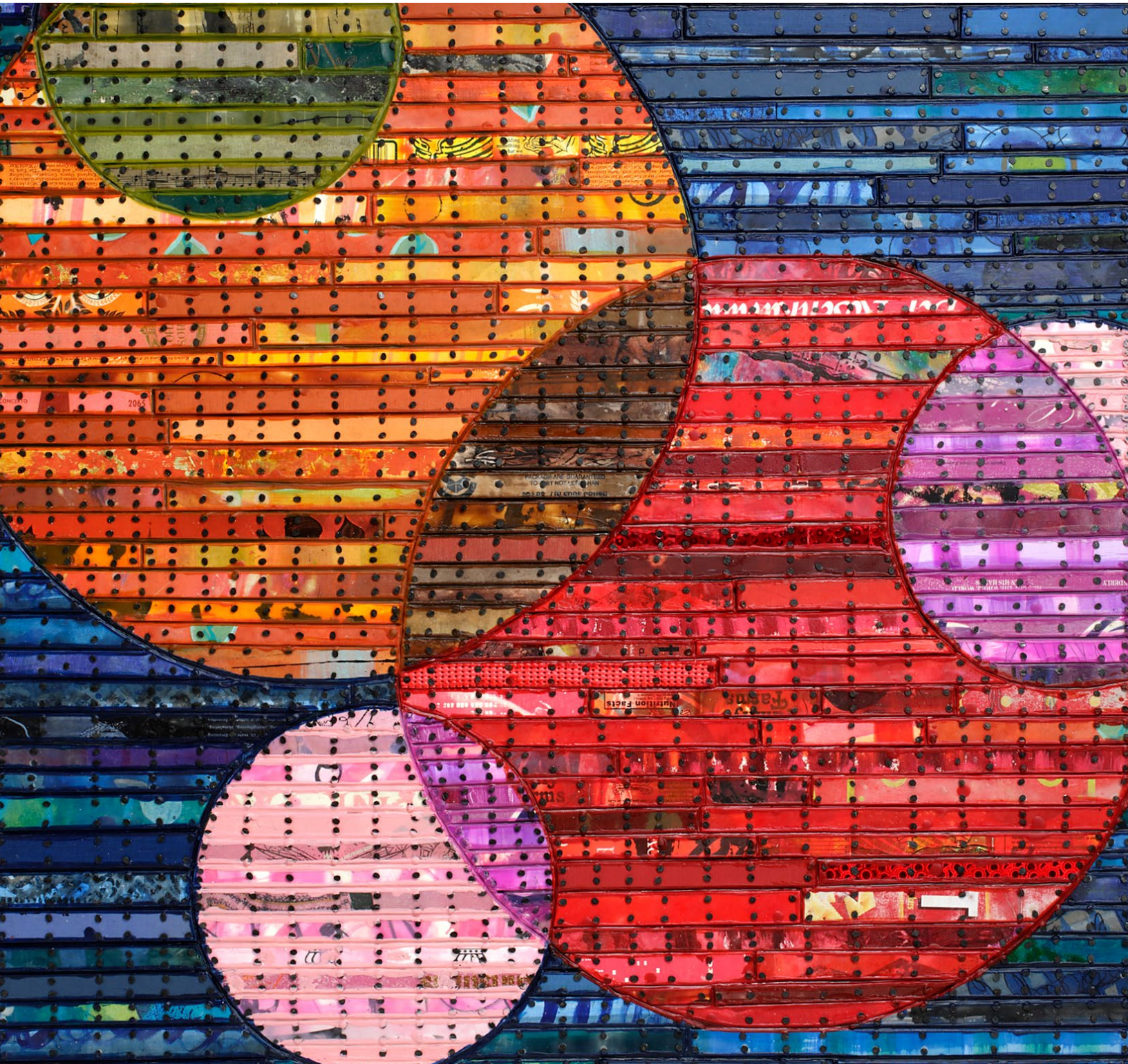


The Future of Globalization

ECONOMIC TRENDS, POLITICAL MOVEMENTS, AND THE ROLE OF MANAGEMENT EDUCATION



Foreword

David Bach, Senior Associate Dean for Executive MBA and Global Programs and Professor in the Practice of Management,
Yale School of Management



Since at least the 1980s, most businesses—and along with them most leading business schools—have viewed globalization as a one-way street. However, the recent spread of anti-globalization sentiment from the political fringes to the mainstream in many Western countries has called this into question. Are we witnessing the end of globalization? The contributors to this anthology, faculty experts from leading business schools that comprise the Global Network for Advanced Management, say not so fast—while we have entered a period of contested globalization that will place new demands on managers, they argue that business will remain global.

“The End of Globalization?” was the title of an online course I taught from January to April 2017 to a group of 41 current MBA students from 21 Global Network schools. Students from countries including Brazil, Chile, Mexico, Canada, Turkey, Germany, the UK, Nigeria, Ghana, South Africa, South Korea, the Philippines, Japan, China, Singapore, the U.S., and others joined twice-weekly live discussions with academic and non-academic experts, collaborated in virtual teams, and collected data from which they then distilled insights about the causes and consequences of anti-globalization sentiment in different parts of the world.

These insights, in turn, provided the backdrop for a hackathon, organized to mark the fifth anniversary of the Global Network, that involved dozens more students and whose finalists, selected by a faculty jury, reached remarkably similar conclusions—across jurisdictions, it seems, anti-globalization sentiment is most prevalent when a sizeable share of the public feel their socio-economic conditions are no longer improving relative to reference groups, including recent immigrants and/or perceived rival nations, even if much of a country’s accumulated wealth and earned standard of living is at least in part due to dividends from globalization.

Foreword

David Bach

Across sectors and regions, faculty are near-uniform in their view that economic populism will not undo cross-border economic integration.

In parallel to these student efforts, we asked faculty from Global Network schools to weigh in. Their analyses, which are contained in this anthology, supplement the students' insights. For even though most of them view globalization as increasingly contested, particularly in the West and for the reasons put forth by the students, across sectors and regions, faculty are near-uniform in their view that economic populism will not undo cross-border economic integration. The efficiency gains from trade, cross-national supply chains, and global capital flows have become pillars of economic activity around the world. Particularly in the emerging markets of Asia, Latin America, and especially Africa, my colleagues argue, globalization remains the single best hope for poverty alleviation and rising standards of living.

Where does this leave business schools and management education? Taking all insights together, growing anti-globalization sentiment does not signal the end of globalization. Rather, we are entering a period of contested globalization in which those managers will thrive who can navigate national political currents while capitalizing on enduring global opportunities. I am convinced that business schools that are globally connected, and that can therefore facilitate deep and meaningful exchange among students, faculty, and alumni in countries with vastly different perspectives on globalization, can develop such leaders more effectively than stand-alone schools. That is the value proposition of the Global Network for Advanced Management. As you peruse the contributions in this volume, I hope you will come to share our enthusiasm for networked learning, networked inquiry, and networked education. **GNP**

Contents

GLOBAL NETWORK FOR ADVANCED MANAGEMENT



Global Network Perspectives is the ideas-based online magazine of the **Global Network for Advanced Management**, a consortium of 29 top business schools from around the world.

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COVER IMAGE

"Globalization," 2013, by Nancy Natale: mixed media on panel, 36" x 36", courtesy of Arden Gallery, Boston; photo John Polak

AMERICAS

- 5 **EGADE Business School, Tecnológico de Monterrey**
- 7 **FGV Escola de Administração de Empresas de São Paulo**
- 9 **Haas School of Business, University of California Berkeley**
- 11 **INCAE Business School**
- 12 **Pontificia Universidad Católica de Chile School of Business**
- 13 **Sauder School of Business, University of British Columbia**
- 14 **Yale School of Management**

ASIA AND PACIFIC ISLANDS

- 21 **Asian Institute of Management**
- 22 **Fudan University School of Management**
- 24 **Hitotsubashi University, Graduate School of International Corporate Strategy**
- 27 **Hong Kong University of Science and Technology Business School**
- 29 **Indian Institute of Management Bangalore**
- 32 **National University of Singapore Business School**
- 34 **Renmin University of China School of Business**
- 35 **Seoul National University Business School**
- 36 **University of Indonesia Faculty of Economics**

EUROPE, MIDDLE EAST, AND AFRICA

- 37 **ESMT Berlin**
- 38 **HEC Paris**
- 39 **IE Business School**
- 40 **IMD**
- 42 **INSEAD**
- 46 **Koç University Graduate School of Business**
- 47 **Lagos Business School, Pan-Atlantic University**
- 58 **London School of Economics and Political Science, Department of Management**
- 59 **Saïd Business School, University of Oxford**
- 61 **Technion-Israel Institute of Technology**
- 64 **UCD Michael Smurfit Graduate Business School**
- 68 **University of Cape Town Graduate School of Business**
- 73 **University of Ghana Business School**

No Time to Waste

Juan Antonio Enciso González, Director, MBA in Global Business & Strategy, EGADE Business School, Tecnológico de Monterrey



Globalization encouraged companies to design and implement their business strategies to take advantage of the competitiveness of each region, configuring and adapting the value of their supply chains in manufacturing, investment, and trade. It's clear that the global value chains took years to configure, with the flexibility to respond quickly to changes in technology and consumer trends, and regulations and financial cycles, among many other global economic factors.

However, this status seems to be facing challenges, mostly from political events and apparent anti-globalization postures in several countries, including the U.S., the UK, and many others around the world. The question that arises is how these politically led movements and governments will impact the competitiveness of the current global value configuration. In practice, what does it mean in terms of changes to regulations and benefits of trade and direct-investment agreements, double-taxation treaties, property-rights protection, environmental regulations, and quality standards, among many other economic factors that define the feasibility of both production and consumption?

The impact of the future of globalization or anti-globalization depends on several factors. Some of these factors are the political and economic views of the new generation of leaders and governments on how profound and deep the changes in trade and foreign-direct investment regulations will be, new tax configurations, changes in rules of origin within trade agreements, environmental and logistics regulations, and the non-trade-related issues that governments would probably like to tie to trade, such as immigration, security, border crossings, and democratic processes, among other issues.

How will this new status quo impact a trade-dependent country like Mexico? It depends on how fast governments and companies come to understand their current situation and potential changes, the effectiveness of their capacity to change their global value chains to maintain their competitiveness, and their



**EGADE BUSINESS
SCHOOL, TECNOLÓGICO
DE MONTERREY**

MEXICO

No Time to Waste

Juan Antonio Enciso
González

We need to
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supply do not come
about from one
day to the next.

capacity to negotiate or renegotiate trade regulations with potential partners. We need to remember that changes in a global supply do not come about from one day to the next; it might take years before a company can reconfigure its sourcing, manufacturing process, logistics planning, and so on.

There is no time to waste. The business leaders of multinational and domestic companies must be prepared to understand and evaluate the business environment, to foresee the possible changes, to evaluate challenges and economic impact; they must be able to reconfigure management and organizations, be assertive negotiators with governments as well as with suppliers and customers, and to evaluate and design new processes, products, and customer-service management.

As a proud Global Network partner, EGADE Business School is preparing the transformational leaders that this new paradigm demands: innovative leaders with global vision and experience and the character and competence to create and instrument sustainable change for business and society. **GNP**

Strengthening Social Inclusion

Guilherme Casarões, Professor of International Relations, FGV Escola de Administração de Empresas de São Paulo



What do you think the future of globalization looks like?

The future of globalization looks gloomy in the short run. Over the last decade, we have witnessed the erratic retreat of globalization, triggered by the 2008 financial crisis. In many ways, the global response to the economic meltdown was similar to the one that followed the stock market crash of 1929. Then and now, deep recession and massive unemployment sparked millions across the world to embrace right-wing nationalism, populism, and protectionism as a panacea to their perceived losses. In both cases, the anti-globalization wave happened in the context of a global power transition, from Europe toward the U.S., and now from the U.S. toward Asia.

The combination of these elements drove the world to the bloodiest of wars in 1939. As societies become ever more polarized and the risks of great-power conflict rise to unprecedented levels since the end of the Cold War, we have to look closely at the lessons taught by history so as never to forget them. To our luck, the world is much more interdependent and interconnected than ever before. Regional integration and multilateralism remain the cornerstones of peace worldwide. Reinforcing them, even in a context of growing de-globalization, seems to me as the only possible path toward prosperity in the long run.

On a more positive note, though, I believe globalization may even get stronger as the world overcomes this temporary anti-globalization wave. The march of technology is, after all, inexorable. And so are the flows of new ideas, people, and goods across borders. If today's challenge is to ensure that the establishment of a new, less Western global order takes place peacefully and smoothly, tomorrow's challenge will be to keep globalization sustainable as billions of new consumers enter the middle class. In this scenario, technology must serve not only individual well-being, but also a new balance between man and nature.



