OUR WORLD IN A WHIRL

RADICAL INNOVATION

is the only way to bring the joy of life to billions more on our planet. Professor Richard Williams explores.

DWELLING ON THE SPIRIT OF SMITH: The regeneration of an iconic address

MATERNITY MATTERS: Improving health care in Afghanistan

SELAMAT PAGI: A Malaysian campus welcome

HONG KONG'S VETERAN BANKER: Exclusive interview with Sir David Li

THE BUSINESS JOURNAL OF EDINBURGH BUSINESS SCHOOL, HERIOT-WATT UNIVERSITY
Why Panmure House Perspectives? AN INTRODUCTION FROM PROFESSOR HEATHER MCGREGOR

Welcome to the first edition of Panmure House Perspectives, the new international business journal of Edinburgh Business School, the graduate school of business of Heriot-Watt University.

Panmure House, a residence in Canongate, Edinburgh, was the final home of Adam Smith, where he lived from 1778, undertaking the extensive revisions to his famous work, An Inquiry into the Nature and Causes of the Wealth of Nations. It is also where he died in 1790. We purchased this iconic house in 2008, and have been working to restore it ever since. It will open in the autumn of 2018 and, now that the project is drawing to a conclusion, it is nearly time to launch a journal that bears its name.

By the standards of the time, Adam Smith (1723-1790) was both cosmopolitan and well-travelled. His teaching tour of Europe gave him an international perspective which informed his thinking about enterprise and competitiveness. He also shied away from the ivory tower image of an academic: maintaining an open and constructive dialogue with senior figures from the leading organisations of his day. He was one of the towering academic figures from our own university and beyond.

I am delighted that this launch edition features a major piece by our Principal and Vice-Chancellor, Professor Richard Williams, on the need for radical innovation, and an exclusive interview with Sir David Li, the CEO and chairman of the Bank of China. When Panmure House opens in 2018 you will be able to come and look out of its windows and admire the perspective that Adam Smith himself saw from the same standpoint in his library. We’re sure it will be inspirational for many. In the meantime, I hope that you enjoy reading this launch issue.

Professor Heather McGregor Executive Dean

Panmure House Perspectives is being restored by Edinburgh near Edinburgh’s Royal Mile – reflecting on modern global aspects of our mission remain vivid in our three campuses via the Go Global initiative. The globalisation of higher education means that many other universities also welcome international students, creating a new pathway to higher education for students, establishing a distinctive place as an international place of research and learning.

The excellence of our research has been recognised in a variety of ways and we are particularly proud of the impact that our research has had.

The university sector is changing fast. Pedagogy is moving toward blended forms of collaborative learning, the role of the lecture is being challenged, the nature of our student community is changing and private provision is on the increase. In an increasingly diverse and global higher-education landscape, Heriott-Watt is well positioned to take advantage of the opportunities that our status as a multi-campus, multi-cultural, industry-linked university creates. As we approach our 200th birthday, we are already thinking about the next 200 years.
Scottish entrepreneur and Heriot-Watt University graduate GORDON MOCKE has been spending time in Asia winning customers for his count-by-weight cash machines. He speaks to Kenny Kemp.

Although digital payment and cryptocurrencies, such as bitcoins, make the news, cash is still supreme. In October 2017, the Bank of England’s chief cashier Victoria Cridland stated, ‘Cash is not in decline’ in the UK and while digital payments are increasing so too is the amount of cash being circulated. This is a global phenomenon, helping to drive success for Cashmaster, a company run by Gordon McKie.

‘I have spent the last nine months based in Hong Kong working on the Asian market, where cash is by far the most popular form of payment,’ Gordon McKie tells Panmure House Perspectives.

‘In much of Hong Kong and Shanghai in Asia, they haven’t come across our technology before and when you count cash manually, which is inefficient use of time, it’s a territory where we can make a difference. There is a great deal of potential in Asia.’

‘Cash is growing around the world,’ explains Gordon’s colleague Amanda Treend, Cashmaster’s Director of Marketing and Product Development.

‘Everyone presumes that cash is declining because of the uptake of digital payments, but it is not. The difference our technology can make is quite significant. Depending upon the number of bills and coins we can speed up transactions and cut businesses hundreds of hours a week against time-consuming manual counting.

Chief Executive Gordon McKie explains his strategy. ‘I spent a full year on Hong Kong and neighbouring territories. We are still doing a lot of workload here and raising our profile working with customers in a ready deep way. Our technical team in Scotland are spending around 4% of their time supporting the Asian sales team.

‘The latest Cashmaster One product, designed and made in Scotland, works with smartphone-type touch-screen technology with a high-definition colour screen and a range of currency and language options.

‘When you apply the way you do things with the mobile phone to our technology, it makes things so much easier. It is intuitive and requires minimal training. It is icon-driven and most people now use a tablet of some kind so it has transformed the user experience making it much simpler,’ explains Amanda.

Cashmaster is now working with a number of clients in Hong Kong and Macau, including KFC, who are now in the final stages of completing the integration of their cash-counting devices into their central financial system.

‘This will help KFC manage their cash on a much broader level than just counting it’

Amanda Treed says Cashmaster would welcome applications from researchers or interns from Heriot-Watt University to help with applied business challenges. ‘A major piece of work that we are undertaking is on ‘transmission planning’ and how we help our existing customers move to the new touch-screen products. This has lots of complexity and it’s an interesting supply chain project. We would welcome anyone from Heriot-Watt who might like to work with us on such a project,’ she says.

