ISSUE FOURTEEN | JULY 2019

unisabusiness

A review of current thinking for today's business leaders

THE TRUST ISSUE

Steering professional services to success

University of South Australia

SERVICE 4.0: WILL TECHNOLOGY ENHANCE OR DISRUPT BUSINESS?

BOARD GAMES: SUCCESS NEEDS MORE THAN A ROLL OF THE DICE.

A MATTER OF TRUST: WHEN TRUST IS BROKEN CAN IT BE REPAIRED?

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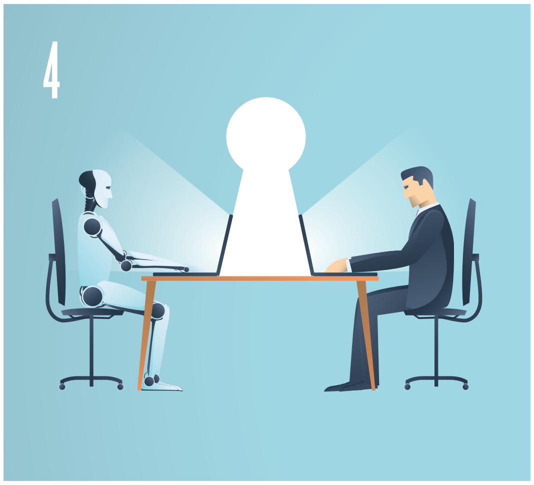

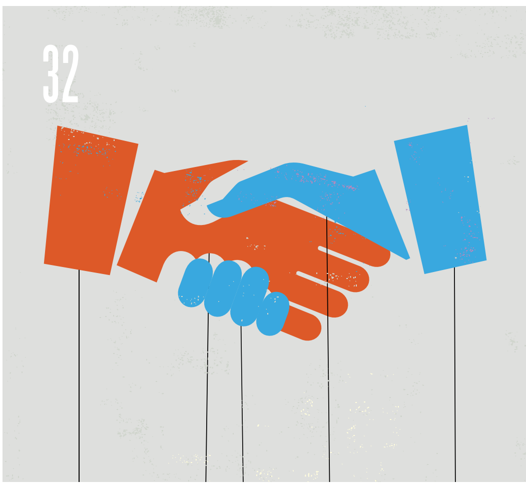

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COVER TANG YAU HOONG

A FOCUS ON SERVICE

Writer Professor Marie Wilson

Professor Marie Wilson is the Pro Vice Chancellor: Business and Law at the University of South Australia Business School. Pictured centre with representative leaders of the award-winning UniSA Business School team.

As a driver of economic and export growth for Australia, professional services are central to every business school's strategy. And, not only do we provide professional services through our research, partnership and graduates, but we also connect to a global network of professional service firms, large and small.

Encompassing the provision of knowledge-based services, professional services provide support for business operations and investment decisions, including the investment decisions of individuals.

These services include finance and insurance, engineering, architecture, design, accounting, legal, consulting, research, advertising, and computer systems design.

While most Australians are aware of the economic value of large traditional industries like mining and manufacturing, fewer are aware that professional services have been one of the fastest growing sectors in the Australian economy, both in terms of output and employment. This reflects an increase in economic demand for what skilled labour can deliver, the increased outsourcing of business services by firms, and technological developments.

The professional services sector now represents more than 70 per cent of Australia's gross domestic product (GDP), employs four out of five Australians, and accounts for approximately 40 per cent of our export earnings. Without doubt, services surround us, and we are increasingly reliant on them.

But who do we trust? In our article, *A Matter of Trust*, we note leading social commentator Bernard Salt's recent statement that the 2010s may forever be remembered as "the era in which we lost faith in the very institutions that underpin society". From data breaches to financial misconduct and aged care neglect, highlighted in the two recent royal commissions, we have been shocked by revelations of breaches of privacy, standards and trust.

This edition of *unisabusiness* also highlights a range of challenges to the success of professional service firms. While the coming changes might be the result of technology, making the most of these opportunities will depend on human capacity and creativity. Finding the right staff and setting the right goals, can help ensure technology will enhance your business, rather than disrupt or replace it.

In *Unlocking Service 4.0*, we highlight the importance of an innovative workforce, identifying how diversity will ensure the best possible employees are on on-board for innovation. This is also emphasised in *Gender Diversity*, which shares some quick wins to create value for your firm.

And, in *Board Games* we provide new insights for company directors about good governance, and the skills that are needed to navigate 21st century boardrooms. With more demands and expectations upon board directors than ever, going beyond best-practice is the way of the future.

As a 5-star Business School ranked in the top 1 per cent worldwide, we ensure our students are prepared for successful, global professional careers while also supporting innovation and business growth in the sector.

We are also very proud role models for outstanding professional service – recently we become the very first university to win Australia's Customer Service Organisation of the Year[1], an accolade made even better when we took out the International Customer Service Award[2] as well. That's our fabulous UniSA Business School team at the national CSIA awards in the picture.

Certainly, professional services are changing and we're all on a journey of discovery. We welcome you to join us. ●

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UNLOCKING SERVICE 4.0

Industry 4.0 is so often talked about in terms of manufacturing innovation, but the impact will be felt far beyond the factory floor. Welcome to the service revolution.

Writer Dan Lander

Much has been written – utopian, dystopian and otherwise – about emerging manufacturing technologies such as artificial intelligence, human-machine communication and the Internet of Things. Futurists everywhere tell us smart factories, robot workers and plugged-in employees are, for better or worse, ushering in a fourth industrial revolution, a technological metamorphosis on par with the transformations of the late 18th century.

Increasingly, businesses and educators are preparing for this 'Industry 4.0' revolution. The University of South Australia, for instance, is currently establishing a purpose-built facility at its Mawson Lakes campus, providing defence and space industry businesses access to cutting-edge technology that will shape future production processes. This facility will be one of six federally supported Industry 4.0 'Testlabs' at major universities around the country, an indication of the priority attached to the coming changes.

Currently, most initiatives focus on the manufacturing sector. However, Professor Andrew Beer, Dean, Research and Innovation at the UniSA Business School, suggests a bigger issue needs to be addressed. Prof Beer's current research indicates the most significant impacts of Industry 4.0 in Australia will be felt far from the factory floor.

"When people talk about Industry 4.0, they usually do so in terms of manufacturing

> "New technologies and new approaches to business are having a big impact on the services sector, and that is only going to increase."

innovation," Prof Beer says. "But if we think about it more broadly, what we really understand is that these new technologies and new approaches to business are having a big impact on the services sector, and that is only going to increase."

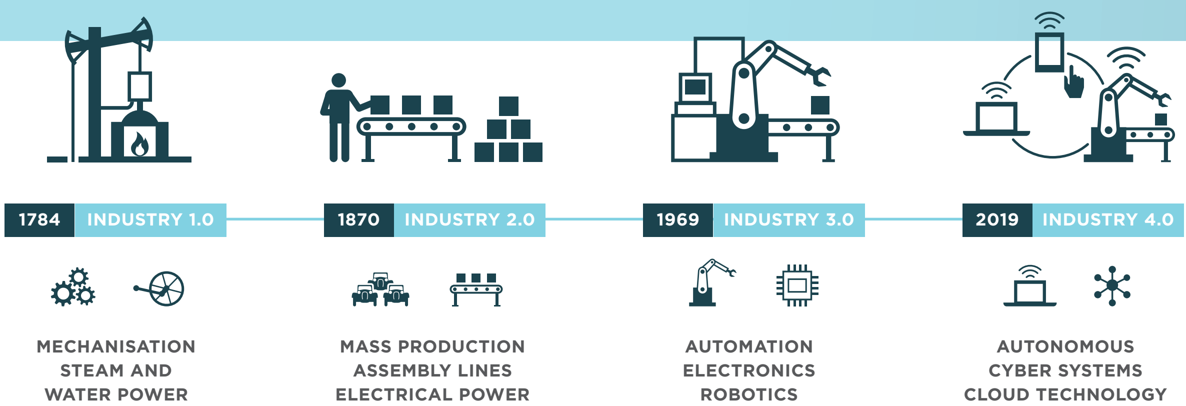
Prof Beer suggests that, while Industry 4.0 will fundamentally transform manufacturing globally, the direct impact of that transformation on the local economy will be minimal, primarily because less than 9 per cent of the Australian workforce is employed in manufacturing.

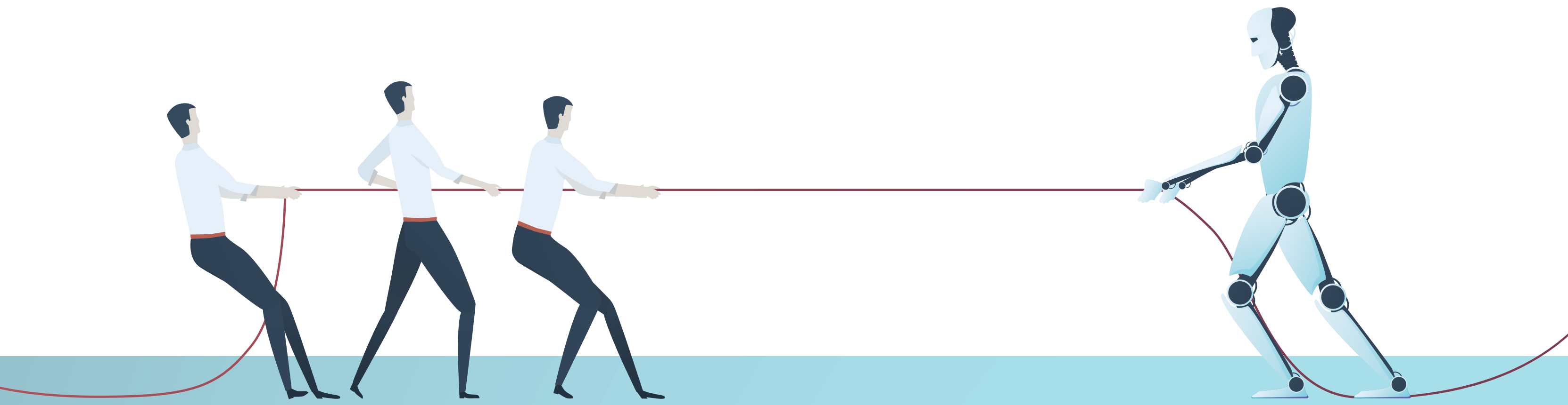
"What you will see instead is growth in associated industries, chiefly professional services providing the support and knowledge needed to sustain the advanced manufacturing businesses of the future," he says.

THE IDEA

THE SCENARIO
Technology is set to transform the way many companies do business, and the service sector will feel the impact as much as the manufacturing world. AI, machine-learning and big data analysis will all offer challenges and opportunities for service firms over the next few years, and business leaders must be ready to respond.

THE APPROACH
While the coming changes might be the result of technology, making the most of it will depend on human capacity. Finding the right staff and setting the right goals can help ensure technology will enhance your business, rather than disrupt or replace it.





WE'RE ALL IN THIS TOGETHER

Leading enterprise advisors now recognise the need to understand Industry 4.0 in a broader context than manufacturing alone. Catherine Friday is Managing Partner, Government and Health Sciences, at Ernst & Young, and believes the service sector will be transformed over the next few years.

"Every industry will be impacted by Industry 4.0, without a shadow of a doubt," Friday says. "There isn't a single industry you can point to and say it's obviously immune from the changes that are coming.

> "40 per cent of jobs might be materially impacted by technological changes, including white-collar jobs in sectors such as finance, accounting and law."

"Current research estimates 40 per cent of jobs might be materially impacted by technological changes, including white-collar jobs in sectors such as finance, accounting and law."

In many cases, this will see key tasks within jobs change, requiring upskilling and adaptation; in some cases whole jobs may disappear, while completely new jobs will emerge. Unsurprisingly, the cost-benefit equation of this transformation has many commentators jittery.

Dr Ross Boyd is a sociologist at UniSA's Hawke EU Jean Monnet Centre of Excellence, and suggests it is currently very difficult to predict whether techno-change will open doors as quickly as it closes them.

"There is the question of the speed with which new technologies are being developed and deployed. Are we capable of keeping up with it? In the past, we knew there would be attrition associated with the deployment of new technologies, but you would always gain more jobs than you would lose in the long run.

"The question now is whether people can adapt or adjust quickly enough to take full advantage of the changes, and I don't think we're at the point where we can actually give an answer to that."

Despite these concerns, Dr Boyd suggests, we can and should seek to control that transformative process – technology is not the only factor to be considered in decisions with broad social impact.

"Traditionally, technologies have never been played out in isolation, and that's because there are all of those cultural, political and economic factors that enter the fray, where people decide what they want from technology."

From an enterprise perspective, this suggests the next few years will present service business leaders with myriad opportunities to shape industry and the wider society.

"Right now, our workforce and education systems are struggling to adapt to this reality of technological change," Friday says. "This sounds alarming, but it also brings enormous potential for broader individual and social benefit."

HOW MAY WE SERVE YOU BETTER?

Today, the term 'Service 4.0' might not be as familiar as Industry 4.0, but as awareness of technology's growing influence increases, you can expect it to become a part of the modern lexicon.

"Flesh and blood, not fancy machines, are key to unlocking Service 4.0."