FGV ESCOLA DE
ADMINISTRAÇÃO DE
EMPRESAS DE SÃO
PAULO

BRAZIL

Tomorrow's
challenge will be to
keep globalization
sustainable.

How will this affect the economy in your country or region?

The short-term retreat of globalization may have two immediate effects in Latin America. First of all, it represents a blow to the economic logic of the region, since most countries rely on commodity exports and on manufactured imports from the U.S., the epicenter of de-globalization. Countries whose industrial production also depend on U.S. markets will probably undergo even greater difficulties, as in the case of Mexico and, to a lesser extent, Brazil. While China and other Asian economies may provide Latin America some relief, thanks to their massive commodity consumption, I think that a sound response to this changing economic reality is to improve intra-regional trade through deeper integration.

Secondly, as U.S. and European borders become less porous, the region will most likely cease to be a net exporter of migrants. The adverse effects of a less globalized world may even lead some stronger regional economies, such as Brazil, Mexico, or Colombia, to start receiving a great number of people either from other continents, or from poorer neighbors. The big question is whether these countries are prepared to live up to this new social reality. While they seem to have relatively open cultures, because of their background of immigration, they may be ill-equipped to absorb this new workforce. Therefore, strengthening policies of social inclusion while keeping borders open and fostering regional integration mechanisms will probably be some of Latin America's most daunting challenges in the years to come. **GNP**

Embracing Opportunity

Kristiana Raube, Executive Director of the Institute for Business & Social Impact, Haas School of Business, University of California Berkeley



Thirty-five years ago, I would wait impatiently for a light blue aerogram, hungry for news from home. As a Peace Corps volunteer in rural Africa, posted to a small village far from electricity or running water, the only world news came from those slim aerograms or from my short-wave radio playing Voice of America.

What a difference a generation makes! Yesterday, my oldest son, who is a Peace Corps volunteer in rural Africa, texted me a link to a New York Times article on missile testing in North Korea. Despite the fact that he is far from home, he follows the Golden State Warriors' quest for a basketball championship and knows that Turkey's President Erdogan's referendum passed by a narrow 51%. As the world has become more interconnected than ever before, he is able to share his observations and adventures on the continent in ways that I was never able to.

Thanks to technology's astounding advances, this generation is able to be part of the world using means that were unimaginable when I lived in Africa. Not only are we able to bring the world into our homes as never before, the world itself is better than ever before. More people are entering the global middle class than at any time in human history, more children survive beyond their fifth birthdays than ever before, and poverty rates worldwide have plummeted. We can credit some of these positive changes to the worldwide movement toward economic, financial, trade, and communications integration.

And yet, despite the greater economic prosperity around the world, we see a backlash against globalization at home in the United States. Despite being able to communicate across borders as never before, we see a growing fear of those who are different than us. Despite promises of future affluence, we see job disruption and loss of opportunities for those whose skills have not kept pace with the rapidly changing economy.

In response, politicians have placed the blame on "unfair" trade deals and immigrants who have "stolen" American jobs. Although evidence shows that

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**HAAS SCHOOL OF
BUSINESS, UNIVERSITY
OF CALIFORNIA
BERKELEY**

UNITED STATES

Embracing Opportunity

Kristiana Raube

I believe we
have a unique,
unprecedented
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understanding
across cultures
and countries.

the majority of jobs have been lost to technological advances, and not because they have been moved overseas, politicians have fed into Americans' fears and disappointment, promising easy answers by walling off the country and "forcing" companies to bring manufacturing back to blighted cities and communities.

What does this mean for the corporate leaders who need to rethink where and how they compete given the recent cultural and political trends?

Instead of building walls and closing borders, I believe we have a unique, unprecedented opportunity to foster understanding across cultures and countries, thanks to technological advances that make communication across borders possible. Taking advantage of interconnected and complex global markets, we can bring together diverse viewpoints and approaches to create strategic business models that will make people around the world more prosperous and self-sufficient, particularly if they have the training and education to compete in a new global economy. The challenge today is not to turn inward to solve our problems, but to turn outward and to embrace the many opportunities before us.

Let's not return to the days of the blue aerogram and isolation. Let's not lose sight of the many positive changes around the globe since I lived in Africa long ago. Instead, let's embrace diversity and globalization to make the world a better, more prosperous place. **GNP**

Alternative and Novel Solutions

Ryan Schill, Carazo Professor of Entrepreneurship and Director of Latin American Center for Entrepreneurs, INCAE Business School



**LATIN AMERICAN CENTER
FOR ENTREPRENEURS,
INCAE BUSINESS SCHOOL**

COSTA RICA, NICARAGUA

The current global climate threatens to curb the collective progress made among nations as a more isolationist approach tries to take hold in the political and economic sectors. In this atmosphere, there is bound to be some detrimental fallout in economic advancement, stunting the ease of cooperation between Central America and other countries.

The very nature of INCAE fosters global perspectives, as students from countries from all over the world learn to value the diverse perspectives of their peers. Working as an eclectic team to accomplish their goals, students are taught to be problem-solvers—to look beyond the current landscape and imagine more efficient ways to achieve goals in spite of what may appear to be insurmountable barriers. Rapidly expanding technology, with its proliferation of information, can help in this problem-solving by fostering an alternate way to maintain global connectivity that is difficult to ban at geographical borders.

The idea exchange that technology can provide allows Central American businesses and entrepreneurs to proliferate right where they are—opening doors to the kind of international synergy that boosts economic progress within their own countries. INCAE works to instill a mindset in students in which technology can be used to bridge the globalization gap between countries in the business world. Perhaps this new necessary reliance on technological versions of interconnectedness will actually hasten development and economic advancement in ways that would not have otherwise been possible.

INCAE's vision is one in which its students come away from their education with a positive outlook, despite current or future global hardships, because they have learned strategic ways to create alternative and novel solutions for progress and growth. Such preparation to engage in innovative thinking—regardless of the challenges of the circumstance—is the kind of perspective Central America needs in order to continue its progress toward achieving economic prosperity locally as well as contributing to such progress globally. **GNP**

Diversity and Respect

Mauricio Larraín, Professor of Finance, Pontificia Universidad Católica de Chile School of Business



What do you think the future of globalization looks like?

After Brexit and Trump, some have argued that globalization has reached a tipping point. I don't think that is the case. While some politicians might be thinking of closing their borders, in the long run, globalization is driven by technological change. And politicians have only limited control over the pace of technological change.

How will this affect the economy in your country or region?

The Chilean economy is relatively small. Therefore, we need the scale that comes with globalized markets. International integration in trade and finance in the last decades has brought prosperity to the Chilean society. In our country, we embrace globalization, we don't oppose it.



**PONTIFICIA
UNIVERSIDAD CATÓLICA
DE CHILE SCHOOL OF
BUSINESS**

CHILE

How is your school preparing students for this world?

Our MBA courses include regional and global cases. In addition, we offer our students several international experiences, such as exchange programs and dual international degrees. We also have a program of international visiting professors who share their global perspectives. Most important, our courses have a focus on leadership, where we emphasize respect to others and diversity. **GNP**

Dramatic Changes

Danielle van Jaarsveld, E.D. MacPhee Chair in Management, Sauder School of Business, University of British Columbia



MBA students need to prepare for a dramatically changing global landscape. The recent events we are witnessing such as Brexit, and the shift toward countries turning inward, has important implications for business. In the workplace, we need to prepare for increasing diversity with respect to gender, race, and age. One of the most significant challenges I see for businesses concerns international mobility—that is, how to access human resources while navigating immigration regulations. Another significant challenge is how to develop a workforce with a productive mix of employment relationships (e.g., temporary, independent contractor, full-time) that can meet the needs of the organization while at the same time remaining flexible enough to adjust to market changes and disruptive technology.

As educators, we need to think carefully about how to develop learning opportunities for MBA students to build their understanding of how regulations interact with and influence business practices. At the Sauder School of Business, our approach, through our Global Immersion Experience, is to have students work on client projects that originate in another country, then take our students to spend time in that country to enhance culture understanding and broaden their business expertise. **GNP**

UBC SAUDER ROBERT H. LEE
SCHOOL OF BUSINESS GRADUATE SCHOOL

**SAUDER SCHOOL OF
BUSINESS, UNIVERSITY
OF BRITISH COLUMBIA**

CANADA

Locals Versus Cosmopolitans

Robert J. Shiller, Sterling Professor of Economics, Yale University



The sociologist Robert K. Merton sounded an alarm about globalization more than a half-century ago in his 1949 book *Social Theory and Social Structure*. In that book, he reported interviews he made of residents of a randomly chosen small town, Rove, Massachusetts. What struck him then was that the residents of the town could be neatly divided into two types, as he called them, locals and cosmopolitans. The locals were deeply committed to their town. They knew a lot about the town. When asked about the other locals in the town, they were ready with praise and admiration. The cosmopolitans, on the other hand, had little interest in or appreciation for the town. They viewed themselves as a part of a larger world. When asked about locals in the town, they had little to say.



YALE SCHOOL OF
MANAGEMENT

UNITED STATES

The world today is increasingly polarized into locals versus cosmopolitans. My concerns about our college and graduate school education today is that we are further developing a sense of cosmopolitan community for some people, excluding others.

Modern communications technology tends to increase this polarization, by enabling people to relate only to their group. Locals may be falling further behind on income measures. The modern multinational corporation, and the tendency for cosmopolitans to migrate between countries, further intensifies the polarization.

There are dangers to such a polarization, dangers of a divided society, a society which has two distinct worldviews that can come into conflict. This division comes just as the distribution of income strongly favors the cosmopolitans.

We must, in our efforts as educators, continue to find a place in our theories for both groups, and support the personal identity of both groups.

Economic policy needs to contain an element of protection of the interests of locals. I have written, including in my books *The Subprime Solution: How Today's Global Financial Crisis Happened*, and *What to Do about It* and

**Locals Versus
Cosmopolitans**

Robert J. Shiller

Economic policy
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Finance and the Good Society, that we need social insurance devices for them, including devices that I there called livelihood insurance, home equity insurance, and inequality indexation.

But we need more than such risk management. We need, as educators, to promote the idea that we are all citizens of the same society, and that we care about each other. **GNP**

Cultural Heterogeneity

K. Sudhir, Professor of Private Enterprise and Management and Professor of Marketing, Yale School of Management



What do you think the future of globalization looks like?

We need to think about the future of globalization in both an economic and a cultural sense. Economically, in terms of global trade, technology will reduce geographic frictions, which will lead to greater long-term efficiency. Each country will evolve and adapt toward its comparative advantage and natural specialization; that evolution will continue to evolve as countries innovate. That same technology will allow people to maintain and adapt rich cultural heterogeneous identities within and across countries, even as we intermingle and develop a shared identity as global citizens.



**YALE SCHOOL OF
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UNITED STATES

I'll focus first on the economic aspect. The technological advances in transportation, logistics, and communications will continue to improve trade flows, which will reflect the differential consumption potential and costs of production. Over the long term, on average, everyone wins as the economic output overall increases—consumers everywhere get products at lower prices overall; living standards in emerging markets rise; and firms in developed countries gain access to emerging markets. But in the short term, each technological advance that reduces the role of geographic friction creates winners and losers in every country, as production and consumption flows shift. These shifts create political pressure within each country to become selectively protectionist in the losing sectors, especially when the losers are visible and concentrated enough to be politically powerful—through either their numbers or their economic influence.

Right now, the nationalist, protectionist rhetoric is ascendant in the West. This is not a particularly new phenomenon in a historical sense, since with every wave of change, such calls for protection emerge. What is unusual now is the pairing of that reaction with the pace of technological change and the speed of economic upheaval. The West—which, for several decades, has benefited from free trade, and was the champion of institutions and trade agreements that support and facilitate free trade—has not been able to adapt quickly

Cultural Heterogeneity

K. Sudhir

Our shared identity
as global citizens
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tribal, and cultural
identities.

enough to benefit from the change without feeling the attendant pain through adjustments in the economy.

Protectionism can slow down this pace of change, but fundamentally, the technological forces underlying globalization will continue to work toward making the world more efficient, with each country developing to its potential. Globalization should make the world a better place for all over the long term.

From the cultural perspective, will globalization homogenize tastes and demand across the world, destroying its rich cultural heterogeneity? Will a Coke or Pepsi or Hollywood come to dominate the globe? The evidence thus far suggests that the same technological advances—especially those around communications and transportation, which aid economic globalization—will also help preserve cultural heterogeneity, within and across countries. As with the long-tail effect of e-commerce, the ability to aggregate consumer demand for entertainment, information, and culture across distant geographies will mean that even when people migrate and travel, within or outside their countries, it will be increasingly more feasible for them to hold onto their cultural heritage. Immigrants around the world find that it is much easier to retain their food, language, and culture than it was a few decades ago, because social media makes it much simpler to find ingredients, books, movies, and so on across geographies. Our shared identity as global citizens will coexist with more nationalistic, tribal, and cultural identities. How this translates to either greater peace or greater friction is hard to predict, especially as we see the polarization of political viewpoints within democracies with the rise of targetable and selectively consumable media.