The machines can be calibrated to weigh all currencies, through accuracy depends on the quality of the currency itself. ‘We are about to weigh Taiwanese currency. We use a very super-precise scale called an Ohm scale to undertake this work. On paper the currency looks fine. But once it’s been weighed, we’ll understand how accurately we can count it by weight.’

Cashmaster’s customer base reads like a blue-chip Who’s Who of high street retailers, supplying their machines to Starbucks Asia, Poundland, Tesco, Sainsbury’s, Asda, and companies in the United States such as Dollar General, which has 14,000 stores, Walgreens, AT&T, Subway and New Balance, the sports company. Even in the United States, it appears that younger customers buy their trainers with cash they have saved up or been given, rather than electronically.

In April 2014, Gordon McKie took over the Scottish firm in a management buy-in supported by Malcom Offord of Badenoch & Co, a boutique investment house based in Edinburgh.

‘This was a Scottish family business with an amazing product but it was something of a hidden gem. We’ve invested in premises, marketing and new products. We’ve taken the business into new markets, such as Hong Kong and Macau, and we are excited by the growth potential that lies ahead,’ says Gordon.

‘Earlier this year, Cashmaster moved from its original Royal offices in Fife to Dalgety Bay, where we have new integrated office and production facility.

CAMPUS MEMORIES
Gordon McKie studied at Heriot-Watt University between 1975 and 1978 and earned a BA in Accounting and Finance. Before training to become a Scottish chartered accountant, gaining full CAS qualifications. The BA (Hons) Accounting and Finance degree is described as a great pathway into becoming a CA – and it certainly helped to make the first year of CA exams much easier than would otherwise have been the case.

‘I was at this time at Heriot-Watt ‘it was studying and socializing, maybe not in that order and playing my regular sports in Edinburgh takes a lot of tiring’

Gordon played football for the university in the competitive East of Scotland league and on the Wednesday afternoon inter-university league.

‘During my time, I met a great bunch of pals at the university and we have remained very close ever since despite the passing of time. Indeed, we even hold an annual golf reunion to keep in touch,’ he said.

Are there any inspirational Heriot-Watt teachers at the university that impact?

That has to be Professor Niall Lothian who taught us so well. At the time, he was one of the senior lecturers and his classes were always lively and informative. He has since gone on to great things with CAS (and the accounting industry). Indeed, after many, many years, I met him recently outside the college. He is a real good-natured young man with a couple of other sports interests including skiing.

Gordon’s career took him into banking, a step. ‘We are very focused on Hong Kong and neighbouring territories. We are still doing a lot of workload here and raising our profile working with customers in a ready deep way. We learn a lot from one another’.
The £3 million restoration of Panmure House, the historic home of Adam Smith in the Canongate of Edinburgh, is being undertaken by a tour with Martin Sinclair of Gardiner & Theobald to see how the work is progressing.

Adam Smith
1723 – 1790

Born in Kirkcaldy, Fife. His event birthday is unknown but the baptism record is 5 June.

Educated by private tutor before attending local Edinburgh school.

Enters University of Glasgow aged 14.

Post-graduate studies at St Andrews University.

Begins delivering lectures at University of Edinburgh under patronage of Lord Kames.

Professorship at University of Glasgow, Professor of Logic and then Chair of Moral Philosophy.

Publication of The Theory of Moral Sentiments.

Two-year tour of Europe, mainly Italy, returns to Scotland. Begins work on The Wealth of Nations in Kirkcaldy.


Moves to Panmure House in Edinburgh and becomes commissioner of Board of Customs on £600 per year salary. His household includes his elderly mother, Margaret Douglas, and his cousin, nine-year-old David Douglas, his designated heir.

His mother, Margaret, dies in her sixteenth year.

Adam Smith dies in Panmure House on 17 July.

TENANCY FROM 1778

Panmure House in the Canongate is being reborn. The 17th-century mansion dates back to 1691 when a house was built by Lieut-Col George Murray and sold to James Maule, the 4th Earl of Panmure in 1696. It stood in a quiet and pleasant courtyard from which, beyond a terraced garden, there stretched the soft green slopes of Calton Hill. Panmure sold the house to the Earl of Dalhousie who lived in it from 1691 when a house was built by Lieut-Col Stewart of [Stewart] whose ashes were that day committed to its soil!

The £3 million restoration of Panmure House, the historic home of Adam Smith in the Canongate of Edinburgh, is on course for completion in the first half of 2018. Kenny Kemp undertakes a tour with MARTIN SINCLAIR of Gardiner & Theobald to see how the work is progressing.

To his Canongate mansion in Edinburgh? 

To see the circular window of Canongate Church, surrounded by its cemetery. It must have been a comforting sight for an increasingly malady-ridden Smith. In this room, we can imagine Smith would have been editing and refining his work, preparing for his own mortality. From his home to the churchyard, Smith made his final journey five days after his death in July 1790.

Today, the repaired stonework, much of the original stone hewn from 17th-century Lathorn quarries and backed by horse and cart to the capital, is bright and golden, encased in lime mortar, with the sand brought from pits near Leslie in Fife. Behind this sensitive regeneration, visitors will find a modern building with steelwork, concrete, digital screens and cabling all enigmatically concealed behind the panelling, architraves and skirtings.

Panmure House today, with its sturdy walls, stepped gable ends and tiled roof timbers, would be instantly recognisable on approach to the distinguished philosophers, academics and other leading lights of the Scottish Enlightenment who would take tea with Smith.