Chiefly, service enterprises stand to benefit from advances in machine learning and artificial intelligence, both of which will assist in finding complex relationships across large amounts of data and predicting factors that either cut costs or create value.

Improved targeting of sales and marketing, better informed decision-making and increased productivity are all likely upshots of Service 4.0, and as Byron Riessen from Deloitte says, businesses can and should be actively engaging the technology right now.

"Service 4.0 is already making an impact on Deloitte and our clients," Riessen says. "Preparedness is about anticipating, shaping and creating a Service 4.0 future. Our preparation started by imagining the ways we might disrupt and improve our own business by becoming an early adopter of technologies such as artificial intelligence and automation applied to high volume repetitive tasks. However, our early success is fuelling demand with clients as well, and one of the biggest challenges we now find is hiring the best and continuing to develop a team to help manage the scale of the opportunity."

"While attention may be on the technology involved, the biggest challenge for business is finding the right people for job."

This 'staffing' dimension highlights one of the most misunderstood aspects of Service 4.0 – flesh and blood, not fancy machines, are key to unlocking opportunities.

Matt Pearce, Partner at KPMG agrees. He says businesses will need a combination of two quite different skill sets.

"You want people who have strong STEM skills, who can work with the data to engineer the algorithms and drive the analysis. Then, you need people who can interpret that and make it real for people."

Pearce emphasises that no matter how smart our machines become, in many cases the most important aspects of service enterprises will continue to rely on irreplaceably human qualities.

"What algorithms and artificial intelligence won't be able to do is have empathy," he says.

"And so, as we move towards Service 4.0, that empathetic service will be something humans really have as a competitive advantage against the robots."

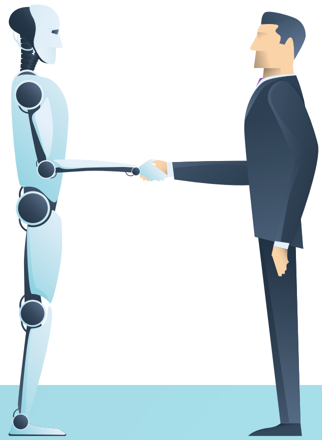
TAKE IT TO THE PEOPLE

Rather than being truly seismic, many changes related to Service 4.0 flow from a process that's been underway for more than a decade.

"We've been seriously talking about convergence and the blurring of boundaries between previously distinct industry sectors for 15 years," Pearce says. "So, a company that once sold you a phone now provides you a full media and entertainment service."

As this process continues and intensifies, the nature of many business will change, and Friday suggests the health sector provides an excellent example of how this might unfold.

> "AI might be able to help a business, but we are a very long way off from AI being able to run one."



"Patient-centred information networks will help people manage their own conditions by sharing advice and good practices with fellow patients, reducing pressure on services," she says. "Health systems will focus more on preventative care through education campaigns and 'nudges' towards healthier living.

"And they will use anonymised data from social media networks to track sentiment on public health issues, identify and respond to disease outbreaks and emergencies, and gain insights into people's health needs."

Such systems will help deliver responsive, tailored services, and Friday believes this has the potential to reduce pressure on health networks so human doctors can provide better care to their human patients.

YOU REAP WHAT YOU SOW

Retaining the human element across both Industry 4.0 and Service 4.0 is not only a management challenge and business opportunity – it is increasingly considered to be a responsibility on many levels. Most obviously and directly, business leaders have a responsibility to protect their businesses.

"Directors who bury their heads in the sand may fail to anticipate and respond to disruption that wipes out their enterprise," Prof Beer says. "But, a computer that can beat a human at chess can only beat a human at chess and not much else. It is not all-powerful, and it can't make all the highly intuitive, nuanced decisions a human can in response to human needs. AI might be able to help a business, but we are a very long way off from AI being able to run one."

The business community, in turn, has a responsibility to ensure the economy remains robust and optimistic through the coming changes, and that means prioritising human consequences to ensure everyone can continue to contribute as both consumer and creator.

"The question is," Pearce says, "for those people who are displaced or more vulnerable, how do we make sure they don't end up on the scrap heap?

"We need to the think about how we manage an economic transition better than we did in 1991, when we had the 'recession we had to have'. We probably didn't manage that very well at the time, and, yes it generated 25 years of amazing economic growth, but at the time, 17 per cent interest rates and people losing their jobs left, right, and centre was a profound thing. We probably want to stare into this coming change a bit more intensely now, while we have the chance."

> "A computer is not all-powerful. It can't make all the highly intuitive, nuanced decisions a human can in response to human needs."

To put it another way, as Dr Boyd does: "Do really you want a robot to cut your hair? We need to set our boundaries, and we all need to ensure change makes society better for everyone. If not, that change will ultimately come back and make us all look really bad."

For more information, visit:
UniSABusinessSchool.edu.au/magazine

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ARTIFICIAL INTELLIGENCE:

ARE WE THERE YET?

While many people still talk of AI as a thing of the future, Dr Ross Boyd from UniSA's Hawke EU Jean Monnet Centre of Excellence, says most of us already engage with it on a daily basis.

"When you call your phone provider, you usually start by talking to a machine that uses natural language processing to help direct your call," Dr Boyd says.

Dr Boyd says. "And when you book an appointment with a field technician, their daily schedule is often coordinated by a computer that matches human resources to jobs most efficiently."

Byron Riessen is responsible for Market Development at Deloitte, and he agrees the virtual fingerprints of AI are already all over the service sector.

"You can order Domino's pizza through Amazon's AI assistant," says Riessen. "And, banks are using AI chatbots to respond to customer requests, providing 24/7 self-service. The customer can answer many questions independently if the corresponding information can be found on the website."

While such machine-assisted interaction has its limits, Riessen suggests it is not supposed to replace the core human service dimension of your business, rather extend that service beyond the boundaries of what is otherwise possible.

"Have clear service pages, FAQs and virtual assistants that are available 24 hours a day. This will be a benefit for both you as a service provider and your customers."

INSURANCE - HUDDLE

Australian company Huddle has made insurance tech savvy, using AI and big data to assess the safety records of applicants, with eligible members receiving discounts and rewards. The company also uses an AI-driven platform to deliver claim approvals in under a minute.

huddle.com.au

ART INVESTMENT - ARTHENA

Arthena blends old-fashioned fine art expertise and high-tech AI-assisted data analysis to predict the centuries-old art market, allowing for better-informed investments. It uses digital processing to enhance human intuition, but not replace it altogether.

arthena.com

TRANSCRIPTION - TRINT

Converting audio to text has traditionally been an arduous task, but Trint delivers a digital solution, using natural-voice recognition software to rapidly transcribe digital recordings. Every word of the text transcription is linked to the recording through a point and click interface for easy editing.

trint.com

HEALTHCARE - MEDIUS

Medius has developed an AI-assisted triage system to provide medical clinics with first-contact assessement of a patient. The system can understand health profile, current complaints, symptoms and recommend the best course of action.

mediushealth.org

RECRUITMENT - TRUEBASE

Truebase uses AI to search an existing business team's contact network to find the perfect candidates for a particular position. This streamlines the recruitment process, and proves no matter how much technology we have, it is still a case of who you know.

truebase.io

IMAGES (L-R) WRIGHT STUDIO; DMITRO2009; IOAT; ALEXANDER SUPERTRAMP; METAMORWORKS/SHUTTERSTOCK.COM

BOARD GAMES

SUCCESS NEEDS MORE THAN A ROLL OF THE DICE.

From the corporate excesses of the 1980s, 1990s and the GFC, to shocking public health and safety violations such as the 2008 Chinese baby formula and 2004 James Hardie asbestos scandals, the banking royal commission findings, the impetus behind the #MeToo campaign and the recent Boeing 737 Max tragedies ... our trust in governing boards has been tested again and again.

We rightly feel let down and there's a growing mood to change the game.

The push is on for future board directors to widen their outlook and quicken their step – to do more to watch over us and our planet.

Leading South Australian executive and experienced company and board director, Jane Jeffreys, who works with senior executives to build strategic relevance and position their organisations for success, believes diversity of skill, culture and gender are essential in igniting the right boardroom culture – where trust is earned, and directors step out of the shadows.

Navigating the rules and demands of 21st century boardrooms requires skill, knowledge and preparedness to go well beyond the basics. Are you ready to play the game?

Writer Alexia Deegan **Illustrator** Tang Yau Hoong

DIVERSITY IS KEY TO SUCCESSFUL BOARDS

"Board diversity stands out as critical," Jeffreys says.

"Boards need to have diverse skills and to get that we need to have culture on the agenda. We need to talk about what diversity and what culture looks like now and where it needs to be. This is a priority and the discussions need to be inclusive, open, transparent and dynamic.

"Doing this helps set the tone from the top, aligns corporate values and objectives, and models the behaviour expected within the organisation itself. A diverse corporate culture should feature different views and expertise and foster a willingness to engage in robust discussion that explores alternatives, builds trust and respect – all ingredients for delivering on corporate objectives and making a high functioning board, great."

AXA IM, a global asset management company, reviewed the board composition of the largest 1000 US companies and found there are also good economic reasons to embrace diversity. The more diverse the board, the higher an organisation's profitability – with a 3.5 per cent economic advantage.

Companies with diverse boards also experience less profit variability. And, AXA IM identified diverse boards create a profitability 'moat' around their future profits, leaving the competition at a distinct disadvantage.

While our moral compass says boards need to change – this research shows that there is a very good economic reason for getting on and doing it.

Diversity helps to future-proof a company.

THE IDEA

THE ENVIRONMENT
From the GFC to the royal commission into banking, our trust in governing boards has been tested time and time again. With the spotlight directly on higher standards, responsible leadership is under the microscope.

THE APPROACH
Successful boards require a balance of skills, of diversity, culture and gender. Robust governance, vision and culture must be centre stage with values-led leadership driving the direction.

While traditional boardrooms have been the realm of well-connected businessmen – often CEOs and MPs meeting out of the public eye – there's a shift to bring in new blood, to be quicker in responding, to jump into public discussions, and to be seen doing more than scrutinising books and reporting to shareholders.

Jeffreys says meeting staff, being visible in the community, being seen to invest locally, regionally and globally, all exemplify that boards are changing - embracing a shift to openness, transparency and diversity.

ROBUST, ACCOUNTABLE GOVERNANCE

Experienced chair, board director and UniSA Chancellor Pauline Carr deeply understands the high standards for contemporary boards. She's held leadership and governance advisory roles for more than 20 years and says there's more regulatory requirements and greater governance expectations than ever – with more to come, as we continue to learn from experience, good and bad.

In an environment with higher standards, heightened community and stakeholder scrutiny (thanks in part to social media) and greater risks, Carr says robust governance needs to be part of every board's operating DNA and this is cascading down to the performance expectations of individual directors.

Gone are the days when directors believe they're beyond review or that performance assessment is reserved for management.

"While there have been collective whole-of-board reviews for some time, it is getting very common for the performance of individual directors to be reviewed," Carr says. "Director appointment letters are now clearly articulating performance expectations and director agreement to participate in reviews and assessments is frequently an appointment condition.

"Such reviews not only make sure that every board director is absolutely pulling their weight, but they go a long way to addressing any interpersonal or behavioural issues which can impact on board dynamics and effectiveness if not nipped in the bud early."

CULTURAL CHANGE IS ON THE HORIZON

An interesting trend in the past 18 months is the intense focus on culture and the role that boards are now expected to play in this space. This has clearly emanated from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. And, as Carr notes, it's also reflected in the ASX governance guidelines.

"While it has always been a board's responsibility to set the tone, today this is more specific, including a board's role in leading the values and instilling a culture of acting lawfully, ethically and responsibly," Carr says.

"The reality is that there's no single measure of culture but a culmination of measures. Large organisations face additional complexity with potentially different cultures across different departments, regions, countries. It's a big challenge for a board to get its head around that and how to track and align culture and ethics."

Getting the culture right means identifying standards and values and looking at where problems could potentially arise. While this sounds sensible enough, there are organisations that still avoid the analysis for fear of what they might find.

It took 80 courageous people filing sexual abuse and misconduct complaints going back decades to highlight a rotten corporate culture at Miramax and bring one-time movie kingpin, board director and blockbuster-maker Harvey Weinstein, to account.

Board director and chair, publisher, adviser and UniSA Arts and Culture Professor Ruth Rentschler OAM says boards in the arts, entertainment and sports have been club-like in the past, but they are changing.

"Arts boards have definitely professionalised over the last 15 to 20 years, moving from insular, social sets to broadly-based and well-chosen individuals appointed to boards to put the organisation mission first. But it hasn't always been smooth sailing," Prof Rentschler says.

"Cases like Weinstein show us there's been bad behaviour in these sectors for a long time, so to change we need to also call out individuals who behave badly.

"By extending the debate beyond the boardroom and into the public sphere, we start to identify and question the wider societal tolerance of bad behaviour. That's where the #MeToo campaign made such an important mark, by showing there is a big problem in our community where we have allowed sexual misconduct and inappropriate treatment of women to prevail and it's time to stop.

"We need to ask: are board directors acting inappropriately inside the boardroom and how about outside? What are the relationship dynamics inside the boardroom? What do we know about gender and race composition on boards?

"These are questions that every board director should consider, whether full profit or not-for-profit."

