

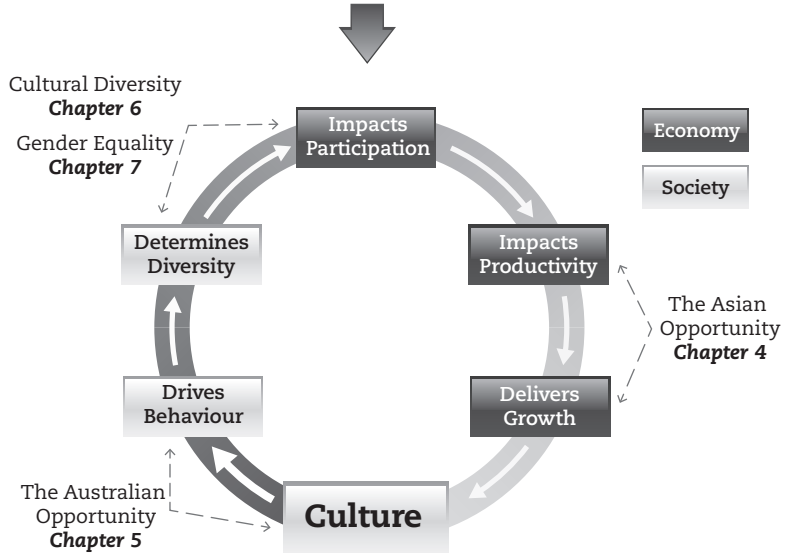
PART 1

WHAT
The power of diversity

Taking the Mantle
Chapter 1
Listening
Chapter 2
Discovering Diversity
Chapter 3

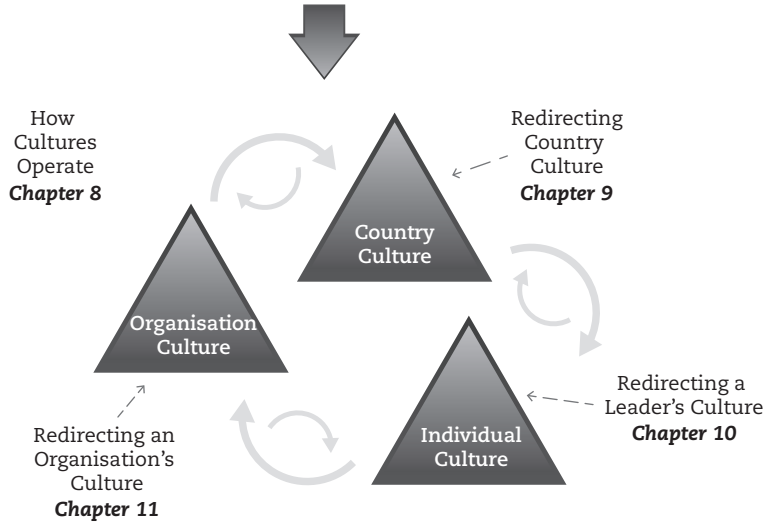
PART 2

WHY
The issues impacting growth



PART 3

HOW
Changing cultures



PART 4

WHO
Leaders and society

Stepping Up
Chapter 12

Part Two

The Issues Impacting Growth

Four main themes were investigated in the research interviews and these four chapters are full of the insights and wisdom provided by 100 male and female leaders from across Australia, Asia and further afield.

Chapter 4 looks at the opportunity the rapid growth of the Asia region presents to Australia. Chapter 5 explores the Australian culture and looks at the elements of the culture that the 100 leaders think will help or hinder our social development and economic progress. Chapters 6 and 7 present opinions on the current levels of cultural diversity and gender equality in Australia, they explore the costs of limited diversity and the benefits of improving it, and they include a number of personal stories from Australians who have lived through adversity.

The Asian Opportunity

'Do the difficult things while they are easy and do the great things while they are small. A journey of a thousand miles must begin with a single step.'

Lao Tzu, also known as Laozi, 6th century BC. The founder of Taoism.

With the rapid growth of the emerging markets in Asia, especially China and India, it seems the current view that the 21st century will be dominated by this region of the world is an accurate one.

Since I first lived in Asia I have always been aware of the cultural richness and economic opportunity that is available to us in Australia. My narrow-minded childhood assumptions about Asian people are long gone and have been replaced with awe and respect for the many great people and nations of the Asia region that I have come to know.

For me, Singapore was the most stimulating period of my career: the pace is fast, the work is challenging, the physical environment is constantly changing, the local people are clever, the transient international populations are stimulating, the cultures and languages are diverse and the lifestyle of this major city is truly international.

People living in Australia and New Zealand are fortunate to be located so close to Asia and to have built up positive trade relations with its nations. Being a back-door neighbour has its advantages.

Look at the growth in Chinese investment: Australia has been the biggest single destination for China's foreign investment worldwide since 2006. Despite this, their investment in Australia equals only 2.5 per cent of what they spend around the world in any single year, which is about US\$38 billion. That means the Chinese invest around US\$95 million in Australia annually.

Until now Chinese enterprises have focused on growing their overseas investments to secure raw materials and energy. Imagine if Australia's businesses in infrastructure, agriculture, financial or other services were to grab their attention too. What if Australia could encourage them to double the annual investment from 2.5 per cent to 5 per cent? That's not such a huge leap

given that China's investment into Australia has been increasing by 90 per cent year-on-year for the past five years.

According to the Foreign Investment Review Board's 2011 Report, China is Australia's 3rd largest investor (almost equal 2nd) as their US\$95 million invested here equates to 8.5 per cent of all foreign investments. The US investments rank 1st (16 per cent), the UK is 2nd (8.7 per cent), Canada is 4th (8.4 per cent) and India is 5th (6.3 per cent).

While China's and India's growth rates are expected to slow a little, it will not impact their inevitable overtaking of the UK and Canada.

In addition to the investment dollars coming our way, China, India and other emerging Asian nations are relying on knowledge and technology from developed countries to help them provide much-needed products and services to their people, opening doors to Australia's exporters.

For all these good reasons it is a 'no-brainer' that Australian businesses need a clear Asia strategy, or at least a China strategy, to direct their growth.

The Economist highlights that the real GDP in China in the first decade of the 21st century averaged 10.5 per cent, while America averaged 1.6 per cent. Their best guess for the second decade is that annual GDP growth will average 7.75 per cent in China and 2.5 per cent in America. Based on this calculation China's GDP is expected to pass America's by 2018. However, *The Economist* points out that China has already overtaken America on well over half of 21 different indicators, including manufacturing output, exports and fixed investment.

A further study published in McKinsey & Company's, March 2011 *Quarterly Magazine* titled 'Urban economic clout moves East' listed the top-ranking cities in the world. It says that in 2007 only 8 Asian cities made the list but by 2025 there will be more than 20 Asian cities in the top 50 cities of the world. By that time more than half of Europe's top 50 cities, 3 American cities and one Australian city will drop off the list. It adds that 'Shanghai and Beijing will outrank Los Angeles, and Mumbai and Doha will surpass Munich and Denver'.

The 16 cities that will drop off the list by 2025 are:

- Athens, Barcelona, Denver, Detroit, Hamburg, Lille, Melbourne, Minneapolis-St Paul, Munich, Nagoya, Oslo, Rhein-Main, Rio de Janeiro, Stuttgart, Taipei, Vienna.

