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Partnering for a better future

More than ever, businesses, governments and civil society organisations need to join forces to find sustainable solutions to global challenges

FINDING sustainable solutions to the world's biggest challenges requires business, government and civil society to work together, and the sooner people from all three sectors are equipped for this, the better, said Ann Florini, a professor of public policy at the Singapore Management University.

Traditionally, the role of business lay in the creation of wealth and jobs, providing goods and services, paying taxes and obeying the laws of the land.

Governments, on the other hand, provide public goods, enforce contracts, regulate businesses and ensure the rule of law. Civil society organisations fill in the gaps, bringing interest groups together to solve problems directly or to lobby the government and business.

Prof Florini said the description of the three as separate arenas has never been very realistic, and is becoming less so all the time.

The three have always had to interact, but the degree of interaction has shot up exponentially in the last couple of decades, thanks to globalisation. "That has changed everything. You now have business that is transnational, civil society that is transnational, and you have government that is firmly national. The three sectors don't line up anymore," she said.

The gap in education

Universities, however, continue to train people for the fast-disappearing world of separate sectors. She said: "You go to business school, you are taught a particular view of what business does. You go to public policy school, you get taught as though public policy equates with what government does. Then you get out into the real world and discover that, in fact, that's not how the real world works."

It is for this reason that the SMU is launching a Master of Tri-Sector Collaboration, to meet a need that cannot be met fully in a traditional Master of Business Administration (MBA) or Master in Public Policy.

When the merging of the areas began

By the 1970s and 80s, experiments in managing the growing complexity of cross-sector interactions began to emerge.

Prof Florini said: "It started with this idea of corporate codes of conduct. Could you get business to self-regulate in the public interest? Could non-government organisations (NGOs) work with business on such rules?"

Hurting towards complexity

But recent developments are moving beyond that as large players in all three arenas are reaching a collective understanding that no one sector can wing it alone.

Prof Florini said: "They are looking at all the challenges that the world is facing: climate change, inclusive growth, what the jobs of the future are, are there going to be jobs in the future, what 3D printing will do to manufacturing processes and economies – nobody knows."

Businesses are beginning to realise that they cannot count on governments to secure their water supply in the future, for instance. And with the spread of social media and activism of all kinds, companies cannot assume that they will own a "social licence" to operate, even if they have a legal one, she added.

This has led to some exciting experiments at companies like Unilever and Puma.

"Unilever has set out to determine what it means to be a truly socially responsible business, and for this company, it does not mean increasing its energy efficiency 10 per cent – it means having zero negative environmental impact," said Prof Florini.

The multinational consumer goods company has gone about it in part by reaching across the old sector divides to NGOs like Oxfam, which exist to find solutions to poverty and injustice, and giving Oxfam free access to its corporate information in order to ascertain the impact of its business operations on poverty in Indonesia, as well as labour practices and standards in Vietnam.

Prof Florini talked about the risk Unilever is taking: "There's no way Oxfam is not going to tell the truth. Its own brand capital depends on

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– SMU professor of public policy Ann Florini (above)

being independent. What are Oxfam's findings going to do to Unilever's share price, its business model? I have no idea, and neither do they."

The experiment is still in the works

Over at Puma, an attempt is being made to track the company's impact on the climate, water and other natural resources – right from the sourcing of raw materials, to the end of its production cycle, when its products reach customers.

The company engaged consultancy Trucost, which is pioneering methodology in measuring environmental impact, to come up with an environmental profit and loss statement that was made public.

Such work has now headed Singapore's way. "Many of these kinds of experiments are going on, increasingly with headquarters or a significant hub in Singapore," said Prof Florini.

Last November, for example, The Economics of Ecosystems and Biodiversity (TEEB) for Business Coalition, which aims to develop standards for "natural capital accounting" to put a monetary value on ecosystems and biodiversity, launched its global headquarters in Singapore, in addition to the one in London.

The EDB is actively recruiting more of such organisations.

On the part of governments too, there is recognition that collaboration is needed to solve the world's huge problems. In Prof Florini's conversations with the Singapore government, for instance, this is clear.

Of the government here, she said: "It has gone through several stages as a government. At first it was just, you tell people what they need to do, get it executed. That worked beautifully – up to a point."

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And this necessarily means ever more complicated relationships between the three sectors too.

NGOs and businesses no longer have a purely adversarial relationship, government rela-

tions with the business sector are no longer about regulation and licences alone.

SMU's Master of Tri-Sector Collaboration
 Prof Florini said this is not a variant of a Master of Business Administration or public policy degree programme, but was developed from scratch. To her knowledge, this is the only course of its kind in the world.

Entirely new content has been developed for this programme, focusing on topics like executing change, metrics that measure economic, environmental and social performance, megatrends, leadership, governance in a complex world, futures skills and "how the three sectors think". Students then apply all of these to solving real-world problems culminating in a capstone exercise.

The idea is also to tap on students' work experiences – all are expected to continue with their day jobs as the modular course will be held over 10 intensive weeks, spread out over 18 months. SMU is expecting a first cohort of about 30 students, drawn from businesses, governments, and civil society organisations, to start next January, and may expand the intake to 45 students for future cohorts.

The modules are now being designed by professors and practitioners based in Singapore, Europe and the US. "We want to make sure that we're drawing on the best thinking that's going on in the world," says Prof Florini.

"The challenges are enormous, but the opportunities are just as enormous. The existing systems are hopelessly inadequate, so we have to figure out how to make these systems work," she added.

This is the second in a monthly series by the Singapore Management University. Next month's feature on July 17 will look into Singapore's ageing issues.