CUSTODIANS OF VISION & CULTURE

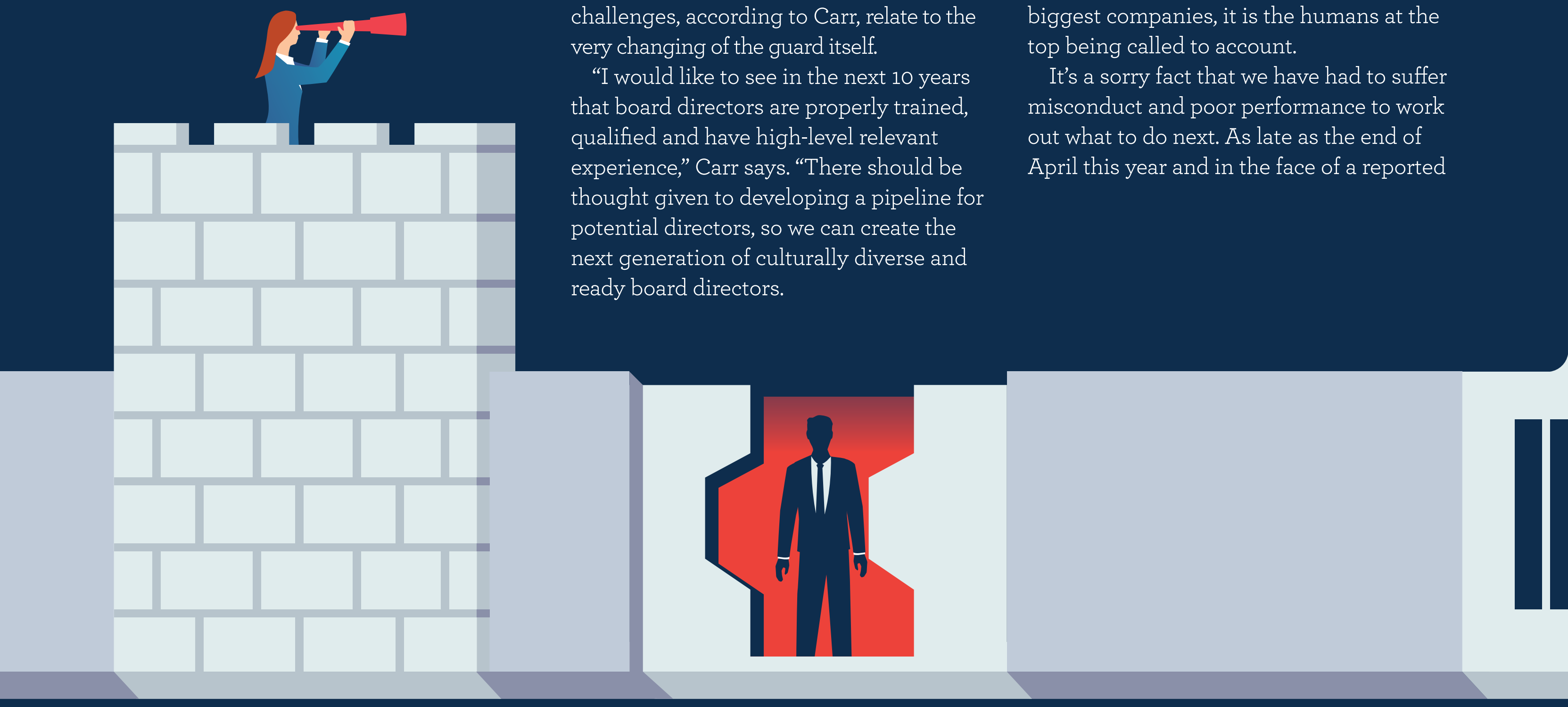
Australia's Chief Scientist Dr Alan Finkel shared his views about future-proofing directors in an address to the Australian Institute of Company Directors governance summit in March this year.

He believes directors must be ablaze with a sense of a company's mission and trajectory, backed by relevant and abundant experience, and make it their mission to go beyond what they are told.

But above all, Finkel says, they must be custodians of that vision and culture.

"After seeking advice, I learned that a powerful way to maximise trust and transparency is to capture the expectations for confidentiality, courtesy and other board behaviour in a written 'charter', adopted and owned by the board," he says.

"The charter captures the key board practices and expected behaviours without having to go back to layers and layers of company constitutions, corporate law, ASIC regulations and ASX requirements. It's owned by the people who pledge to adhere to it."



People are a significant theme in this debate. Finkel calls this the 'bandwidth of humans'. Carr agrees and sees the weight of responsibility on boards and directors growing ever heavier.

"We are all having to do more evidence-based decision making. Boards generally need to do more on the risk side too," Carr says.

"Most companies have come quite a long way but if you look at all the companies that have set a risk appetite, I still don't think we have enough who have formally sat down and thought about what their appetite and tolerance is for various risks, and then cascading that down to the management team to follow through with the workforce."

CHANGING OF THE GUARD

The tougher governance standards being pursued by full profit boards today has raised the bar more widely, with governments and the not-for-profit sector following suit in a positive step. The next challenges, according to Carr, relate to the very changing of the guard itself.

"I would like to see in the next 10 years that board directors are properly trained, qualified and have high-level relevant experience," Carr says. "There should be thought given to developing a pipeline for potential directors, so we can create the next generation of culturally diverse and ready board directors.

"Over the next decade, my fear is we are also going to see a number of very experienced board directors drop out of the sector because of the increased personal liability the office holds and that will be a shame."

UniSA high-performance governance specialist, Dr David White, says capability planning should also extend beyond traditional board boundaries.

"Associations and other membership-based bodies are developing much needed management and directorship into a profession and that's a step in the right direction," Dr White says. "But we also need to strengthen others in the mix, such as specialist governance advisers on culture, performance, and risk and compliance to ensure we continue to raise the bar and don't repeat the mistakes of the past."

MANAGING MISCONDUCT

In some of the worst cases of misconduct in our time, occurring at some of our biggest companies, it is the humans at the top being called to account.

It's a sorry fact that we have had to suffer misconduct and poor performance to work out what to do next. As late as the end of April this year and in the face of a reported

13 per cent drop in first-quarter profits, those in charge at Boeing were still saying publicly that nothing went wrong with its 737 Max flight controls, despite two air disasters, 346 lives lost and a rolling storm of global discontent.

According to a report in the *Washington Post*, by early May it had come to light that Boeing's board of directors discussed how efficiently the new 737 Max aircraft could get to market but it didn't delve into any detail about safety issues. The reason, the story says, was that safety was considered to be "a given".

Within weeks, *Forbes* was pointing to a crisis in leadership at the company, suggesting the rush to market by boardrooms in the for-profit space was the strongest signal yet that something was very wrong with the values and culture we have at the top.

Whether discussing safety or even having safety as a standing item on Boeing's board agenda could have saved 346 people, we will never know.

CAPABILITY BUILDING

Dr White says, despite structure and process reviews, no amount of planning can completely overcome the problem of faulty judgements made by boards, executives and others.

"Of course, Australia needs to have the highest standards of professional practices, competencies and judgements for directors and management, but having more prescriptive structures and process-type governance through a 'bigger-hammer' approach isn't ever going to overcome faulty decision-making," White says.

"What we need to do is deliberately build the capability of professionals, not just in the boardrooms of corporate Australia, but across our public sector too.

"We must do this to demonstrate Australia's seriousness about governing a high-performing country. This is the way of the future."

For more information, visit UniSABusinessSchool.edu.au/magazine

GOOD GOVERNANCE

Good governance has the capacity to verify truth and build trust. Governance expert Alexandrea Cannon explains why directors must consider governance practices, business strategies and board composition as a key part of the job.

Directors must be capable of vigilant oversight of a business. A key part of this is understanding the organisation, why it exists, its strengths and challenges, the constitution and underlying legislation, as well as the state of its resources and performance – human, financial and other. They need a deep understanding of what's happening in the environment – with customers, suppliers, competitors, the public, government, and so on. And, they must understand the role of the board – what it's there to do or not do. Often this is assumed, but it's essential to discuss, clarify and document the conclusions, clearly delegating responsibilities for the CEO, various committees, and the board itself.

Asking questions and making decisions is essential for good governance. And boards need to consider not just "can we" but, as Commissioner Hayne so eloquently put it, "should we"?

Directors need to be supported by systematic and rigourous governance procedures, such as board agendas, papers, budgets and risk assessments, as well as accurate minutes with sufficient detail so matters are documented, but not so voluminous that nobody reads them.

Board composition is more important than ever, with diversity of thought essential in today's complex, dynamic and ambiguous world. Diversity is driven from diverse backgrounds, which means rigourous recruitment policies, board tenure, and succession planning are essential.

Of course, history shows us that good people can do bad things. Sometimes these actions are inadvertent, a result of ineffective systems or processes. Other times, company policy incentivises people to do the wrong thing. Now, more than ever, boards must play a role in setting the tone from the top, not just through their own behaviours, but through the policies that are approved and actioned.

Finally, the board needs to be cognisant when selecting a CEO, as this person will have enormous impact on the performance and the culture of the organisation. The type of person who's selected sends a strong message about what's important to the organisation – about culture, ethics and behaviours – the decision is vital, so it's important to consider all the factors.

Alexandrea Cannon is Chair, Leaders Institute SA, SATAC; Director SA Heart, Credit Union SA, Winston Churchill Memorial Trust, Bizbuild, Hood Sweeney. She is also a graduate of UniSA's MBA.

DOLLARS & SENSE:

STRENGTHENING INSTITUTIONS POST THE BANKING ROYAL COMMISSION

It's a well-worn phrase – more dollars than sense – but in the wake of The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry the relevance of these words resounds.

Writer Ron McIver

The long-awaited final report of the banking royal commission (released on 19 February this year) identified multiple failures among Australia's financial institutions and their regulators, particularly in their inability to undertake or discharge their designated functions appropriately.

Some big take-outs from the royal commission relate to regulatory capture – the failure of regulatory bodies to act in the public interest – as well as weak enforcement of regulations, poor corporate governance and misplaced ethics, and, more broadly, the need for a stewardship and a stakeholder focus in the banking, insurance, superannuation and financial planning sectors.

In the words of the former Prime Minister Malcolm Turnbull, who was at the helm when the government was resisting calls for a royal commission, the issue is "really about trust". Yet, while banks and financial institutions should have been working in the interests of their customers, the reality proved otherwise.

The lowest cost or, potentially, most practical responses to these failures require institutional change – economic, legal, regulatory, governance, and political – including improved regulation, regulator enforcement, and shifts in governance and ethical behaviour.

Australia's major regulators – the Australian Securities and Investment Commission (ASIC) and the Australian Prudential Regulation Authority (APRA) – received considerable attention from the royal commission, which elicited significant concerns about their regulatory responses. For example, consider ASIC's extensive use of infringement notices in lieu of legal action when dealing with large corporations; or, how it reported regulation breaches without naming the company that committed the offence. While regulator reluctance to engage in legal action may have reflected a resource constraint – suggesting a political, rather than industry failure – a failure to name companies breaching regulations limits consumer access to information, reduces market transparency and efficiency, and the likelihood of market discipline.

Unsurprisingly, the royal commission's report incorporated some big conclusions about ASIC's and APRA's effectiveness. Many of these recommendations have been accepted, with announcements of $550 million of increased funding in the 2019 Federal Budget to support ASIC and APRA operations.

Ron McIver is a lecturer in financial economics and a member of UniSA's Centre for Applied Finance and Economics. His current research includes banking system reform, institutional economics, and the importance of governance.

THE IDEA

THE STATUS QUO
The final report of The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry identified multiple failures among Australia's financial institutions and their regulators. But what's really being done to work towards repair?

THE OUTCOME
Massive failures in trust demand institutional change at all levels: economic, legal, regulatory, governance, and political, as well as significant shifts in governance and ethical behaviour. How they will play out, we will just have to wait and see.

A financial regulatory oversight authority will also replace the Financial Sector Advisory Council, reporting at least twice a year to the government on ASIC's and APRA's performance. Regular reviews of APRA and ASIC will also be conducted, with an independent inquiry set to investigate changes in regulator behaviour following the royal commission. Each of these actions will ensure both their accountability and fulfilment of their expected functions and responsibilities. However, concerns may still exist around the potential diversion of ASIC and APRA organisational resources to report to this new 'regulator of regulators', potentially imposing financial constraints on the undertaking of legal actions.

The responsibilities of ASIC and APRA have also been clarified. APRA retains its responsibility for prudential regulation, while ASIC regulates a financial corporation's conduct and disclosure. ASIC and APRA have also received extra power in the superannuation arena, through new civil penalties that will be enacted if trustees and directors breach their legal obligations. Additionally, the extension of the Banking Executive Accountability Regime (BEAR) to the superannuation sector should add greater clarity around the legislated norms of expected conduct in the governance structures of financial service firms.

Stronger attention on legal rather than administrative redress of executive conduct will have a significant impact on board and executive decision making. The latter is reflected in Justice Hayne's conclusions that appropriate punishment of corporate officials is needed to ensure greater compliance with legal and regulatory requirements. To support this, the Federal Court will gain expanded resources and powers to cover corporate criminal misconduct in cases brought by the regulators, thereby reducing incentives to engage in behaviours that are detrimental to both customers and the longer-term interests of shareholders.