For too long this Canongate building, off the Royal Mile, was neglected and forlorn. It was saved by a Category A-listing that prevented its demolition to make way for more 1950s apartments. An original plan was blocked by Historic Scotland and, after a public inquiry, Scottish Ministers overruled Historic Scotland and confirmed the project could go ahead. The planning application has been about securing consent to make modern changes to the building using appropriate materials. Edinburgh Council then consulted Historic Environment Scotland, the new conservation body, and the final scheme was approved and work began in November 2016.

REFINED LIVING

The original house was T-shaped, but now it is L-shaped, with one of the wings removed allowed for a tour with MARTIN SINCLAIR of Gardiner & Theobald to see how the work is progressing.

If ancient stones could talk, what would they say about Adam Smith and what would we learn about his final years at Panmure House, his Canongate mansion in Edinburgh?

Land Cockburn, writing in Memorials of His Time about the funeral of Smith’s friend, the philosopher Dugald Stewart, 51 years after Smith’s death, said: “[Stewart] was buried in the north-west angle of the Canongate churchyard … I could not resist going to the Calton Hill, north-west angle of the Canongate churchyard … I could not resist going to the Calton Hill, north-west angle of the Canongate churchyard。“

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Dwelling on the spirit of Smith

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There will be study spaces for visiting scholars to gather their thoughts and be inspired by the atmosphere.”

MARTIN SINCLAIR, THE PROJECT MANAGER FOR PANMUR HOUSE.

In addition to Gardiner & Theobald, the wider team involves EK JN architects from Lintlistogle, structural engineers Robertson Eadie, mechanical and electrical services engineers EDP Consulting, quantity surveyors Thomson Bethune and Maxi Construction Ltd, the main contractor.

Brian Waters, the Site Manager for Maxi Construction, explained Sinclair, “Before the present contract, there were two earlier phases of building work, one to improve the foundations, and another to repair the fabric of the building, ensuring that it was wind and water tight, and ready for the final phase of development.

A SPECIAL SPACE

“From the outside, the building actually looked complete, but inside it was far from it and there is a tremendous amount of work now being done to create this special space that reflects the life and times of Adam Smith, but can also function as a centre for thought and discussion inspired by Smith,” explained Sinclair, a Partner with Gardiner & Theobald.

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The walls, lined with opaque glass digital screens behind them, will bring to life Adam Smith’s writing. There will be presentation screens with rolling images explaining Smith’s influence on society and economics. Then the visitor will move upstairs to the two main rooms, the Reading Room, where it is hoped books from Smith’s original library will be displayed, and the flexible yet cozy Lecture Room, on the floor above. The whole building is only around 350sq ft in total, which gives it a very intimate and homely feeling for those who will be touching Smith’s legacy. There will be study spaces for visiting scholars to gather their thoughts and be inspired by the atmosphere.

“The visitor will enter through a new interpretation centre with panels explaining the writing and modern relevance of Smith’s work, and an early copy of the original 1776 work, An Inquiry into the Nature and Causes of the Wealth of Nations, on display.”

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“You can see by the state of the building that it has been altered many, many times over its life and as a result there are almost no features remaining from Adam Smith’s time in the 1760s,” explained Sinclair.

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Poor Adam has been described variously as a prophet of the Industrial Revolution, of capitalism, of innovation of free enterprise, of law and economics, and of private profit. To be frank, some of these labels smack of desperation. Calling him a prophet of free enterprise and of private profit is a bit like giving someone credit for predicting that it is raining now. He was not prophesying free enterprise and private profit, he was actually observing it happening all around him.

HE WAS AN OBSERVER

And that is the key to reading and understanding Adam Smith and his relevance today. To describe him as a prophet is to do him a disservice. He was no prophet. He was instead a great observer, an analyst and a chronicler of behaviour and relationships. His preface to the third edition of Wealth of Nations reads precisely (and perhaps a little pedantically), “The present state of things means always the state of which they were during the year 1783 and the beginning of the present year 1785” (his italics). By then he was living in Panmure House and the Edinburgh he observed was a rich stinking broth of philosophers and paupers, charity and corruption, affluence, and effluence.

INNOVATION IS HIS THEME

All that and more is reflected in Adam Smith. While his Theory of Moral Sentiments devotes its first five chapters to analysing human sympathy (what we today might call empathy), Wealth of Nations playsyang to its yin and focuses more on the pursuit of individual self-interest. A modern reader might grant all that, and still complain that today we tend to see actual wealth of nations as a consequence of new infant industries, invention and innovation, processes of development and diffusion. Where is all that in Wealth of Nations?

In fact, just as venture capital today provides fuel to nurture Silicon Valley start-ups, so Scotland in the 18th century was a hotbed of financial innovation in areas like overdraft facilities and insurance. These issues can seem mundane and commonplace today but they would later help grease the wheels of the modern industrial machine. Innovation runs through Wealth of Nations with narratives outlining such things as the replacement of metal money by banknotes, the developing role of the banks underpinning trade and industry, the first two public banks in Scotland in 1695 and 1727, and the spread and diffusion of retail banking.

Also, Adam Smith’s Scotland was a consequence of the historical turmoil and backwash that followed a disastrous speculative venture (the Darien Scheme) to set up a Scottish colony in the isthmus of Panama in 1695. It had bankrupted many Scottish investors and businesses and was a major factor behind union with England in 1707. Appropriately, the pages of Wealth of Nations are awash with stories (and warnings) about speculation, risk, bank runs, bankruptcy, “foolishness” in trading relationships, the need for better regulation, “under-takings” (i.e. entrepreneurs), and the importance of trust - how to win it, and how to lose it. These are lessons that would have been good to heed before the 2008 financial crash.