How will this affect the economy in your country or region?

Globalization has definitely created winners and losers in the United States. Among the losers are the blue collar, non-college educated workers who have lost manufacturing jobs and are facing a declining standard of living,

Cultural Heterogeneity

K. Sudhir

Business-process
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costs have meant
more resources
for productive
investments like R&D.

even though they have benefited from the lower cost of consumption due to cheaper goods. Even educated workers in the “offshoreable” service sectors face pressure around wages and jobs.

Among the winners are many multinational companies and entrepreneurial businesses in the United States, which have directly benefited from the economic growth across the world; the companies have also produced new jobs that otherwise would not exist. Business-process outsourcing and lower costs have meant more resources for productive investments like R&D and new product innovation for U.S. companies. Consumers across the board have benefited from the lower cost of consumption.

The gains from globalization are, however, diffuse across sectors and consumers, and much less visible. The losses are visible, and more clearly attributable to globalization. Therefore, the losses dominate the political conversation more than the gains. In the short run, we have seen this translate to exaggerated protectionist and nationalist rhetoric such as “America First,” with traditionally free market and trade-friendly politicians—now willing to intervene in business choices—calling for pulling out of trade pacts such as NAFTA and the Asia-Pacific Trade agreement. While these choices may serve as a short-term palliative, they are likely to hurt U.S. competitiveness over the long term.

As other highly populated countries like China and India raise their standard of living, it is inevitable that the relative share of the U.S. in the world economy will decline. Yearning for the relative economic strength of the United States in the the 1900s or 1950s will be little more than a dream; innovations and ideas diffuse much faster today, and all countries with adequate human capital are likely to gain proportionately with those innovations. Trade is not a zero-sum game, however, and the gains from globalization will be greater for all countries if we can help those who lose in the short term to navigate the change through retraining for a changing economy, as well as a stronger social

Cultural Heterogeneity

K. Sudhir

Yearning for the relative economic strength of the United States in the 1900s or 1950s will be little more than a dream.

safety net. Protectionist policies may slow down this change, thus trading off immediate gains from efficiency to a slower, more gradual pace of change from the effects of globalization.

How is your school preparing students for this world?

Given the economic and cultural effects of globalization, there are three things that an MBA student needs to work in this world.

1. Cultural sensitivity to consumers and employees from across different countries and cultures. The Yale School of Management curriculum uses international cases, visits to other countries, etc., to help students appreciate cultural differences. Global Network courses and Global Network Weeks provide opportunities to engage and appreciate faculty and students from other geographies. The Master of Advanced Management degree brings in students from countries that are normally not well represented in our MBA program. This exposes our students to issues and opportunities across a more diverse array of countries.
2. The ability to work in virtual teams with divergent cultures, even when separated by geography, and still pull together cohesively toward common goals. The MBA program has a course focused on working in global virtual teams, and the course leverages partner schools from within the Global Network. Students participating in our small network online courses (SNOCs) gain valuable experience in working on teams with other students from around the world.
3. The recognition that market conditions, institutions, and even regulations are different, but also potentially endogenous—which firms may actively affect through interactions with the state and the communities in which they operate. The core MBA course on “State and Society” educates students on how businesses operate under a set of rules defined by the state and permitted by the society and its norms. It teaches students to not only understand how a

Cultural Heterogeneity

K. Sudhir

I teach a small network online course on mobile banking across countries.

firm needs to tailor its operations to these regulations and norms, but also to be actively involved in the creation/adaptation of such institutions, regulations, and norms.

Personally, I teach a small network online course on mobile banking across countries. The premise of this course is that even though the underlying mobile technology is similar, successful business models vary substantially across countries due to differences in consumer needs, competitive market structure, existing infrastructure, and regulatory environments. By placing students in virtual teams across different countries and continents, I am able to help them strengthen all of the above necessary skills to succeed in an interconnected, globalized world. Beyond analyzing the successful business models across countries through economic frameworks taught in the course, the students develop a more inductive learning approach from the cross-sectional and time series variations they observe in how business models evolve across and within countries. The presence of team members from different countries enriches and clarifies the importance of the differences across countries in developing business models suitable for a particular country at a particular time. **GNP**

Growing Pains

Jamil Paolo S. Francisco, Director of the AIM Rizalino S. Navarro Policy Center for Competitiveness, Asian Institute of Management



**POLICY CENTER FOR
COMPETITIVENESS,
ASIAN INSTITUTE OF
MANAGEMENT**

THE PHILIPPINES

This year marks the 50th Anniversary of ASEAN. Just over a year ago, the ASEAN Economic Community (AEC) was officially launched, setting up the creation of a single market and production base with the intention of fostering a competitive and equitable region fully integrated to the global economy. This is one of the key departures of the AEC from the European model. Rather than ultimately keeping trade within the region, the AEC seeks to promote intraregional trade primarily to enhance the competitiveness of the region as a nexus of global value chains.

Globalization is both the fundamental cause and the primary objective of the AEC. This is why ASEAN welcomes multiple dialogue partners, and why it is not beholden to a single major trade partner. The success of ASEAN integration lies on continuing to maximize the gains of international trade and finance while ensuring that the rapid development that the region has been known for remains inclusive.

Opening up markets to foreign investment and competition exposes vulnerabilities and displaces less productive resources. But because these displaced resources include ordinary people who suddenly find themselves out of work and unable to thrive in a new, unfamiliar environment, the transition can be painfully upsetting. And this is why there has been so much backlash. We suffered a lot here in Asia when globalization hit us, but now, we have accepted the challenge, and have responded quite well—albeit to varying degrees of success. Some of our major trading partners, like the U.S. and UK are finally feeling the hurt as their own vulnerabilities have been exposed. Hopefully, they will endure the growing pains, and learn and adapt as we did. Otherwise, all the work that has been done toward ASEAN economic integration would be undermined. **GNP**

Cross-Cultural Engagement

Zhiwen Yin, Associate Professor, Department of Management Science, School of Management, Fudan University



It is clear to see that globalization remains an irresistible trend. With advanced technology and improved living conditions, intercommunication among nations is getting more frequent, which facilitates cross-cultural engagement, providing people a real insight into other parts of the world. Following that, the growth in global trade volumes shows great possibility. China is one of the main beneficiaries of globalization. Given this, I believe that China is going to further promote the globalization process, and to undertake more international obligations.

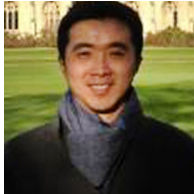


As an important gateway to China's opening-up, Shanghai is also a welcoming and inclusive city, a hub for diverse cultures. Located in Shanghai, Fudan University is proud to have students with in-depth international perspectives and global capacity. The past 30 years have witnessed profound development in the school's internationalization. The school has brought in advanced managerial thinking through its international collaborative programs. It helps students in China with their capacity for global management, while introducing Chinese business experience and innovation to the world.

By both “bringing in” and “going global,” Fudan has invited entrepreneurs, scholars, and young professionals to communicate with our students—and sent our students abroad via different international collaborative degree programs, student exchanges, and internship activities—to learn about business practice in a cross-cultural context. The school has also established extensive links to international organizations, offering a variety of international opportunities for students to adapt themselves to culturally diverse communication and coordination. **GNP**

China's Unique Stamp

Guolin Shen, Associate Professor, School of Management, Fudan University



The word “globalization” gained popularity in recent decades, but the process of globalization started a long time ago. This process of connection began thousands of years ago with simple acts like the trading of goods and the sharing of experiences by traders, missionaries, adventurers, and soldiers. Since the 1990s, globalization has been promoted by a neoliberalism that is considered the contemporary version of capitalist expansionism.

Although it has met setbacks in recent years, globalization is irreversible, and even de-globalization is a part of globalization. I am optimistic about globalization as the celebration of the exchange among nations, firms, and individuals.



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CHINA

China's integration with the world is also irreversible. Furthermore, with the rapid growth of its economy, China will provide a Chinese version of globalization that will benefit the world—as well as China itself, of course—and make its mark. Due to the relationship between China's government and firms, China will make its globalization different from the Western version. It will be the most difficult task of Chinese globalization to define and promote core values that can be accepted and embraced by Chinese people and the world at large.

Fudan University has been embracing globalization for many years. As a Fox fellow at Yale in 2006–07, I have personally benefited a great deal from the globalization of education. At Yale, I formed a global vision that is extremely important for my research, teaching, and life as a whole. I teach exchange students every semester at Fudan. I always ask my students to know, understand, respect, and love when they study in a different culture. **GNP**

The Great Connection

Kazuo Ichijo, Dean and Professor, Hitotsubashi University, Graduate School of International Corporate Strategy



According to Joshua Cooper Ramo in his book *The Seventh Sense: Power, Fortune, and Survival in the Age of Networks*, centuries from now, our great-great-grandchildren will look at our age and name it as we have named the Enlightenment. Perhaps they will call this era the “Great Connection” or “Great Enmeshment,” or some such. Without the “Great Connection,” the economy in Japan and the Asian region has no future and no survival.

The mission of Hitotsubashi ICS is to achieve “the Best of Two Worlds” by acting as a bridge linking Japan to Asia and the globe, and as an international center of excellence for the creation, management, and dissemination of knowledge. Therefore, we educate our students so that they will be a bridge between two confronting concepts such as East and West, Large and Small, Global and Local, Old and New, Practice and Theory, Cooperation and Competition, and Business and Society without denouncing or ignoring the other in the age of Great Connection. Students who study at Hitotsubashi ICS have the social mission of creating the peaceful and collaborative society in the world by accepting paradox, combining and respecting different beliefs. **GNP**



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JAPAN

The Localization Parallel

Jin Suk Park, Assistant Professor, Hitotsubashi University, Graduate School of International Corporate Strategy



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In the gaming console industry, Japan has been a leading producer in the global market while creating and exploiting its core competencies with major hardware and software makers like Nintendo, SONY, CAPCOM, and so on. According to Sara X. T. Liao's 2015 study, "Japanese Console Games Popularization in China: Governance, Copycats, and Gamers," the Japanese game industry could be able to settle successfully even in China, where cultural resistance, piracy, the black market, and government regulation are rampant. This achievement of the Japanese game industry can be understood as both the process and the consequence of globalization in China, as many Chinese gamers now enthusiastically enjoy content created by Japanese video game producers.

But I would like to highlight here a related phenomenon of localization by Japanese producers. These companies sought cooperation with Chinese gamers and developers from the beginning of their entry into the Chinese market. One very concrete example showing the interaction between globalization and localization is SONY's recent campaign "China Hero Project." SONY's Shanghai entity launched this project in mid-2016 to identify and support regional game developers in China. At first glance, this project looks like a typical regional promotion to localize a company's products in a target market while increasing product awareness and attractiveness for local customers.

But SONY's plan may be aiming at a longer-term goal rather than immediate profitability in the specific market. In other words, SONY seems to be trying to find a way to globalize the outcomes (i.e., games developed in China); as its official press release says, "The most important criteria in selecting developers for this program is finding titles and teams with the potential to succeed globally."

In sum, the globalization of one country's product is the start of localization in a regional market; then the localized product will be sold globally. Many discuss this parallel relationship between globalization and localization, and SONY's case can be used to enrich students' understanding on this issue. **GNP**

Empowering Multicultural Teams

Tish Robinson, Associate Professor, Organizational Behavior and Methodology, Hitotsubashi University, Graduate School of International Corporate Strategy



Globalization in our daily work lives will likely show up in our working on increasingly diverse teams. Drawing on Ryan and Deci's work on autonomy, relatedness, and self-efficacy as universal motivators, Hitotsubashi ICS is preparing students to lead diverse teams through our Empowering Diverse Teams course, which utilizes skills from team coaching, cross-cultural conflict mediation, and facilitation to empower and motivate teams. For example, to support team members in autonomy, we teach facilitation skills by teaching managers to ask rather than tell subordinates things, in order to encourage them to figure out solutions on their own. (This has the added benefit of gaining their buy-in on executing on a solution.)



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JAPAN

Second, to support relatedness and help teams get through the storming phase that faces most teams, we teach cross-cultural conflict mediation, so that teams can move on to norming and performing, à la Bruce Tuckman's Stages of a Team model. In addition, we use team coaching to promote relatedness through supporting team alignment, in terms of shared goals and team norms. Finally, to promote self-efficacy, we teach leadership coaching skills so managers can leverage and maximize their team members' self-efficacy. Our MBA program represents more than 20 nationalities, and team coaching, cross-cultural conflict mediation, and facilitation skills have proved effective in empowering diverse teams in our various team projects. **GNP**

The Global Value Chain

Edwin L.-C. Lai, Professor of Economics, Hong Kong University of Science and Technology Business School



I would like to give an account of an important type of globalization—the global value chain—and how developing countries’ participation helps their growth.