The royal commission also identified a need to address the substantial cultural and governance deficiencies in financial institutions. This is key to generating a more sustainable financial sector. Core recommendations include the need for companies to assess their own culture and governance, the annual review of remuneration systems, with APRA, as supervisor, being charged with ensuring its supervisory program elicits cultural changes that will reduce the risk of misconduct and enhance governance in support of this agenda.

Also apparent is the need for boards to shift their focus from short-term shareholder returns to a longer-term perspective, to recognise their broader responsibilities to other stakeholders, including employees and customers.

These broader changes align well with contemporary debates about the need for a wider set of boards to take a stewardship role within corporations. Broader recognition of this stewardship role is likely to ensure longer-term sustainability of financial corporations, avoidance of the high level of fines and charges for misconduct evidenced in recent years, as well as improved investment returns to shareholders over the long term.

How this unfolds in the months and years to come, we'll just have to wait and see.

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THE FUTURE OF FINANCIAL PLANNING:

Geoff Pacecca is the Principal Advisor and Director of GAP Financial and a financial planning lecturer at UniSA. Named in Financial Standard's Power50 most influential financial advisers in Australia, he has more than 30 years' experience in the financial services industry.

As a financial planner with more than 30 years' experience in financial services, I believe that good, non-conflicted advice is valuable and necessary for a person's financial health. Yet, following *The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry*, fundamental changes are afoot. While some of these are already underway and others are yet to unfold, the overarching environment for financial planners is one of change.

Ultimately, the goal is to address and deliver client goals through customer-centric, professional advice, free of conflict and supported by technical and specialist expertise and processes. It's a move away from the conflicted and revenue-driven business models of old, yet as with all change, it comes with a cost.

So, let's talk costs. With greater compliance demanded across the profession – including increased requirements for licensing financial planners – the cost of providing financial advice will inevitably increase. Concurrently, financial planning revenues will decrease as grandfathered commissions (trail commissions on old investment products) and ongoing advice fees are abolished.

But what does this mean? Well, for the customer, it unavoidably translates into higher prices: in a world of higher costs and lower back-end revenue streams, financial planners have no choice but to charge more in order to survive.

For financial planners, there are more complexities. Firstly, it's possible that increased compliance costs will make it unprofitable for companies to provide licensing services to financial planners – a key driver for the divestment by banks of their wealth management arms. The result: likely fewer wealth management arms in banks and similar institutions, meaning that many financial planners will need to either find a new home or self-license.

The jury is still out on how these changes can be done profitably on both fronts. It's likely that scale will be important in the future, leading to fewer smaller licensees and 1-3 person boutique financial planning businesses. In fact, over the next five years we're likely to see significant drops in the number of financial planners (from 25,000 to around 15,000) as they not only struggle to operate in a changed environment, but also adhere to newly established education standards that come into effect by January 2024, requiring minimum standards for practising and new financial planners.

The bottom line is that financial advice will cost more and there will be fewer financial planners to deliver it.

Yet there is a silver lining: financial planners with the capacity, skills and education to deliver advice will benefit from a market comprising fewer planners, especially as demand for financial advice is expected to increase, and finally, customers will benefit from transparent, non-conflicted professional advice. Just as it should be.

THE PROPERTY FALLOUT:

Dr Simon Cottrell is a lecturer in financial planning with UniSA. His research focuses on financial planning, debt capital markets, commercial bank wholesale funding and bank profitability. He is also an academic member of the Financial Planning Association.

The shake-up from the banking royal commission is impacting many sectors, with Australia's property market now feeling the effects.

Of the numerous standards called into question by the royal commission, the very generous and, in most cases, arbitrary Household Expenditure Measure was front and centre. Lending institutions use this benchmark to approximate a loan applicant's annual expenses, which invariably determines their borrowing capacity. Yet, as the royal commission has shown, this process was never properly verified or reported on loan applications, resulting in a false representation of an applicant's borrowing capacity.

With applicants being able to borrow far larger amounts than they could otherwise service, many were coerced into an interest-only structure on the advice of their brokers. Low interest rates, negligent lending practices and a record amount of foreign investment became major contributors of excessive growth rates in Australia's property prices.

In 2016, investment bank UBS estimated that up to a third of Australian mortgages – or around $500 billion of the near $2 trillion mortgage market – are made up of 'liar loans', based on factually inaccurate information. And this systemic mortgage fraud in Australia has very similar characteristics to sub-prime loans written by US financial institutions that triggered the 2008 Financial Crisis.

A new benchmark for household expenditure is currently being developed by an industry working group to comply with the Australian Prudential Regulation Authority's (APRA) sound lending practices guidelines. According to analysts at UBS, this is likely to reduce a new loan applicant's borrowing power by up to 40 per cent.

Furthermore, many interest-only borrowers will be forced to switch to a principal and interest only repayment structure, further reducing the ability to service a mortgage. A recent report by multinational investment bank Morgan Stanley, estimated around 650,000 borrowers with outstanding loans totalling $230 billion are trapped in their interest-only loans, and may be forced to sell their properties in an already deteriorating property market, if they're not able to extend the payment arrangements with their bank.

Finally, given the Australian banking sector's heavy reliance on international funding, any increase in global interest rates will likely translate into higher bank funding costs and passed onto borrowers via higher mortgage rates – once again exacerbating the risk of falling property prices.

LICENSING REFORMS & EDUCATION

In response to the fallout of the royal commission, the Financial Adviser Standards and Ethics Authority (FASEA) has imposed new standards for ethical behaviour and practice for financial planners.

By 2024, existing practitioners will also be required to complete an FASEA approved education program in order to continue practising, while those looking to enter the industry need to study a FASEA approved undergraduate or postgraduate degree program from January 2019.

UniSA was the first institution in South Australia – and one of the first nation-wide – to provide financial planning programs that meet the new educational requirements set by FASEA.

LOOK AT THE FLIP SIDE:

Dr Hao Zhou is a Lecturer of Finance with UniSA and a member of our Centre for Applied Finance and Economics. His research interests include algorithmic trading, high frequency trading, and market microstructure.

While coverage of the banking and finance sector has been undeniably negative, it's interesting to see that positives can still be found, with a closer look at the big four banks revealing the royal commission report could be the best news the banks have had for years.

Since the release of the final report by the banking royal commission on 4 February 2019, the big four Australian banks (ANZ, Commonwealth Bank, NAB and Westpac) have gained nearly $30 billion market value, including a combined $20 billion (or 5.7 per cent) on 5 February, the first day of trading post the report. Given the massive negative publicity during the commission, the surge can seem puzzling. So, what's been going on?

The report is not as negative as feared: there was widespread fear that the report might recommend stringent measures such as separating banking and financial advice businesses. The recommendation of limiting trail commissions is expected to severely impact the mortgage brokerage business: good news for the big four since they stand to gain further bargaining power.

Most of the bad news has happened before the report: since launch of the commission in November 2017, the big four banks have seen their market value drop by nearly $80 billion (or by 19 per cent). A series of public hearings has uncovered countless unethical practices. Consumer confidence was at all time low in 2018. According to the Deloitte Trust Index, only one in five customers believes that banks have their customers' interests at heart.

Fear of uncertainty is worse for the market: research shows that the prospect of bad news may be more damaging to the market than the bad news itself. People are generally averse to ambiguity and uncertainty. Businesses require a clear picture of the future to better plan their investment. The resolution of the royal commission enquiries is a booster to market confidence.

ILLUSTRATIONS ICONIC BESTIARY/SHUTTERSTOCK.COM

The UniSA research team is part of UniSA's Centre for Workplace Excellence. Together, they have expertise in diversity, employee wellbeing, leadership, organisational culture and change, and human resource management practices.

THE IDEA

THE SCENARIO
As Industry 4.0 disrupts almost every workplace, professional services will need to find new, creative ways to interact with customers. Gender diversity has proven links to innovation, yet Australia's professional services firms are still lacking gender balance.

THE SOLUTION
The good news is that every manager can play a role in building gender diversity. These six evidence-based switches will help you jump-start positive change in your business.

GENDER DIVERSITY:

6 SIMPLE SWITCHES TO ENACT POSITIVE CHANGE

The Fourth Industrial Revolution is disrupting almost every industry in every country, creating massive change at unprecedented speed. As organisations implement smart technologies into their workflow, they're asking employees to reinvent the way they do business and the way they interact with customers. To take full advantage of Industry 4.0 technology, we need to unlock employee creativity. Gender diversity could be the key.

Writers (L–R) Dr Sanjee Perera, Dr Jill Gould, Dr Shruti Sardeshmukh, Professor Carol T. Kulik, Dr Yoshio Yanadori and Dr Ruchi Sinha
Photographer David Solm

When men and women work together, employees receive continuous visible cues that people are different, and those cues motivate employees to ask more questions, dig deeper, and explore more options as they work on problems. As a result, gender diverse workgroups generate a wider range of innovative solutions than all-male or all-female groups.

This well-researched link between gender diversity and innovation may be particularly important in professional services firms, where legions of lawyers, advertising professionals, architects, accountants, financial advisers, engineers, and consultants deliver customised, knowledge-based services to a wide range of clients.

It's disappointing, then, to see so few women in professional services, especially at the top of organisational hierarchies. Around the world, less than one per cent of CEOs in professional services firms are women. Furthermore, only about nine per cent of senior consulting leaders are female.

In Australia, the sector-specific statistics are worrisome. While we have nearly equal numbers of men and women in the legal profession, women constitute only 27 per cent of partners in Australian law firms. In finance and insurance services, the gender pay gap is more than 30 per cent, or $48,884 per year. With so much evidence of gender inequity, it will only become more difficult to attract women to male-dominated occupations. Only 12 per cent of engineers working in Australia are women, and the number of women choosing engineering degrees in Australian universities has been declining since 2014.

How can professional service organisations begin to create environments where men and women can thrive? Gender inequity is a systemic problem and fully addressing it will require strong leadership commitment and dramatic cultural change. But when even the most optimistic estimates from the World Economic Forum suggest it will be many decades before we achieve gender parity, who has the time to wait?

We've identified a series of evidence-based switches that any manager, at any level, can use to jump-start positive change within their organisations. ●

For more information, visit
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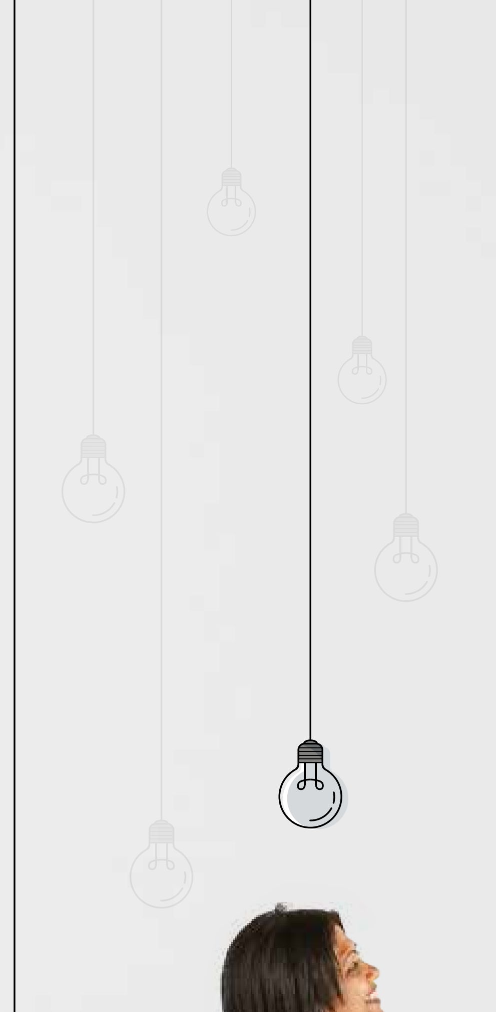


1 NARROW THE GAP

THE ISSUE:

The gender pay gap starts at organisational entry. Women are less likely to negotiate starting salaries, so they often start jobs with lower pay than men. Once hired, women usually receive smaller pay rises than men for the same performance rating – so the pay gap between men and women widens as their careers advance. Gender-blind pay procedures don't eliminate pay gaps on their own. If an organisation offers new hires (regardless of gender) a standard increase over their previous salaries, it simply perpetuates gender pay gaps in the market.

While we know that pay audits and pay transparency are central to closing pay gaps, most organisations are unaware of their own gender pay gaps, which leaves managers without easy access to and knowledge of this information. So, managers' hands are tied as they can't assess how their pay decisions might be contributing to internal gender pay gaps.

THE SWITCH:

Managers who receive pay information – pay rise averages, ranges, and standard deviations, each broken down by demographic groups – typically exhibit less gender bias in pay rises. You can use the Workplace Gender Equality Agency's Data Explorer to see if your organisation has done a gender pay analysis. If it has, ask your HR unit for the data (broken down by demographic groups) so you can monitor the gender pay gap across the employees you manage. And, if your organisation hasn't undertaken a gender pay analysis, recommend one to HR.