Adam Smith’s accounts of innovation, invention, success and failure captured fleeting moments in time. But these same chronicles with their human qualities of vice, genius and frailty (and how to facilitate the good and mitigate the bad) also leave timeless lessons from history.

HE WAS A BEAU

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improvements will give us short-term, resource-hungry fixes, such as battery management, improved solar devices and smarter meters. While these things might be good, they are only capable of small-scale benefit. They make the real challenge.

It is also true, the world faces a trilemma: climate change, pressures on freight and water, and a scarcity of natural resources with insecurity in the supply cost for each nation. Do we limit or ban all the energy-demanding things that make life worth living? Or do we re-engineer the infrastructure, so we can enjoy life? As you might have guessed, I think the latter approach is not only preferable but it is what society should expect from its scientists and engineers.

WHERE DO WE START?

There is a great deal of focus on this global topic with governments and industries. We face a great many issues in securing the future for the world in the next 50 years, towards 10 billion souls. By 2035, oil and coal are still likely to be important for electricity, for cars, transport, travel, computers, sport and entertainment will be diminished. We need to change that. We face a resource-hungry world.

With Heriot-Watt's unique global footprint in the Middle East, Africa and Southeast Asia, we have an opportunity to work together, collaborating with developed and developing nations.

Learning from each other. We can attract the sharpest brains from different places and cultures to think, discuss and debate how to resolve this conundrum.

WE NEED TO SET OUT OUR AMBITION

If we accept the challenge to our world, and we must, then we have to understand that we have a clear ambition to determine that we will focus on radical innovation and large leaps in science. If we don't aim for it, we are unlikely to achieve it. The Climate Change Summits in Paris (COP21) back in 2015 culminated in a “Mission Innovation: Accelerating the Clean Energy Revolution” This was especially welcomed but what has happened? We all need to act differently to make differential change happen. Our current and future students will play a real part in clean energy and carbon capture resolution and we need to think broadly and consider how we actively encourage this and respond.

This is imperative. I also believe Panmure House will play a significant part in these discussions and forums. After all, Adam Smith was an advocate of big-picture thinking with people working creatively. His former home is an intimate and ideal environment where we can pull together small groups of like minds and think of ideas from across the globe to think, discuss, collaborate and look at the wider picture.

One of the wonderful things about universities is that our currency is ideas. Developing leading and making things happen. The innovation world is much abused and we need to focus on its true meaning which is the outcome of bringing together a discovery (or invention) with an application to deliver an innovation, which is measured in tangible benefits to society.

The themes of this article have been adapted from Professor Williams’ inaugural lecture series in Edinburgh, Dubai and Malaysia.
WASHING WITHOUT WATER:

MY CAREER has taken radical innovation in a number of ways. I have looked at different enterprises from research to start-up and finding the finance, as much as the technology itself. Three of these are: washing without water, running motor car engines fuelled by cold air; and finding new forms of energy systems. Specifically, if I address washing without water. By 2021, two-thirds of the world’s population will live in nations facing severe water distress. Food production takes about half of our fresh water; drinking, industrial use and washing take the rest. Within this, the daily laundry uses up enormous amounts of water. In 1851, the first patented washing machine was sold and while it is more efficient today, the machine still uses massive amounts of water.

Can you wash without water? Well yes, of course, it’s called dry cleaning, but people could not believe they could wash clothes effectively without water, because people could not believe they could wash clothes effectively without water. Commercialisation was delayed and instead we began to move into the commercial laundry sector. Time magazine said it was one of the 50 best inventions of 2010. Since then, the take-up of the washing machine with bead development. However, it was hard to raise funds. While consumers liked the idea, the focus groups said they didn’t want to buy one. There was a disconnect because people could not believe they could wash clothes effectively without water. Commercialisation was delayed and instead we began to move into the commercial laundry sector. Time magazine said it was one of the 50 best inventions of 2010. Since then, the take-up of the machines has been gradual but is now gaining pace, bringing massive benefits to the users. The machines are currently being used in a number of hotels across California.

The company is now floated on AIM on the London stock exchange.

What’s your favourite novel?

Are you a tablet fan or do you prefer the feel of a well-produced magazine?

What’s your favourite novel?

What are the key magazines and publications that you can’t afford to miss?

What is the best business book in your view?

Can I just say ‘ditto’ to this question? There are many really good business books out there. I prefer the ones that contain real life lessons inspired by real business women and men. I like The Most Thing About How to Buy Things by Ben Horowitz (2016) which shows business people and entrepreneurs how they can succeed in the face of major challenges and start-off deficit.

What’s your favourite business book?

What were the key magazines and publications that you can’t afford to miss?

The Happy Reader Magazine, Banipal Magazine for Modern Arab Literature and MLSEXY for women who write are among my all-time favourites.

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Professor McGregor: It feels like the perfect time to be interviewing you about the activities of the Bank of East Asia in China. In your interim report for 2017, you describe BEA China as ‘China’s most local foreign bank’. What do you think are the prospects for China over the next decade and beyond?

Sir David Li: I am sure that it is no surprise to you that I am very optimistic about the future prospects for China. The leadership has managed the delicate balancing act of guiding the economy through a period of transition, and the country is on track to meet its goal to double the size of the economy between 2010 and 2020.

We have all read the reports in recent years that China’s economic growth is slowing. That is only natural, given the present size of the economy. And these reports often obscure the fact that economic restructuring is succeeding. The private sector is now the most dynamic component of the economy, and Internet giants such as Alibaba and Tencent, and many smaller companies that may not be household names, are driving change. These companies are innovators, not just in the domestic market, but also globally. As a result, China is a market leader in new economy areas ranging from Artificial Intelligence (AI), to Fintech, to renewable energy. I have no doubt that China will continue to innovate in the years ahead, supporting sustained economic growth.