China’s participation in globalization is most conspicuous in trade globalization—the global value chain. And the global value chain is intimately related to a rapidly developing phenomenon called “international fragmentation of production.” International fragmentation of production, which refers to the phenomenon that different tasks in the process of producing a good are carried out in different countries, has become widespread.

The most well-known example of this production and trade pattern is the iPhone and iPad, designed by Apple Inc. of the U.S. Apple purchases sophisticated parts, such as touchscreens, cameras, processors, display, and memory, from all over the world (many of them from the more advanced countries such as the U.S., Germany, Japan, South Korea, and Taiwan) and ships them to Foxconn’s factories in Southern China. These parts are further processed, assembled, and tested before the final product is ready and shipped to destinations all over the world. This is an example of “processing trade” in China, and it is a vivid demonstration of international fragmentation.

Developing countries such as China—especially in the early stage of China’s reform in the 1980s and ’90s—benefit a lot from participating in the global value chain. They do not have to be able to produce a product from the first stage to the last stage. They only need to participate in the most labor-intensive stage of production, which is usually the final assembly stage. China’s processing trade is a typical example. Historically, China’s processing trade helped the country to engage in export-oriented growth by importing intermediate goods from the West, assemble the final good using unskilled labor, and then export to the rest of the world. Workers who migrate from rural areas enjoy higher income by working in industries. Moreover, the country gradually learns how to produce in all stages of production through “learning by doing.” In 2007, 51% of China’s total exports were attributed to processing trade, though it dropped to 34% in 2016. To be



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CHINA

The Global Value Chain

Edwin L.-C. Lai

This is an example of 'processing trade' in China, and it is a vivid demonstration of international fragmentation.

sure, other developing countries like Vietnam are following the footsteps of China.

But China's massive engagement in globalization all over the world has led to resentment. First, it displaced workers or lowered their wages in the countries that import a lot of Chinese goods and services. However, many of the complaints about China are unfair. The rhetoric in the U.S. presidential election about China's "unfair" trade practice distorts the facts, e.g., saying that China is a currency manipulator. Moreover, using the U.S.-China gross trade deficit as a measure of the trade deficit is misleading. Moreover, trade with China has benefited U.S. consumers a great deal, especially low-income people. For example, Walmart was able to provide Americans with many low-cost goods because it sourced a lot of its goods from China. Other examples abound. One just needs to visit any retail store in the U.S. and find out how many items are made in China.

Therefore, on the one hand, these countries benefit from China's engagement in globalization; on the other hand, they complain about people losing their jobs or suffering from stagnant wages. But they cannot expect to have the best of both worlds. It is clear that they benefit more than they lose from globalization in general, and from trade with China in particular. It is therefore the responsibility of the governments of these countries to implement policies to retrain their displaced workers and to redistribute income to those who lose from trade.

The recent emergence of a protectionist sentiment in developed countries may threaten fragmentation and the participation of developing countries in global production. Unless leaders in the developed world embrace free trade again, the future of globalization for developing countries through participation in the global production chain will be endangered. **GNP**

Integration and Competitiveness

Rupa Chanda, RBI Chair Professor in Economics, Indian Institute of Management Bangalore



What do you think the future of globalization looks like?

Is globalization on the retreat? Brexit, Donald Trump's election, and the resurgence of right-wing, nationalist parties around the world have made us question our earlier optimism about the future of an open global economic order. A critical reevaluation of what globalization has delivered and how it has been managed is certainly warranted. In my view, however, globalization will endure, though at a more moderate pace and in a more uncertain and volatile manner, where we alternate between periods of globalization and de-globalization—much as in a business cycle with its peaks and troughs. The two currents may also at times run together, and the friction between growing cross-border activities which require global governance frameworks and national political systems which wish to preserve their sovereignty will only grow.



INDIAN INSTITUTE
OF MANAGEMENT
BANGALORE

INDIA

This view of an alternating and at times co-existing form of globalization is based on two factors—technology and demographics—which I believe will be the key drivers shaping our world in the future, and which are irreversible. Both these forces inherently contain within themselves the seeds of both globalization and de-globalization. While technology will continue to spur the dispersion of production of goods, services, and ideas across geographies and further the growth of global value chains, it will simultaneously also act as a disruptive force within and across countries by accelerating changes in the methods of production, delivery, ideation, and the associated distribution of economic and social benefits.

Likewise, while demographic imbalances across countries—with the associated implications for wages, production costs, and comparative advantage, will continue to spur outsourcing, foreign direct investment and the international mobility of students and workers—they will simultaneously sow the seeds of protectionism, nationalism, anti-immigration sentiments, and xenophobia, and pose threats to national security and culture. Demographics are also likely to result in a longer-term slowdown in growth and productivity in some parts of

The challenge for Indian business and the Indian government will be to continue with recent efforts toward integration and global competitiveness.

the world, thus altering the economic balance across countries and creating heightened concerns over the loss of economic and political supremacy.

How will this affect the economy in your country or region?

India stands to be adversely affected by the current wave of protectionism and anti-immigration, especially at a time when it is focusing on enhancing participation in global production networks, improving its business environment, and skilling its manpower to realize its demographic dividend and tap the opportunities thrown up by the global market. Although India is less integrated than many other countries in the region and thus may not be as adversely affected by de-globalization as others, it still needs an open global economic order in terms of movement of goods, capital, technology, ideas, and people to sustain and improve its growth prospects. Recent developments such as the stricter conditions on skilled immigration visas in the U.S. or the U.S. trade review, which targets countries like India on issues of intellectual property, state subsidies and tariff and non-tariff barriers are of concern to major sectors of the Indian economy.

Such developments may give rise to two possibilities. On one hand, they may lead Indian companies to re-examine existing strategies and consider new markets and business models and the Indian government to re-examine some of its distortive practices, focus more on competitiveness, and give a renewed thrust to multilateral, regional, and bilateral discussions. On the other hand, such global currents may lead to more calls for protectionism, retaliation, and incentive-based policy support for industry in India. Most likely, mirroring the global trends, both of these dynamics will play out in India as well, depending on the sectors and issues concerned. The challenge for Indian business and the Indian government will be to continue with recent efforts toward integration and global competitiveness, against the current headwinds of de-globalization. **GNP**

How is your school preparing students for this world?

Recognizing the importance for any manager of understanding and confronting global issues and challenges, the Indian Institute of Management Bangalore has been making concerted efforts to provide its students, across all programs, with global exposure. IIMB has an exchange program that enables students to spend one term learning at foreign partner institutions in Europe and the U.S., and also brings foreign students from these partner schools to our campus. There are courses such as Business Planning for International Markets which provide IIMB students with an opportunity to spend some time in countries such as China, the UAE, Singapore, Israel, Vietnam, and Japan, and to work on projects targeted to those markets.

There are also global immersion modules with partner institutions in Asia, Europe, and the U.S., where students learn from policymakers, industry chambers, and overseas businesses. Students participate in global case and writing competitions where they confront issues of global concern. They intern with global Indian and foreign companies and get exposure to their global strategies and practices. There are courses which specifically address themes such as cross-cultural management and international business strategies, as well as courses which highlight the current economic scenario and provide perspectives on global developments and their impact on global and Indian businesses. The objective of all these efforts is to make our students capable of operating across cultural, economic, and geographic boundaries so that they can become effective and sensitive managers and global citizens. **GNP**

Entrepreneurship and Innovation

Bernard Yeung, Dean and Stephen Riady Distinguished Professor in Finance and Strategic Management,
National University of Singapore Business School



In the 1990s, globalization was driven by market liberalization. Today, as we enter the Fourth Industrial Revolution, the driving force is technology.

This force brings with it fundamental changes and will even reshape the concept of globalization itself. In this new era, the only constant is change—the way we live and work, our business models, and the way we are governed will all be affected, even disrupted. It presents huge challenges and uncertainties, but also immense opportunities.

While trade and direct investment may become less prominent, the international flow of ideas and capabilities to meet people's and businesses' needs will continue and even accelerate. This shift reflects changes in the forms of cooperation across locations and firms, the consequence of rapid innovations in fields such as information and communication technologies, new material science, fintech and the like.

Singapore is already at the forefront of the First World, but must move rapidly to adjust to this new economic reality. Over the past half century, Singapore's government transformed a little red dot on the map into a leading global economy based on adopting and adapting good ideas from the rest of the world. That model has run its course. The next chapter of Singapore's development involves harnessing and empowering entrepreneurial creativity to create our own future.

A recent government report, compiled by a panel of ministers and industry representatives, set out a vision of Singapore's place in the future economy. It sets out the state's role as being to expand market connectivity, investing in national capabilities, and enabling the scale and scope of their applications and collaborations with other economies. Most important, the state encourages its people to be the pioneers of their generation, to commit themselves to continuous learning to prepare for the unknowns.

Entrepreneurship and innovation will be key; indeed, in my opinion, it is the ticket for Singapore and Asia's sustainable growth.



**NATIONAL UNIVERSITY OF
SINGAPORE BUSINESS
SCHOOL**

SINGAPORE

**Entrepreneurship and
Innovation**

Bernard Yeung

In this new era,
the only constant
is change.

At NUS Business School, we work hard to prepare our students for their place in the future economy. With rapidly changing work environments, our curriculum is evolving as well. We balance a rigorous academic program—which equips our students with technical knowledge and develops their judgement and business skills—with immersive real-world experiences through exchange programs, entrepreneurial development, internships, and management practicums.

As educators, our focus is on building future-ready business graduates with wide radar screens, rigorous causal thinking, the ability to connect the dots, and the communication and leadership skills to make things happen because they care about making a positive contribution to society. **GNP**

Turning Inward

Majid Ghorbani, Assistant Professor, Renmin University of China School of Business



Recent political events, such as the United Kingdom pulling out of the European Union and the United States' withdrawal from the Trans-Pacific Partnership, might indicate a blow to the process of globalization. The rise of populism in some countries and regions might suggest a further turning inward in those countries and regions. I think these unfortunate events are not major hurdles to the trends of globalization. I see them as reflective of a potential shift of the center and direction of globalization from former centers to the new centers of economic development.



RENMIN UNIVERSITY
OF CHINA SCHOOL OF
BUSINESS

CHINA

Despite Brexit and other potential populist threats, the EU is going strong and receives applications for expansion from the remaining European countries. In spite of the recent failure of the TPP, China, India, and other BRICS countries still count on and are pushing for further liberalization of trade to grow their economies. Multinational institutions such as the G20, ASEAN +3, and APEC, as well as multilateral treaties, help these emerging players to shift the center to rising economies and regions. The forces resistant to globalization can only change the former converging nature of this phenomenon to divergence and more multipolarity.

Our International MBA program, with established roots in China and the mission of training future global leaders, provides better opportunities for our students. We see China as one of the key economic poles for the globalized economy. We train non-Chinese students on the challenges that China faces and the impact that China is making both domestically and internationally. Through our extensive global network of partners, we also prepare our Chinese students with the skills needed to manage global enterprises. **GNP**

Competitive Creativity

Namgyoo Kenny Park, Associate Dean of MBA Programs, Seoul National University Business School



SEOUL NATIONAL
UNIVERSITY BUSINESS
SCHOOL

SOUTH KOREA

What do you think the future of globalization looks like?

Korea is already the home of the most globalized economy and businesses in the world. A few representative Korean enterprises, such as Samsung Electronics, LG, and Korean Air, generate more than 90% of their total revenues from global markets. The Korean domestic market may not be a real concern for most major Korean enterprises. The CEOs of these companies usually spend more than half of their time on airplanes. A significant amount of new ventures aim for the global market rather than the domestic market from the start. These globalization trends in Korea are further accelerated by amazingly fast technology development, including in IT, cloud computing, A.I., and mobile devices. Considering these phenomena, the current status of Korean economy itself is “the future” of globalization. However, these trends may soon occur in other countries. For those countries, Korea and its economy may serve as a useful benchmark.

How will this affect the economy in your country or region?

The location of Korea is unique, since it is a neighbor of the world’s second- and third-largest economies, China and Japan. Those economies are also the most powerful leading engines of globalization. In the near future, we expect that the economies of Korea, China, and Japan will be practically integrated. When this future arrives, Korean enterprises will have to do their best to survive from the intense competition between China and Japan. Most Korean CEOs understand this, and are preparing by developing creative products and business models.

How is your school preparing students for this world?