2 MODEL FLEXIBILITY

THE ISSUE:

Even in today's modern society, women still shoulder more of the responsibility for child care and housework. This makes them more dependent on their organisation's flexibility practices than their male counterparts. Workplace flexibility helps men and women to juggle their work and non-work responsibilities, and research demonstrates that organisations offering flexibility enjoy higher employee productivity and retention. Organisations that offer flexibility more effectively retain female employees during their 20s and 30s when women are building their careers and likely to be starting families. That retention could have a payoff later, when women are promoted into management roles.

Yet, research shows that many women are reluctant to take advantage of flexibility practices within their organisation, fearing that managers will see them as less committed to their work, and less promotable. As a result, even the best flexibility policies may remain 'on the books'.

THE SWITCH:

Get to know your organisation's flexibility policies and signal your openness to supporting them. You can do this during performance reviews, by asking every employee (not just the women) about the kind of flexibility that might make them more productive. Some organisations limit job categories that are eligible for flexible work. If your organisation is one of these, ask HR why your organisation doesn't have an 'all roles flex' policy. Practice what you preach too. Make sure you use your organisation's flexibility options, and when you do, do it loudly! Let your team know you are leaving to see your daughter's football match or your son's school play, so they know you'll be supportive when they need to take flexi themselves.

3 HIRE MORE WOMEN

THE ISSUE:

If you want gender diversity, you must hire women. Unfortunately, when occupations, organisations, or jobs are male-dominated, applicant pools are too. Here, it's not unusual for hiring panels to consider shortlists that have no women or, at best, include only one female candidate. That's bad news, because research demonstrates that the statistical odds of hiring a solo woman on a shortlist are zero, and that's true for shortlists ranging from 3 to 11 candidates. The shortlist provides clear evidence to the hiring panel that the solo female candidate is different from the norm, and differences signal risk. No one wants a risky hire, so the woman is typically not selected.

When two females appear on a shortlist, the odds of hiring a woman become consistent with women's proportional representation on the shortlist: two women on a four-person shortlist means a 50 per cent chance of hiring a woman; two women on a five-person shortlist means a 40 per cent chance, and so on. The critical jump is going from one female candidate to two. Once there is a second woman on the shortlist, the 'high risk' flag disappears, and each candidate is considered on his or her merit.

THE SWITCH:

When you're hiring, insist on a minimum of two female candidates on every shortlist. If your recruitment firm sends fewer than two female candidates, send it back and tell them to cast a wider net. And, if your recruitment firm still sends you fewer than two female candidates, it's time to find a new recruitment firm.

4 SHRINK THE SCALE

THE ISSUE:

Gender stereotypes can exist in any organisation, but the unique nature of professional services means their effects are exacerbated. Research shows that women receive less credit for team successes (and disproportionate responsibility for team failures); as professional service firms often deliver work in teams, it's particularly hard for a woman's individual contribution to stand out. Furthermore, because the work performed by professional service employees is non-standard and tailored to individual clients, performance evaluations are likely to include subjective impressions (think 'team player' or 'charismatic leader') along with objective indicators of performance. Those subjective components are especially vulnerable to gender bias. As a result, women tend to be disadvantaged in performance reviews. This is especially true when managers evaluate employees on rating scales with many options – such as rating an employee's performance on a 10-point scale rather than a 6-point scale. At the top end of larger scales, managers are looking for perfection.

But managers are more likely to attach labels like 'star' and 'genius' to high-performing men; women don't usually elicit these labels even for the same level of performance.

THE SWITCH:

The next time you conduct performance reviews, take a close look at the rating scale and ask yourself if you are viewing men and women's performance in the same way. If your organisation uses a scale with many options, first rate an employee's performance using a smaller set of options. Then, when you transfer your ratings to the larger scale, generate specific examples of the behaviours and outcomes that justify the highest ratings. Ask your HR unit whether a smaller scale might be more appropriate for your organisation.

5 CREATE CONNECTIONS

THE ISSUE:

The job structure of professional service organisations presents specific challenges for women's advancement. Such organisations tend to be characterised by relatively short career ladders, an emphasis on internal advancement rather than external hiring, and expectations that employees work gruellingly long hours to develop relationships both within the firm and with external clients. Employees' career success depends on their ability to quickly establish networks that give them the connections and the visibility they need.

But relationships usually form around similarities, making it especially difficult for women in male-dominated occupations to build networks quickly. Furthermore, when there are fewer women in the workplace, similarity-based relationships will build networks that are smaller and flatter for women than they are for men. This means that women can't access the same information that men do; they can miss out on the best projects and have fewer opportunities for promotion.

THE SWITCH:

Play an active role in helping your employees build networks – especially your female employees. Schedule social events during business hours to avoid potential conflicts for employees with childcare responsibilities; adopt job rotations and cross-functional teams so that employees get to know people outside their immediate unit; and introduce your employees to your own managers, so those who are different know they aren't invisible.

6 MAKE AN INVESTMENT

THE ISSUE:

Gender diverse workforces can generate creative ideas for new products and services, but they need a 'green light' to get the go ahead. Unfortunately, research shows that ideas coming from women are 20 per cent less likely to win an endorsement than ideas from men, and that's because decision makers evaluate pitches from women differently than pitches from men.

Researchers studying startups found that investors asked female entrepreneurs more questions about how they would avoid failure (prevention-focused questions like "how will you defend yourself against the competition?") yet asked male entrepreneurs about their anticipated successes (promotion-focused questions like "how big do you think you can grow the business?"). The implications are huge: when investors mostly asked promotion questions, startups raised US$16.8 million on average; yet when investors asked prevention questions, the startups raised only US$2.3 million.

THE SWITCH:

Prepare a set of questions you'd ask any employee (male or female) who comes to you with an idea. The mix should include prevention questions – after all, you want to know the downside risk – but you should also ask promotion questions about every project, no matter who delivers the pitch. Best of all, you can apply this switch on both sides of the organisational boundary: when employees come to you with a new idea, or when clients ask for your services to support their own ventures.

COMING OF AGE:

ADDRESSING THE FINANCIAL CONCERNS OF OLDER AUSTRALIANS.

Writers Dr Braam Lowies, Dr Rob Whait, Professor Christine Helliar and Professor Kurt Lushington

As people age, the complexity of their financial decisions increases. Unfortunately, for many people, these decisions are often made in times of stress which, unsurprisingly, can lead to poor decisions with potentially disastrous consequences. So, what can we do to help people make better financial decisions?

Dr Braam Lowies, Dr Rob Whait, Professor Christine Helliar and Professor Kurt Lushington are members of UniSA's Ageing and Housing research group where their expertise spans property, banking, finance, ageing demographics and human behaviour.

The short answer is better financial capability. Financial capability is all about having the knowledge, skills, attitudes, confidence and motivations to make sound financial decisions that will improve your financial wellbeing.

In Australia, 2018 Australian Securities and Investment Commission (ASIC) and ANZ data shows that while three in five people are confident about managing their finances, more than one in three people find the experience stressful and overwhelming. Furthermore, more than 50 per cent of people feel anxious when they think about their financial situation in retirement.

Building financial capability is a lifelong activity. Whether you have a little money or a lot, being able to understand the financial products and services with which you interact is essential.

The current environment

In a report prepared for Financial Literacy Australia – and in Australia's royal commissions into the banking and finance industry, and the aged care sector – older Australians are expressing a sense of confusion and dis-illusionment about their financial security and wellbeing.

Clearly, there are significant gaps in the financial capabilities of older Australians and the complexity of the financial decisions that they are required to make. But to find solutions for this growing issue, we need to look at it further. Recently, we explored financial capability for older people in two areas: choosing financial products generally, and more specifically, managing home care packages.

Complicated home care packages

The management of home care packages is rapidly moving up the policy agenda of the Federal Government. As a high-demand government-funded service, home care packages help older people remain in their own homes for longer and can be regarded as a type of financial product.

Home care packages have four different tiers of care available, from basic to high-level care, and can offer anything from daily grocery assistance to complex nursing support.

The expansion of Consumer Directive Care (CDC) in February 2017, as well as policy shifts towards a more market-based aged care system, have transferred more responsibility to older people to choose and fund the care and support services that they need to live independently. Before this, older people could access support from both the South Australian and federal governments, as well as third party financial assistance.

In a greater effort to help older people, the Federal Government recently increased its aged care spending by $553 million and released an additional 10,000 home care packages, with the intention of providing greater flexibility and autonomy for older people about how their finances are spent. Importantly, older people are not totally entrusted with their home care package funds; instead, they're paid to a home care package provider who essentially acts as custodian of the funds and pays the various suppliers and carers.

The challenge is, however, that the environment in which home care packages are now provided is so complicated that many older Australians are unsure of which options best suit their personal situation, and this causes enormous stress.

THE IDEA

THE ISSUE

Age-unfriendly and overly complex practices in the banking, finance and aged care services sectors are stifling the financial capabilities and confidence of older Australians. Now, more than 50 per cent of older people say they're anxious about their finances in retirement.

THE APPROACH

Shortcomings across the aged care, and banking and finance sectors must be addressed by upskilling staff, simplifying communications, and improving service, regulation and governance.

PHOTOS DMYTRO ZINKEVYCH; PRESSMASTER/SHUTTERSTOCK.COM

HOW TO:

IMPROVE HOME CARE SERVICES

1. Develop and implement a financial capability assessment tool for customers.
2. Develop streamlined administrative procedures and ensure adoption.
3. Improve clarity of all communications.
4. Remove complexity in fee structures.
5. Improve the accuracy of accounting systems.

One of our interviewees said that while the agency was telling him all the right things, the process was extraordinarily difficult.

"All these agencies were telling me 'we will look after you'. They made promises about what they could provide, but as I had about six agencies coming to visit me, and soon became so distressed about the whole process and trying to choose the right thing, that I ended up having to phone Lifeline – and I'm literate and a retired financial counsellor."

What's going wrong?

While older people often feel underequipped and ill-informed to manage a home care package to their best advantage, many partially attribute this to their own lack of knowledge and confidence.

The knowledge gaps are heightened by the fact that many industry bodies have overly complicated and age-unfriendly communication channels and administrative systems. These create barriers for older people that hinder their ability to appropriately engage and understand financial materials.

Home care service providers also have a high turnover of itinerant staff that visit homes, as well as many who are inadequately qualified. Add to this the inconsistencies in package administration, complex fee structures and even inaccurate billing processes, and it's not surprising that people are confused.

When industry factors are stifling financial capability in older people who want to proactively manage their package or fail to provide motivation to improve financial capability in those that do not want to manage their package, we're left with a major issue that needs addressing by both government and the aged care industry.

An overwhelming number of older people have completely disengaged with the banking and financial services industry.

Choosing financial products: a case for mistrust

Our research focused on a range of banking products and services, and again, older people felt overwhelmed by the variety of products available. Part of the difficulty lies in fact that there is no real ability to undertake a cost-benefit analysis for each of these offerings, so much so that an overwhelming number of older people have completely disengaged with the banking and financial services industry.

A general lack of personal attention, reduced face-to-face contact with banking personnel, limited bank branch opening hours and complex communications all lessen a person's potential to build their financial capability.

Appallingly, the research also found that many older people felt they had been treated poorly and discriminated by inexperienced call centre staff.

The way forward

Without doubt, there are many shortcomings across the aged care, and banking and finance sectors.

In aged care services, older people need further education to help build their financial capability. At the same time, improved training for service provider staff will help address the confusing home care package landscape and ensure older Australians are treated with greater respect and understanding.

In the finance industry, the serious lack of trust across the sector needs to be addressed, while concurrently, the provision of clearer communications without jargon or legalese must also be rectified. Increasing face-to-face services will help with this process as older people are far more confident in talking about their finances with a real person as opposed to a voice across the phone or online.

In its capacity as Australia's corporate regulator, ASIC has responded by emphasising that their focus will be on behaviour and the role of culture within the Australian financial services sector. In enforcing a positive corporate culture environment, ASIC aims to improve professionalism and conduct in the banking and financial services sector.

Furthermore, the Australian Prudential Regulation Authority (APRA), as prudential regulator of the financial services industry, released their new Enforcement Approach as part of an Enforcement Review that was partly informed by the outcomes of the royal commission. Strengthening governance, increasing resources and improving cooperation with ASIC are all steps that will be enforced to ensure a more stable financial system. More attention will also be given to the culture within the financial services industry.