It is often said that challenges create opportunities, and I have seen time and time again that China treats every challenge as an opportunity.

Professor McGregor: BEA China had, at the last count, 30 branches and 77 sub-branches in 44 cities across the country, one of the most extensive networks of any foreign bank on the mainland. That expansion has happened very quickly.

Sir David Li: we are in a period of rapid economic growth in China, which is reflected in the size and scope of our operations. The Bank of East Asia will be 100 years old in 2019, and the BEA China subsidiary is 10 years old this year. The 19th National Congress in China has just concluded with the news that they will enshrine the “Thought on Socialism with Chinese Characteristics for a New Era” to the party constitution as a guiding ideology. China is front and centre of Sir David’s plans for the future.
Adam Smith not only lauded the benefits of a capitalistic economic system; he also warned of its shortcomings.

The ripper of his argument and his strong moral compass, have sustained interest in his work throughout the intervening years.

Sir David Li: “Yes, we expanded our branch network very quickly after we became a public company in 2001. In 2000, it acquired First Bank, which was fully merged with the Bank of East Asia (BEA) in 2001. Today, the largest independent local bank in Hong Kong, with assets of $77 billion in June 2017. It was founded in Hong Kong in 1918 by Kan Tong-po, Li Tse-fong and Li Koon-chau, the grandfather of the present chairman, Sir David Li. In mainland China, BEA presence dates back to the opening of the Bank’s Shanghai branch in 1920. Today, the bank has extensive networks of any foreign bank on the mainland, with outlets in 45 cities nationwide.

In 1993, BEA acquired United Chinese Bank, which was fully merged with the bank in 2000. In 2005, it acquired First Pacific Bank. Today, it is one of Asia’s most well-regarded financial institutions.”

Sir David Li: “It is in that moment that you see how very important it is that you must anticipate trends and then provide the best response. My grandfather Sir David Li: “I am proof that anything is possible if you are able to share your insights with the applicants and help them make the best choices.”

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Sir David Li: “We see our incubator launch to support and help those who are starting businesses. We are able to share our insights with the applicants and help them make the best choices.”

Sir David Li: “The alleviation of global poverty requires transformational change and a deeper understanding of how to empower and inspire those who on less than $3,000 a year. Herriot-Watt doctorate, DR KEVIN SCHNEIDER, undertook his research in Afghanistan where he examined the work of a life-changing health care initiative. He talks to Kenny Kemp, smiling ten-year-old girl sits on a rug in the shade beneath a tree. She wears a white scarf and has a broad smile on her face, her writing her name. She is one of eight young female clamateurs enjoying lessons in a rural community centre and health. They are bringing vital services, together with English and computer training, and the empowerment of women in many rural areas. Behind the headlines, work is going on to build sustainable communities and bring hope to a region that has known conflict and attrition for far too long.

The community centre, supported by private donors and endorsed by the Afghan Ministry of Public Health, serves around 40 villages and all activities, including agricultural demonstrations, health education and computer classes, are coordinated with the sanitation of a group of tribal village elders called a shura.

Dr Kevin Schneider, now the Director of the Office of Global Service at Oral Roberts University in Tulsa, is also a leading academic researcher into how to help alleviate poverty. It was through Heriot-Watt University and Edinburgh Business School that he gained his DRA in what is one of the most comprehensive pieces of research on the BoP (base of the pyramid) cohort.

AHORROR HEALTH STATISTICS
Dr Schneider wanted to assess how well these rural community centres in Afghanistan were doing and it became the subject of his PhD project, "The Socio-Economic Impact Assessment Framework Through Assessing the Socio-Economic Impact of a Health Care Venture in Afghanistan."" Initially what got my attention was the level of poverty in Afghanistan. There are many organisations working in various sectors throughout the country, and I wanted to play a role in the international effort to rebuild the country,"" he said. ""For instance, if you look at the health statistics for Afghanistan prior to 2001, they were abhorrent. There was a seed in my heart that some day I might be able to help them.""

Through his connections with the United Nations, Dr Schneider, already armed with an MBA, worked for the Ministry of Health of Afghanistan in 2005 on a summer internship. DR KEVIN SCHNEIDER is the Director of the Office of Global Service at Oral Roberts University, Tulsa in Oklahoma, United States.
Three primary benefits emerged from the information on nutrition.

One-in-nine chance of the mother dying in Saidan health clinic near Kabul, Afghanistan.

"It was a lot of work," Dr Schneider said of his research. "There was still a lot of work, mainly with morning Star reporting what he thought we could do."

"I had to pull down to the area of focus and decided it would be the impetus which led to my doctorate, Edinburgh Business School."

Before returning to Afghanistan, Dr Schneider, recognizing the importance of research to the country, used his time to initiate the Heriot-Watt's authorities to look at the risk-management of conducting research in Afghanistan, which was still a dangerous place for Westerners.

"One of the benefits is that Heriot-Watt has a lot of students from the Middle East and the United States, and there was a potential to use the university, although there had not been a US citizen doing this kind of field research in such a dangerous area. I am delighted that they allowed me to do it," he said.

The clinic is seen as a fundamental place in helping women play an important role in their male-dominated tribal society.