To ready our students for the future of globalization, we understand that creative management and thinking capabilities will be the foremost source of competitive advantage. Our school continually designs new curriculums and subjects to nurture creative talent in both undergraduate and graduate programs. In addition, to provide more interdisciplinary courses, our school develops collaborative programs with art, engineering, bio-science, and medical schools. **GNP**

Innovation and Regulation

Harryadin Mahardika, Director of Master of Management (MBA) Program, Faculty of Economics and Business, Universitas Indonesia



Wealth distribution and equality will be the key impact of globalization in emerging markets, including Indonesia. As a member of G20, Indonesia has been trying to anticipate the effects of globalization by putting more emphasis on human development. In part, that involves giving incentives to educational institutions that focus on nurturing an entrepreneurial mindset. Specifically, Indonesia aims to promote digital entrepreneurship and innovation. These two sectors help ensure better wealth distribution as they offer more equal job opportunities and market access to everyone.

On the other hand, there will be many disconnections between innovation and regulation. It has become a rising problem in Indonesia, which is often lacking in regulatory flexibility. Indonesia is currently in transition to a new democracy, which sometimes create regulatory labyrinths. As more disruptive innovations continue to enter the market, regulators should quickly offer solutions to address structural socioeconomic changes that affect large numbers of people. Recent clashes between ride-sharing-app drivers and conventional taxi drivers in several major cities in Indonesia indicate what will happen in the future if proper regulations on innovation are not put in place.

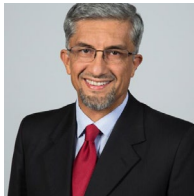
Indonesia continues to grow as a key market in Asia. Considering the trajectory of Indonesia's economy, there are strong indications that it would like to move from a commodity-based economy to a more value-added-based one. Our school would like to play a key part by developing talent with an innovative/sustainable mindset. In doing so, we are adopting new methods such as design thinking and action research into our curriculum. **GNP**



**FACULTY OF ECONOMICS
AND BUSINESS,
UNIVERSITAS INDONESIA
INDONESIA**

Disruptive Technologies

Guillermo Baquero, Associate Professor and Faculty Lead of the Master's in Management Program,
ESMT Berlin



What do you think the future of globalization looks like?

2017 will be a crucial year for the future of globalization, threatened by the recent wave of economic nationalism rhetoric. Both American and British voters showed a manifest change in political sentiment, shifting away from globalization. Considering that in 2017 there are decisive elections in France and Germany, a win of National Front or Alternative for Germany could threaten the Schengen zone, therefore indeed weakening further the globalization pace.

How will this affect the economy in your country or region?

In spite of the financial and economic setback of the Great Recession, Germany can still be counted among the beneficiaries of globalization (as shown by the 2016 Globalization Report of the Bertelsmann Stiftung, thanks to the robust global production structure of its three main export sectors (automobile construction, mechanical engineering, and the chemical industry). The risk for Germany remains the continued reliance on its traditional manufacturing sector, given the increasing competitive pressure from manufacturing industries in emerging economies.

How is your school preparing students for this world?

The accelerated pace of globalization—coupled with digitalization—facilitates interactions and the exchange of ideas. Meanwhile, disruptive technologies threaten existing revenue streams and force companies to remain alert and innovate continuously. The future leaders will be those who embed innovation thought processes inside their organization's DNA. Berlin embodies this new thinking. As a hub for the international startup scene, the city is home to an entrepreneurial spirit that fosters innovation. ESMT Berlin is responding to this development by offering programs that break the boundaries of classroom teaching with a deep-dive learning experience, which helps students to acquire tools that enhance creativity and boost innovation. **GNP**



ESMT BERLIN
GERMANY

Truly Differentiated Products

Jeremy Ghez, Professor of Economics and International Affairs, HEC Paris



HEC PARIS

FRANCE

Globalization, as we know it, is over. The consensus on the benefits of free trade, which has lasted for more than half a century, is eroding with the rise of populist and unapologetically protectionist political parties. Immigration flows are under increasingly intense scrutiny as concerns over employment and security shape the political discourse across Western nations and override any longer-term priorities, such as preserving the democratic and liberal features of the international order.

This does not mean a return to the 1930s or outright chaos. There is, in fact, an alternative: a world that remains connected but becomes more fragmented, as leaders are less inclined to lower barriers to trade and population flows. In that world, there will be a premium on more authentic and exotic products. Truly differentiated products will be more likely to pass the barrier to entry on the international market.

The end of globalization may be a rather uncomfortable truth for a wide range of actors who benefit economically from globalization. But this does not mean that these actors will have no opportunity to thrive. Take European entrepreneurs: in a connected yet fragmented world, it will be up to them to truly leverage the “made in Europe” label by considering what makes their know-how and their products truly unique on the world stage. That is what it will take for Europeans to compete.

The people HEC Paris trains must aim for global influence and reach, but cannot ignore their local roots—which consumers are likely to value. Allowing these local roots to shape creativity and innovation will mean that their products and services will be unmatched worldwide. Moving beyond the universal and traditional lessons of management and helping tomorrow’s entrepreneurs clarify and adapt the meaning of the European way of doing business will be crucial. **GNP**

Winners and Losers

Gayle Allard, Professor of Economics, IE Business School



Globalization is a win-win. If two countries trade, both benefit; if a country receives immigrants, home and host countries gain; if capital flows freely, both the sender and the receiver are better off. Economists, who agree on little, are almost unanimous about this. There is only one caveat: though both sides gain, there are groups of winners and losers within each country. And it is the plight of the losers that is transforming politics across the globe today.

In rich countries, the “losers” from globalization are the low-skilled workers who lose their jobs due to immigration and trade (and automation) and cannot find equally well paid work elsewhere. These “losers,” buffeted by the winds of globalization and technology and the tough years following the financial crisis, have watched their incomes stagnate or fall since the 1990s, while those at the top have increased. They voted for anti-globalization populists in the U.S. and the UK last year, and support anti-immigrant or anti-EU parties across Europe. Their passion and numbers may be enough to transform the political landscape.

Populists ignore how globalization has boosted living standards across the world in the postwar era. In an unusual joint statement this week, the WTO, IMF, and World Bank underlined trade’s role as the engine of prosperity and urged developed countries to defend a strong global trading system centered on the WTO against populist threats. They also reminded governments to address the needs of the “losers” who are left behind as once well-paid manufacturing jobs vanish. Governments have the tools: unemployment benefits, relocation assistance, retraining, subsidies to low-wage jobs, tax systems that reduce inequality. Unless these tools are used effectively, the consensus over globalization may continue to unravel and the world will lose a key force for boosting incomes and fighting poverty. **GNP**



IE BUSINESS SCHOOL
SPAIN

A New Phase

Stéphane Girod, Professor of Strategy and International Business, IMD



I think that globalization has entered a new phase. The flow of trade and investment was growing consistently before the financial crisis. But since then, it's become much more plateaued, and some experts are now drawing parallels with the long phase of deglobalization in the 1910s and 1920s in the last century. I think we're seeing some continuous expansion of globalization in the East, but more and more popular backlash against globalization in the West, explaining the rise of Donald Trump and the Brexit vote. So, collectively, we've been richer—the world is three times richer than what it was in 1990—but there have been a lot of losers in globalization.

So going forward, it's all going to depend on how we deal with those growing inequalities, in the Western world in particular. In Europe, the main implication of those travails is: To what extent can the European Union survive on a one-size-fits-all model? In a context where the Euro encapsulates a lot of the tensions between southern and northern economies, to what extent will the EU manage to make the citizens re-like and re-engage with the European project, which is going to be a lot also about how those inequalities resulting from globalization are going to be solved. This is where businesses have a big responsibility, because they are actors of globalization. It's not just the fault of politicians if these inequalities have come to surface.

We as business schools need to engage our business constituencies about how they can place globalization on a better footing—a more inclusive footing—where social-economic types of inequality will be rebalanced. For example, around the natural environment, around taxation, around job creation. And, fundamentally about how businesses will help societies prepare for the employment of the future. We are on the cusp of this new era of artificial intelligence and robotics. I think the future of globalization will really depend on how the job and prosperity tradeoffs are going to be solved in the future. I think it's very important that we ask business leaders to collaborate with public institutions to think right now about what kind of curriculums we need, how



IMD

SWITZERLAND

A New Phase

Stéphane Girod

To what extent
can the European
Union survive on
a one-size-fits-all
model?

can we best train younger people for the future, and what jobs are going to be needed. Because if we don't do that now, there will be a big backlash against globalization in the next, perhaps, 15 to 20 years. **GNP**

Bridging the Gaps

Erin Meyer, Senior Affiliate Professor, Organisational Behaviour, INSEAD



Whether in Düsseldorf or Dubai, Brasilia or Beijing, New York or New Delhi, we are part of a global network—not just in the office or meetings—but virtually, through e-mail, videoconferences, Skype, and phone. Success depends on the ability to navigate through the different cultural realities of how people think and get things done. Unless you know how to decode other cultures and bridge cultural gaps, you are vulnerable to inefficiency, with teams unable to work together and deals that fall apart.

As today's business world becomes ever more global and virtual, executives and leaders are expected to work harmoniously together with counterparts from a broad array of cultures and backgrounds, often without leaving their desks. But when you throw people together who come from starkly different backgrounds and cultures, the result can be interesting, and sometimes even funny, but can also lead to misunderstanding and confusion.

Even those who are culturally informed, travel extensively, and have lived abroad often have few strategies for dealing with the cross-cultural complexity that impacts their day-to-day effectiveness. At INSEAD, we have developed a research-based system—the results of which I have written extensively about in my book *The Culture Map*—that helps our students to decode cultural differences impacting their daily interactions and bridge cultural gaps. Our goal is to help the future leaders of global organizations to bridge gaps, transform differences into assets, and ultimately improve their effectiveness. **GNP**

INSEAD
The Business School
for the World®

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FRANCE, SINGAPORE

Constraints on Growth

Jean Dermine, Professor of Banking and Finance, INSEAD



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FRANCE, SINGAPORE

What do you think the future of globalization looks like?

Populism and protectionism are rising in several OECD countries. This explains in part the Brexit vote in the United Kingdom, the election of Donald Trump in the U.S., and political debate in several EU countries such as in France, where INSEAD, the global business school, was founded in 1959. Not surprisingly, emerging countries which rely on the export engine are calling for openness of markets. If hundreds of million of jobs have been created in emerging markets in the past thirty years, one cannot deny that, in OECD countries, part of the population, mostly unqualified, have not benefited in terms of growth in real income. The debate on the origin of real wage stagnation—international trade or technological progress—goes on, but it is likely that political pressure to raise barriers on trade in goods and services and movement of workers across borders will increase. Until a political solution is found to deal with this part of the population with costly educational programs and/or social subsidies, the trend of ever-increasing globalization is being put to an end, at least for the coming ten years, in my opinion.

How will this affect the economy in your country or region?

INSEAD's three campus are located in France, Abu Dhabi, and Singapore. Restrictions on trade and movement of people will have the following effects. For corporations, it puts constraints on efficient production and economies of scale, and it reduces competition. This therefore reduces real income. Impact on economic growth is uncertain. The creation of the 1992 single European market and the 1999 single currency with the euro were promoted with prospects of rapid economic growth. This did not materialize. A step backward with globalization has, in my opinion, uncertain effects on economic growth. For export-led countries, this requires adjustment in exports, investment in import substitution, and research.

Constraints on Growth

Jean Dermine

Not surprisingly,
emerging countries
which rely on the
export engine are
calling for openness
of markets.

How is your school preparing students for this world?

With its international faculty and student body, INSEAD is training “enlightened” leaders who must understand that value creation for their firms—private, NGO, or public—requires not only excellence in the management of a firm, but also an understanding of the functioning of the world economy and the ability to communicate on the benefits of competition, free trade, and technological progress. The latest example is the application of artificial intelligence. In the MBA Fintech elective course, attention is paid not only to the sources of digital disruption in financial markets, but also to the role of firms in shaping the public policy responses that must accompany technological progress. **GNP**

Technology's Progress

Vinika D. Rao, Executive Director, Emerging Markets Institute, INSEAD



INSEAD
The Business School
for the World®
INSEAD
FRANCE, SINGAPORE

Recent political developments in the world's largest economy have warranted a rethink about the future of globalization. Following soon after the Brexit shock, this has shaken the assumption of an increasingly integrated global economy, which a large part of the world had steadily progressed towards for the preceding decades. Globalization has positively impacted economic growth rates, poverty alleviation, and quality of life for both developing and developed nations, though inequalities persist and some among them remain more vulnerable than others. Perhaps more important than the economic implications, it has fostered the sharing of ideas, cultures and values across national boundaries.

Advancements in technology and trade have been the enablers for the easy movement of goods, money, people, and information across international borders. There's no stopping the progress of technology and its effect on removing the barriers to communication and information flows across international boundaries. The mobility of goods and people, on the other hand, is subject to protectionist pressures.