The 16 cities that will join the list by 2025 are all in Asia:

- Bangkok, Beijing, Chengdu, Chongqing, Delhi, Doha, Foshan, Guangzhou, Hangzhou, Mumbai, Nanjing, Shenyang, Shenzhen, Tianjin, Wuhan, Xi'an.

In *The Wealth Report 2012* published by Citi Private Bank and Knight Frank it was noted that Asia is now home to more high-net-worth individuals with \$100 million or more in disposable assets than North America. There were 18,000 cent-millionaires in Southeast Asia, China and Japan compared to 17,000 in North America in 2011. By 2016 the numbers are expected to grow to 26,000 and 21,000 respectively.

The latest figures on the expected growth in healthcare in China alone provide opportunity for Australia's healthcare providers, pharmaceutical and biotech companies as well as the professional services supporting this industry such as accountants, lawyers, financial planners and insurers. Total expenditure on healthcare was \$156 billion in 2006, \$357 billion in 2011 and the projection for 2020 is \$1 trillion. With an average of 10 million people moving into Chinese cities annually that makes customers easy to find.

The facts and projections leave no doubt that Asia – Australia's closest neighbour – is the fastest-growing region of the world and will remain that way for several decades to come.

Asking 100 leaders about Asia

With the Asian opportunity in mind, interviews with the 100 leaders commenced with a discussion about their interest in the high-growth emerging markets of Asia and what opportunities they saw for mature markets like Australia. I wanted to gauge the level of interest and relative readiness of Australian businesses to take advantage of the changes occurring in the region around us.

Here are some of the questions I asked:

- Opportunities for business in Asia
 - To what extent do people in Australia recognise the growth in Asia and how interested are they in being part of it?
 - How well positioned is Australia as a nation, relative to its major global trading partners, to gain market share in Asia?
- Getting to know Asia
 - How important are Asian markets to our continued growth and survival as a prosperous nation?
 - Can we maintain our relative position in the world without expanding our trade with Asia?
- Australians abroad in Asia
 - What perception do people who live and work in Asian countries, hold of the Australian business people they deal with?

- How skilled are Australian managers in working across cultures relative to people from other countries?
- How culturally savvy are leaders and managers in Australian businesses?
- Asian languages and culture
 - How culturally and linguistically prepared are the people of Australia to build successful trade relations with Asian investors in Australia and how prepared are they to operate effectively offshore, doing business across Asia?
 - What does the cultural gap between Australia and Asian nations look like and what could be done to close it?
- Shaping up for success
 - How well are local businesses prepared to competitively deliver products and services to Asian countries and what advice would they give to first-timers from Australia to help them be a success in Asia?
- Australia, a world view
 - Could greater cultural diversity within the Australian workforce – especially having Asian cultures represented in senior management and on our Australian boards – strengthen international relations and performance?
- Asian people in Australia
 - How well do we embrace Asian people who come to live, work or study in Australia and are we making the most of the opportunity?

The views of the people interviewed on these topics are presented below as verbatim quotes. No interpretation. I have found over the years that the message is best conveyed in its raw form. Let's see what our 100 leaders think about our readiness to take advantage of the growth opportunities.

Opportunities for business in Asia

Learning about China

You have to understand how China works and recognise the differences in authority. You need to understand the role of the party and of the state. You have to know how to pitch yourself to Chinese businessmen, how to negotiate, the importance of outcomes, and what you have when you have a written



contract and when you don't. The issue of 'face' needs to be understood to build relationships. Having a narrow commercial relationship is not enough, you have to have other relationships around that. China is a difficult place to operate in, as there is less rule of law than Western nations are used to.

Dr Geoff Raby, Chief Executive Officer, Geoff Raby & Associates (and former Australian Ambassador to China), Beijing, China

China is fascinating. It is one of the most competitive and difficult markets in the world, but you just have to be in it. First you need to work out why you want to be in that market. Then you need to decide whether your product or service is capable of making the transition, e.g. Chinese people don't like cheese or milk products. You need to be clear about whether you are prepared to fully engage with those markets and get involved with the people – you can't do it halfway and just be 'Australian in China.'

Robert Milliner, Former Chief Executive Partner, Mallesons Stephen Jaques (now King & Wood Mallesons), Sydney, Australia

Many Australian business leaders in China met with members of the Henry Commission regarding the 'Australia in the Asian Century' report. They pushed the need for Asian language training in schools in Australia. Teaching French, Greek, Latin and German is passé.

Joanne Wood, Chairman, Capital Eight, Shanghai, China

Few Australian brands are making a lasting difference in China. It is a tough market and Australian companies that come here are not taking market share or making a sustainable difference. They are not thinking 'How can we make a real difference to this market?' and seem to have little vision of the opportunity. Things branded Australian are regarded as being inferior to the UK or the US.

The Chinese are going about globalisation in a very deliberate way. In each Ministry there are people who have been educated at Harvard and Oxford universities and they know what they are doing. But I don't think the Chinese are any more threatening than the Americans.

Richard Mazzochi, Partner, King & Wood Mallesons, Hong Kong, China

We need to do more to address the Chinese tourist market correctly. At a recent address by a leader from China Tourism he said: "We don't swim and we don't sit on beaches. We are interested in authentic Australian experiences and you don't tell us where they are. You feed us terrible food and your five-star hotels are like our three-star hotels. If you want millions of Chinese tourists to come to Australia you need to sort this out."

Ann Sherry AO, Chief Executive Officer, Carnival Australia, Sydney, Australia

There are only 3000 Australian Nationals in Beijing and 2000 of them have Chinese heritage. That's only 1000 Caucasian Australians in a city with a population the size of Australia. The number of foreigners in China is very small so visitors need to explain who they are and what their beliefs and values are.

The nature of Australia–China business has changed a lot recently. We are now seeing the next wave of investment coming from the service industries which include finance houses, banks, funds management companies, legal, architecture and engineering firms and environmental consultancies.

David Olsson, Partner, King & Wood Mallesons, Beijing, China

Getting to know Asia

Our government maintains stronger relationships with America than it does with Asia and until now it has been slow to recognise the importance of Asia, as has the education system. The 'Australia in the Asian Century' report, which was done with good intent, aims to provide a strategic view on fundamental things like defence, immigration, culture and population. I think Australia is about to embark on a big change agenda to get closer to Asia and we need to get ready to follow.

Mike Smith OBE, Chief Executive Officer, Australian and New Zealand Banking Group, Melbourne, Australia

There has been no clear government policy about Australia's engagement with Asia or what the foreign investment guidelines should be, so we might be sending the wrong messages to Asian investors. We haven't had bipartisan agreement and there has been inconsistency about what we want our position to be. We need a budgetary commitment to Asia and private enterprise could do more to push government to raise Australia's profile in the region.

We need a broader vision for Australia with regard to its role in Asia. We should be discussing what we need to do to adjust and respond to the growth needs of its nations. Everyone is trying to do it, but they don't know how. It is like the gender equality and diversity challenge; it's clear in principle but execution and change is very difficult.

Robert Milliner, Former Chief Executive Partner, Mallesons Stephen Jaques (now King & Wood Mallesons), Sydney, Australia

When you look at the world it is the more established economies that are struggling. The Asian countries started from a slightly lower position of prosperity so they have a bigger and longer runway for growth. Australia is an interesting player in Asia and is accepted by most countries. It is closely aligned in terms of time zones and weather patterns and as a developed economy knocking at the door of these untapped emerging economies there is major growth potential for everyone.