"Socially embedding an initiative in a community is important for venture success and requires building on the local environment. Companies can accomplish this by working with local communities, building relationships and leveraging available human capital. For example, by working with local self-help groups that function on the basis of personal relationships, firms can build upon the one to one international market context," recorded Schneider.

"Because the BoP literature provides little information concerning health care in Afghanistan, more detailed knowledge concerning the Afghan health care literature was required," Schneider explained.

"There are approximately four million people living in the BoP demographics that earn less than $1 a day. A WHO study has estimated that the global market potential of the BoP market at the Afghan market to be around $1.4bn.

The BoP market is segmented into five market levels: 1. Subsistence: those who earn less than $1 per day. 2. Basic survival: $1 to $5 per day. 3. Basic need: $5 to $50 per day. 4. Lower income: $50 to $500 per year. 5. Larger income brackets may strive for higher education, better housing and access to credit. In lower income segments face very limited educational opportunities and lack even basic necessities such as clean water and food to clean water.

Companies working in the BoP market are those that work in the BoP demographics that earn less than $1 per day. This is an example of an alliance that comprises a global pharmaceutical supplier of antiretrovirals, has been very successful in targeting the BoP market. The company has provided access to two of its patents to Indian and South African generic drug companies. Instead of $30,000 per year for a 28-tablet antiretroviral regimen, Glaxo sought only a $5 royalty on the selling price of the generic drug, which is a third of the cost.

"The destruction of core institutions and a war-torn economy led to extremes of poverty, illiteracy, gender inequality and a degenerated health care system."

"This was the situation that the international community encountered in Afghanistan during the Taliban was driven from the country in 2001. The collaborative work, which included the World Health Organization, UNICEF, and Afghan Ministry of Public Health resulted in the creation of the Basic Public Health (BPH), which forms the foundation of public health care policy in Afghanistan today."

"The public health care system is 'free'. It is not that people don't have money. There are other countries where people may face a more challenging environment compared to Afghanistan. The poverty is acute but most people have access to agricultural land, and the extended family structure often pitches in to feed the money to pay the fees."

"There are costs associated with travel and interesting cultural dimensions called norms. This term refers to a gift, and in this context it is used to give money to ensure you receive more than the basic health care, although it is not viewed as a bribe. This collective society still works in Afghanistan."

Dr Schneider wanted to be a part of Afghanistan's development. He did not want to wait for the government to take action. "I wanted to see how business could help alleviate poverty. So I was looking at the development and looking for the country. In my vision, the need in health care is really gripping. Traditionally, the health statistics in the region were bad. There still was a lot of need," he said.

"But there was a great deal of international development going on, in rather than charity and aid, which was helping to reconstruct the nation after the rule of the Taliban."

"There was a lot of capacity building for the government, because an internationally internationally educated workforce was trained, while the Taliban were in power," he said.

"It was then that he came across Morning Star Development, a development non-government organisation working in the country. They had a vision for community centres that would strengthen the region and build on the local market community is important for venture success and requires building on the local market.

"The clinic is seen as a fundamental place in helping women play an important role in their male-dominated tribal society.

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The global banking crash in 2008 destroyed the reputation of some major financial institutions – and damaged the credibility of many more. Now a decade on, the impact and the fall-out are still being felt. Millions of customers lost faith in the banks and did not trust them to be looking after their interest.

The right stuff that matters

**Do customers really respond to banks that engage with corporate social responsibility? Dr Aris Lam found that CSR plays an essential part in building consumer trust.**

The first notable discussion of CSR was made by an American economist Howard R. Bowen (1953), who coined and defined the term Corporate Social Responsibility. Bowen (1953) stated that “The first notable discussion of CSR was made by an American economist Howard R. Bowen (1953), who coined and defined the term Corporate Social Responsibility.”

Dr Lam began looking at three multinational banks that were all listed on the stock market and all issuing banks for Hong Kong dollars in the Chinese city. The banks, Hong Kong and Shanghai Banking Corporation (HSBC), Standard Chartered Bank (SCB), and Bank of China (BoC), all have a range personal and business customer. She wanted to investigate the relationship between CSR and the perceived quality and trust and determine whether there was a link between this trust and brand loyalty.

Her fundamental question was “does corporate social responsibility contribute positively to customer attitudinal loyalty of the banks in Hong Kong?”

In many senses, the banking collapse of 2008 exploded some of the positive views about CSR and showed that banks in trouble fairly in the aftermath of what was an unprecedented blow to the system. Dr Lam’s literature survey pointed out that corporate social responsibility has many facets, often related to business practice, philanthropy and charitable work, consumer service, and it was certainly viewed as an important factor in building an organisation’s reputation as a trusted brand and leading service.

**MARATHON NOT A SPRINT**

In many ways, the banking collapse of 2008 exploited some of the positive views about CSR and showed that banks in trouble paid scant attention to their responsibility to customers and showed that banks in trouble fairly in the aftermath of what was an unprecedented blow to the system. Dr Lam’s literature survey pointed out that corporate social responsibility has many facets, often related to business practice, philanthropy and charitable work, consumer service, and it was certainly viewed as an important factor in building an organisation’s reputation as a trusted brand and leading service.

**Empirical studies have also suggested that Asian companies were less focused on CSR activities that relate to internal business practices, such as equal opportunities and fair wage structure, and Hong Kong companies focused more on charity and community service and environmental protection with less emphasis on stakeholder engagement,** she reported.

Her inquiry also made uncomfortable reading for the banks because her work showed that HSBC was either losing focus on its CSR strategies or unable to get the message across clearly to customers. Standard Chartered Bank, with half of the CSR resources of HSBC, showed similar levels of scoring.

