PART I

WHY STEWARDSHIP?

CHAPTER 1

Stewardship at Work

The mind-set and attributes of stewardship have been around for a long time, even if they were not always labeled as such. There are many stories of business and national leaders whose personalities and legacies have come to typify this approach. We will explore some of the situations they faced in their careers and which proved to be the catalysts of their stewardship. The color and detail of the stories give us a flavor of the type and scope of these individuals' achievements. In subsequent chapters we will examine what motivated their actions, as well as what shaped their character traits and underlying values.

It is often said that authors stand on the shoulders of giants. Our understanding of the concepts and practice of stewardship is no exception. The individuals we describe are and have been inspirations. We refer to them throughout the book to illustrate the various dimensions of stewardship, as well as to show how context shapes stewardship. The diversity of these individuals and their styles reveals the multi-dimensional nature of stewardship. We would like to stress, right at the outset, that there is no ideal individual steward, but that each of these leaders is inspirational in a particular facet of stewardship.

As we will see, these leaders emerge from very different organizational contexts including financial investors, family foundations, trans-generational family businesses, public agencies, institutional investors, and state-owned enterprises. While it may appear in different forms, depending on the nature of the organization and its environment, stewardship shares distinctive characteristics across contexts. The different contexts may influence the way in which stewardship emerges and which actors are its drivers. Generally, these actors share three key characteristics: When influence and leadership lead to clear economic benefits; when actions are driven by a long-term focus; when there is a commitment to enhance the well-being of the communities in which organizations operate impacting the societies around them – is when stewardship is at work.

The Tata Story: Blazing a Trail

The 1960s and 1970s were a time of discontent for Indian businesses. Post-independence, India was an inward-looking, command economy that, in an almost Soviet fashion, upheld the public sector at the expense of private enterprise. Those who ventured into private business had to contend with a populist government, labor problems, and a slow growth rate. Territorial conflict with neighboring countries, as well as political instability on the domestic front, meant that the Indian government declared a state of national emergency on three occasions – in 1962, 1971, and 1975, each stretching over several years.

It was in this bleak period that a young overseas graduate became involved in his family's hodgepodge of businesses, some of them dating back to the 1880s. When he joined the family company in 1962, Ratan Tata was a 25-year-old civil engineer, armed with an architecture degree from Cornell University.

Despite the restrictive business environment in India at the time, Ratan Tata instinctively focused on nurturing innovation and business excellence by setting up internal structures for collecting and evaluating new ideas. Amid a culture of lifetime employment and seniority based on age or length of service, he offered the prospect of rapid career advancement to young able managers. This gave them a sense of ownership in the company's success, and signaled a commitment to talent rather than hierarchy. Thanks to the ample space provided for professionals and intrapreneurs, the Tata business units reported consistent profitability.

As a director, Ratan Tata was tasked with growing a number of Tata enterprises in the electronics and textiles sector. His 1981 appointment as chairman of Tata Industries signaled the group's move into the advanced technology space – one of several new initiatives aimed at modernizing and transforming the company. Having set up seven subsidiaries in various high-tech segments, between

1982 and 1989 Tata Industries grew its capital and profitability tenfold.[1] Throughout this period, Ratan Tata applied himself to creating a cohesive brand for the many companies under the Tata umbrella.

Ratan Tata's clarity of purpose in pursuing not only business success but enhancing social and national economic impact was key to raising his profile, expanding his influence, and establishing him as one of India's foremost thought leaders. The discipline he had honed over many years of running a group of businesses in a challenging environment, coupled with his overseas education and exposure, also stood him in good stead. His appointment in 1991 as chairman of Tata Sons, Tata group's holding company, coincided with the tentative start of India's economic liberalization and opening the Indian markets to the rest of the world.

Even then Ratan Tata's eyes were firmly fixed on a distant horizon. He knew that with the world coming to India, the country's companies would urgently have to improve their standards. The speedy demise of the once-iconic Indian brand, the Ambassador car, once the Indian markets opened further confirmed these apprehensions.[2] Indian businesses had to learn to benchmark themselves not only against domestic players but against industry leaders from around the world; and one day, if necessary, go as far as to acquire their international competitors.[3] For the Tata group this meant reassembling an unwieldy collection of companies, some of which had competed against one another in specific segments, into a cohesive business entity with enough muscle to make its way into international markets.