David Gonski AC, Chairman, Future Fund of Australia, Sydney, Australia

Many Australians are going to have to deal with Asia in the future. And ‘dealing with Asia’ does not mean making an international phone call. Building skills and capacity and thinking about yourself in a regional context is very relevant if you are an Australian business. Australian business leaders thinking about their five-year plan would be cutting themselves out of a big opportunity if they didn’t consider being a regional player. You don’t have to go to Asia to be dealing with Asians; you only have to go outside your front door.

Sid Myer AM, Chairman, Myer Family Company, Melbourne, Australia

Australia has no choice about whether it gets closer to Asia. The only question is ‘How?’ Politicians need to provide leadership and decision-making that translates to Asian strategy with a medium-term view. Australian businesses need to consider that there are 1.34 billion people living in China and just doing a big acquisition up here is not the best strategy. There are no ‘quick fixes’ to entering this market.

Hayden Flinn, Partner, King & Wood Mallesons, Hong Kong, China

There is a disconnect between what we say and what we do. We say we are part of Asia and want the best talent, but our behaviour says the opposite. It’s the same with women and meritocracy, we say ‘yes’ but our behaviour says the opposite.

Ann Sherry AO, Chief Executive Officer, Carnival Australia, Sydney, Australia

Many people have lost money in Asia and Australian boards have little idea about how to do business up here. I speak out of interest in trying to make change and what you are writing about in this book is really important to Australia.

Richard Mazzochi, Partner, King & Wood Mallesons, Hong Kong, China

Australia’s competitiveness as an economy relies on embracing true diversity. We might be a long way away from parts of Asia but in contrast to the USA and Europeans, Australians are comfortable working in Asia because we travel there a lot for holidays.

Uschi Schreiber, Managing Partner - Global Government & Public Sector Industry Centre, Ernst & Young Global, Hong Kong, Australia

Australia is a net exporter of talent to Asia. It is a one-way street: we don’t look at who we could bring to Australia from Asia, so we could learn from them too. It’s about working in multicultural teams. It’s about collaborative relationships. Australian companies tend to send people up there with little thought. We should be sending those who would gain most from the development opportunity or international exposure. I think we can do better at this.

Neil Cockroft, Head of Diversity and Culture, King & Wood Mallesons, Sydney, Australia

We need to increase the number of executives and people from different cultural backgrounds, especially Asians, into management positions of Australian companies. We also need to get more Australian managers into senior positions in our Asian offices, but then bring them back before they retire to share their experience and learning with others in Australia. They have great value to offer that is often lost when they come back.

Dharma Chandran, Chief Human Resources Officer, Leighton Holdings, Sydney, Australia

You have got to go there and spend time on the ground. You need to go to Asia and build relationships. The University of NSW started with the Colombo Plan back in 1952, which offered students from Southeast Asia the opportunity to finish their degrees in Australia. There is now no country in Asia where we don't have alumni. We have tens of alumni in every main Asian city.

Professor Fred Hilmer AO, President & Vice Chancellor, University of NSW, Sydney, Australia

Australians abroad in Asia

Running an emerging markets business requires different management skills. It is your ability to acquire 'diversity of management skills' that determines whether you are successful or not. There are more and more Australian and New Zealand managers with overseas experience and who are interested in the Asian experience: you can lead a horse to water but you can't make it drink. If you don't have the interest in learning you will never be successful in Asia. When there is no interest, people fail to integrate into the Asian community.

Mike Smith OBE, Chief Executive Officer, Australian and New Zealand Banking Group, Melbourne, Australia

A lot of companies send people overseas, but when they get back there is no space for them to return to. It is only the companies that are truly global and value the experience of other cultures that encourage you to come back and let you in. Australian-based companies don't value it like global companies do.

Ann Sherry AO, Chief Executive Officer, Carnival Australia, Sydney, Australia

As an Australian you 'have to' have Asian experience. It is not a 'nice to have', it is a 'must have'. Having a holiday in Asia is not enough. Tolerance and flexibility is difficult to obtain when you are born and bred in one place.

Stephen Roberts, Chief Country Officer, Citi, Sydney, Australia

I marvelled at many things when I lived in Malaysia in the early 1990s. The first was that there was great warmth towards Australia and Australians. The second was the country's ability to get stuff done. They had remarkable ability to build infrastructure, make decisions and to implement and manage change. It was extraordinary. It was more restrictive in Australia so one couldn't help be in awe of the way in which change occurred in Asia. Today our offshore business is almost entirely in Asia.

Sid Myer AM, Chairman, Myer Family Company, Melbourne, Australia

Australians who come up to Asia can be a little arrogant: some almost lecture Asian people on how things are done in Australia. Australian managers need to send people who are successful in Australia so that they can be successful here. Don't send people with no experience of Asia, who are bold and forceful or who are looking for a cushy expat lifestyle. It's hard work and they need to be prepared for that. We tend to bring people up here who have studied Asian languages or have spent time in Asia.

Hayden Flinn, Partner, King & Wood Mallesons, Hong Kong, China

I often see board members and senior executives from Australian companies coming up to China who lack international exposure. It is difficult for them because they lack an understanding of the international business environment.

David Olsson, Partner, King & Wood Mallesons, Beijing, China

I love working in Asia, it is fantastic. I've been given the opportunity to come to a different culture, learn the language and eat their food. There are many benefits. First, the type of project that you get exposed to in Asia and the Middle East occurs once in a lifetime in Australia. In Asia they occur daily. Secondly, the opportunity for career development and promotion here is much more readily available because the projects are bigger and there are less people here with experience. Thirdly, it's a great opportunity to explore the world, meet people, have a professional job and have fun while being paid for it.

Richard Padfield, Electrical Engineer, Arup Group, Ho Chi Minh, Vietnam

If you are trying to build a business up here, you have to think beyond being Australian because you are competing internationally. If you are positioned as an Australian company, then you will be regarded as being inferior. Local people want to hear from the world's major leaders like the UK and USA firms; because we compete against them, we need to look and sound more like them. Australia needs to work on its brand and position itself better amongst the world leaders. We are trying to make that change and it's exciting. We are succeeding, but it takes a long time.

Richard Mazzochi, Partner, King & Wood Mallesons, Hong Kong, China

Australian companies need to prepare employees they are sending up here: they need to learn more about the history of the country they are coming to work in – its current issues, culture and language and try to adapt to the in-country culture before they get here. Few Australian managers have led a bi-cultural team or operated in a different culture. This can be challenging for them.

Sometimes we see Western managers working here hiring people in their own image: they just want blokes who will enjoy drinking with them after work and they tend not to hire women. One third of the people who come to Hong Kong or China from overseas don't make it as people work longer and harder here.

Andrew Macintosh, Chief Executive Officer, Hanhong Private Equity, Hong Kong, China

There can be a bias against people who lack tenure in Australia. If you've been offshore for too long you are likely to find that local managers are looking for people with local knowledge. Hiring managers are generally risk averse so they will seek out people with local experience. People who have just returned from a long period overseas often have to take a lesser job for a while to prove themselves. It is driven by conservatism and the desire to minimise the risk.

