



# **Diversity, Leadership & Sustainable Growth**

**INTERVIEW WITH JAN STURESSON**

**Jan Sturesson is a partner at Price Waterhouse Coopers (PwC) as well as a member of the World Economic Forum and the Global Agenda Council. *The World Financial Review* caught up with him to discuss leadership and manage the challenges and benefits of diversity.**

TWFR's interview was set against the backdrop of the great demographic challenge of our time. JS noted that this is a global challenge of course, from Western Europe and US to the Asian countries in Japan, Singapore and China. The common demographic challenge faced by these economies is the imbalance between the elderly population and those of working age. This is what PwC refers to as one of the mega trends of our time. In Europe as well as in China and Singapore there is great disparity between working population to elderly population. While Singapore and China may be better off than the countries in Western Europe, Italy Sweden and Germany, there is no doubt that all these economies, including the Asian economies are now seeing the result of demographic policies that has helped to bring down the populations but now seem to be turning on itself. India, Africa and the Middle East present a different picture, with a large and growing young population. In terms of demographics, these are the regions of the future.

**Changing demographics will obviously create both opportunities and challenges. How do you see countries coping with this trend?**

Although Africa, for example, is a young continent and you can put great hope in the continent, the question of the health, employment and education of its growing youth population will present the continent with real challenges in the future. In terms of opportunities, changing demographics present opportunities for diversity and cross-generational play, which we will not have in the West as they will have in Africa, unless Europe takes steps to address its demographic imbalance. To my understanding the cross generation play adds value to innovation and diversity. Cross-generational play is a key driver in innovation.

**How then can established Western economies tap into this cross-generational play in light of their demographic challenges?**

We have real problems: Italy, Sweden and Germany there, demographics is a nightmare. The alternative is to import young people; this will undoubtedly create diversity in the workforce, both in terms of culture and age.

In addition we need to think of ways to retain the older population of workers who are our real knowledge reserve, we have to think of new patterns of work to get that generation working alongside the younger generation.

**Do you have any specific ideas about new policies and incentives, which would keep people working longer?**

Yes, we need to rethink the whole strategy relating to pension and retirement. I mean, we need new definition of work life, pension and retirement, and entrepreneurship, and we need tax incentives to make things happen for older people who want to and can remain at work. We are living longer and healthier. For example, I would suggest a sabbatical year as a new incentive, as it could be very profitable and new insurance solutions would also have to be considered.

**You've already mentioned that diversity is a huge driver for innovation, and it benefits a company in many other different ways. How would you suggest we encourage more diversity and diverse thinking in the business world?**

Well I think this process takes place on many different levels and if we're not aligned on those levels we don't get a change of momentum. The most important level is the company level. A global international company with the right mindset towards defining diversity can take major steps when it comes to cross pollinating 1) generations, and 2) ethnicity, social classes and religious beliefs.

Leaders need to value people, and understand that all businesses are made up of people. They have to embrace diversity, not standardisation. Very often leaders will have a policy about diversity, but when you really look into the detail it's standardisation. When you have a lot of different mindsets coming together, the potential is great, but a lot of that difference ends up getting standardised through uniform bureaucratic processes.

Other things to work on are disciplinary diversity and, of course, gender diversity. But this all boils down to the question "Do we have a strong leader who gives energy and creates a sense of identity?" If we are to be diverse we need each other, we need each other's strengths. Today when corporate culture is discussed the thinking is very often standardised and the whole point of diversity is missed.

**On PwC's website it says, "There is a vast difference between simply being a diverse organisation and actually making diversity work." Where do you see the outcomes of that difference?**

I would say there is a difference in the relationship, or value creation, with the client. Global companies today often have a standardised, but diverse, team made up of people of different groups, ethnicity, gender and so on. When I was working in the Middle East I would bring six or seven different countrymen and women into the team that could mirror the diversity in the leadership team. That means a lot of trust comes easier, and often better understanding. If trust is in place innovation will take place and more value, holistic added value, will come.

That's why we shuffle around thousands of people every year working in different countries, and that is a must because it's meeting the needs of the client. In a company like PwC, a professional service firm, the more consultants with diverse backgrounds you have, the better. For instance, we're working with healthcare groups right now and we've hired doctors, nurses and physical therapists, up until recently all consultants were accountants or scientists. Diversity in the team is very crucial.