The goal Ratan Tata was pursuing was far greater than creating shareholder value: it was to give India a solid base of homegrown industries. In turn, these industries would provide strong, locally branded products to the entire spectrum of India's population, across geographic, social, and economic brackets. During the 21 years of his chairmanship at Tata Sons (1991–2012), the group expanded from a medium-sized domestic focused company to a \$100 billion global business, dozens of times larger in size than in 1991. Tata group became India's biggest diversified industrial group by revenue and global in terms of scale. Today, 65 percent of the company's sales come from 90 percent of its overseas markets.

"I think our contribution to the nation was in building a foundation for basic industry, creating a foundation for technology, and setting some benchmarks in corporate governance and ethical business conduct," observed Ratan Tata.[4] This illustrates his commitment to driving social good, specifically accountability, adhering to moral and ethical principles, as well as encouraging openness and transparency. His willingness to pioneer and drive these standards in Indian business is a testament to his tenacity in safeguarding the future by encouraging strong, forward-looking policies and standards.

"What I have done is establish growth mechanisms, play down individuals and play up the team that has made the companies what they are," summarized Tata.[5] He ensured rewards were distributed in a way that corresponded to contribution, rather than hierarchical power, promoting equity as a key principle. This in turn promoted the intrinsic motivation of individual employees to take ownership of Tata company objectives. Today, up-and-coming managers at Tata companies continue to be described as "true-blue Tata representatives – focused, down-to-earth and unassuming, with a deep sense of social responsibility."[6]

Ratan Tata applied high standards inside and outside the company. He was insistent that, just as companies needed to reach the highest global standards so did the Indian government. This led him to consistently reject collusion and corruption – activities often regarded as necessary in emerging markets.

He also attributed much of Tata Sons' successes to the spirit of the company's workforce, pointing out that the organization as a whole would always rise to the challenge rather than resist it.[7] To promote responsible values and provide mentoring to managers, he set up structures such as the Group Corporate Office, the members of which are recruited from senior executives from the boards of Tata companies. Their role is to act as "stewards," sharing guidance and a sense of perspective.[8]

Similarly, more than two years before Mr. Tata stepped down as chairman (on his 75th birthday in December 2012), a five-member selection committee was set up to nominate his successor. When the committee eventually put forward the name of Mr Cyrus Mistry, the departing chairman praised the move as a "good and far-sighted choice."[9] Given that more than 100 Tata companies in which the group holds mainly minority stakes are run by professional managers and independent boards, it is this understated moral guidance and a resolutely long-term view that define the group chairman's power.[10] By taking such a forward-looking and rational approach to his succession planning, Ratan Tata demonstrated prudence – effectively planning for the long term – as well as care, protecting the interests of the company in the future through continuity of leadership.

This is a notoriously difficult topic for most business leaders to discuss, and it showed Mr. Tata's commitment to the good of the collective, rather than his individual needs.

Ratan Tata is emblematic of how impactful stewardship can be in an emerging market context. His actions helped to provide a powerful footing for India – navigating the many institutional gaps that existed. His pragmatic and meritocratic business practices allowed talent to flourish, promoting significant business results for the group of companies. His concern for securing the continued success of the companies over time never wavered, as demonstrated by his role in structuring company ownership in the Tata Trusts.

Mærsk: Ownership Continuity in a Family Foundation

In 1904, A.P. Møller founded a shipping company with his father – which subsequently became Mærsk. Over the course of the next half-century, Møller grew the business, adding containers and oils to the portfolio to accelerate the company's growth. Mærsk Group is now a global conglomerate in trade, shipping, and energy. How Mærsk has flourished and ensured succession across three generations is an enlightening story.

Møller had a strong long-term focus, which he reinforced through the ownership structure of Mærsk. Three charitable foundations control the majority of shares in the Mærsk Group. This shareholding structure has been key in enabling the group to make long-term investments. While the parent company, A.P. Møller-Mærsk, is listed on the Danish Stock Exchange, the company's main shareholder is the A.P. Møller and Chastine Mc-Kinney Møller Foundation, which A.P. Møller set up in 1953 to ensure that "his life's work would always be owned by parties that held a long-term view of the company's development in the spirit of the founder and according to his principles."[11] A number of industry observers have commented on how Mærsk has never been enslaved by the obligation to deliver results for quarterly reports but rather guided by a long-time perspective and investment plan.[12]