Greg Stanmore, Managing Director, Spencer Stuart, Sydney, Australia

Asian languages and culture

Speaking the language

There has been inconsistency over 25 years by both governments regarding our commitment to developing school students to engage confidently with people and languages of the Asia region. There is increasing demand by corporate Australia for cultural and language training. Managers feel their workforces are not prepared for working in the Asia region. There is a very long way to go for corporate Australia to equip itself.

Sid Myer AM, Chairman, Myer Family Company, Melbourne, Australia

Why do we still teach French and German in schools? We are still focused on London and New York. We are better off with Asian languages or Spanish. No one in the school system is looking to close the gap and if you go to schools and ask children what they know about Asian language or history they look at you blankly.

Robert Milliner, Former Chief Executive Partner, Mallesons Stephen Jaques (now King & Wood Mallesons), Sydney, Australia

Every Chinese person learns English and if Australians are really serious about engagement with China, we must take on board the need to study Chinese.

David Olsson, Partner, King & Wood Mallesons, Beijing, China

The requirement for other languages as a criterion for selecting candidates hardly ever comes up. In fact it never comes up for Australian-based jobs. Even for the expat jobs we do, we are rarely asked to find people with language experience. Australia's physical isolation means we have had no need for any other languages.

Greg Stanmore, Managing Director, Spencer Stuart, Sydney, Australia

The two most important languages for commerce and culture for Australia's growth are the languages of China (1.3 billion people) and Indonesia (240 million people – living right next door). The Indonesian language has the smallest number of words in it so it is very easy to learn. Chinese languages are harder so we need to start learning them much earlier.

Phil Ruthven, Chairman, IBIS World, Melbourne, Australia

Getting to know Asian culture

Now that Malaysia is starting to develop, the value of the expat is less than before. Malaysian education is better, our economy is stronger and the internet provides remote access to knowledge which expats used to bring. Some expats that come here are open to the different cultures and we are more open to learning from these people.

Others come only because their companies say they can advance their careers and they really don't demonstrate that they want to be here: they come for the wrong reason. Those who don't bother to understand our culture or join in our festivals do not have a good experience. The value that this person brings will diminish.

Our advice to Australian companies would be to do a cultural assessment to check a person's interest in being culturally assimilated. Technical skills are no longer a differentiator; you need to 'fit in' culturally to have value to us.

Australians may accept minorities well, but they are not good at being a minority themselves. It could be that they need to study outside their own country to develop cross-cultural awareness, understanding and skills. One-third of my team of 40 employees has studied in an Australian university so they don't respond well to being told by expats that the world revolves around all things Australian.

Christopher Lim, Senior Manager, Ernst & Young Global, Kuala Lumpur, Malaysia

My generation is still culturally engaged with Europe. In the 1980s Australians would always go to Europe. It has only been the last four to five years that Australian executives have become frequent travellers to China. Most of us don't know the political system, we couldn't name more than three provinces or tell you much about their history, art or music. Australians are culturally illiterate [regarding much of Asia] and we need to start changing that.

Kevin McCann, Chairman, Macquarie Group, Sydney, Australia

We only hire people who are culturally savvy. They either have a Chinese background or they have language skills. The market is changing very fast away from bringing in loud expats to bringing people with proven ability to operate in this environment and culture.

Richard Mazzochi, Partner, King & Wood Mallesons, Hong Kong, China

The British and Europeans have experience [through colonialism] in running multiple economies and Asian's prefer to work with people from these countries over Australia and America who have no experience in managing a colony. Australian and American executives are thought to impose their views on others. If we are to succeed in Asia we need to improve our approach to working there.

Dharma Chandran, Chief Human Resources Officer, Leighton Holdings, Sydney, Australia

Cultural differences come out as being big issues with Australians doing business in China. It is mainly to do with the fact that boards and management who come here don't understand China. They need to spend more time here and it may take another generation of people exposed to China to work their way through the ranks.

Australians have more trouble integrating than continental Europeans. Germans and French are more culturally sensitive because of their experience in cross-cultural situations. Germans are very structured like Chinese so there is a natural fit. The Italians are loved here and the Russians are also well received. When it comes to Australians, we are a long way behind the Europeans in terms of cultural appreciation. People from the USA and UK don't do better than Australians at this.

Joanne Wood, Chairman, Capital Eight, Shanghai, China

Shaping up for success

China is developing so quickly. The work is steel-intensive and Australia is benefiting enormously from iron ore and coal sales. Urban planning and architecture services are needed here and Australian firms are doing well. We have not participated in terms of manufacturing yet. We could sell more wine to China if we had the scale. Scale becomes an issue when you deal with China.

The Germans do the best here because they can provide scale and they are pouring vast amounts of money into cultural programs. The Germans take it seriously and put substantial resources into developing their relations with China.

Dr Geoff Raby, Chief Executive Officer, Geoff Raby & Associates (and former Australian Ambassador to China), Beijing, China

The sectors that can do well in Asia are many. Resources and energy are the front-runners. The agricultural sector is under done: the world is going to run short of food and we could do more to supply Asia. Many Asian countries have ageing populations and we could provide more health services. There is a big opportunity to export education and financial services, like funds management, as Asia's emerging markets move to become developed economies.

Robert Milliner, Former Chief Executive Partner, Mallesons Stephen Jaques (now King & Wood Mallesons), Sydney, Australia

Australian businesses generally come here to ask 'What can we find in China to import to Australia?' rather than 'What can we make and supply to China?' China is gradually opening the gates sector by sector as they add standards. Design and architecture companies are doing very well here off the back of their involvement in the Beijing Olympic Games. Education and training is now taking off and financial services are opening up a bit. The four Australian banks now have a presence here and there are a few small export and distribution companies from Australia. Generally the view is that Australian businesses are missing, as they don't have much of a presence on the ground here.

Joanne Wood, Chairman, Capital Eight, Shanghai, China

What we see happening in Asia is typical of an emerging economy. In the 19th century, between 1800 and 1900, Australia's average growth rate was over 8 per cent. We kept that going for over 100 years. The same has been happening in China for the past 10 years. Australia has slowed to 3.5 per cent growth per annum, as has England and other mature Western economies. Once you reach the top level, the drive and energy goes. We no longer have that, but Asia has it.

Phil Ruthven, Chairman, IBIS World, Melbourne, Australia

The changing legal economic model in China is a big opportunity for us. In the past Chinese companies have not needed nor used lawyers or accountants because business was relationship-driven. As the Chinese economy is opening up to world trade they now need external advisers to help them with international business dealings: for the first time legal and accounting services are now required and this opens up more opportunity too.

Chinese clients don't pay on an hourly basis; they pay a price for the service, which is based on the value of the service and the strength of the relationship. It is a different way of paying for the service than we use in Western nations and it becomes a testing ground for new economic models for professional service firms. This gives us an opportunity to bring different people into the business and to grow more diverse teams to facilitate innovation and aid problem-solving for our global client base.

David Olsson, Partner, King & Wood Mallesons, Beijing, China

Australia, a world view

Australia is not part of the global power base due to isolation and distance. We don't think about being more involved in the world and our role will always be as an ally. We are not big enough and we don't have the platform to lead.

Bernard Salt, Partner, KPMG, Melbourne, Australia

When you contrast our role in the world with that of China it is interesting. My experience of the Chinese is that they are more pragmatic, for example, the Chinese give aid for trade. What is wrong with that? The Chinese government supports the Kenyan government to rebuild roads and it has transformed the streets and now people are more encouraged to invest there. If we were more rational the numbers would speak for themselves and our market would attract more investment.