The younger generations Y and Z who have or will soon enter the global workforce have grown up with a free flow of information and people, and likely assumed that these advances will continue. They are also the ones for whom the future of work will be most impacted as national boundaries are tightened and mobility is restricted. For the students among them, there are real concerns about tightened work visas restricting the jobs they have access to after they graduate. Factors such as diversity of the student base, leading to the creation of international networks; access to a supportive global alumni; a strong base of recruiters from multiple countries; and multiple global campuses become important differentiators in this scenario. Their effect will extend much beyond the first job into continued impact on careers in the long term. **GNP**

Connectedness and Cooperation

Nida Bektaş, Executive Director of Graduate School of Business, Koç University Graduate School of Business



As international politics indicate a shrinking space for global cooperation, business schools have to emphasize—now more than ever—the essence of connectedness and the critical power of globalization. Because of an increasing shift from global to regional, along with rising nationalism and populism, it becomes harder for businesses to grow and economies to prosper. The internet seems to further reinforce societal polarization. The influence of digital technology also undermines the support of quality journalism.; when there is a lack of diversity of digital voices, harmonious groups reinforce each other and create a comfortable bubble of like-minded information. Despite political and technological trends toward regionalism, however, the immense usage of the internet will continue to foster international trade and people’s connectedness.

It is crucial for business schools to educate future leaders with multiple perspectives and global mindsets. We need to embrace diversity and learn from each other’s differences.

Economic advancement is only possible if we strive for a globalized and flat world. Only through global cooperation can nations overcome issues like extreme poverty, economic instability, environmental deterioration, and social inequality. Future management education has to promote global cooperation, entail the necessities of technological advancement, and enable leaders to embrace ambiguity. **GNP**

Protectionist Tendencies

Okechukwu Amah, Lecturer and Facilitator, Department of Organizational Behaviour, Lagos Business School, Pan-Atlantic University



**LAGOS BUSINESS
SCHOOL, PAN-ATLANTIC
UNIVERSITY**

NIGERIA

What do you think the future of globalization looks like?

To drive globalization, various world bodies were created to help dismantle the trade barriers between nations. These include the World Trade Organization (WTO), the General Agreement on Tariffs and Trade (GATT), the North American Free Trade Agreement (NAFTA), the European Union (EU), the Economic Community of West African States (ECOWAS), the African Union (AU), the Asian Economic Community (AEC), and so on. Currently, some of these organizations are under threat of extinction, especially from the Western countries. Physical, psychological, and emotional walls are being built or planned by those driving globalization. The protectionist tendencies are coming up again. The stand of the Western countries on the future of globalization ranges from confused to unsure. Is this driven by the conviction that globalization has failed? I think no. Terrorism has become a major factor in all these decisions. As a result, the future of globalization is hazy, bleak, or at worst fading away into history.

How will this affect the economy in your country or region?

World aid that flows into African and Nigeria will dry up. The emphasis on the world coming to solve our problems will not be realized. Our economy, which is heavily dependent on foreign input, will have to re-define itself. Africa will need a strong block to compete with the rest of the world. Good governance will have to be a necessity for success. Things will get worse, but will get better only if we make the necessary changes to our governance structure, our lifestyle, and our belief in what we have and can do. The Asian bloc is still open to Africa and should be explored deeply; the Western world will have to be watched closely to see how it crystalizes; and the Middle East is strong but laden with unmarked land mines.

How is your school preparing students for this world?

Lagos Business School is committed to emphasizing the link between management and the African economy. We are building a strong foundation

Protectionist Tendencies

Okechukwu Amah

Our economy,
which is heavily
dependent on
foreign input,
will have to
redefine itself.

on international business by encouraging that all courses must emphasize the international nature of modern knowledge. Students are taught to think first as Africans and then as members of the world. **GNP**

New Thinking

Ogechi Adeola, Department of Marketing, Lagos Business School, Pan-Atlantic University



Be a mountain or lean on one.

—*Somali proverb*

The African sun rises, and we awaken to face the challenges the new day brings with it. We know that the world is becoming smaller, not in size but through the increasing integration of economies of nations. This has far-reaching implications for the way we learn and the way we live our lives. Transcending our definition of communities bound by culture, bloodlines, language, social status, and borders, this vast new world requires that we eliminate the socially constructed boundaries in which we have felt secure for millions of years. The future is clear: either we turn with the tides, or the tides will turn against us.

Globalization—inevitable and irreversible—will determine how people and institutions participate in the world’s economy. The impact of this emerging global economy means that soon, Nigeria’s domestic policies will no longer be driven by purely internal forces. Accepting this trend, not fighting it, may be the best path toward expanding technological and scientific knowledge, growing the economy, and promoting cultural development in Nigeria and throughout Africa.

In 2017, the LBS research theme is “Solving Social and Institutional Business Problems in Africa.” We encourage our students to expand their understanding of the mantra “Think globally, act locally,” and embrace the challenge to “remove boundaries, think of Africa as a united front, solve Africa’s problems, and transmit the knowledge of our unique continent to the rest of the world.” This way, Africa will be united, progressive, and prosperous as we march forward in this new era.

If we cannot be a mountain, perhaps we can lean on one. Then, the African sun will truly kiss the Western mountains. One sun, one world. **GNP**



**LAGOS BUSINESS
SCHOOL, PAN-ATLANTIC
UNIVERSITY**

NIGERIA

Eastward and Southward

Olawale Ajai, Professor of Legal, Social and Political Environment of Business, Lagos Business School, Pan-Atlantic University



**LAGOS BUSINESS
SCHOOL, PAN-ATLANTIC
UNIVERSITY**

NIGERIA

What do you think the future of globalization looks like?

There are two schools of thought on globalization. One school believes in a “flat world” of true global trade. The other school says the world is defined more by cross-regional trade. The truth lies in between. Digitalization and financialization of economies have further flattened world trade in profounder ways. The growth of the “shared economy,” disruption of business models, and globalization will grow, with any luck, further democratizing development.

Protectionist rhetoric coming from the United States cannot halt growing cross-border trade and regionalization. Reasons include: China’s “Silk Road” trade diplomacy; Africa’s increasing cross-border internationalization of enterprises; growth of the traded sector; cultural and internet exchanges at people-to-people levels, especially among youth—albeit with slower integration at the political level and the stabilization measures in the EU. Digitalization and the shared economy will increase global trade, business, and cultural links in as yet unfathomable ways.

Two-thirds of the world’s population is found in China, India, Indonesia, Brazil, Pakistan, Mexico, Nigeria, Bangladesh, and other emerging economies. The balance of political and economic power will gradually shift eastward and southward, as those populations’ enterprises, technological capabilities, and middle class grow, increasingly participate in global trade, and serve as a magnet for more equitable two-way flows of trade, technology culture, and manpower.

How will this affect the economy in your country or region?

Nigeria is bound to get her politics right in short order and increase velocity as Africa’s biggest economy and engine of African development. The economic fundamentals of energy, audacity and potential—especially of Nigeria’s (add Sub-Saharan African) youth and emerging entrepreneurial class—make

Eastward and Southward

Olawale Ajai

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eastward and
southward.

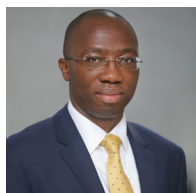
this inevitable. Lagos State alone is the fifth-largest economy in Africa, and ongoing initiatives in agriculture, ICT, entertainment, manufacturing, etc., will gain traction and escalate pan-Nigerian development. South Africa, Kenya, Ethiopia, and Egypt are the other regional hubs. Africa's growing middle class and a population of one billion people will define the next wave of global growth, business, and economic opportunity.

How is your school preparing students for this world?

Lagos Business School is tracking these unfolding national, regional, and global changes in all training programs. It is facilitating the build-up of strategic management skills, theory, and cultural and ethical development for leaders of structured businesses, larger entrepreneurs, and the public sector at the vanguard of Nigeria's exciting developmental strides. Revised curricula place greater emphasis on internationalization, digitalization, and training managers to operate in regional markets. **GNP**

Integration and Interconnectedness

Franklin Ngwu, Lecturer, Strategy, Finance and Risk Management, Lagos Business School, Pan-Atlantic University



What do you think the future of globalization looks like?

The future of globalization looks bright. With the increasing innovation, development, and transferability of technology, the global economy will witness more integration and interconnectedness. Enhancing this is the inherent high mobility of the current and upcoming generation. While national governments will continue to be relevant, national policies and decisions will be greatly influenced by external factors related to the impacts of globalization. Developing and emerging markets will be mostly affected due to their development needs and consequent demand for technology and development skills to address their development and growth challenges.



**LAGOS BUSINESS
SCHOOL, PAN-ATLANTIC
UNIVERSITY**

NIGERIA

How will this affect the economy in your country or region?

Just as no country in the world will be immune or excluded from impacts of globalization, so it will be with Nigeria. Moreover, the features of Nigeria—a big, oil-producing country with the second-largest economy and highest population in Africa—further imply that the economy is highly linked to the forces of globalization. In terms of benefits, Nigeria is gaining and will continue to gain from technology transfers, increasing remittances from Nigerians in diaspora, demand for good governance enhanced by technology, trade, and possibly industrialization.

Expectedly, globalization will have some negative impacts. Of major concern is the likely contribution to unemployment and limited industrialization. As Nigeria is an import-dependent economy and a signatory to free trade, achieving rapid industrialization and job creation might be difficult due to cheap imports from countries like China.

How is your school preparing students for this world?

In appreciation of the impacts of globalization, LBS has been in the forefront in training and preparing Nigeria (and Africa) to reap all the benefits of

**Integration and
Interconnectedness**

Franklin Ngwu

Nigeria is
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globalization. In both degree and short courses, emphasis is placed on globalization-related issues such as the needs for innovation, job creation, sustainability, and impact investing. For instance, a new module, International Business, has just been launched for MBA programs to provide students with deep insights on all the pertinent globalization issues and their impacts on Nigeria and Africa. There is also a deep interest in engagement with other reputable international organizations to ensure that international best practices are maintained. **GNP**

Awareness and Orientation

Osaretin Kayode Omoregie, Senior Lecturer, Finance, Lagos Business School, Pan-Atlantic University



What do you think the future of globalization looks like?

If we think of globalization as the apparent “shrinking” of the world as a result of the increasing pace of integration of people and cultures across international borders—driven by information technology, social media, ease and speed of travel, global trade and internationalization of businesses—it is safe to assume that this trend will continue well into the future.

How will this affect the economy in your country or region?

Globalization will continue to have a profound impact on the lives, culture, standard of living, economic structures, and wealth distribution of people and nations.

The effect on Africa and Nigeria will depend on how we prepare for and take advantage of the positive effects of globalization, while acting to deflect its adverse consequences. Some of these adverse impacts are income inequalities, xenophobia, unsustainable development, exploitation of the educationally, socially and economically disadvantaged, and the portability of terrorism.

On the positive side, globalization has improved trade, technology adoption, access to and quality of education, health care delivery, social awareness and poverty alleviation.

How is your school preparing students for this world?

The curriculum and pedagogy at the LBS accepts globalization as inevitable. Global awareness and orientation is an integral part of the mission of the school, as enshrined in our Assurance of Learning (AoL) framework. Students are taught to be aware of and to understand local and global business issues and their impact on all aspects of human existence. They learn to apply international best practices for the sustainable resolution of domestic problems within a global context. This is facilitated by for example, outbound and inbound international exchange programs.



**LAGOS BUSINESS
SCHOOL, PAN-ATLANTIC
UNIVERSITY**

NIGERIA

**Awareness and
Orientation**

Osaretin Kayode
Omoriegie

Global awareness
and orientation
is an integral part
of the mission
of the school.

Students develop competencies, behavioral changes, and frames of reference that enable them contribute to the positive diffusion of the benefits of globalization within their local operating or international context. **GNP**

Rising Standards

Henry Onukwuba, Professor of Organizational Behaviour and Human Resource Management, Lagos Business School, Pan-Atlantic University



What do you think the future of globalization looks like?

I see the world becoming more and more boundary-less and boundless. I see globalization not limited to big organizations but also to medium-scale and even small-scale organizations. This will be driven mainly by technology—the internet and social media. Organizations may no longer need to set up international offices in order to become global. Sales and transactions can happen across nations, and goods and services can be made available thousands of kilometers from where they originated, using the internet and social media.



**LAGOS BUSINESS
SCHOOL, PAN-ATLANTIC
UNIVERSITY**

NIGERIA

How will this affect the economy in Nigeria?