When A.P. Møller died in 1965, his son Arnold Mærsk Mc-Kinney Møller (1913–2012) succeeded him as group chairman and

CEO. Building on strong family values, business ethics, and firm succession plans, Arnold Mærsk Mc-Kinney Møller turned the family-owned firm into a global conglomerate that includes the world's largest container shipping company, and Denmark's largest corporation, with sales of $60 billion – equivalent to nearly 20 percent of the country's GDP.[13] Mærsk Mc-Kinney Møller also sustained the long-term focus of Mærsk, with Mærsk Line investing in building double-hulled tankers that were more environmentally safe to transport oil but not making any money for the group. The belief that safe transport of oil was worth investing in and that these vessels would eventually pay off drove the decision to make short-term sacrifices for long-term growth.

Building upon his father's legacy, Mærsk Mc-Kinney Møller internalized A.P. Møller's mantra: "no loss should hit us which could be avoided with constant care" and making it core to the corporate purpose. "Constant care," alongside humbleness, uprightness, "our employees," and "our name" became recognized as the group's core values – formalized in 2003 but practiced ever since 1904.[14] Mærsk Mc-Kinney Møller took this to heart and insisted that trust was a key operating principle for the company: "The basic principle is that people can trust us. Authorities can trust us, employees can trust us and business connections can trust us. Your word should be your bond."[15]

Well into his 90s, Mærsk Mc-Kinney Møller was said to demonstrate the same degree of passion and drive for business as he did in 1940 when he first joined the company's management team. He kept a close eye on the firm's operations and had no tolerance for leadership that deviated from the family vision of Mærsk's purpose. For example, in 2007 CEO Søderberg was fired due to the mistakes made after the €2.3 billion takeover of the world's third-largest container line (at the time) P&O Nedlloyd.

The company never wavered in embracing its values and the importance of ensuring they were engrained. In transitioning from family leadership to a professional CEO – Nils S. Andersen – in 2007, the group embarked on an enormous values program involving 900 people, where the values were cascaded down into the next generation to ensure that they continued to be core to the company's purpose. At the time of publication, the chair of the board is Ane Uggla, Mærsk Mc-Kinney Møller's daughter, who took over the position in 2012 after her father passed away. The legacy of Mærsk's values is thus consciously preserved as an important asset, living on across generations.

Espoused values are indeed deeply relevant to operational decision-making. One example is Mærsk Line's decision to avoid pushing sales- and other business-related content through its new online platforms. Instead, it chose to engage its stakeholders by sharing powerful narratives that underscored the Mærsk brand's human face.[16]

Mærsk's contribution to Denmark has been substantial – from being instrumental in the post-war recovery in the 1950s, to making up a significant percentage of the country's GDP over the years. Driven by the recognition of a shortage of industry-specific skill sets, which threatens long-term industry competitiveness, Mærsk Mc-Kinney Møller has made generous donations to secondary schools. The company has also supported public projects in Denmark, for example donating $500 million for the Copenhagen opera house. But it has not limited its scope to just Denmark. Its donation targets include premier institutions of higher learning across Europe, including a CHF 15 million donation to IMD. Additionally, it is investing in building capabilities in emerging markets, in order to address gaps. In Angola, it joined forces with other partners to set up the Maritime Training Centre. These are just a few examples of how Mærsk has sought to be a driver of social good around the world.

The importance that Mærsk Mc-Kinney Møller placed on long-term reputation and conservatism is well summed up in one of the lessons he shared with the younger generations of his family: "Don't be smart in the negative sense of the word. Don't go for the quick win if it isn't a sound option for the long run. Otherwise it may impact our name."[17] These conservative principles have served Mærsk well over 50 years.

Haier: Creative Destruction

In the early 1980s, many companies in China faced a daunting challenge. Their background was one of collective ownership, but what they shared with the Tata experience described earlier was the existential "point of no return" – the frightening realization that without radical change, their management systems and product portfolios were doomed to fail. Strategies that had once been considered viable and acceptable in the old, closed market of non-existent competition and illusory consumer choice would inevitably crumble once confronted with the outside world.

