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Walk on Water—Riding the Globalization Wave

by Bosco L. Chan

How far is Tokyo from Toronto? This question came up when I learned that Mr. Les Lohmann would be traveling from Tokyo to Toronto to speak about Japanese pension issues to my actuarial club in September 2005. Although this question sounds simple, there could be many answers. From a geographical perspective, as actuaries, we can easily calculate a numerical answer. However, if we ponder the question, we might better understand and manage the business environment.

One possible answer to this question is that there is no single answer—because the correct answer depends on the time the question is asked. In the old days, when commuting between Tokyo and Toronto relied on ships, it would take weeks to travel between the two cities. Since the invention of airplanes, traveling time has been reduced to half a day for a direct flight connecting the two cities. With the advent of high-speed Internet access in the 21st century, we

can transmit documents within seconds or arrange video conferencing with business partners located on the other side of the world instantaneously. The world is now smaller and countries are more interconnected. Technology has dramatically changed the way we live. Changes in our lifestyles alter the way we run our businesses. If we want to get a cup of coffee in South Korea, we can go to Starbucks. If we want to grab a quick bite in Russia, there are McDonalds there. If we (those who live in North America) want to buy everyday low priced items manufactured in China, we don't need to fly to China, simply go to Wal-Mart located around the corner.

Business boundaries are not as rigid as they used to be. Cultural gaps are also closing with people learning from and doing business with others whom we would have called foreigners in the past. Now, we simply call them friends. Although the way our business is

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managed has changed profoundly, the key to the growth of a successful global corporation remains unchanged—it is business ethics. All companies have certain written or unwritten ethical standards. But good business ethics are more than a set of game rules that are developed to filter out problem players. Good business ethics should be a set of standards that are adoptable without cultural boundary. They can be accepted by different countries and agreed on by people from different backgrounds. There should be a set of high standards that no one can find any reasonable excuse not to follow. Ethics are the foundation of a successful enterprise. Good business ethical standards attract talent, reduce negative competition, reward employees fairly, create a level playing field for employees and minimize illegal activities. As the world is changing rapidly, running a business without good ethical standards is similar to drinking and driving. You may be able to arrive home safely for the first few times. But only the non-educated believe that they can walk away from a crash unharmed. And not only may you hurt yourself, your actions may lead to dreadful consequences that can ruin other people's lives. Be responsible as a professional!

Once we develop ethical standards, we need leaders to implement them effectively. Who can be a good leader in the 21st century? What characteristics are required for someone to succeed as a good leader? I believe globalization creates a greater demand on men and women to be effective leaders. There is no doubt that we have benefited from technological advances as they bring more convenience to everyday life. Without stepping out of the house, we can listen to radios, watch television or read through the Internet instant news from around the globe. The Blackberry also helps us to receive and send e-mail wherever we go. Media and every kind of information are accessible within arm's length. We are living in an information-overflow era. The challenge is not how to gain more, but how to identify true versus false, and useful versus junk information. Without good judgment, convincing arguments could be developed from questionable observations. Without good judgment, we could end up further away rather than closer to a successful outcome. Good judgment requires knowledge as a foundation. Leaders need wisdom to set the right long-term path as mistakes often carry an expensive price tag.

After we develop high standards and recruit exceptional staff, what else can we do? We need to remember that the world is a much bigger place than we think. The most common mistake made when investing in a foreign country is that we assume whatever we did at home is right and can be transplanted without any modifications to the foreign land. Let me illustrate my message with a story. A relative of mine, who did not know how to drive, came to Toronto to visit me. I volunteered to drive her around. After an exciting tour, we decided to head back home. Since it was cold and snowing, she quickly opened the left side door and jumped into the car. What went wrong? Didn't I just say she did not have a driver's license? Her action was natural because drivers sit on the right side of vehicles in Hong Kong; thus, passengers take the left side. It is the opposite in North America. The point I would like to make from this example is that, even though we are physically situated in a foreign place, we still retain habits from home. If we assume that the lifestyle, the traditions and the customs in the foreign land are exactly the same as what we had at home, then what we do abroad can become a joke. The world is not inside our brain; but indeed, we are living inside the world. We don't necessarily have knowledge of everything beyond our normal habitat. Local practices and local experiences may not be completely transferable when we work on overseas assignments. It is we who need to adjust, not the locals.

In summary, success is not only about achieving our goals, but achieving our goals through the right path. Taking shortcuts may lead to short-term happiness, but only the right things can stand the test of time. To walk on water in the information flood and the foreseeable globalization wave, we need the highest business ethical standards, the wisdom to make informed decisions, and the willingness to have an open-mind with patience to accept and handle differences. All of these can be summarized in these qualities: responsible, caring and respectful. We need to be responsible in our decisions; take good care of our workers and customers; and respect the fact that all people have an equal right to earn a living and contribute to this beautiful world. □



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