Ann Sherry AO, Chief Executive Officer, Carnival Australia, Sydney, Australia

It would be wonderful if Australia could get closer to the rest of the world. Our beautiful country is hanging on the bottom of the world with its mineral wealth and its delicate landscape. We could lead the work on sustainable agriculture and fit a lot more people in without damaging the land. Food and water management are areas that we could lead in. Australia should be opening its doors to so many more people but we are not willing to do that. So many Australians are afraid of things changing. We don't have much faith in our ability to run things, let alone sustain a greater population.

Natalie Filatoff, Principal, Filatoff Editorial and Writing, Sydney, Australia

Australia's self-perception is not one of arrogance but one of defensiveness. There is a lack of confidence about our ability to take a spot in the world. We are only 22 million people and we dig stuff out of the ground. There are few world-class companies on the ASX100 who don't dig stuff out of the ground. If you look at the make-up of the management and board of ASX100 companies there is little spread of age, ethnicity or gender: these boards are typically old, white men. Through greater diversity we could build confidence and take a more prominent position in the world.

Dharma Chandran, Chief Human Resources Officer, Leighton Holdings, Sydney, Australia

The world order is changing and we are seeing this gradual shift of economic power from West to East. The growth that we have seen in Asia in the last three to five years will double in the next three to five years. Our only option is to engage more with Asia, particularly with China. We feel blessed because we have economic resources that have carried us through the GFC, but we may be lulling ourselves into a false sense of security. We have three choices: we can see Asia as a customer with one-way trade; we can consider two-way trade; or we can integrate with the region and become part of it. Australia has a window of opportunity and we have to use it with all our might.

David Olsson, Partner, King & Wood Mallesons, Beijing, China

Asian people in Australia

We have many Asians studying here and then we let them go home without seeking to link them in to our society or economy. We seek education revenues rather than long-term partnerships.

David Gonski AC, Chairman, Future Fund of Australia, Sydney, Australia

There are less people coming to study in Australia for two reasons. The first is because foreign students are exposed to racism and the second is the increasing cost of being educated in Australia due to the strength of the dollar. Indian students are now going to the UK and Canada and there is less investment in the education sector in Australia.

Pradeep Khanna, Chief Executive, PK Projects Management & Consultancy, Sydney, Australia

Our CEO interviewed the young Asians in the firm and we learned that they did not see themselves having a future in the firm because there were no role models. We began to look for bias and prejudice to remove any barriers to them having long careers with us.

Greg Coultas, Partner, Deloitte Touche Tohmatsu, Sydney, Australia

Chinese people still think that Australia is a nation of Caucasian people. They know little about our country so we need to provide more information. To attract immigrants and help them to settle into life in Australia I would focus on things close to the Chinese culture, like food and shopping. They know that Australia has fresh healthy food and great seafood and we should tell them where they can go to get great Asian food and highlight that every city has got its own Chinatown.

Joanne Wood, Chairman, Capital Eight, Shanghai, China

I went to Brisbane to study in year 11 and stayed to do my degree in Australia. I am now back in Hong Kong and it feels good to work for an Australian company. They treat their people well and give them lots of training to develop themselves. I am working on a very interesting project with Frank Gehry, a world-class architect who designed the Guggenheim in Spain. The project group is a multicultural team of eight and includes three people from Hong Kong, two from the UK, two from China and one from Australia.

Australians that come to work in Hong Kong fall into two groups: those that start to learn the local culture and go to evening classes to learn Cantonese; and those that stick to the local expat groups and make little effort to learn the language. Fortunately most people from Australia are adaptive and willing to learn.

Gabriel Yam, Managing Partner, Arup Group, Hong Kong, China

2012, a year of bold plans

When I started interviewing for this book mid-2011 the opportunity for many Australian businesses to grow their business across Asia was not widely recognised. There were only a few industries and businesses that had successfully experienced working across Asia and the general opinion was that it was difficult to be successful there for many reasons, including the oscillating position by successive Australian governments. It seemed that most people looked at the opportunity for growth in Asia as being ‘someone else’s opportunity’.

The reality of our future growth as a nation is just dawning. During the following 18 months in which I prepared *Stepping Up*, interest peaked due to the rapid rise of Asia’s standing in the world economy, the high growth rates of fast-emerging Asian nations and the global chatter about China taking over global power and position from the USA.

Just as I was close to finishing the writing of this book two reports were released:

- Asialink's 'Developing an Asia Capable Workforce' September 2012
- Labor Government's 'Australia in the Asian Century White Paper', October 2012

Both reports give us much to consider and, if implemented fully, Australia will be in a very different place in 2025. I'd like to highlight the main recommendations of these reports because, if they are to be achieved, they both require an element of social change. I will indicate how the culture change promoted in *Stepping Up* can help both Asialink and the Labor Government to achieve the ambitions outlined in their respective reports.

Asialink's 'Developing an Asia Capable Workforce'

In September 2012 Asialink at The University of Melbourne released its paper 'Developing an Asia Capable Workforce' (see Appendix II for weblink to full report). The report highlighted 11 capabilities we need to build in Australia to take advantage of the growth in Asia. They are:

Individual Capabilities

- Sophisticated knowledge of Asian markets/environments
- Extensive experience operating in Asia
- Long-term trusted Asian relationships
- Ability to adapt behaviour to Asian cultural context
- Capability to deal with government
- Useful level of language proficiency

Organisational Capabilities

- Leadership committed to an Asia-focused strategy
- Customised Asian talent management
- Customised offering/value proposition based on customer insights
- Tailored organisational design with tendency to local autonomy
- Supportive processes to share Asian learnings

The report then summarises a 4-part strategy needed to bring these changes about. The strategies are:

- Advocate broadly the case for developing an Asia capable workforce;
- Accelerate the development of Asia focused strategies with Australian businesses taking the lead;
- Invest in developing Asia capability throughout the Australian workforce;
- More effectively educate Australia's future workforce for the Asian Century.

The Asialink Task Force identified many important steps in the report. They advise that we need to take these steps to be a credible player in the Asian market and to ensure a prosperous future for Australia and its people. If

Australia could build these 11 capabilities it would be preparing the Australian workforce very well for developing relations with and doing business in Asia, not to mention the expansive careers Australians could enjoy across the region.

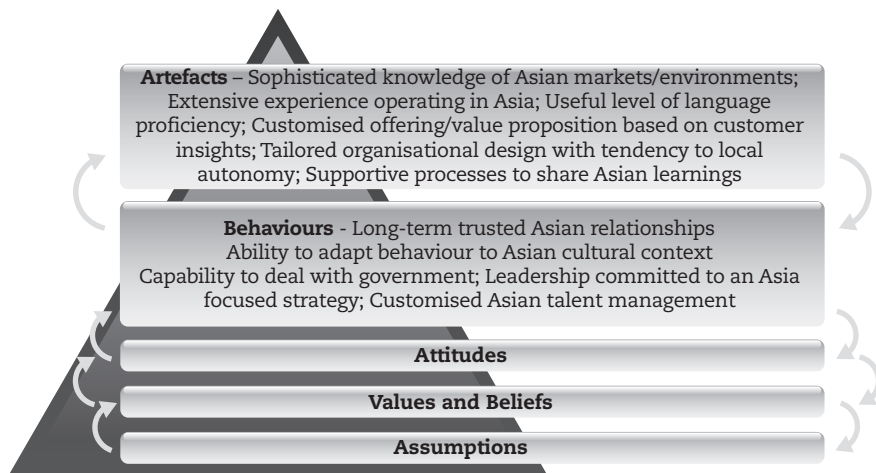
However, there is a hitch. Implementation of the four strategies to achieve the capabilities is subject to the forces at the bottom of the Australian culture. These forces – the underlying ‘assumptions’ upon which the country’s culture is formed and which influence the values and behaviours of Australians – can be an obstacle. These assumptions can create resistance to change if the people of Australia do not embrace the things we seek to change.