This will improve the competitive landscape in the country. Local organizations will increasingly have to contend with firm competition from similar organizations abroad that do not necessarily have to set up brick-and-mortar offices. This is already happening in the education sector, where many good schools are coming into the country and offering online courses without establishing physical structures. The effect for the economy, as is the case in the aforementioned sector, is that it will force the raising of standards, since the consumer now has equally good or better choices at the click of a mouse. It will eventually make it unprofitable to provide mediocre services or produce goods not up to international standards.

How is your school preparing students for this world?

Lagos Business School plans to do at least four online courses this year, the highest it has attempted in a year since the first free online course was held in September 2015. Recently, four faculty members participated in a six-week Open University business school faculty fellowship in the United Kingdom. The school has introduced blended learning—on-campus and off-campus—in its modular EMBA program and in one of its executive programs, the Management Acceleration Programme. The school's Instructional Design and Technology

Rising Standards

Henry Onukwuba

I see the world
becoming more and
more boundary-less
and boundless.

Unit is being strengthened to lead this new pedagogical direction, and it is currently engaging with individual faculty to commit to giving online seminars within the year. **GNP**

Beyond Brexit

Veronica Rappoport, Associate Professor, Managerial Economics and Strategy Group, London School of Economics and Political Science, Department of Management



**LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE,
DEPARTMENT OF
MANAGEMENT**

UNITED KINGDOM

The general rise of anti-globalization sentiment in the U.S. and other Western democracies had probably its most notable expression in the Brexit vote. The UK is on the path of leaving the European Union (EU) and entering into a yet unknown global institutional arrangement. It is difficult to overstate the magnitude of these events for firms located in the UK or interacting with the UK market, or for entrepreneurs envisioning potential projects in the country.

Access to EU markets has made the UK particularly attractive for firms in “Global Value Chains.” Shipping of goods along the value chain is facilitated by the single market, with firms able to purchase inputs straightforwardly from other EU countries subject to minimal non-tariff barriers. Moreover, the UK has been able to attract highly skilled workers, managers, and entrepreneurs from the entire EU market. Will these arrangements and location advantages be preserved? If not, what will be the characteristics of the new environment? How will they affect the firms’ capabilities and strategies? These are the challenges our students will face upon graduation.

The teaching programs at the LSE Management Department prepare graduates for this uncertain and fast-moving global environment. We sit at the center of the global city of London, at the heart of a leading social science institution, which gives our graduates both an academic perspective and a real-world context in the social, economic and political environment. Most importantly, our teaching programs emphasize excellence, critical analysis, and innovative thinking, which are the best tools for agile and strategic leaders. **GNP**

Open Minds and Borders

Peter Tufano, Dean, Saïd Business School, University of Oxford



Some are accusing “globalization” of destroying jobs, national character, and traditional values. Narrowly, this criticism is fueling protectionist trade policies. More broadly, it is providing cover for demonization of “the other,” people from elsewhere who are not only “stealing our jobs” but also stealing “our country or culture.” As an American living in the United Kingdom, as dean of a school where 95% of our MBAs are from outside the UK, and as an eyewitness to both Brexit and the U.S. presidential election, these characterizations are painful. It’s shocking to have the UK Prime Minister taunt that “If you believe you’re a citizen of the world, you are a citizen of nowhere,” and for the U.S. President to say and tweet far worse.



**SAÏD BUSINESS SCHOOL,
UNIVERSITY OF OXFORD**

UNITED KINGDOM

Globalization reflects the free flow of goods, people, and ideas. Most of the political rhetoric deals with the first two. Last month’s Boao Forum for Asia, the pre-eminent gathering of government and business leaders in Asia Pacific, espoused the theme of “Globalization and Free Trade” and China’s One Belt–One Road Initiative will push in this direction. The hard Brexit, anti-NAFTA conversations in the English-speaking world are pushing us elsewhere, even as the UK is trying to open up (or reopen) all sorts of other trade connections. It strikes me that consumers, like economists, will be unwilling to give up the benefits of buying a wider range of products, at lower prices, that global supply chains permit. Businesses cut off from their global supply chains will also protest. Some form of continued global trade seems inevitable.

As academics and educators, we must publicly react to rising nationalistic sentiment, and I think we must focus on the free flow of ideas and people. In my school, everyone is a minority, with no nationality having anything resembling a majority. My students would agree with me that this produces a far better education than had they attended a school with a more homogeneous student body. Being in a program where you are as likely to have a classmate from Africa as from Europe changes your perspective—for the better. While politicians battle over the free flow of trade, we must make sure that students and ideas

Open Minds and Borders

Peter Tufano

You learn
a lot by being
the 'other.'

can move easily across borders. One of the reasons why we were thrilled to join the Global Network earlier this year is because we want to recommit, publicly, to these free flows. While countries have the right to set immigration policies, they should recognize that allowing young people to study abroad benefits both the host and home country. If we believe that trade will always be global, then it's critical that business education be global as well.

Some years ago, when I was on the faculty of a leading U.S. business school, one of my expat colleagues claimed that all faculty hires should have global backgrounds, spending a minimum of a year overseas. I cringed, feeling both inadequate and angry with this comment. Years later, I get it. While we can't mandate how people should plan their family and professional lives, you learn a lot by being the "other." It's humbling not knowing whether you are saying the right thing, not sharing the same cultural references, and seeing your own country through other's eyes. In a simpler way, breaking out of the business school orbit by being fully engaged with the broader university has a similar humbling effect. A bit of humility has a remarkable impact on your ability to learn. How are we preparing students for this complicated world? By making them humble and by so doing, making everyone feel like they are part of a much broader and richer world. **GNP**

More Benefit Than Harm

Miriam Erez, Professor of Behavioral Science and Management, Technion-Israel Institute of Technology



Globalization is the free flow of capital, goods and services, people, and knowledge. It crosses political and geographical borders. It is intertwined with the acceleration of the technological developments. It is the technology, and specifically the communication technology (ICT), that enables the expansion of globalization around the globe. Multinational companies, rather than political governments, serve as the driving force of globalization. Globalization enables the free flow of information and knowledge, which are the building blocks of learning and innovation.

Globalization enables new collaborations among organizations that together develop new technological solutions and reach out to more new markets than even before. Globalization also enables culturally diverse people to get to know each other and to work together in multinational and global organizations toward the accomplishment of joint goals that are mutually beneficial.

Although we hear today at the political levels voices against globalization and cross-national collaboration, such as the Brexit in Europe and the motto of “America First” in the United States, these voices cannot stop the technological advancement which enable people and organizations to work together and to exchange goods and services electronically via electronic commerce, virtual communication and virtual, multicultural work teams. These processes cannot be stopped. Therefore, in my view, in the long run, globalization will bring more benefit than harm, as it pulls individuals, teams and corporations to new and advanced way of managing their actions.

Globalization changes the work context to become more dynamic and complex. Managers and employees have to adapt to the increased level of complexity and ambiguity.

Globalization creates tension between the local and the global, and individuals and organizations are learning to live in this duality—and to maintain their competitive and sustainable advantage in this global competition.



**TECHNION-ISRAEL
INSTITUTE OF
TECHNOLOGY**

ISRAEL

More Benefit Than Harm

Miriam Erez

We notice more alliances between companies and even ‘coopetition,’ which is collaboration with competitors.

At the individual level, this duality convey new opportunities—including job opportunities in multinational organizations or in other countries—that have not existed before. But on the other hand, it also brings competition from outside on the same job openings, limiting the chances of getting a job offer in one’s own country.

At the team level, globalization leads to the emergence of multicultural and virtual teams that differ than co-located face-to-face culturally homogenous teams. This tension can be resolved by learning to work together toward the same goal accomplishments and by recognizing the emergence of a new identity, the global identity, that exists side by side with one’s local national identity.

At the organizational level, organizations begin to recognize the advantage of collaboration and of open innovation, and we notice more alliances between companies and even “coopetition,” which is collaboration with competitors.

Therefore, in my view, in the long run, globalization will bring more benefit than harm, as it pulls individuals, teams and corporations to more innovative and effective management of their behaviors.

How is your school preparing students for this world?

My school has recently made changes in the curriculum to better prepare the students for this world.

We are now preparing to open two new tracks in our MBA program:

1. One track is in entrepreneurship and innovation, which aims to educate our MBA students to be entrepreneurial and innovative, either within the companies in which they work, or as founders of new start-ups. We offer tools and methods that are based on academic knowledge, to enable students to implement entrepreneurship and innovation in their workplaces.

More Benefit Than Harm

Miriam Erez

Our MBA
program is
constantly
changing.

2. The other track is in the management of big data and electronic commerce. This track teaches the MBA students how to manage and analyze big data and how to harness the management of big data to the benefit of the organizations. In addition, this track teaches the MBA students how to exploit electronic commerce to the benefit of the organization.

Our MBA program is constantly changing to adjust to the changing work contexts. **GNP**

Exporting Intellectual Property

Mark Pagell, Chair in Global Leadership, Professor of Sustainable Supply Chain Management, UCD Michael Smurfit Graduate Business School



UCD Michael Smurfit
Graduate Business School

**UCD MICHAEL SMURFIT
GRADUATE BUSINESS
SCHOOL**

IRELAND

Most supply chains are global, and they have been for decades. However, in the future supply chains are likely to, seemingly paradoxically, become both more local and more global.

Supply chains are likely to become more local by transitioning from centralized production that occurs in low-wage countries, far from customers, to multiple local production facilities close to final customers. This will occur for multiple reasons. First, the wage differentials between developed and developing countries are coming down rapidly removing the incentive to outsource to decrease labor costs. Second, many firms have recognized the risks of having production occur far from customers. Third, the costs of making products in countries with lax environmental laws and/or the practice of shipping materials and products long distances are likely to increase dramatically when carbon taxes that truly account for the costs of pollution and global warming are implemented. Finally, customers who expect ever more information on where and how things are made, while simultaneously demanding instant gratification and mass customization, will magnify these drivers. A local supply chain is more agile, easier to control, has a smaller footprint, and is not much more expensive than a global one; hence, in the future, goods production is bound to be more localized.

Simultaneously, flows of information in supply chains are likely to become more global. The non-physical processes in the chain will be done where the human capital is, and in today's world that can be anywhere. Design centers are opening in every corner of the globe, top human talent is as likely to choose to live in Dubai as Dublin, and the costs of communicating globally keep falling. However, while global teams to design, source, market, and service a supply chain's products and services may be becoming the norm, they are incredibly difficult to coordinate. Therefore, in the future supply chain managers will need to be better at selecting, incentivizing, and monitoring a global network made up of actors from many different cultures.

Exporting Intellectual Property

Mark Pagell

Flows of information in supply chains are likely to become more global.

Ireland is a small country that depends on exporting; hence, the implication of these changes is sector dependent. Food and beverages are Ireland's primary indigenous exports. These firms cannot reap economies of scale producing only for Irish markets, and need to export to be competitive at home and abroad. Localized production is then a threat to these firms, who will need to build on ongoing initiatives such as Origin Green because their economies of scale and brand identity rely on producing goods for export in Ireland. However, as the last remaining English-speaking member of the EU and a high-wage country that has historically invested in education, Ireland seems well placed to become a hub of developing intellectual property for export.

At the Smurfit School at University College Dublin, we are preparing supply chain management students to deal with this future in numerous ways. First, our MSC in supply chain management is a truly global program, with nearly 70% of the students coming from outside of Ireland. This guarantees that students learn in the types of global teams they will work in the future. In addition, all students do projects for companies with a global presence, and in many cases, these projects have to be managed virtually. Finally, our faculty brings the latest research on urban logistics, supply chain traceability, sustainable operations, modern slavery, and so on into the classroom to help out global student body keep up with global trends. **GNP**

A Recovering European Union

John Cassidy, Assistant Professor of International Business, UCD Michael Smurfit Graduate School of Business



UCD Michael Smurfit
Graduate Business School

**UCD MICHAEL SMURFIT
GRADUATE BUSINESS
SCHOOL**

IRELAND

What do you think the future of globalization looks like?

There are currently a number of political, economic, social, cultural, and technological drivers that together seem to suggest that the march of globalization in the postwar period may be stalling or indeed in retreat. The relative economic power of the U.S. and Europe has waned with the emergence of rapidly developing and populous countries in the emerging markets of East and South Asia. Since 2008, there has been a relative decline in the annual increase in number of trade agreements, suggesting that we may be entering a more protectionist period, and many trade talks have stalled.

Relative levels of wealth have stagnated among advanced industrialized countries. The victims of postwar boom-and-bust capitalism in the Anglophone world have been ordinary workers, whose job categories changed from high-paying industrial sector to low-paying service sector. These are the population cohorts most adversely affected by outsourcing, increased mechanisation of production, use of robots, and AI. This has fomented the emergence of more nativist political elites, and scapegoating of immigrants has resulted. But innovative technology will not lead to higher-paying jobs for the unskilled or exskilled workers.