**The website also mentions that as countries come out of recession they tend to follow a recovery habit and compete to recruit from the talent pool, but PwC puts forward "Smart Growth" as an alternative to this path. How is that different, and also how would you recommend that leaders institute that as their new recovery habit?**

I think there is a need for a very holistic understanding of how companies grow. Traditionally we think only of financial growth, but if you think about state and socially owned entities, for example, their aims are not financial but to do with welfare, social and infrastructural issues. And we believe more companies need to focus on these issues as well.



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Social and environmental growth are important focuses, we should not be taking too much from nature and the environment. The financial situation should be considered after these points. At the same time companies must also think about human resource growth, about talent. My point is good growth has a longer perspective and a different scorecard to measure success.

**And what's on that different scorecard? What are the other ways to measure growth?**

Well for example, in Africa, where I used to work, many companies used to only consider financial growth targets. Today they have a social growth target, which takes into account poverty and relationship issues. They have an intellectual scorecard that means they focus on training and education, and they have an infrastructural scorecard that takes into account how they can better enable transportation and communication. And if those things are coming into play then finances will grow, but if you only focus on finance the other things stop happening. So it's a multiple scorecard, with finance as a consideration but with other factors being measured, ensuring the company doesn't boil down to mindless capitalism.

**Would you apply these principles to other emerging economies as well as more established Western ones?**

Well emerging economies have the bigger potential in leapfrogging, and understanding the good growth paradigm, because mature economies are stuck in their own way of



thinking. It points to one thing and that's intellectual capital. Intellectual capital takes into account individuals, knowledge capital and structural capital.

I see intellectual capital programmes and incentives for education as the driver to create better growth, not just growth. Having said that, it also gives a new definition of entrepreneurship, we often think about business entrepreneurship but there are also social and political entrepreneurs that contribute to larger growth. So the thing to remember is that both entrepreneurship and growth are about much more than finance.

**PwC performed very well last year and was itself a big participator in the economic shift we've seen from the developed to developing countries. How has that success affected the company? And are you planning on continuing that relationship this year?**

Absolutely. We aim to be the number one professional service firm in the emerging economies. To do that we need to be a much clearer, purpose-driven firm, which has a broader meaning to our staff and

clients. We say, "The purpose we have is to solve complex societal issues and create trust." Without that societal core a company could not produce the right results, but when these purposes are clear a different contribution to emerging economies is made.

Purpose-driven leadership is the key to staying in business in the emerging economies, and the key to growth and development. Again it boils down to a meaning beyond profit and loss. At PwC we work for the good of this society to solve the issues and problems.

**Do you see yourselves as pioneering that attitude in emerging economies, or are there a lot of companies sharing that purpose-driven approach?**

I think we see it in many countries, even in mature countries; the UK is a great example. I also see how the mature territories in PwC are heavily investing, connecting with, and ultimately having a lot of exchange with emerging economies. Emerging economies are starting from a lower point, so to speak, which means that there are bigger issues to be solved with new types of thinking and greater innovation when it comes to societal issues. The purpose-driven leadership approach is easier to execute. It is also a big draw for new talent. Even in the West you cannot draw talent without a strong purpose.

**The economic environment will predictably affect how much companies are able to focus on purpose. Do you think we'll face any big economic challenges that will endanger that approach?**

Well when the discussion about sustainability, for example, was started it was not easy but now we take it for granted as an issue that needs to be worked on. It's not a differentiator any more. Right now purpose-driven mission statements are starting to develop, but I think we also need to

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build on the metrics of how to create growth, and how to create support and develop societies in the emerging markets. The purpose is what you're paid to execute.

Again it comes down to leadership, we need leaders who are able to create certainty, meaning and context during times of strong uncertainty. Bad leaders stunt energy and good leaders create energy. Good leaders can also create a sense of meaning and belonging and they are able to touch and move people because of a strong purpose.

**Do you think this year will be an uncertain year?**

I think so, I think it will be a very turbulent year; I think the attacks in Paris [on the offices of Charlie Hebdo] were just the beginning to be honest. There is a whole lot on the global agenda. Terrorism, the geopolitics in Russia and Ukraine, and China buying soil, land and water in Africa are just a few of the issues I think we will be dealing with this year. There are a lot of uncertainties facing us, and times of change for both the West and the East. The whole economy is getting more and more political. 

*This interview has been edited for clarity.*

**Jan Sturesson** is a partner at PwC and global leader for the government & public services industry. In this capacity he is responsible for the public sector across PwC's network of territories. Learn more about the work he does at <http://www.pwc.co.uk/people/jan-sturesson>.