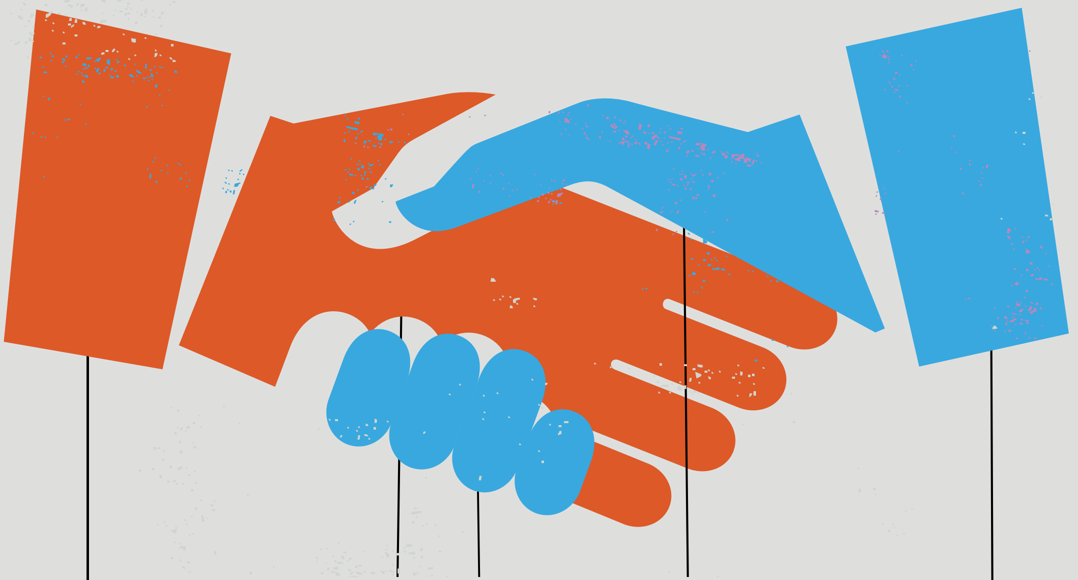
The serious financial concerns of older Australians are an issue that cannot be ignored. Now, the aged care services industry, financial institutions and the government must start to address these, so that older Australians have the financial capability that they deserve and need in order to live well.

For more information, visit:
UniSABusinessSchool.edu.au/magazine

HOW TO:

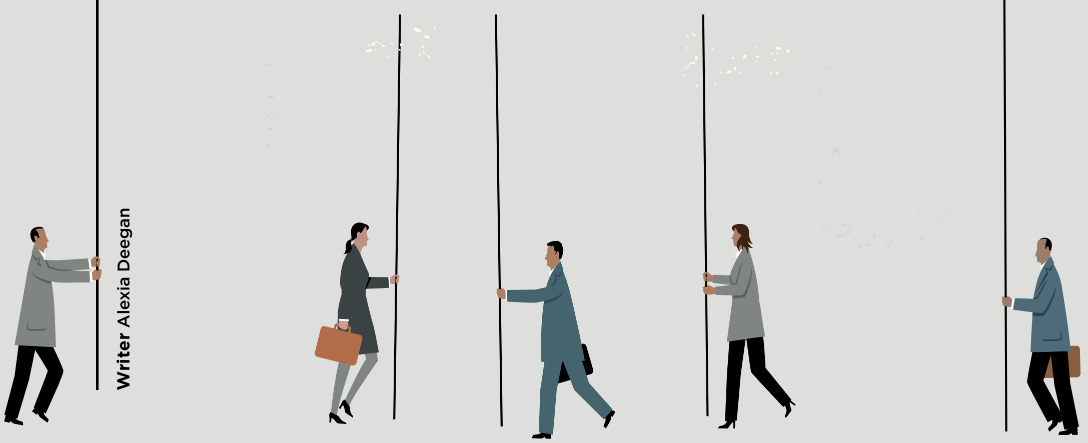
IMPROVE FINANCIAL CAPABILITY

1. Increase face-to-face contact between staff and older customers.
2. Improve customer relations training in dealing with older people.
3. Improve communication with older people.
4. Simplify information about financial products, and in services and terms and conditions.
5. Create deeper community involvement from the banking industry.



IT'S ALWAYS BEEN A MATTER OF TRUST

WHEN NOTIONS OF HONESTY, FAIRNESS AND PUBLIC TRUST ARE SO THOROUGHLY UNDERMINED, HOW DO ORGANISATIONS REBUILD POSITIVE RELATIONSHIPS WITH CUSTOMERS?



Writer Alexia Deegan

In March this year, leading social commentator Bernard Salt said the 2010s may forever be remembered as "the era in which we lost faith in the very institutions that underpin society". It's a damning statement, but given the massive failures across aged care, banking, and even the clergy, without change it could hold true. Is this the natural order of things, or can businesses find ways to rebuild public trust?

A VIEW FROM THE TOP

UniSA's Dr Sukhbir Sandhu, a specialist in sustainable business practices and strategic management, says the importance of trust cannot be underestimated.

"Economies that function well have strong levels of trust in their corporations, communities and in individuals," Dr Sandhu says.

"Leadership plays a key role in this. When individual leaders demonstrate values of trust, their potential to build positive relationships increases, providing a moral buffer if things go wrong.

"Ultimately, trust is about three interrelated values – compassion, competency and consistency – and the perfect balance is key to long-term success."

Dr Sandhu's research shows that trust provides organisations with the 'social license to operate' among local communities and stakeholders. When businesses build positive, responsible relationships with communities, they earn social capital which puts them in good stead if things get tough.

Take Johnson & Johnson, for example, a well-known, long-established and trusted brand. In 1982, the company's best-selling Tylenol painkiller was maliciously laced with cyanide, causing the deaths of seven people. A severe public health and corporate crisis, Johnson & Johnson acted decisively and swiftly, recalling 31 million bottles, halting production and advertising of the product. Its response immediately put customer safety first, demonstrating the company's motivations and concern. Post crisis, it announced tamper-resistant standards for all its products. The handling of this incident saw Johnson & Johnson praised for its response, helping it remain a highly trusted and successful brand.

"Trust is the lifeblood of any organisation. It is the single biggest determinant of long-term, sustainable success."

Dr Sandhu says such values-led leadership is significant in rebuilding trust in any organisation. Her research highlights that as trust in public institutions continues to fall (both nationally and internationally), an increasing number of CEOs are taking up an activist role on a diverse range of issues such as climate change, gender diversity and marriage equality.

"Genuine reform, driven from the top and communicated clearly, is paramount," Dr Sandhu says.

"Even in some of the worst scenarios, sincere competent engagement, finding a solution, correcting a problem, and open communication with customers, staff and communities are the foundation for rebuilding trust.

"This is far more than a superficial claim of transparency – people need to see, hear and understand that there is real action for improvement or reparation and an acknowledgement of responsibility for problems."

In a PwC publication, *The Press*, PwC Australia CEO Luke Sayers said companies and their leaders need to be more articulate and transparent of both rights and wrongs if they are to maintain trust.

"Trust is the lifeblood of any organisation. It is the single biggest determinant of long-term, sustainable success," Sayers said.

"There needs to be a much more open and engaging approach by business. The transparency piece is pivotal.

"A company might have a great purpose and do wonderful work to help society but if it isn't effectively communicated, or the leader doesn't take accountability for failings, then they are not going to bridge the trust divide.

"Employees are also a critical part of the answer – if your workforce is advocating for you at barbecue conversations because they believe in the company and what they are doing, you are halfway there. In our latest CEO Survey, 89 per cent of Australia's CEOs believe that being transparent and focused on a company's values helps build trust with their workforce."

HUMAN FACTORS

THE IDEA

THE SCENARIO
Australia's recent royal commission into banking found massive breaches of trust on all fronts. When public trust is so thoroughly undermined, how do organisations rebuild positive relationships with customers?

THE APPROACH
Genuine reform can only be achieved through values-led leadership, driven from the top and clearly communicated to all. CEOs should take an active role in instigating change instead of waiting for governments to impose it.

UniSA organisational psychologist Dr Ruchi Sinha says while trust is a construct derived to understand a human psychological phenomenon, it's often generalised to institutions, organisations and nations.

"People make judgements about trustworthiness based only on a small number of attributes," Dr Sinha says. "But, to understand these you must first define trust which is a willingness to make yourself vulnerable to your counterpart; a belief that the other person will act in your interests."

She says there are two routes for building trust. The first is cognitive – rational and calculated, where the trustor looks for evidence of competence, reliability, dependability, and consistency. Their track record, in other words. The second is emotional – based on similar values, attitudes and the extent to which there is evidence that our best interests are their priority.

Dr Sinha says New Zealand's Prime Minister Jacinda Ahern's handling of the recent Christchurch shootings shows her benevolence and ability to empathise with a diverse group of people.

TRUST FAILS:

Who: Telstra	**Who:** Commbank	**Who:** AGL	**Who:** Optus
Trust fail: Enabled unauthorised charges to third party services	**Trust fail:** Sold worthless add-on insurance policies	**Trust fail:** Deceived and misled customers about discounts	**Trust fail:** Failed streaming of the 2018 FIFA World Cup
Remedy: $10M fine + refunds to affected customers	**Remedy:** $45M refunds to affected customers	**Remedy:** $700K fine + $800K refunds + $300K ACCC bill	**Remedy:** Public apology + relinquished broadcast rights
In 2018, Telstra was found guilty of billing customers for unauthorised charges to third party services (games, ringtones and competitions), reaping $62m from 100,000 customers, including children who unintentionally used the service via their parents' phones.	CBA intentionally sold credit card, personal, and home loan insurance to 150,000 customers who could never claim benefits, including stay-at-home mums, students, pensioners and retirees. The CBA had also tried to cover up the issue.	In 2015, AGL offered South Australian customers false discounts to their energy bills. While promised a 3% discount, customers paid rates 4.6% higher than AGL SA's standard contract, leaving them 1.5% worse off. 30,000 customers were affected.	Underpreparation saw Optus struggle to stream the World Cup despite buying the rights. Optus relinquished all exclusive broadcast rights to SBS and offered free sports streaming for the duration of the tournament. The Optus Sport app now has a two-star rating.

"When Prime Minister Ahern mourned shoulder-to-shoulder with the people after the Christchurch mosque shootings, it showed her integrity, and her ability to create a sense of solidarity," Dr Sinha says.

"Her swift moves to change gun laws and prevent online streaming of horrific events evidenced her determination to put the best interests of the people first. Such timely actions also show consistency between her promised words and actions, reinforcing her reputation as sincere, trustworthy and genuine."

In contrast, Dr Sinha says that when terrible events are handled badly, trust can be irreparably damaged.

"The 2010 Deepwater Horizon oil disaster is one of the most infamous examples of trust gone wrong," Dr Sinha says. "Aside from the obvious catastrophic damage to the environment, the public handling of this crisis is considered one of the worst-managed cases in history.

"Delays in communication, the severe lack of response, responsibility and empathy, all negatively impacted BP and even to this day continue to affect their reputation."

Without doubt, trust is built over time and, like an investment, needs to be well-understood and carefully monitored. Yet, it's also tenuous and can crumble if mismanaged. Dr Sinha says CEOs must be aware of the fragility of trust and that timely, proactive, sincere and authentic reactions to mistakes signal competence, integrity and benevolence.

"When trust violations occur, there is usually a big drop in trust, often a drop well below the trust baseline established in the past," Dr Sinha says. "Commonly you see this when a company has a very public one-off failure, for example, the Volkswagen emissions scandal. Showing remorse and making substantive amends signals integrity without necessarily compromising perceptions about competence."

GOING BEYOND PROFIT

Former finance sector CEO and now UniSA senior lecturer in business, Dr Don Clifton, says trust issues often lie in the system.

"Every year, you go through the media and the business headlines will show major ethical failures," Dr Clifton says. "We seem to be operating in an environment where anything is up for grabs to chase down that last dollar of revenue.

"It's time we reorder out priorities – an economic system where profit takes priority over all else is a complete recipe for unethical behaviour."

Dr Clifton says that while it is important to acknowledge that there are people working to develop triple bottom lines by making profit dependent on positive social and environmental outcomes, there are not enough of them.

"Chiefly, the system fails to live up to a core ethical principle: the principle of humanity," Dr Clifton says.

"We live in a world where the things that are showcased as most valuable are framed in economic terms, where people are often treated as tools in the economic machine.

"In that environment, trust between business and communities will always face challenges because people understand they're subordinate to profits.

"Unless we open discussion on alternatives to this economic model, trust and ethical practice will always be undermined."

Recently, 16-year-old Greta Thunberg inspired climate strikes across the world with her *#FridaysForFuture* campaign. Dr Clifton says it's refreshing to see young people stand up for issues that will potentially impact their future.

"There has been some criticism and cynicism about young people getting active on issues that matter to them, but I was heartened to see this young activist organise the climate strike and stand up for her beliefs. She said it was her future we're messing with, and she's right.

"It's a sad sign when we see the older generations, many of whom were very active protesters in their younger days, criticise the climate change concerns of young people today – especially when that's an excuse for inaction.

"Pursuing immediate self-interest and short-sighted planning, creates all the right conditions for low trust and stagnant societies. Something we should avoid at all costs."

Interestingly, global findings from the 2019 Edelman's benchmark Trust Barometer (an annual report of more than 33,000 respondents over 27 markets) found unprecedented consumer expectation for CEOs to step up and speak out on a range of social, economic and environmental issues, filling the void left so often by governments.

According to the 2019 Edelman Trust Barometer, standing up for the right thing is the new mandate for business. The barometer shows that 76 per cent of consumers believe that it's critically important for CEOs to take the lead on change rather than waiting for government to impose it.

Whether this eventuates, we'll just have to wait and see. Watch this space.

For more information, visit:
UniSABusinessSchool.edu.au/magazine

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SAME, SAME, NOT DIFFERENT

HOW PROFESSIONAL SERVICE BRANDS COMPETE FOR CUSTOMERS

We've heard it all before, "services are different". Yes, they are, but the important question is how much do the differences matter for marketing strategy? The answer is not much.

Writer Professor Byron Sharp **Illustrator** Eirian Chapman/The Jacky Winter Group

Byron Sharp is a Professor of Marketing Science and Director of UniSA's Ehrenberg-Bass Institute – the world's largest centre for research into marketing.