The capabilities listed by Asialink are necessary for our future and can bring about the changes sought, but they will only bring about changes to the top layers of the Australian Culture Iceberg, which on their own might not be sustainable.

If we take the changes and developments the Asialink report promotes and put them into the ‘Iceberg’ below, we can see that knowledge, experience, relationships, adaptability, capability, languages, leadership, commitment and talent management are all *behaviours that we hope to develop* in our people; and customised offerings/value proposition, organisational design and processes are all *artefacts that we hope to build* to support the performance of the people.

For these artefacts and behavioural changes to be effective and sustainable, there must be changes to the assumptions, values and attitudes of Australian culture at the lower levels. These changes need to be led by government, and supported by business and society.

Asialink’s recommendations can help evolve the top layers of Australia’s Culture Iceberg



When a culture is initially formed, the bottom layers come first. They form and influence the top layers (see Chapter 8) and they dominate the evolution of a culture as it drifts over time. Top layers can influence lower layers by reinforcing their existence; however, making adjustments to top layers only will rarely produce sustainable culture change if the assumptions below are not aligned as they can work against your planned intentions.

The changes recommended by Asialink's report, if implemented alone, could be undermined by assumptions, beliefs and attitudes held by Australians about the Asia region, Asian people, the value of languages, the role of Australia in the region, where the investment dollars should go, and whether they want to share their island equally with Asian immigrants.

Could these be the assumptions of our country culture relative to Asia?

- 'Asian development efforts are only ever partially successful';
- or 'Asian excitement is short lived';
- or 'Australia can manage alone';
- or 'Australia and Asia are like polite neighbours who meet at the street party but don't wish to invite each other into their homes'.

If these kinds of assumptions do exist at the bottom of our culture, then Asialink's recommendations will certainly be compromised. We need government leaders and leaders of society and business to embed assumptions that will aid our growth in Asia not hinder it.

Labor Government's 'Australia in the Asian Century White Paper'

The second report was released 28 October 2012 by the Labor government outlining 25 objectives to build Australia's competence and performance across Asia to 2025. It lists these 25 objectives under 5 core strategies:

- A productive and resilient Australian economy;
- Building capabilities;
- Operating in and connecting with growing Asian markets;
- Building sustainable security in the region;
- Deeper and broader relationships.

The foreword by Prime Minister Julia Gillard advised that:

This White Paper is a plan to build on our strengths and shape our future. It details how, by 2025, Australia can be a winner in this Asian century by becoming more prosperous, more resilient, and sharing the new opportunities. It calls on all of us to play our part in becoming a more Asia-literate and Asia capable nation.

The Executive Summary says:

Within only a few years, Asia will not only be the world's largest producer of goods and services, it will also be the world's largest consumer of them. It is already the most populous region in the world. In the future, it will also be home to the majority of the world's middle class.

Success in the Asian century requires a whole-of-Australia effort, with businesses, unions, communities and governments being partners in a transformation as profound as any that have defined Australia throughout our history.

It is in the interests of all Australians – and therefore in the national interest – to develop the capabilities and connections that Australia will need, so that we can contribute to, and learn from, the region, and take full advantage of these opportunities.

The 25 objectives are stated in this report as *targets* for the nation to achieve by 2025. The government's ambition as expressed in this report is to help Australia become a more prosperous and resilient Australia, which means to be 'part of the Asian region and open to the world'.

The report's 25 objectives are exciting. However, like the Asialink report, *Australia in the Asian Century* also focuses on the elements at the top of the Australian Culture Iceberg. In order to assure effective implementation and sustainable change, the government will need to identify the assumptions and values of the Australian culture that will aid or inhibit the achievement of these objectives.

To assist in understanding I have listed the report's 25 objectives in the table below and identified where they sit on the Culture Iceberg. (A link to the full report is in Appendix II). The 25 objectives are mostly expressed as *artefacts that need to be put in place or behaviours we expect to result* from the structural or systemic changes.

There is no argument that these 25 objectives are all necessary to keep Australia growing, maintaining its competitive position and building a strong economy to take it through to 2025. However, if we only do these things without changing the assumptions people hold, then we are operating in the Band-Aid Zone of our culture's evolutionary pathway. These developments will only produce sustainable outcomes if the lower levels of the Australian Culture Iceberg – assumptions, values and attitudes – are aligned and supportive of the evolution we seek: that is, we move the Australian culture to The Redirection Zone (Chapters 8–11).

‘Australia in the Asian Century White Paper’

25 Objectives outlined for 2025	Culture Iceberg Layer (explained in Chapter 8)
Skills and Education	
1 All Australians will have the opportunity to acquire the <u>skills</u> and <u>education</u> they need to participate fully in a strong economy and a fairer society. Australia’s school <u>systems</u> will be in the top five schooling systems in the world and our universities and training systems will be among the world’s best.	Education systems = artefacts Skills = behaviours Education policy = value
Innovation	
2 Australia will have an <u>innovation system</u> , in the top 10 globally, that supports excellence and dynamism in business with a creative <u>problem-solving</u> culture that enhances our evolving areas of strength and attracts top researchers, companies and global partnerships.	Innovation system = artefacts Problem-solving = behaviour
Infrastructure	
3 Australia will implement a <u>systematic national framework</u> for developing, financing and maintaining nationally significant infrastructure that will assist governments and the private sector to plan and prioritise infrastructure needs at least 20 years ahead.	National framework = artefact
4 Australia’s <u>communications infrastructure and markets</u> will be world leading and support the rapid exchange and spread of ideas and commerce in the Asian region.	Communications infrastructure and markets = artefacts
Tax System	
5 Australia’s <u>tax and transfer system</u> will be efficient and fair, encouraging continued investment in the capital base and <u>greater participation in the workforce</u> , while delivering sustainable revenues to support economic growth by meeting public and social needs.	Tax and transfer system = artefact Greater participation in the workforce = behaviour
Regulatory reform	
6 Australia will be among the most <u>efficiently regulated</u> places in the world, in the top five globally, reducing business costs by billions of dollars a year.	Efficiently regulated = artefact
Environmental sustainability	
7 The Australian economy and our environmental <u>assets</u> will be managed sustainably to ensure the wellbeing of future generations of Australians	Asset management = artefact
Macroeconomic and financial frameworks	
8 Australia’s <u>macroeconomic and financial frameworks</u> will remain among the worlds best through this period of change.	Macroeconomic and financial frameworks = artefacts
Building Capabilities	
9 Australia’s <u>school system</u> will be in the top five schooling systems in the world, <u>delivering excellent outcomes</u> for all students of all backgrounds, and systematically improving performance over time.	School system = artefact Delivering excellent outcomes = behaviours
10 Every Australian student will have significant <u>exposure to studies of Asia</u> across the curriculum to <u>increase their cultural knowledge and skills</u> and enable them to be active in the region.	Exposure to studies = artefact Increase their cultural knowledge and skills = behaviour
11 All Australian students will have the opportunity, and be encouraged, to undertake a <u>continuous course of study in an Asian language</u> throughout their years of schooling. All students will have access to at least one priority Asian language; these will be Chinese (Mandarin), Hindi, Indonesian and Japanese.	Continuous course of study in Asian language = artefact and behaviour