How will this affect the economy in your country or region?

As a small open entrepôt economy in the EU, Ireland is ranked second in the world in the 2016 KOF Globalisation Index. Foreign Direct Investment is particularly important; the corporate tax headline rate is 12.5%; and Ireland is deeply embedded in the global value chains of MNEs.

The key problem that Ireland currently has to address is Brexit. While Ireland has a diversified economy, the agriculture and food industry is very important. Ireland has strong historical and cultural links with the UK and shares a land border. The UK is Ireland's main export market for food. Post-Brexit, it is likely that some form of trade barriers will be erected, and most likely it will impact

The EU is still fragile.

the agribusiness industry. Ireland wants to remain close to the UK as well as being a member of the EU. While Ireland wants to ride both horses, it may be forced to choose one or the other, which will not be in its best long-term interests.

The EU is still fragile. It is still in recovery mode from the 2008 financial crisis, but is still suffering from existential crises, not least the potential of a breakup of the Euro. Ireland has received a lot of political support from the UK with a similar Washington consensus free trade philosophy, yet the union has been dominated by Germany and France. The absence of the UK may over time dilute our leverage.

How is your school preparing students for this world?

The UCD Smurfit Graduate Business School is Ireland's leading business school, triple accredited and globally ranked. As a business school, we seek to be competitive, and we try to identify key areas of expertise that will maintain our competitiveness into the future. International accreditation is seen as critical in this regard. We provide a wide range of programs, including MBA, research programs, and specialist Masters for both business and non-business graduates, as well as Executive Development courses. Our Distance Education degree programs are addressed particularly at emerging high growth markets: Singapore, Hong Kong, Sri Lanka, and China, with India currently being courted. We also have extensive international exchange and study-abroad programs.

University College Dublin is the largest university in Ireland and truly global. 37% of academic staff are international. There are more than 6,500 students from more than 120 countries attending the university. As a constituent school of University College Dublin, we embrace UCD's Global Engagement Strategy to 2020. **GNP**

The Leadership Deficit

Horman Chitonge, Associate Professor of African Studies, Centre for African Studies, University of Cape Town



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At the beginning of the 1990s, globalization was touted to be an “unstoppable train” which would lead to greater integration of the global. The expectation was that the global forces which globalization induces would undermine and eventually lead to the death of the nation-states as global integration of markets and trade deepen. But as critics of globalization have highlighted, the nation-states are alive and kicking today, and one does not have to look far to verify this. Despite the formation of the large supra-national bodies like the European Union, economic nationalism and nationalistic sentiments are on the upsurge as may be evident in the challenges around immigration controls and identity politics. The future of globalization depends much on how the stronger nationalistic sentiments expressing themselves in various forms including Brexit, the “Muslim ban” and the weakening role of global institutions such as the United Nations will be managed.

The big challenge about the future of globalization revolves around global leadership, more precisely the leadership deficit at the global level. The earlier conception of globalization as a process driven by an unguided processes of market integration through free trade, without any political leadership has manifested serious weaknesses.

For a truly “global village” to emerge, global leadership is inevitable; there is no village without a leader(s). The trans- or multinational corporations are not going to provide the leadership needed to drive and sustain the process of integration that can deliver desirable outcomes for “citizens”/residents of this planet. The multinational corporations, who are the active players in the globalization theatre, are not concerned with the question about what kind of world do we want to create; they are concerned primarily with expanding their business scope and influence, regardless of what happens to the globe in which they do business. Some of the leaders of these corporations are now thinking of abandoning planet earth in-search of other opportunities “out there.”

The Leadership Deficit

Horman Chitonge

For a truly 'global village' to emerge, global leadership is inevitable.

The future of globalization depends on how we answer the question, what kind of world do we want to create? This is primarily the question of global leadership, and unfortunately, there is currently a big gap in this area. If there is one area where the global leadership deficit is more apparent, it is around the politics of global climate change. However, this has great potential to galvanize a momentum toward creating an effective global leadership that can close the gap. **GNP**

Open Versus Closed

John Luiz, Professor, University of Cape Town Graduate School of Business



We are increasingly witnessing the pendulum swinging away from globalization. The narrative of Francis Fukuyama’s “end of history,” which saw a linear, unidirectional evolution, is giving way to a more complex understanding of the forces at work and that economic modernization does not trump everything else.

There was an expectation that, as a result of economic progress and globalization, cultures would converge and the nation-state would matter less as it is superseded by global agendas. But, in fact, what we’ve seen in the last few years has been the rise of identity and culture politics and a new form of nationalism. Increasingly, there’s a recognition that the new divide is no longer that of left and right but rather those who favor an open system versus those who favor a closed one.



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There are those who see globalization not only as an economic imperative but as an important social construct toward global citizenry and a new set of institutions focused on issues of global importance—be it climate change, global security, health epidemics, or the mass migration and displacement of people. The other understanding is that globalization threatens traditional ways of life and that global institutions undermine local processes of democracy, and that it services the elite at the expense of hard-working blue-collar workers. The latter results in a renewed nationalism that focuses on the domestic and that desires the construction of walls, both physical and metaphorical, to protect the local from the other.

These are perilous times, because the outcome of this nationalism and protectionism would be a fall in international trade and capital flows, and would lead to an economic slowdown internationally and to zero-sum economic relations.

Both sides are partly at fault, and neither narrative is correct. Globalists have underestimated the importance of national identity and often belittled it, and have not paid sufficient attention to those who lost through globalization. While

Open Versus Closed

John Luiz

Large economies
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at a macro level, international trade may result in win-win scenarios, that is not true at a micro level, and we have ignored the plight of vast numbers of people. We need to increasingly recognize that globalization resulted in an insider-outsider phenomenon, both intra-regionally and inter-regionally. Within countries, it was very often the blue-collar workers in industrialized countries who saw jobs move to lower-cost destinations and saw real wages stagnate at the bottom, while the economy at the top prospered. Internationally, likewise, there was a process of insiders and outsiders of those who took advantage of globalization and those who became victims of it. Governments paid too little attention to putting policies and programs in place to create more inclusion and to provide workers with the skills required to operate in these new economies.

Smaller economies stand to be the biggest losers

These shifts towards a closed system will affect the smaller, less developed countries, such as those in Sub-Saharan Africa, disproportionately because they are more reliant on international trade and capital flows. Large economies will be better positioned to handle protectionism because of their large domestic markets. African countries have often been at the receiving end of the nasty consequences of globalization, but at the same time, it is the opportunities within the global economy that will provide them with the ability to grow into middle- and high-income status. Without access to international trade and capital, these countries are going to be the major losers in this process. In the high-stakes game of protectionism, it is the big players that are going to be at the table and drawing up the rules of the game, while the less developed are going to experience the consequences. Furthermore, many of the global problems that require international responses, such as climate change, will affect developing countries disproportionately. Scientists are in agreement that African countries are going to be disproportionately negatively affected by global warming. Many African countries in recent years have experienced positive growth through trade because of trade agreements with the European

Open Versus Closed

John Luiz

The whole world
is operating in times
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Union or with United States, and a rise in protectionism threatens this and closes one avenue to prosperity.

Emerging market thinking for the world: the ability to operate effectively in times of uncertainty, complexity, and inequality

We are increasingly moving into a world where volatility, uncertainty, complexity, and ambiguity are part and parcel of the new dispensation. The Graduate School of Business at the University of Cape Town is striving to pioneer a new model of business school based on the paradigm of the emerging economy. The GSB defines “emerging” as regions or economies that experience high uncertainty, high complexity, and often excessive inequality. As much as this is true for what classically are called the emerging economies (such as Brazil, India, Turkey, Indonesia, and Vietnam), uncertainty, complexity, and inequality are equally issues for companies in turbulent economic times. Emerging market thinking is therefore not solely a geographical construct. The whole world is operating in times of great uncertainty and complexity, and all business leaders and managers need to be able to adapt and learn to operate successfully in such challenging times and volatile environments. We want to train leaders who are equipped to operate in emerging markets as well as evoke their social conscience so that they can contribute to finding solutions to societal challenges. **GNP**

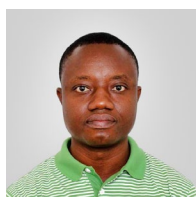
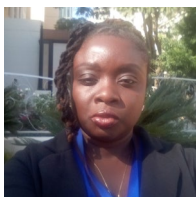
Engaging Positively

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The United States, together with its European allies and institutions such as the World Bank and the International Monetary Fund (IMF), have supported globalization, arguing that it improves efficiency and output and leads to better allocation of the factors of production. For example, the argument that a global firm can purchase raw materials at the lowest cost possible in one country, raise finance at the lowest cost from another country, and manufacture or sell its products or services in different parts and regions of the world is a testament to the importance of globalization.

Ironically, the bigger players in the globalization process have for some time now acted in a manner that can be construed as showing “globalization fatigue.” For instance, in countries like the United States, there are arguments that jobs have been lost to foreigners because of globalization. The campaign rhetoric of then-candidate and now President Trump has consistently been to urge the big global American companies to stay at home and perhaps keep or retain jobs in the United States. In addition to perceived job losses to foreigners, rampant terrorist attacks in Europe over the last couple of years have together led to growing anti-immigration sentiments in Europe. The Brexit vote in the United Kingdom and the growing popularity of ultra-far right political parties in Europe are an important testament to this fact.

It is indeed surprising that the supposed champions of globalization seem to be retreating, while China—which was traditionally closed and reserved—seems to be embracing globalization, especially in its engagement on the African continent. Does the Western-led anti-immigration rhetoric in any way suggest that globalization is under threat? And should that in any way cause African countries to change their globalization strategies? Admittedly, the security and political challenges being experienced in the United States and Europe will invariably slow the wheels of globalization, but cannot bring it to a halt—the simple reason being that the world as a whole is better off globalized than not.



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Ironically, the bigger players in the globalization process have for some time now acted in a manner that can be construed as showing ‘globalization fatigue.’

Even in regions like Africa, where globalization has essentially been seen as a “double-edged sword,” the benefits have been enormous compared to the ills. For example, remittances to Africa have been on the rise because of globalization. Africa’s trade, in terms of overall export and imports, has increased over the last two decades, albeit under unfair terms of trade. Existing evidence also suggests increased flow of FDIs into Africa, although the low absorptive capacity (bad infrastructure, weak institutions and financial markets, conflict-prone environments) of many African countries constrains the extent to which they benefit from the increased FDI flows. Notwithstanding the benefits of globalization, existing evidence seems to suggest that the economies of many African countries are not fully integrated into the global economy. This some have referred to as a blessing, given that it protects African economies from global economic shocks such as the 2007–08 financial crises. On the contrary, those who see this phenomenon as a challenge to Africa’s globalization argue that stronger economic integration will facilitate better access to global markets, technology and innovation, which are core inputs to Africa’s economic development.

The foregoing discussion strengthens the existing call for African countries to re-strategize and pursue policies that will help them benefit more from globalization than is currently the case. As part of this effort, there will be the need to strengthen institutions, develop stronger financial markets, promote tighter and smarter economic integration, and, most important, develop a core cadre of human capital with global perspectives. It is in the context of this discourse that UGBS has taken concrete steps to improve on its global engagements.

In this direction, UGBS has:

1. Introduced courses and programs that address unanswered global business questions.

Engaging Positively

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2. Joined partnerships (the Global Network, AACSB, AABS etc.) that make it possible for the students, faculty, and staff of UGBS to interact and share ideas on teaching, learning, research, and innovation with their counterparts in other schools around the globe.

3. Introduced academic study tours that enable our students to take courses in schools abroad and also engage, learn and understand the culture of global corporations and their leaders.

We believe that these efforts, together with ongoing internal quality improvements benchmarked to international standards, will prepare our students well enough to engage positively in a world that we believe is globalizing and will continue to do so in the future. **GNP**

The authors are members of the Policy and Governance Research Group at the University of Ghana Business School.

Global Network PERSPECTIVES

ABOUT THE GLOBAL NETWORK FOR ADVANCED MANAGEMENT

Launched in 2012, the Global Network for Advanced Management includes 29 leading business schools from diverse regions, countries, cultures, and economies in different phases of development. A common motivation of member schools to connect is to position their students, faculty, staff, alumni and other constituencies so that they can deepen their understanding of differences and commonalities in their economies and increase their effectiveness. Member schools recognize that leaders in all sectors will be asked to contribute to the solutions of major problems that are typically complex and global.

Representing a shift beyond traditional partnership models of business school collaboration, the Global Network enables the development of innovative initiatives that leverage the schools' comparative advantages. Leveraging network efficiencies, utilizing new technologies, building strong institutional and personal relationships, and operating with a minimum of bureaucracy, the Global Network is having a transformational effect on students, member schools, management education, and beyond.

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