In 1984, after the municipal government in the city of Qingdao in eastern China's Shandong province appointed Zhang Ruimin as general manager of the Qingdao Refrigerator Plant, he travelled to Germany to visit the company's technology partner. The experience was eye opening. Zhang Ruimin and his team realized there was a huge gap to be closed in skills, quality, and management if the company was going to survive, let alone compete internationally. As a local manufacturer operating in a country still awakening from the tumults of previous decades, their company had low-quality standards, a poor reputation and heavy debts. In fact, many of its products had to be repaired before they could be used for the first time. What China-made products shared at this time was low cost, limited technology input and a reputation for inconsistent quality.

Desperate times called for desperate measures. Facing an environment characterized by such adversity, Zhang's decisive actions to spur Haier toward his vision of the future company were courageous. In a now famous move, Zhang ordered staff at his factory to take a sledgehammer to the dozens of refrigerators (nearly 20 percent of stock) that had been found faulty or unserviceable. This was no trivial matter, considering that at a cost of several years' wages, a new refrigerator was a status symbol for many Chinese households, especially those in the countryside. With this collective catharsis behind them, Zhang and his team never looked back. They pushed through reforms that were unprecedented by the standards of Chinese collectively owned enterprises. They succeeded in their bold effort to link compensation to individual performance and to put forward incentives for improved quality control.

In his openness to understanding and acknowledging the quality gap between their products and those manufactured in the West, Zhang demonstrated a willingness to learn from others. His dramatic action left no doubt in anyone's mind about his commitment to transforming Haier. As a result, the company's sales between 1984 and 2000 grew from RMB 3.48 million to RMB 40.60 billion.

In 1993, Zhang was named CEO of the company, now renamed the Haier Group. To propel international expansion, he reorganized the workforce, from linear, functional structures into hundreds of largely autonomous internal units free to select their own leaders and compete with other units for talent and specialized projects.[18]

Convinced that Haier would do better with project teams formed according to market demands, made up of members from multiple divisions, Zhang reoriented the teams toward customer needs and the market rather than satisfying an internal bureaucracy.[19] Frontline workers were empowered to collect ideas from customers and report these to management.

The company also set up a number of manufacturing plants overseas including in the United States. Through his willingness to mobilize employees around a compelling vision, Zhang was able to inspire and influence the company to surpass other white goods manufacturers. He described his view in the following way: “Employees today should be encouraged to think for themselves. They should be cultivated to have an entrepreneurial, innovative spirit, and not just to implement orders.”[20]

Pushing through such momentous and comprehensive change would have been impossible for a single executive. From the early days at a loss-making, low-quality refrigerator manufacturer, Zhang nurtured a strong management team. This allowed him to use the most unlikely of environments – a collectively owned enterprise in a provincial setting – to conceptualize and implement an entire range of radical management innovations.

In 2014, Haier’s revenues were $32.8 billion. Once a very nearly bankrupt, unknown refrigerator company, it has been transformed into a global household name and the world’s fourth largest, and fastest growing, white appliances manufacturer. Where other companies failed, Zhang Ruimin’s team succeeded due to a compelling vision that stretched far beyond Haier’s original factory. It drew on a desire to learn, improve, and make things better not only for Haier’s customers but also ultimately for all of China’s consumers. The process by which it achieved this is credited by many as being tremendously innovative. His commitment to drive such transformational change in a context fraught with constraints is an excellent example of leading with impact.

The Toyota Way: Lean but People-Centric

A different variety of expertise in supply chain management – one whose focus was on the speed and flexibility of in-house manufacturing processes – had been the power behind the rise of one of the world’s top automakers, Toyota. Like Haier, Toyota’s success came from adopting Western methods of mass production but skillfully adjusting them to an Asian context.

Although it may be difficult to believe it today, in the early post-war decades, the "made in Japan" model was widely associated with a low-cost and low-quality approach to manufacturing. Eiji Toyoda, nephew of Toyota's founder Sakichi Toyoda and cousin of Kiichiro Toyoda who established Toyota's first automobile plant in the 1930s, visited Ford auto factories in the United States in the 1950s. He realized that to make Toyota's production system viable, it would need to be reinvented from scratch.

Eiji Toyoda founded the company's technology division. He worked closely with Kiichiro Toyoda, whose vision it had been to produce a people's car; the company president Taizo Ishida; and, later, with the company's eighth president and future chairman, Hiroshi Okuda.

It was Kiichiro Toyoda's idea, in the 1930s, to expand the car engine business, which had been just an offshoot of the family's established textile loom company, into a standalone unit. Collectively, this team instilled in the Toyota workforce the culture of looking from the outside in, adopting a competitor's perspective and actively searching for weak spots that could be strengthened through better processes.

