many goods, including deliveries by drones.

China's demographics support the emergence of new markets. For example, the Chinese middle class in high-density urban conglomerations do not have the means of transport or the space to make weekly shopping trips. Instead, shops and retailers come to them and provide goods on demand and in consumable quantities. This trend has given rise to a new logistics industry that is disrupting demand for shops and restaurant services, forcing them to provide more services online and through instant delivery.

In industrial production, China's innovation relies on the flexible use and recombination of existing technologies. By switching from traditional manufacturing to digitised China 2025 manufacturing methods, producers can improve integration along supply chains and big data exchange, allowing faster response to consumer demand.

These changes are actively supported by governments at different levels as China's population trends continue to shift. China's fertility rate has fallen to just 1.7 children per woman. Low fertility rates and an ageing workforce presents a serious economic problem for a country that needs to make the transition to a service economy.



The government's 'Made in China 2025' plan aims to retool China's industries to compete in areas like smart manufacturing, microchips and self-driving cars. It comes with policy support and commercial incentives. To set benchmarks for the industry, the plan is being implemented by many large central state-owned enterprises, such as the China Energy Conservation and Environmental Protection Group Corporation, which has partially automated its solar PV factory in Zhenjiang, with the goal of full automation by 2019.

Local governments and businesses are also providing support for Made in China 2025 initiatives, including valuable experimental space for innovation. Here too, Hangzhou is leading the way. Hikvision, the world's leading supplier of video surveillance systems, has provided security solutions to the Hangzhou government. Its cameras and patented software can track individuals by identifiers such as body metrics, hair colour and clothing. Trina Solar is developing smart grid solutions for parts of the city. Zhima Credit has teamed up with 12 Chinese cities to pilot a system providing a range of deposit-free services to consumers with sound online payment records.

In July 2018, the Credit Hangzhou app launched with seven million subscribers, around half of whom qualify for enhanced services. The app makes it possible for consumers to rely on their electronic credit rating to make purchases or access deposit-free services. Combined with facial recognition systems, people can conduct daily business without the need to make personal payments.

Importantly, all of these government-supported experiments are scalable and transferable to other markets once they have been tested in domestic settings.

China's innovation ecosystem has long combined market forces with targeted government intervention. What is new in recent years is the commitment of governments – both central and local – to support the upgrading of manufacturing and the emergence of new markets through decentralised industry support. Local governments are using their own revenue to increase the competitiveness of local economies in domestic as well as global markets.

There are several foreseeable trends of innovations likely to emerge from this ecosystem.

We can expect to see cashless payments that are no longer purely based on individual transactions but on continuous payment streams, with a bonus or discount for credit standing and purchasing history.

In markets outside of China and increasingly in China, these new modes of payment will create new markets for data security.

Seamless personal identification technologies will make traditional and new forms of identification such as credit cards and mobile phones superfluous.

Personalised logistics will create faster and more efficient access to goods and services.

In new smart cities, urban infrastructure will deliver integrated energy, transport, logistics and communication solutions that will give users a choice between their own physical mobility or the mobility of their goods and services.

None of these innovations necessarily rely on deep technological breakthroughs. Instead, they arise from creative adaptation to existing market demand.

In the news



Design courses launched to support business innovation

Funding from the Department of Industry's Boosting Business Innovation Program will allow aspiring entrepreneurs and small business owners to enrol in two University of Sydney courses on business innovation.

Led by Associate Professor Eric Knight from the University of Sydney Business School, and Associate Professors Martin Tomitsch and Cara Wrigley from the School of Architecture, Design and Planning, the two massive open online courses (MOOCs) will be open to all members of the public thanks to \$1.5 million funding from the Department's Boosting Business Innovation Program.

Entrepreneurial managers can learn how to bring design thinking into their corporate strategy in the five-week course designed by Associate Professor Eric Knight, Dr Carla Harris and Christopher Murphy called Design Strategy:

Design thinking for business strategy and entrepreneurship.

Dr Harris completed the course as part of her MBA at the University of Sydney, during which she developed an app to keep track of retirement savings called Longevity. The app is an example that came out of the University's close relationship with Swiss Re.

The second course, Innovation Through Design: Think, Make, Break, Repeat, also runs over five weeks and will focus on how design thinking can be used for strategic and innovative advantage within a profession.

To find out more and register for a course, visit:

– www.coursera.org



AFP Officer awarded UN Women NC MBA Scholarship

Tara Eddgton has been a sworn Australian Federal Police Officer for 19 years and has worked across a diverse range of leadership and support roles.