Jenni Romaniuk is a Research Professor and Associate Director of the Ehrenberg-Bass Institute for Marketing Science. An international brand expert, she has named in the top one per cent of influential advertising academics in the world.

Without doubt, professional services have their peculiarities. All markets do. From universities to dental practices there is a great deal of personal contact between client and provider — relationships really do matter. Price competition exists, but it isn't as obvious among services as it is among products on supermarket shelves — as management consultants and advertising agencies seldom publish price lists. In fact, many professional services, from legal to medical practices, do very little advertising at all.

Learning about the peculiarities is essential for someone starting in professional services marketing because they can affect tactical implementation. But it's also essential to know how brands compete, how brands grow and decline, so that the right strategic goals are set.

These strategic fundamentals are based on discoveries of marketing science; discoveries that have been emotionally confronting for product marketers, yet interestingly, haven't been anywhere near controversial for professional services marketers.

It seems hard to believe today, but many professions first refused to believe the first scientific discoveries: doctors first denied the need to wash our hands to prevent germs and infection; and engineers were initially sceptical of the need for science — after all they'd built pyramids without it, so where did it add value?

Many professions refused to believe the first scientific discoveries.

It was the same for marketing science. When the empirical discoveries of the Ehrenberg-Bass Institute started attracting global attention there were, unsurprisingly, some marketers who found the evidence hard to believe. Brand consultants felt particularly threatened and wanted to avoid the implication that they'd been giving bad advice. So, there were claims to justify why they should ignore the science: it's different in B2B markets; it's different in France; banking is highly regulated; luxury brands have different rules; consumer behaviour is different in developing markets.

THE IDEA

THE QUESTION

Professional services all have their peculiarities, but how different is marketing strategy for products and services?

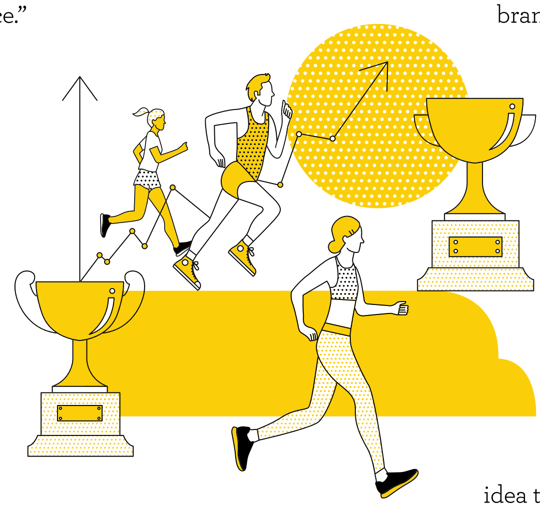
THE ANSWER

Marketing professional services requires knowledge of how brands compete, grow and decline, and this is the same for both products and services. Understanding your service brand's distinctive assets will help amplify the effectiveness of your marketing strategy.

But, when the same law-like patterns appeared across all these conditions, their views began to change – where buyers choose from competing brands, they always vie for custom and loyalty.

The discovery that receives most attention is that brand growth comes largely from winning more customers. For service marketers who deal with intermittent purchases, this seems logical, but for product marketers it was a revelation. To quote from an internal briefing document from a large US household product marketer: "we used to think that growth came from targeting loyal heavy users and getting them to buy more, but now we know the marketing science."

Brand growth largely comes from winning more customers.



Some years ago, a sponsor of the Institute, Kraft USA, checked this discovery against their brands and confirmed that when any of their brands grew it was almost always achieved by increasing the size of the brand's customer base. Yet, when they did an analysis of their brand plans, the vast majority were aiming to increase loyalty rather than win new customers. A lucky find.

Interestingly, this discovery was completely uncontroversial for professional services marketers, who instinctively work to reach more customers. Of course, professional service providers work hard to impress their clients so that they gain even more work from them (otherwise the business goes backwards), but no one expects to grow their professional practice without winning new clients. As such, winning new clients is usually the number one goal for the marketing and sales function of any professional services firm.

A less well known but even more confronting discovery of marketing science is that differentiation is of far less strategic importance than claimed by marketing textbooks. Practically all the greatest brands in the world are not perceived as particularly differentiated by their customers, yet these brands survive, earn trillions in revenue, are profitable, and have billions of loyal customers.

A number of marketing science discoveries reinforce this low differentiation picture: competing brands sell to strikingly similar customer bases (measured via demographics, attitudes, beliefs, media consumption, and so on); competing brands share customers in line with their size (unaffected by brand image differences and even many functional differences); and brands all have similar loyalty levels depending on their size, not their differentiation.

To say this was a shock to consumer product marketers would be an understatement. These are the people who bought books with strong (and scary) titles like 'Differentiate or Die'. Their market research providers tortured data to highlight tiny differences in brand perception data because the idea that brands compete directly, was simply not in line with 'theory'.

Yet again, in the world of professional services this was far less controversial. Each year, thousands of new accountancy and legal graduates enter the workforce. Yes, they vary in their abilities, but they work in practices that offer much the same services as rival practices; they deliver services within the laws and conventions of their country; their clients look for a good, sound, compliant, lawful service (few of us are looking for an accountant who does things in a dramatically different way, indeed the term 'creative accounting' is not a positive one). Even in a creative area, rival advertising agencies or architectural design practices offer a very similar suite of services and deliver them in very similar ways. The firms even have similar sounding names — Bogalty, Taylor & Simpson could be an advertising agency, a patent attorney, a management consultancy, or an interior design partnership.

The challenge for all brands is to get a potential customer to think of you at all.

Of course, there are differences between professional services providers because they employ different individuals, and people vary considerably. There is also geographical differentiation. Plus, many firms choose to specialise in particular types of services. So, while there is some differentiation, it's hardly the sort of brand image differentiation or category-disrupting functional feature differentiation of marketing textbooks.

In terms of marketing strategy, the world of professional services marketing is not unlike consumer product marketing — something many professional services already knew: growth comes from expanding the client base, and that requires winning many new clients; maintaining sales revenue requires winning new clients; and professional service firms compete largely head on within their geographical markets.

If there is one surprise in all this for (some) professional services marketers, it's that 'low involvement' product categories (such as groceries) are competing to build a brand and to become known by as many potential clients as possible. As with consumer brands, it's an ongoing battle for attention.

The lesson for professional service providers then, is that building reputation depends less on convincing potential clients to think well of you, and more about getting potential clients to think of you at all. ⬢

For more information, visit: UniSABusinessSchool.edu.au/magazine

For more information about the Ehrenberg-Bass Institute visit: MarketingScience.info

DISTINCTIVE ASSETS: MAKING SERVICE BRANDS TANGIBLE

Writer Professor Jenni Romaniuk

One of the key challenges for a service brand is making something intangible (like insurance) have tangibility for the customer. Tangibility gives a brand a stronger anchor in the minds of buyers, making it easier to attach messages to build the brand's mental equity. By giving physical qualities to an intangible service, distinctive assets can help people identify and find the brand in all its environments, thereby amplifying the effectiveness of all other marketing activities.

DISTINCTIVE BRANDS ASSETS CAN:

1. **BOOST CREATIVE:** Distinctive assets provide more creative alternatives to directly showing the brand name. For example, the Alexandr Orlov meerkat, best known for his presence in *comparethemarket.com*, provides a focal point for creative over many different campaigns.

2. **EXPAND BRAND FOOTPRINT:** Distinctive assets make the brand footprint larger when used in conjunction with the brand. For example, the 'Ahhh' preceding 'Allianz' heralds what's coming, but can also work on its own. Similarly, Industry SuperFunds' use of the open diamond hand gesture provides ongoing branding moments at critical points of an advertisement.

3. **ENHANCE MEMORABILITY:** Non-word elements such as colour, visual images and sound, provide a multilayered process for entry into consumer memory. This can enhance brand memorability. So, the speech mark symbol for Vodafone can visually signal the brand while you read the text on an outdoor advertisement.

4. **ENABLE EASY IDENTIFICATION:** Distinctive assets can also be used to make brand identification easier outside of the advertising context. For example, when you see yellow diamond with a little black piece in the corner, you know that a CommBank ATM or branch is close by.

HIGH LIGHTS

INDUSTRY PROFESSORSHIPS

WEATHERILL AND PYNE JOIN UNISA TO NURTURE TOMORROW'S BUSINESS LEADERS

Former Federal Minister for Defence Industry, Christopher Pyne, and former Premier of South Australia, Jay Weatherill are joining the UniSA Business School as Industry Professors to deliver business and management education to MBA students and build stronger research networks for the State.

Students will benefit from the pair's combined 43 years' experience of governance, law-making and leadership from their service in Australian state and federal parliaments.

UniSA Pro Vice Chancellor (Business and Law), Professor Marie Wilson says the knowledge and networks they bring to the table are invaluable.

"We are excited to welcome Jay and Christopher, both highly qualified lawyers but also people who have carved impressive careers in politics, honing their leadership skills in what is always a demanding arena," Prof Wilson says.

"They will bring not only intellectual acumen to their professorships but also a career's worth of high-level experience in negotiation, international trade, legislation and community consultation and debate, industry liaison, and a host of adaptive skills that are the hallmark of successful leaders.

"Each has also worked to continue to develop the economic sustainability of South Australia and supported its future industries and innovation."

In addition to their involvement in the UniSA Business School and its MBA programs, Weatherill and Pyne will be providing strategic government relations advice to the Vice Chancellor, Professor David Lloyd.

CUSTOMER SERVICE AWARD

INTERNATIONAL SERVICE EXCELLENCE

UniSA's Business School has been awarded an International Service Excellence Award (ISEA) by the International Council of Customer Service Organizations (ICCSO).

Named winner of the *Customer Service Organisation of the Year – Not-for-Profit* category from a pool of international finalists, the award reaffirms the virtue of the adage 'practice what you preach'.

Pro Vice Chancellor (Business and Law), Professor Marie Wilson says it is recognition that the school conducts business with as much passion as it teaches it.

"We start with good students and great teachers, but we go beyond that with great career services and professional development opportunities, and exceptional advisors and mentors," Prof Wilson says.

"Our wrap around student services are world class – and we have the award to prove it – but more importantly, our students rate it highly and their success is the best reward for all of us."

The CSIA awards are recognised as the premier service awards around the globe. CSIA founder and CEO, Christine Churchill, says the standard of entries was extremely high.

"The 2018 awards race was absolutely outstanding, and the calibre of entries and variety of industries represented were the most to date," Churchill says. "Without a doubt, what we are seeing in the area of service excellence from these organisations is truly world class."

unisabusinessschool.edu.au/connect/acknowledged-excellence

PHOTOS COURTESTY OF UNISA BUSINESS SCHOOL

DRIVING SOCIAL CHANGE

UNISA AND ANGLICARESA JOIN FORCES TO DRIVE SOCIAL CHANGE

UniSA and AnglicareSA have announced a new partnership to help drive change in Australia's social services sector.

The Australian Alliance for Social Enterprise (TAASE) is a research concentration within UniSA's Business School and will work with people and communities to drive evidence-led change in the social service sector, and to work towards better outcomes for people in need of social support.

The new research initiative will be run by Professor Ian Goodwin-Smith, an advocate for social justice with many years of experience in the sector.

UniSA Dean: Research and Innovation, Professor Andrew Beer, says the partnership is timely with widespread changes taking place nationally and globally in the development and delivery of social services.

"Examples of such change include the introduction of Consumer Directed Care (CDC) for older Australians, the National Disability Insurance Scheme (NDIS), changes in the social housing sector, child protection reforms and the delivery of services for people with psychiatric disabilities," Prof Beer says.

"New thinking is required to address old problems. We need to be innovative and look at social enterprise models that work for the sector. Population growth, an ageing demographic and structural changes to our economy demand a new approach."

TAASE will focus on achieving better outcomes for vulnerable Australians in need of social support, according to AnglicareSA CEO Peter Sandeman.

"There has never been a more important time to draw on evidence-based research to improve social policy, practices and outcomes across Australia and internationally," Sandeman says.

"We need to find ground-breaking ways to address social and financial inequality to make our State a more inclusive, stronger economy and a more equitable society."

TAASE Director Professor Ian Goodwin-Smith says: "What we're interested in is the potential for innovation and reform that you find when you step outside of the echo chamber and listen to the aspirations of people and communities. People are enterprising. As researchers, our job is to witness that, to prosecute that message, and to bring learned experience and lived experience together in pursuit of an inclusive future."

unisa.edu.au/taase

YUNUS SOCIAL BUSINESS CENTRE

UNISA TO LEAD RESEARCH AND EDUCATION INTO SOCIAL ENTERPRISE

UniSA will establish a Yunus Social Business Centre affiliated with the global organisation Yunus Social Business.

Named for its co-founder and Nobel Peace Prize winner, Professor Muhammad Yunus (pictured right with Professor Marie Wilson), Yunus Social Business was established in 2011 following the success of Prof Yunus' Grameen bank.

Unlike a charity, social businesses generate profit and aim to be financially self-sustaining. They either create income for the poor or provide them with essential products and services like healthcare, clean water or clean energy to support their creation. One hundred per cent of profits are reinvested in continuing the company's social mission.