Eiji Toyoda spearheaded the formulation of the Toyota Way which became instrumental in shaping the style and philosophy of mass production and assembly line manufacturing around the world. He also pioneered the concept of kaizen – incremental but steady improvements in manufacturing and quality. As a result of these initiatives, the company's annual car sales grew from 7000 in the 1950s to almost 3.5 million by the mid-1980s.

The Toyota Way is frequently cited as lean management best practice. However, it is much more than this. Consider its first principle: "Base your management decisions on a long-term philosophy, even at the expense of short-term financial goals."[21] While many in the West today think of Eiji Toyoda almost exclusively in terms of the "lean" precepts of management and product assembly, his ideas were centered on humans and based on good stewardship. His vision was to achieve superior business performance through people. Rather than assign factory staff – managers, engineers, assembly-line workers – their places as replaceable cogs in the machine, the Toyota system was rooted in and designed along the workers' individual as well as group powers of observation, critical judgment, and natural inclination to improve and enhance the end result of their effort.

In Eiji Toyoda's own words: "People are the most important asset of Toyota, and the determinant of the rise and fall of Toyota."[22] And, in a message to Toyota managers, he said: "I want you to use your own heads. And I want you actively to train your people on how to think for themselves."[23]

Its empowered workforce, long-term focus, and lean management discipline allowed Toyota to withstand the early-1970s oil shocks better than most other automobile manufacturers for many reasons – including that it was not burdened by the costs and inventories associated with batch-and-queue processing. Its people practices considered employees as knowledge workers, whom they stimulated with cognitive problem-solving challenges. This demonstrated a clear commitment to meaningful development of human talent.[24]

The Toyota Way laid the foundation for the company's culture of stewardship as exercised by Eiji Toyoda and his team, particularly through its emphasis on long-term vision; respect for people; and addressing the roots of problems rather than their surface manifestations. Its discipline together with its long-term, all-encompassing perspective did not stop with positioning Toyota as a powerhouse in the global auto industry. Through its focus and commitment to achieving the purpose that it clearly set itself, Toyota blazed a trail in pulling Japanese brands and, by extension, Japan's national economy, out of the stagnant, no-name, low-cost, low-quality space they had occupied as a consequence of wartime destruction. It was instrumental in overcoming the country's sense of defeat as well as softening its strongly insular outlook on the world. As such, Toyoda's impact was far-reaching in terms of Japanese society, as well as the company's impressive financial achievements, which withstood the bumps and shocks of time.

Berkshire Hathaway: Far-sighted Investing

One of the world's most famous investors is Warren Buffett, CEO of Berkshire Hathaway. Over and over again, when asked for investment advice, he has cautioned individual investors against expecting quick rewards. His long-term orientation is neatly summarized in the advice he dispenses to investors: "Ignore the chatter, keep your costs minimal, and invest in stocks as you would a farm."

The way Buffett treats two of his smaller investments is illustrative of his distinctive approach. In 1986, he bought a farm in Nebraska (despite knowing nothing about farming) and in 1993 he acquired commercial real estate near New York University. Over the years, Buffett's sole consideration was productivity of these assets rather than the prospective price change. Both of these investments have paid off handsomely. In his annual letter in 2014, Buffett described the two investments as solid and satisfactory holdings for his lifetime and, subsequently, for his children and grandchildren.

Warren Buffett's selection of assets is firmly grounded in a holistic, long-term view. It is the businesses and their activities that catch his eye, rather than the quarterly earnings. Buffett explained his approach to investing in the stock market: "I look at [it] as a way to buy businesses; not to buy little things that jig, go up and down and that have charts attached to them and all that sort of thing."[25] On several occasions, Buffett has acknowledged that his business has an affinity for family-owned companies, as they share a "long-term orientation, belief in hard work and a no-nonsense approach and respect for a strong corporate culture."[26]

Buffett formed his management philosophy through hands-on experience, including working with textiles (Berkshire Hathaway), banking (Salomon Brothers), and insurance (GEICO, General Re) companies. He also oversees a number of businesses in which Berkshire Hathaway is the majority shareholder – sweet shops, furniture, executive jets, soft drinks, and others. Buffett is adamant about the value gained from getting involved in the reality of running a business, as he expressed in the following way: "Can you really explain to a fish what it's like to walk on land? One day on land is worth a thousand years of talking about it, and one day running a business has exactly the same kind of value."