While at the Australian Institute of Police Management, she developed the Balance: Women Leaders in Public Safety program, which is designed to empower women in leadership as well as improve women's lives, safety and capacity to contribute to the community.

She has now been awarded the UN Women NC Australia MBA scholarship which she hopes to use to drive success of women leaders.

"Growing the Balance program was a privilege and challenge driven by my passion for positive change and my deeply held values and beliefs about women succeeding as leaders," she says.

"I believe completing the Business School's MBA will equip me with skills which I can use to improve my own performance as a manager and a leader, and I look forward to the opportunity to see what works for gender equity from other industries to share with my own organisation."

Why are we so tired? Australia's human energy crisis

Inadequate sleep, missed meals and a lack of exercise are sapping Australians of the energy needed for everyday activity, and it's impacting on productivity and the national economy.

A recent survey conducted by the University of Sydney Business School and Sydney-based human performance firm, Energx, has found that on average, Australian women feel that they have the energy for themselves and important activities on just four out of every 10 days. Men feel that they have sufficient energy on just five of every 10 days.

"This report shows that Australia is experiencing a human energy crisis. One of the symptoms of this is an epidemic of sleep deprivation," says Dr Stefan Volk, who worked on the collaboration with Energx.

"Sleep allows our brain to regenerate and our body to revitalise. Unfortunately, in the corporate world there is still a widespread perception that sleep is a waste of time and that people who sleep less are more productive."

To find out more and read the report, visit:

– www.energx.com.au



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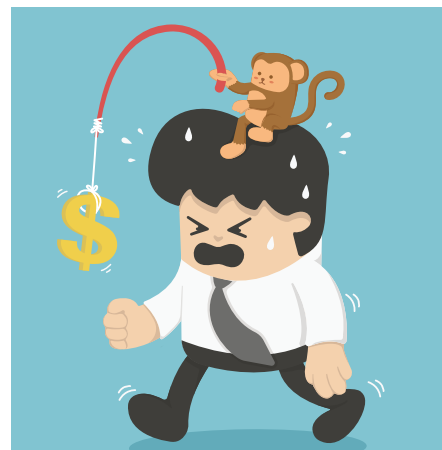
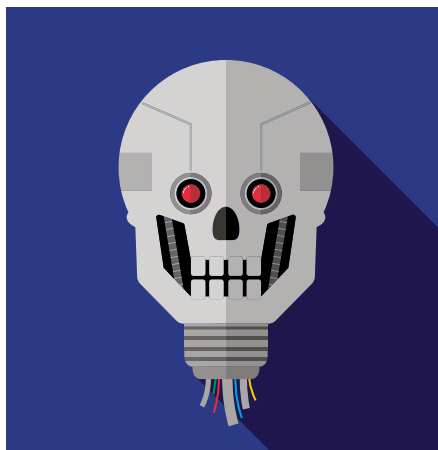
Cathy O'Neill on *The Future, This Week*

Mathematician and algorithmic activist, Dr Cathy O'Neil, joins Sandra and Kai on *The Future, This Week* to shine a light inside the black box thinking that hides the biases, flawed design and sometimes ill intent that can twist a program into a weapon of math destruction.

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The trust shift

Rachel Botsman is a best-selling author, her TED Talk views are in the millions, she lectures at Oxford University on the sharing economy, and her new book *Who can you trust?* aims to change our perception of trust and understanding of how traditional ideas of banking, media, politics and consumerism are being radically transformed.

Rachel joins Sydney Business Insights to discuss whether we are on the cusp of one of the biggest social transformations in human history.

– sbi.sydney.edu.au/the-trust-shift

A future of automation

What does automation, machine learning, and artificial intelligence mean for the future of mining, agriculture, cities, the future of jobs, and the risks of a polarised society?

Leading robotics scientist and the Chief Scientific Adviser at the UK's Ministry of Defence, Hugh Durrant-Whyte, joins Sandra Peter to explore the next 10–15 years.

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Uber, money and monkeys with Keith Chen

Keith Chen has studied how monkeys and people (including Uber drivers) react to financial incentives. He has interrogated grammar rules and savings rates and identified that what language you speak inherently makes you a better saver – or not. If these seem like widely disparate intellectual domains, it's because Keith is a behavioural economist, which makes him a little like the David Attenborough of the business world.

Keith's work offers insights into what makes some language groups natural savers; how much money it takes to nudge Uber drivers out to work on a cold dark night; and how far away from our jobs we are prepared to live.

– sbi.sydney.edu.au/uber-money-and-monkeys-with-keith-chen

Fortune 500, Chief IoT Officer, 2026

Liz Adeniji

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