12 Australia will remain among the world's best for <u>research and teaching in universities</u> , delivering excellent outcomes for a larger number of Australian students, attracting the best academics and students from around the world and strengthening links between Australia and the region.	Research and teaching in universities = artefact and behaviour
13 Australia will have <u>vocational education and training systems</u> that are among the world's best, <u>building capability in the region</u> and supporting a highly skilled Australian workforce able to continuously develop its capabilities.	Vocational education and training systems = artefact Building capability in the region = behaviour
Asia capable leaders, workplaces and institutions	
14 Decision makers in Australian businesses, parliaments, national institutions (including the Australian Public Service and national cultural institutions) and advisory forums across the community will have <u>deeper knowledge and expertise</u> of countries in our region and have a <u>greater capacity to integrate domestic and international issues</u> .	Deeper knowledge and expertise (intellectual property) = artefact/behaviour Greater capacity to integrate domestic and international issues (intellectual property) = artefact/behaviour
Adaptability	
15 Australian communities and regions will benefit from <u>structural changes</u> in the economy and seize the new opportunities emerging in the Asian century.	Economic structural changes = artefact
Social foundations	
16 Australia will be a <u>higher skill, higher wage</u> economy with a fair, multicultural and cohesive society and a growing population, and all Australians will be able to benefit from, and participate in, Australia's growing prosperity and engagement in Asia.	Higher skill, higher wage economy = artefact Engagement in Asia = behaviour
Operating in and connecting with growing Asian markets	
17 Australia's businesses will be recognised globally for their excellence and <u>ability to operate successfully in Asian markets</u> . Australian businesses will <u>offer high-value goods and services</u> as they link into regional and global value chains. Small and medium-sized enterprises will be integrated into Asian markets.	Offer high-value goods and services = artefact Ability to operate successfully in Asian markets = behaviour
18 The Australian economy <u>will be more open and integrated with Asia</u> , the flow of goods, services, capital, ideas and people will be easier, and Australian businesses and investors will have greater access to opportunities in Asia.	Be more open and integrated = behaviour
Australia's agriculture and food sector	
19 Australia's <u>agriculture and food production system</u> will be globally competitive, with productive and sustainable agriculture and food businesses.	Agriculture and food production system = artefact
Building sustainable security in the region	
20 <u>Australian policies</u> will contribute to Asia's development as a region of sustainable security in which <u>habits of cooperation</u> is the norm.	Australian policies = artefact Habits of cooperation = behaviour
21 The region will be more sustainable and human security will be strengthened with the <u>development of resilient markets</u> for basic needs such as energy, food and water.	Development of resilient markets = artefact
Deeper and broader relationships	
22 Australia will have the necessary <u>capabilities</u> to promote Australian interests and maintain Australia's influence. Australia's <u>diplomatic network</u> will have a larger footprint across Asia.	Capabilities = artefact Diplomatic network = artefact
23 Australia will have stronger and more <u>comprehensive relationships</u> with countries across the region, especially with key regional nations –China, India, Indonesia, Japan and South Korea.	Comprehensive relationships = behaviours
24 Australia will have <u>deeper and broader people-to-people links</u> with Asian nations, across the entire community	Deeper and broader people-to-people links = behaviours
25 Australia will have <u>stronger, deeper and broader cultural links</u> with Asian nations.	Stronger, deeper and broader cultural links - behaviours

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Successful implementation of both Asialink's recommendations and the government's 25-point plan will rest entirely on whether or not we identify and adjust the assumptions upon which Australia's current culture has been based.

Fast change requires a shift in assumptions and a 'jolt' to the culture's foundations. Without a shift in assumptions the changes we seek for Australia will take several generations to achieve.

Key messages about Asia

There was not a single person interviewed who did not agree that the growth in Asia presented a significant opportunity for Australia, but few keenly embraced the idea personally. The opportunity was generally thought to be for other people, other sectors.

About half of the 100 leaders were passionate about the need for the Australian government and local business leaders to do more to prepare the Australian workforce to take advantage of the Asian opportunity. They expressed frustration at the lack of consistency and clarity of policy that, if present, could make a huge difference to the take-up and success of Australians doing business in Asia.

Australians living and working in Asia are very enthusiastic about the potential and they seem highly charged by the working environment and challenges they are surrounded by. However, they express a degree of disappointment and even frustration at the lack of preparedness of a high proportion of Australian expats who are transferred to Asia for career advancement purposes.

Australia's isolation and lack of physical border with neighbouring nations was referred to frequently as a reason for poor language skills and cross-cultural understanding. These are limitations but they are by no means barriers to doing things differently in the future. A commitment to closer economic relations with Asia and investment in languages in schools and in facilitating the movement of labour in both directions could change things immeasurably.

Let's act on the issues

From the following summary of the issues raised by the 100 leaders we can begin to consider the steps we need to take.

- The Asian opportunity for Australian businesses is real and big:
 - We are not taking advantage of our historical ties or close proximity to Asia;
 - Asian nations welcome Western technology and experience;

- Australia has been arguing about which countries to align with and there is a high level of anxiety that we will be taken over from the north;
 - Parts of Asia are said to be more sophisticated and more developed than Australia and we can learn from them: yet there are reports of Australians arriving in Asia with an arrogant attitude that ‘our way is better’;
 - It is difficult for Australian businesses operating in Asia as each country has a different legal system and statutory requirement: better to focus on a few;
 - Australians have to think beyond being Australian when doing business in Asia as it is a truly international market space.
- Australians are comfortable in Asia but can be arrogant and might not fit in:
 - There is an increasing number of Australian and New Zealand managers with experience in Asia and that provides competitive advantage;
 - The Australian expats sent by their companies to develop careers should be only those curious about the host country’s culture and values to ensure they have a good experience and add value to the local operation;
 - Technical skills are less sought after due to the internet providing access to knowledge: Asian businesses are now looking for leadership and management skills;
 - The Asian view of the Australian Brand is not entirely positive (drinking and larrikin-like behaviour): we should think about rebranding and repositioning;
 - Australian expats in Asia have great difficulty getting ‘back in’ to a top job here and are told to ‘take a lesser job’ to prove the experience they acquired.
- We really must learn Asian languages and build Asian cultural competence:
 - Chinese people will be our major immigrants, investors, foreign students and tourists and we have little Chinese language ability or cultural understanding;
 - Australians tend to holiday in Europe and America before China and other parts of Asia, especially the northern nations;
 - As an Australian manager you now ‘have to have’ Asian experience and understand how to do business in Asia and with Asian people;