Berkshire Hathaway compensates executives based on their performance in their direct areas of responsibility: higher sales, reduced expenses, or curtailed capital expenditures. Compensation is paid in cash – neither stock nor options have ever been used as management compensation. This is aligned with Buffett's strong belief in the freedom of the individual to allocate his or her resources.

When acquiring a business, Warren Buffett takes a hard look at the quality of management. Essentially, he is looking for stewards. Management should be rational and candid, and should have courage to resist the so-called "institutional imperative," i.e., the tendency of managers to engage in herd mentality. He describes how a brief letter convinced him to enter into a new (in this case overseas) partnership: "I usually know within five minutes if I'm going to make a deal. The letter gave the basic facts and told me something about the person who ran it – I could see in my mind a man with a passion for his business."[27]

In assessing managers, Buffett looks for managers who behave and think like an owner of the company. Central to this is the courage to discuss failure and mistakes openly. In his letters to investors and on his company website, Buffett openly confesses to mistakes he has made in the past, matter-of-factly describing some of them as "stupid." This is in line with his view that investing is a fundamentally human undertaking. As such, it is never quite free from psychological and emotional impulses as well as attachments – overconfidence, optimism, belief, perseverance – which may be counter-productive in achieving an investor's objectives.

Central to Berkshire's management principle is autonomy. Managers are free to run the business as they see fit. Many Berkshire subsidiaries – including Brooks, GEICO, Dairy Queen, Johns Manville, Lubrizol, and Shaw – issue formal sustainability reports on their treatment of stakeholders.[28] In 2014, Warren Buffett announced that Berkshire Hathaway would double the $15 billion that it had invested in green energy. The company has been making large investments in wind and solar power for several years.[29] While this is clearly a business decision, it is also consistent with driving social good.

But it is through his donations to charitable causes that Buffett clearly aims to achieve a lasting and positive impact on society. Going well beyond the Giving Pledge, Buffett has committed to donating 99 percent of his wealth to charity, through the Bill and Melinda Gates Foundation and other foundations. Buffett will leave a lasting mark – not in money, but in values, people, and philosophy. Among those is individual choice – we are free to change the world the way we want.

Hyundai and the Korean Miracle

The story of Hyundai Group's founder Chung Ju-yung (1915–2001) is a compelling tale of persistence and overcoming entrenched hardship to build Korea's largest business empire, an achievement that played a central role in Korea's industrialization and economic development. Chung has become a symbol of modern Korea, epitomizing the country's entrepreneurship and can-do spirit. Chung's success ultimately came from combining his strong leadership and knowledge of the Korean workforce with the logic and dictates of the government's economic planning. His achievements were all the more remarkable considering that in the late 1950s and 1960s, South Korea was recovering from damage suffered during WWII as well as the trauma of the Korean War (1950–1953). The impoverished society's economy was in ruins; life expectancy was less than 50 years. Against these monumental odds, and equipped only with primary-level education, Chung correctly anticipated the huge effort that would be required to extricate Korea from its privation. From the outset, he believed that businesses should serve a larger goal than making a profit. He viewed his new enterprise as a tool to build the nation, although this did not spare him many future confrontations with the Korean government.

In 1947, Chung Ju-yung set up Hyundai Engineering & Construction ("hyundai" meaning "modern"), the lynchpin entity within the future Hyundai conglomerate. The company grew to become the largest family-run chaebol (conglomerate) in South Korea. Its 50 subsidiaries included Hyundai Heavy Industries, Hyundai Motor, and Hyundai Electronics. Another subsidiary, Hyundai Civil Industries, won several major government contracts and was responsible for building much of Korea's transport infrastructure in the 1960s and 1970s. In the 1980s, Chung was instrumental in reorienting the national economy from large government projects to consumer-focused segments. At the height of its diversity in the late 1990s, the Hyundai Group posted annual sales of more than $80 billion. The company was an engine of Korea's rapid economic development.