UniSA Acting Vice Chancellor Prof Allan Evans says the Yunus Social Business Centre at UniSA will provide a unique opportunity for students to learn how business principles can be applied to support the most marginalised groups move out of poverty.

"This relationship will open opportunities for new research across disciplines, harnessing our strengths in business, education and the social sciences to develop research relevant to poor or marginalised Australian communities and to marginalised people in the Asia-Pacific region," Prof Evans says.

"We are delighted to have made this important connection with Prof Yunus, one of the most innovative minds working to alleviate poverty in the world today, and to the team behind Yunus Social Business."

unisa.edu.au/yunus

UNISA'S ONLINE MBA #1 IN AUSTRALIA

***CEO Magazine* has rated UniSA's MBA as the number one online MBA in Australia and number six globally.**

The success of UniSA's online MBA builds on the University's heritage of excellent online and face-to-face business education and its innovation in reshaping the MBA for online delivery.

UniSA Director of the MBA and Executive Education Peter Stevens says the results reflect the University's commitment to delivering an MBA that is strong and engaging.

"Our MBA is totally flexible, you can study face-to-face, online or in a blended mode, it is all about what fits in with your life and career," Stevens says.

"In the online space we have designed the programs so that they include real time virtual classrooms to maximise learning not only from our academics but also from your student cohort, which is especially valuable for MBA students who have industry leadership experience to bring to the discussions."

online.unisa.edu.au/mba

INDEPENDENT ASSESSMENT

UNISA: #1 RANKING FOR HIGH IMPACT RESEARCH

UniSA's research has been assessed as having equal highest impact in the nation according to the results of the Australian Research Council's first research impact assessment.

Across 19 case studies, 79 per cent of UniSA's research was assessed at the highest impact level, highlighting the University's commitment to undertaking research that makes a difference in the world.

In addition, 63 per cent was assessed as being highly engaged, indicating strong collaboration with industry, business, people and organisations.

Both measures are well above the national average of 43 per cent for impact and 34 per cent for engagement. UniSA was number one in Australia on a combined metric of Impact, Approach to Impact and Engagement.

UniSA Vice Chancellor Professor David Lloyd says the results reinforce UniSA's reputation as Australia's University of Enterprise and its long and strong tradition of working with industry, business, government and other agencies to solve problems, improve operations and to lead innovation.

"If you look at the history of UniSA it is one that has always been deeply engaged with its communities and a cornerstone of our research approach has been to work on partnered-research with a goal in mind," Prof Lloyd says.

"And the impact benefits of that approach are really clear in the projects that the ARC's panels, which included end-users have assessed - examples like the world's first shatterproof plastic car mirror, developed with a local industry partner and now used in the auto industry globally or working with government and agencies to transform child protection policies so we can better protect children in crisis around Australia."

Prof Lloyd says the assessment adds strength to UniSA's ERA performance, where the 2018 results showed performance to be well above world standard in 20 fields of research.

Last year's *Times Higher Education* placed UniSA among Australia's top universities for income derived from industry partnerships and the University improved its overall performance in both the QS world rankings and THE World's Best Universities Under 50 years old.

Prof Lloyd says he is delighted with UniSA's performance but especially proud of UniSA researchers for their passion for the work they do and the relationships they build across industry, government and wider society to deliver research that delivers wide tangible benefits.

unisa.edu.au/unisanews/2019/April/story4/

SPACE GRADUATES

FIRST SPACE INDUSTRY INNOVATORS

Five companies in the State's first space incubator program are well on their way to establishing their space ventures in South Australia after graduating from the UniSA program in May.

The Venture Catalyst Space program is delivered by UniSA's Innovation & Collaboration Centre (ICC) with global partners the South Australian Space Industry Centre and the International Space University, and supported by the State Government's $4m Space Innovation Fund.

The companies: Ping Services, ResearchSat, Wright Technologies, Safety from Space and Tekuma received capability workshops, one-on-one mentoring, workspace and a stipend of $6000, plus an opportunity to pitch for a sponsored overseas tour to network with space industry investors and startups.

The program is delivered with ICC's Entrepreneur in Residence Kirk Drage and his company LeapSheep.

icc.unisa.edu.au

INNOVATIONS THAT INSPIRE

The UniSA Business School's Ehrenberg Bass Institute for Marketing Science has been recognised as a highlight of the AACSB International's *Innovations That Inspire* in 2019.

The 2019 *Innovations That Inspire* challenge invited members of AACSB's Business Education Alliance to identify ways they are inspiring new approaches to thought leadership and increasing its impact through the co-creation of knowledge – a key opportunity of AACSB's Collective Vision for Business Education.

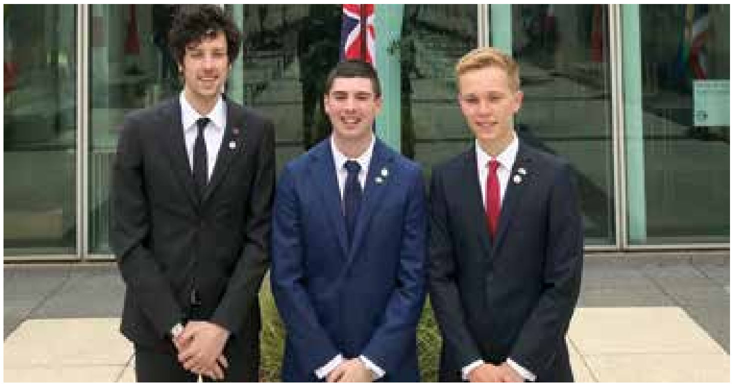
The Ehrenberg Bass Institute for Marketing Science was selected as one of 21 highlights of the 2019 challenge for their 'Partnered Research for Global Brand Impact' innovation.

The Institute's unique corporate sponsorship program provides a multi-million research program that delivers in-market impact through industry-ready, evidence-based services and tools. The collaboration, with more than 60 international companies, was selected from more than 1600 member organisations invited to participate in the challenge.

marketingscience.info

NEW COLOMBO PLAN

TOP TRIO AWARDED PRESTIGIOUS SCHOLARSHIPS



A trio of UniSA's top students – Joel Ransley, Jack Donaldson and Joshua Bernardi (pictured above) – have each been awarded a prestigious New Colombo Plan (NCP) scholarship to travel to the Indo-Pacific to learn about the region's culture, people and business practices.

The highly competitive NCP scholarships are a signature initiative of the Australian Government and are awarded to Australia's best and brightest students who demonstrate adaptability, resilience, leadership in the community, and an understanding of Australia's relationships in the region.

UniSA Bachelor of Business (Management) student, Jack Donaldson (pictured centre) received a Fellow under the NCP program, making him the highest ranked scholar travelling to South Korea. Jack will spend a semester with UniSA's exchange partner Sogang Uni, before seeking an internship within the Korean shipbuilding sector. Upon his return, Jack hopes to direct his passion and skills in complex project management, to the defence or construction industries. ⬢

ENTREPRENEUR IN RESIDENCE

UniSA's Innovation & Collaboration Centre has appointed Terry Gold as its second Entrepreneur in Residence, joining Kirk Drage to support local startups.

An entrepreneur and mentor, Gold was the Managing Director of Techstars Adelaide, the first Techstars Accelerator in Australia and South East Asia. Co-founder of Gold Systems, a software company that created speech recognition applications to improve customer service, Gold has earned several awards for his entrepreneurial prowess. He says starting a company can be a lonely business and hopes to help support early-stage founders.

"I was once a young entrepreneur myself and I know how much it helped to be able to talk to people with the experience of starting and growing a company," Gold says.

"If I can play even a small role in the development of a vibrant start up ecosystem in South Australia, I will be delighted."

⬢ icc.unisa.edu.au/gold

ACCOLADES AND AWARDS

The calibre of our staff is demonstrated in everything that we do. Here, we recognise and acknowledge some of our recent high achievers.

Professor Armando Maria Corsi from the Ehrenberg-Bass Institute for Marketing Science was announced as one of Wine Australia's Future Leaders 2019, a professional and personal development program to prepare the next generation of Australia's wine sector leaders for the challenges of the sector.

Dr Hugh Helferty, former Executive ExxonMobile, has been appointed to the UniSA Business School's Executive Partners Program. From Canada, Helferty is the first international partner and will provide mentoring to high-achieving postgraduate students.

Professor Christine Helliar received a *Life-time Achievement Award* from the British Accounting and Finance Association (BAFA) at the gala dinner at Birmingham University UK for her services to the profession and the learned society of BAFA.

Dr Martin Hirche from the Ehrenberg-Bass Institute for Marketing Science was selected from hundreds of global entries as the recipient for the *Mary Kay Doctoral Dissertation Awards* at the 2019 Academy of Marketing Science Annual Conference in Toronto, Canada.

Jim McDowell former UniSA Chancellor (2016-2018) and previous Chair of the UniSA Business School Advisory Board, was awarded an honorary doctorate for his deep commitment and service to the education sector.

Professor Peter Sanderman, CEO AnglicareSA has been appointed as an Industry Professor with the UniSA Business School. His experience will provide valuable insights for business and management students to help them gain the knowledge and skills they need to be successful.

Dr Sukhbir Sandhu was elected to the leadership track of the *Organizations and Natural Environment (ONE)* division of the Academy of Management. The Academy of Management is one of the biggest professional associations in management with 19,000 members in over 120 countries.

Tom Steer, Business School graduate and Executive Director of UniSA Online, has been named as one of South Australia's leading business entrepreneurs in *InDaily*'s 40 Under 40 Awards, acknowledging his contribution to the future of South Australia network with potential investors and members of the international business community.

Ping Services, a startup with ICC's Venture Catalyst Space program, has secured a $170,000 *Accelerating Commercialisation* grant from the Australian Government grant to help trial, upscale, connect and launch its world-first device on domestic and international markets.

Wright Technologies, a startup based at UniSA's Innovation and Collaboration Centre, was awarded $50,000 to improve the accuracy and reliability of the location data of drones. The award was part of the SA Government's $100,000 Blockchain Innovation Challenge.

CONNECT

The University of South Australia Business School is ranked in the top one per cent worldwide for excellence in business, research and education*. Our thought-leaders create new knowledge and deliver responsive and enterprising outcomes with some of the world's largest organisations and brands, as well as small to medium enterprises and entrepreneurs, to drive economic growth and address issues of local and global importance. UniSABusinessSchool.edu.au/connect

BOOST YOUR CAPABILITIES

Executive Education.
From leadership development to lean management, advanced negotiation skills and unlocking value through the theory of constraints, our practical, evidence-based workshops enable you to immediately apply your learnings to boost your organisational capabilities. Our high impact, market-driven short courses and degree programs can be delivered on-site or online, and will address your specific and strategic learning needs.

unisa.edu.au/executive-education

GROW YOUR BUSINESS

Australian Centre for Business Growth.
Unlock your company's growth potential with our world-class business growth programs. Our Growth Experts have first-hand experience in growing a company, and will share vital knowledge about innovation, strategy and business growth. Our premier programs will provide you with the knowledge, skills and resources to improve performance, accelerate company growth and compete in a global marketplace.

unisa.edu.au/cbg

START ME UP

Innovation & Collaboration Centre.
Take your ideas from concept to growth and expansion by accessing a wide range of expertise in business growth, creative thinking, commercialisation and technology. The Innovation and Collaboration Centre is a strategic partnership between UniSA, the South Australian Government and DXC Technology supporting industry, businesses and students through technology-based innovation, incubation and business growth.

icc.unisa.edu.au

GROW YOUR GLOBAL BRAND

Ehrenberg-Bass Institute for Marketing Science. Our team of marketing scientists is advancing knowledge into how marketing really works by supporting global brands, including Mars, Procter & Gamble, and Google, to develop evidence-based marketing for competitive advantage. Our Corporate Sponsorship Program offers exclusive access to a multi-million dollar research program to enable your key managers and executives to transform your organisation's capability to grow.

marketingscience.info

TAP TOP TALENT

Access to our latest, greatest talents.
Your people are your greatest asset. Win the talent war by hosting a business or law student for a short-term internship (15-45 days) or a 12-month placement scholarship, and gain fresh perspectives and project support. Our Business Career Mentor Program and Executive Partner Program also present opportunities to identify future employees while sharing your expertise and inspiring a student to reach their career potential.

unisa.edu.au/students/business/careers

CHALLENGE YOUR THINKING

Enterprising Research.
Leverage the expertise of our world-class researchers and discover solutions to your organisational or sector challenges. Recognised and respected by our industry partners for research that delivers new insights and practical solutions, we can tailor research for your immediate strategic and operational planning needs, or partner with you to enhance the longer-term capacity to innovate and create value for your organisation.

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*UNISA BUSINESS SCHOOL IS ONE OF JUST NINE INSTITUTIONS IN AUSTRALIA AND 180 GLOBALLY TO BE ACCREDITED BY EQUIS (FROM OVER 16,500 WORLDWIDE), EFMD, FEBRUARY 2019.

The new University of South Australia Cancer Research Institute is an integral part of Adelaide's BioMed City and is situated at UniSA's City West campus. The $247m health and research facility is also home to Australia's leading future focused museum, MOD. and the UniSA Business School's Innovation and Collaboration Centre (ICC).

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PHOTOGRAPHER PETER BARNES