- We think that because Asians speak English there is no need for us to learn Chinese, this is a myopic view and will limit our growth in the region;
- China appears to be least understood and Australian management and boards who go there are criticised for their lack of cultural understanding.
- Big trade opportunities exist but we need to be more focused and hungry:
 - Asia started its growth journey recently: it is entering ‘consumerism’ and will have 8 per cent growth rate for several decades so we need to be involved;
 - Opportunities for Australia to export to Asia increases as its emerging nations become more developed: they need education, financial services etc;
 - Government funding still goes to Europe-centric projects more than Asian ones and we need to try to change that;
 - Australians travel to Asia more than Europeans and Americans so the few who are working in Asia are more comfortable there and have an advantage;
 - Australia seems to lack hunger, know-how and confidence for doing business in Asia;
 - Australian companies tend to import from China rather than export to it, and those who do export rarely offer innovative products. Scale is also a problem.
- Australia’s role in the world is limited by its vision, government policy, isolation and poor diversity:
 - The Australia government still looks to the United Kingdom and America for political alliances: it should be building stronger relations in Asia as that is where our future trade and growth will come from;
 - There has been inconsistency regarding government policy on Asia for years, although reviews are underway to change this;
 - Without bipartisan political leadership we limit our ability to get a sustainable growth strategy for Asia;
 - Our isolation and distance make it hard for us to participate in global leadership matters and Australia is too small to lead;
 - Leading Australian businesses could get more involved in political debates and influence our role in the world, and greater cultural diversity on our boards would provide greater understanding of global issues.

- We could do better for Asians living in Australia:
 - The Chinese are expected to be our top visitor group by the end of this decade and we have no strategy to prepare our people or local business for that;
 - Australia is a net-exporter to Asia and we are missing the opportunity to get Asian talent to our skills-short industries and businesses;
 - We have few Asian people in senior management and board positions of Australian companies and we need to look to increase their participation;
 - We don't seek to integrate or keep Asian students studying here so they go home and take their learning with them;
 - Foreign students are subject to high fees and racist attitudes so Asians are looking to Europe more than Australia for education.

If Ann Sherry's view that 'there is a disconnect between what we say and what we do' is accurate, then we need to closely examine the assumptions of Australia's culture and local business cultures to see what is holding us back. To talk-the-talk but fail to walk-the-walk is a phenomenon well known to business and political watchers all over the world. Saying that you believe in something that just never comes true is a sign of weakness that is transparent to others. If Australia is fooling itself, it is unlikely to be fooling the onlookers; especially onlookers from Asia who we may need to rely on in the very near future.

There are so many questions to answer. Can Australia afford to ignore the views and voices of our leaders who want to see greater involvement in Asia? Can we take the risk that European nations prepare their people faster and smarter than Australia can, or is willing to? Have we thought through the consequences of remaining monolingual in a globalising economy where our major business partners are multilingual and have significantly broader cultural experiences than people born and bred in Australia? Are we prepared to ignore the opportunity to teach our people Asian languages and Asian history, culture, music and art, which would help increase their tolerance and ability to work successfully with and live alongside people from Asian backgrounds?

Let's become Asia-literate

In 2006 the British Council commissioned a study called *English Next 2006* to look into the future of the English language. The author David Graddol concluded that monoglot English graduates face a bleak economic future as qualified multilingual youngsters from other countries are proving to have a competitive advantage over their British counterparts in global companies and organisations.

The report highlighted that the lack of students fluent in a foreign language in both Britain and the United States will eventually weaken the competitiveness of both countries. I expect this assessment applies equally to all English speaking nations that have poor take-up of foreign language learning.

The report brims with reasons why our children should learn Chinese, such as:

- Because of the current boom in the Chinese economy, greater knowledge and broader experience may give them significant advantages in the globalised workplace of tomorrow;
- In a world where everybody speaks English, being a native English speaker does not carry much weight, however the ability to speak several languages could prove to be extremely advantageous and kids who learn Chinese will put themselves at the top of the multilingual list;
- Today, nearly 1.4 billion people speak Chinese – nearly three times the number of English speakers;
- The advantages of learning Chinese, or any other language, provides an edge in geopolitics or economic competition;
- The dominance of the English language on the internet is declining and other languages are now proliferating;
- Mandarin and Spanish are challenging English in some territories for educational resources and policy attention;
- The competitive advantage which English has historically provided its acquirers (personally, organisationally, and nationally) will ebb away as English becomes a near-universal basic skill, making the need to maintain the advantage by moving beyond English will be felt more acutely;
- When kids learn to speak Chinese they benefit from an expanded cultural awareness. Language is a look into another culture. One doesn't need to be proficient in Chinese languages in order to do business in China. But the exposure and the motivation to show that one understands and respects the Chinese culture is really half the battle won;
- Young people wanting to take on challenging global leadership roles must possess a deep understanding of and appreciation for other cultures, economies, history and languages.

The report concludes: 'With the rapid globalisation and the economic rise of China, our educational systems have a responsibility to prepare children for the demands of their future. The question is when, not whether, the schools are going to adjust.'

English Next 2006 is now several years old and illustrates how far Australia is behind in its thinking on this topic. Could it be time for our government to step-up to the platform on this very important topic and make a strategic decision, and possibly some long-term investment?

Let's embrace Asia and be part of it

We know from past experience, and we hear from the 100 leaders throughout this book, that some people just don't value change, or Asia, or Asian people, or immigrants, or expats, or the knowledge you gain when you work offshore. For example, we hear below that expats who go away to work overseas find it impossible to get back in at the same level and that hiring managers say they need to 'take a lesser job' to prove themselves; so why would people put their hands up to go away when this is the prospect of their return?

Stepping Up is full of compelling examples that suggest we need to get to the bottom of the Australian culture to effectively build an Asia capable workforce to do more business in the region. Implementation of the changes recommend by Asialink and the government's White Paper would serve to adjust only top layers of our national Culture Iceberg and this leaves us in The Band-Aid Zone as described by The Culture Zones detailed in Part Three.

These Zones, which relate to our state of cultural evolution, illustrate that Australia is currently somewhere between The Comfort Zone and the Band-Aid Zone. You'll need to read Part Three to fully appreciate how the Culture Iceberg and The Culture Zones can work to support your business change initiatives and to know how to move into the place we need to be: the Redirection Zone.

No doubt: we need to act now

The signs are all around us. The pace of change is rapid and there is no doubt where the future growth is coming from. If we choose to walk blindly or with blinkers on it's pretty clear that bigger and hungrier economies will beat us in the fight for market share in Asia.

Australia is not immune to being negatively affected by the rapid growth in Asia. If Australia fails to respond quickly we could lose out economically and politically now and in the future.

Our political leaders have been slow to step up on Asia or invest in building Australia's Asian capability. If Australia were a company, its medium-term existence would certainly be at risk. The recent reviews are welcomed but we need political leaders to lead change with conviction, to advance our position in the Asia region ahead of more distant economies.

Similarly, too few Australian businesses operate extensively offshore. Local industry and business needs to build Asia capability urgently and pursue the Asian opportunities more aggressively, putting pressure on government to support them, or we could still be talking about this 10 years from now.

I believe we need to move on developing much greater capability to perform economically across the region now. We need to address the fear, remove the blockages and empower all Australians to be actively engaged in the region's growth. By closing the cultural gap we have with Asia, we substantially reduce the impact of the physical gap.

To do this, we absolutely must address the resistance to getting closer to Asia and get excited about being part of its growth. We also need to encourage Australia's culture to evolve, get national agreement about what we want Australia to stand for, where we want to be in 10 years and how we will get there.

The prospects are very exciting and as the younger generations have been raised closely with many cultures in Australia, including those of Asia, I expect that they will be keen to follow your lead.