During the post-war reconstruction, Chung made good use of his brother In-yung's personal network. In-yung could speak English and was on friendly terms with a number of American military officers. Later, when growing Hyundai into a dominant conglomerate, Chung drew on the ideas of a close circle of associates, including his brother Chung Se-yung, founder of Hyundai Motors, and his sons: Chung Mong-koo, head of the Hyundai Kia Automotive Group, currently honorary vice-president of FIFA; Chung Mong-hun, at one point chairman of Hyundai Group; and Chung Mong-joon, the controlling shareholder of Hyundai Heavy Industries.

Chung Ju-yung had a powerful vision for building a shipbuilding industry in Korea. He persisted with his idea in the face of public ridicule since Korea lacked the capital, technology, and experience.

He pitched the idea to foreign banks and was refused. But he managed to inspire the chairman of Barclays Bank in the United Kingdom with his description of *geobukseon* ("turtle ship"), an iron-clad battleship the Koreans had built and used to great military effect in the 16th century. He was thus able to secure the investment needed to launch the shipbuilding industry. He also persuaded a major shipping agent in Greece to place an initial order for two 2.6 million ton vessels.

In launching the highly successful shipping industry, Hyundai played a critical role in establishing Korea's industrial base. Chung's vision, ability to inspire others, persistence, and drive enabled him to positively influence the course of Korean economic progress, radically improving the capability of many members of Korean society to improve their own lives and transition into greater prosperity.

Political Stewardship: Broadening the Contextual Frame

While the focus of our discussion has been on steward leaders in business, compelling examples of stewardship can also be found in the broader context of national leadership, where it has transformed entire economies and touched the lives of millions.

For example, leading China from its disruptive 1970s upheavals and destructive social experiments to become a leading force in international trade and business required extraordinary skills, judgment, and foresight. The sheer magnitude and complexity of the task, and the very real risk of getting it wrong, probably have few precedents in modern history. Much of the credit of such a feat in China's modern history can be attributed to the team led by its "paramount leader" from 1979 to 1992, Deng Xiaoping.[30] Indeed, many historians have asked whether any other leader in the 20th century did more to improve the lives of so many or whether any other leader had such a large and lasting influence.[31]

Introducing "socialism with Chinese characteristics," Deng oversaw the transition of a nearly disintegrated society to stability, growth, and prosperity – in stark contrast to Mikhail Gorbachev's roughly concurrent and seemingly failed program to revitalize the Soviet Union.

During the Cultural Revolution, Deng had been removed from all positions of power. Yet, beginning in 1979, he led the country through a period of remarkable transformation. He instituted a program of economic reforms; paid an official visit to the United States; and saw the United States establish diplomatic relations with China (previously, Taiwan was considered the legitimate political and diplomatic representative of China).

Deng summarized and popularized his leadership as *gaige kaifang* (reform and opening up) and four modernizations (of agriculture, industry, science and technology, and military). "There are no fundamental contradictions between a socialist system and a market economy," he boldly asserted.[32] This was accompanied by his famous aphorism: "It doesn't matter whether the cat is black or white, as long as it catches mice."[33]

For impartial, well-thought-out opinion on Deng's leadership style and personal legacy, scholars of political science often quote the founding father of modern Singapore and one of Asia's most-respected statesmen, Lee Kuan Yew. "I would say the greatest [man I have met] was Deng Xiaoping. At his age, to admit that he was wrong, that all these ideas, Marxism, Leninism, Maoism, they are just not working and have to be abandoned, you need a great man to do that," said Lee Kuan Yew.[34]

Like Deng Xiaoping, Lee Kuan Yew was a great steward leader. While Deng Xiaoping influenced a large country with a population exceeding a billion, Lee Kuan Yew's stewardship impact is reflected in his leadership of a small country. But his achievement in transforming the newly independent Singapore from a third-world to a first-world nation in his lifetime is no less remarkable.

In March 2015, Lee Kuan Yew passed away at the age of 91. Concluding his funeral service eulogy, his son, Prime Minister Lee Hsien Loong, cited the quotation on the monument for Sir Christopher Wren, the architect of St Paul's Cathedral in London: "*Monumentum requiris, circumspice* – if you seek his monument, look around you." He added: "Mr. Lee Kuan Yew built Singapore."

Lee Kuan Yew could not have built modern Singapore alone. But his stewardship inspired a team of able, dedicated leaders, and galvanized a population facing a bleak outlook to survive and excel. His great achievement was to turn a small, resource-poor country into a regional leader in per capita income as well as a global hub of high-value-added financial and business services.