**This indicated that SCB has utilised its CSR resources in an effective and efficient manner.** The Hong Kong Marathon, being the strategic philanthropic event that SCB has been organising for the past 20 years, has helped build up SCB’s CSR reputation.  

Since then there has been a host of studies of CSR to ascertain whether it does indeed bring shareholder value and increase profitability, or, more sceptically, whether it is purely ‘green wash’ and marketing spin that hides the sins of big business, and here she cited the recent Volkswagen diesel emissions scandal in 2015. Nonetheless, more companies realise the strategic importance of CSR, among them many Fortune 500 companies. Based on data from 261 companies, including 62 of the largest 100 companies in the Fortune 500, charity contributions in 2015 amounted to more than $21 billion. Dr Lam’s literature survey pointed out that corporate social responsibility has many facets, often related to business practice, philanthropy and charitable work, consumer service, and it was certainly viewed as an important factor in building an organisation’s reputation as a trusted brand and leading service.

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Dr Aris Lam, who chose to undertake her doctoral thesis at Heriot-Watt in Edinburgh, decided to ask the question about whether corporate social responsibility (CSR) has a lasting impact in the banking industry.

With a background in marketing in banking and telecoms, she decided to look specifically at the three major Asian banks based in Hong Kong, the third largest financial centre in the world. She determined to find out if corporate social responsibility and the good work that banks undertake indeed have a bearing on customer attitudes towards these banks.

Her fundamental question was ‘does corporate social responsibility contribute positively to customer attitudinal loyalty of the banks in Hong Kong?’ This was about a customer’s preference for a company and their intention against this backdrop, Dr Aris Lam, who chose to undertake her doctoral thesis at Heriot-Watt in Edinburgh, decided to ask the question about whether corporate social responsibility (CSR) has a lasting impact in the banking industry.

Dr Aris Lam is a Senior Lecturer at Hong Kong Polytechnic University, School of Business. She gained her DBA from Heriot-Watt University in 2016.

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She concluded that corporations are recommended to continue to beef up their CSR efforts because it makes a difference in customers’ purchasing decisions and retention decisions, and will determine whether customers will experience an emotional preference toward the brand.

Dr Lam’s research results showed that CSR has contributed positively to trust and loyalty and hence can improve company performance. The study showed some research gaps by providing greater understanding of the impact of CSR reputation on attitudinal loyalty, answering queries and creating insights for future theoretical model development.

“In the past three decades, empirical research was used to test the influence of CSR on loyalty and profit maximization, with most researchers confirming that CSR is conducive to loyalty and corporate financial performances, perhaps through building customer satisfaction, corporate reputation or competitive advantage,” she stated.

Dr Lam’s empirical study using a new model has taken the discussion to a higher level, providing valuable insights for all organisations seeking to link the needs of their various stakeholders with the requirements of the business.
Small might be beautiful, but it can be transformational too. While the major corporate companies dominate the business headlines and the ticker-tape news channels, it is the world’s smaller, higher-performing businesses that have the potential to change the world.

Dr Tiffany Bussey is an academic deeply involved in creating a supportive ecosystem for untapped talent and entrepreneurship across the United States, performing, US Technology Firms. She recently kicked off a new initiative to support start-ups become successful in the tech space and to engage with the communities immediately surrounding them.

Dr Bussey says the scheme is important to Morehouse because it is an institution that’s building future leaders and innovators for the community for the better. Too of her former students serve as partners to Ascend2020 through their grassroots microfinance organisation called Village Micro Fund. Their mission is to empower entrepreneurs in Atlanta by providing access to capital, business education, and a “village” of support.

Vision, work ethic, and persistence with Village Micro Fund is the catalyst in helping Dr. Bussey serve the start-up community. "We must do a better job of preparing [students] to create jobs, to create companies, to be entrepreneurs. From this standpoint, Morehouse has embraced projects like Ascend2020 to engage not only our students but to engage with the communities immediately outside campus and the wider community across the country to create relationships."

**Better Help for Minority Scale-Ups**

Dr Bussey recently kicked off a new initiative to connect minority entrepreneurs with much-needed resources to launch, grow, and scale their start-ups in Atlanta. Ascend2020 is a national programme spearheaded by Professor Osei, which partners with business schools across the United States to create a support ecosystem for underserved entrepreneurs. The inaugural 2017 cohort comprises 30 start-ups.

**Start-up ‘Village of Support’**

While the pilot programme has been launched in six cities, Morehouse College is leading the effort in Atlanta, a thriving tech hub and considered the tech epicentre in the Southeast of the US.

"We were talking about how wonderful it would be for us to have a kind of laboratory, a university, partner with government agencies and commercial industries to really incubate small businesses. This is about creating the building blocks of our technology businesses, ones composed of women, Latinos, or members of the LGBTQ community. [I]f anyone has committed $400,000 to the project through a great part as it was determined that the small businesses are more catalyst in helping Dr. Bussey serve the start-up community. "We must do a better job of preparing [students] to create jobs, to create companies, to be entrepreneurs. From this standpoint, Morehouse has embraced projects like Ascend2020 to engage not only our students but to engage with the communities immediately outside campus and the wider community across the country to create relationships."

**Better Help for Minority Scale-Ups**

Think small! Leadership in smaller businesses can make a transformational impact on their companies and the global economy, argues Dr TIFFANY BUSSEY. Her doctoral thesis at Heriot-Watt is helping to inform dynamic and diverse start-ups in Atlanta. Report by Kenny Kemp.