Several crisis points in Singapore's 20th-century history had shaped Lee Kuan Yew's social and political outlook. The 1942 fall of Singapore, a prized British colonial outpost, to Japanese occupation made Lee and other educated residents of Singapore realize that a post-war return to colonial rule was unlikely. Then in 1965, the experiment in joining freshly decolonized Singapore and Malaya into a single nation Malaysia came to an abrupt end. This reduced Singapore overnight to its circumstances of severely limited land size, labor pool and basic resources, including water.

The team of leaders representing Lee Kuan Yew's People's Action Party (PAP) overcame the 1965 crisis and its outcomes by reflecting deeply on the essence and logic of Singapore's history, particularly the strengths that had stood its immigrant communities in good stead. They committed themselves to instilling in the local population a spirit of confidence, industriousness, and self-reliance. In addition, Lee and his close associates from across the country's racial spectrum believed that a country's size, though not inconsequential, was not the be-all and end-all, and could be overcome by demonstrating greatness in its other attributes. Furthermore, they realized that a good understanding of global trends and needs would in many situations turn Singapore's vulnerability as a small and remote territory into a competitive strength.

"No one owes us a living, there is no such thing as a free lunch," Lee Kuan Yew reflected.[35] He and his colleagues understood and believed that with a combination of forward planning, resolute action, and consistent learning, Singapore could one day catapult itself into a position of excellence.

Domestically and on the world stage, Lee Kuan Yew was not afraid of making unpopular but necessary decisions, even at the risk of being branded as authoritarian. He challenged and resisted social and political trends that were popular at the time (socialism, big government, dominant labor unions), knowing that in the long term, these did not offer a way forward for his country.

He understood that neither politics nor economics played out in a social vacuum, and that racial, religious, and language tensions, if left unchecked, could bring down the entire Singapore edifice. He often acted to pre-empt and minimize conflict among the island nation's different communities, and promoted harmony where there was common space.

Faith in his countrymen's capability and resilience allowed him to execute a number of far-reaching policy changes that posed high risks yet were inevitable in his mind to secure Singapore's long-term prosperity and sustained competitiveness. In Lee Kuan Yew's words: "We were fortunate we had this cultural backdrop, the belief in thrift, hard work, filial piety and loyalty in the extended family, and, most of all, the respect for scholarship and learning."[36]

His far-sighted initiatives included: introducing a nationwide public housing program; encouraging higher birth rates in a reversal of prior policy; offering permanent resident status to skilled migrants; inviting foreign direct investment (FDI) as far back as the early 1970s; and later engineering a shift away from manufacturing. As a result, Singapore today is synonymous worldwide with excellence, reliability, safety, and best practices.

If stewardship is about handing over what one inherited in better shape to the next generation, then Lee Kuan Yew was indeed a steward leader par excellence.

While we look at examples of individual stewardship in this book in order to better understand and illustrate the key ingredients and dynamics at play, stewardship can also occur at the organizational level. Values can be embedded into processes and frameworks in order to build a context that is conducive to stewardship. As such, many of the key stewardship concepts that we discuss can also apply in an organizational context. The quality of governance impacts the degree to which stewardship is fostered – or not.

Switzerland is an example of organizational stewardship at the national level. With a stable, prosperous, and high-tech economy, Switzerland is frequently ranked as the wealthiest country in the world, in per capita terms. It has the world's 19th largest economy by nominal GDP and is the 20th largest exporter, despite its small size. In 2014, it was ranked the second most competitive economy by the IMD World Competitiveness Yearbook.[37] Despite the recent economic crisis, its economy has grown at a steady pace and its unemployment rate in 2015 was 3.2 percent. This is all the more impressive considering its dearth of natural resources, its relatively small population (8 million), and the added complexity of cultural diversity (as demonstrated by its four national languages).

Its success in the face of the downturn has been attributed to rising productivity, a balanced government budget and small debt burden, as well as low borrowing costs. Switzerland also has the highest household savings rate in the developed world and relatively little economic inequality. Its business-friendly tax system is attractive to foreign investment. With a political system built on direct democracy, populist proposals can be voted down in nationwide referendums.

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Through its prudence in considering the long term when making policies that affect business, involvement of the populace in direct democracy, and fostering an environment in which power and benefits are distributed, Switzerland creates an inclusive context for engaged and productive citizens. As such, Switzerland provides an inspiring example of what can be achieved when sound organizational stewardship is in place.