Smart leadership in smaller companies can have a transformational impact on their companies and the global economy, argues Dr TIFFANY BUSSEY. Her doctoral thesis at Heriot-Watt is helping to inform dynamic and diverse start-ups in Atlanta. Report by Kenny Kemp.

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Dr Bussey was able to determine what kind of leadership allows these firms to make an impact. Her thesis sought to investigate the complexities of leadership behaviours and the role of the leader in process reconfiguration as a strategic change outcome.

"While working with over 200 small firms to establish process improvement initiatives, I observed that certain firms seem to adopt the process improvement initiative more easily than others. Over time, anecdotal reports from these companies also indicate sustained benefits from the process improvement, such as reduced cost due to process standardization, improved delivery improvement, such as reduced cost due to process reconfiguration. From her observation and study, Dr Bussey has been able to build a dynamic leadership model.

"Process reconfiguration in high-performing small firms is heavily dependent on the leadership behaviours of sensing, committing, communicating, and coordinating. In her findings, the first phase of creating dynamic leadership is about:

- Sensing the opportunity. Here it is learning about what benefits can accrue from undertaking the reconfiguration.
- Committing to undertake the process of change. This is the active part of securing support and involvement of everyone in the business.
- Communicating to all parties the need for change and why they need to accept the challenges.
- Coordinating to ensure everyone remains on track to deliver.

"Transactional leaders perform the dynamic leadership behaviours of sensing, committing, communicating, and coordinating in a sequential manner to achieve a specific objective: certification. These practices influence exploitative organizational learning. These lead to process reconfiguration, which change occurs for a period of time; however, results of reconfiguration dissipate, and process returns to old routines." Smart leaders must continue to reinforce the changes to ensure there is continuous improvement. An interesting finding was that both transactional and transformational leaders performed in a patterned behaviour of sensing, committing, communicating, and coordinating. Process reconfiguration was sustained in only those organisations where a transformational leadership style was implemented frequently.

Professor MUSHTAK AL-ATABI is the CEO and Provost of Heriot-Watt University in Malaysia. The campus is in the modern garden city of Putrajaya, 25km south of Kuala Lumpur, and the home for 1600 students. Panmure House Perspectives invited Prof Al-Atabi to tell us more.

Good afternoon, Professor Al-Atabi, where were you born and brought up?

I was born by the banks of the river Tigris, in Baghdad, Iraq.

What has been your professional career route to becoming head of Heriot-Watt in Malaysia?

I did my first degree and Master's degree in mechanical engineering at the University of Baghdad. I left Iraq to go to Malaysia in 1997 and worked for a small company that made exhaust systems for Proton cars. As I was very interested in a career in academia, I joined Taylor's College (later University) and stayed with it for 17 years. I joined Heriot-Watt University in October 2016.

The campus is in the modern garden city of Putrajaya, 25km south of Kuala Lumpur, and the home for 1600 students. Panmure House Perspectives invited Prof Al-Atabi to tell us more.
Primarily inspired by the huge potential of our students that we can help unlock through education and how a university community can come together to have a greater impact and make the world a better place.

Can you give us a flavour of where you live and work, how many students are under your wing, and what inspires you about being an educator?

I am based in tropical paradise at the most stunning campus of Heriot-Watt University, Putrajaya. Putrajaya is a modern, smart garden city and is beautifully laid out with excellent conditions. We have a vibrant community here of around 1,300 students and 200 staff. I am inspired by the huge potential of our students that we can help unlock through education and how a university community can come together to have a greater impact and make the world a better place.

What books are you reading or would recommend?

I’m fortunate in being able to read and enjoy many books. My current favourite would be Thinking, Fast and Slow by Daniel Kahneman; Emotional Intelligence: Why It Can Matter More Than IQ by Daniel Goleman; Antifragile: Things that Gain from Disorder by Nassim Taleb; and Sapiens: A Brief History of Humankind by Yuval Harari. I’m also the author of three books: Shoot the Boss, Think Like an Engineer and Driving Performance.

What do your students tell you about their experience at Heriot-Watt in Malaysia?

Our graduates and students say it’s transformative. We focus on developing happy, resilient and emotionally intelligent students and this is highly appreciated by students and their families.

Is there anything unusual that has happened during your tenure?

When I started working for Heriot-Watt University, I needed to unlock the meaning of phrases such as “The whole kit and caboodle”. This often kept me wondering until I found out the meaning and had a good laugh.

Do you think Adam Smith and The Wealth of Nations still have a resonance with students in Asia?

Yes. But to me the bigger game is Adam Smith’s first but lesser known work: A Theory of Moral Sentiment, in which Adam Smith outlined the importance of living a happy and fulfilled life. I think through rediscovering this book, happiness can be repackaged and sold as a Scottish product too.

What are your hopes for the future of education and learning?

True education is not when we memorise knowledge. It is when we change our stories, unleash our potential and make a positive difference in the world. I hope that academic institutions will take on the role of developing happy, resilient and emotionally intelligent graduates.

Thank you, Professor, please send our Panmure House greetings to Malaysia.

Delighted to do so and I’m looking forward to its opening and bringing students, researchers and teaching staff from South-East Asia to contribute to the conversations.

"I am inspired by the huge potential of our students that we can help unlock through education and how a university community can come together to have a greater impact and make the world a better place." - PROFESSOR MUGSHOT, AL-THAB.
"The difference between the most dissimilar characters, between a philosopher and a common street porter, for example, seems to arise not so much from nature, as from habit, custom, and education."

_Wealth of Nations_ Chapter 2

*Adam Smith*
Economist, philosopher, and author
1723–1790