

Globalization of Business Enterprise (GLOBE)



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Globalization of Business Enterprise

- I. Levels of Globalization
- II. Cross-Country Differences and the CAGE Framework
- III. Globalization and Society

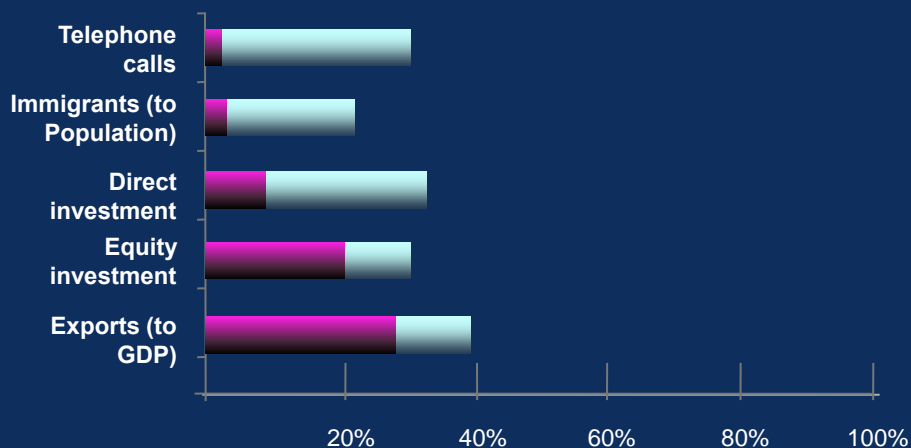


Why Levels of Globalization

- A. In real estate, the mantra is 'location, location, location.'
For global brand managers, it might be 'localise, localise, localise.'
—A consultant
- B. There is a balance on the spectrum between “local” and “global” that represents the “sweet spot”...[and makes for] “the race to the middle.”
—A manager
- C. The world got flat...[creating] a global, Web-enabled playing field that allows for...collaboration on research and work in real time, without regard to geography, distance or, in the near future, even language.
—A journalist



Levels of Globalization



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Why Focus on Cross-Country Differences (and CAGE)

- Empirics
- Logic
- Oracular authority
- AACSB/Ghemawat/Yeung thought leader survey flagged cross-country differences: cultural, legal/regulatory, political, economic, financial, other
- Variation in degrees of difference (“distance”) is key

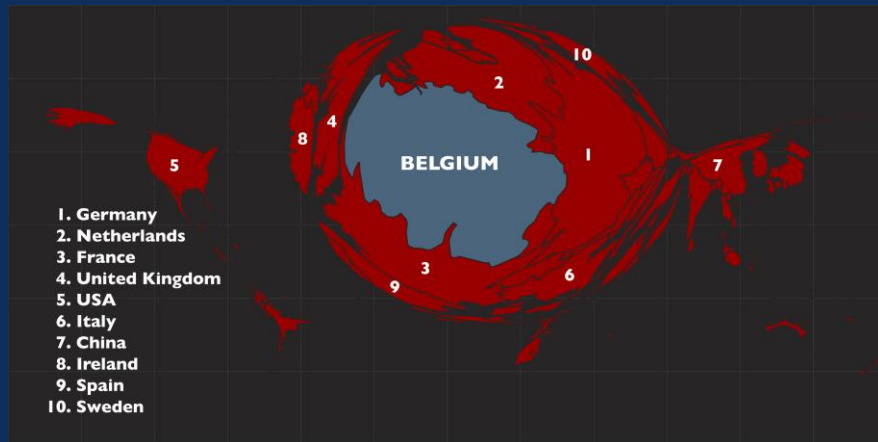


United States Bilateral Trade Map (with United States Proportional to its GDP)



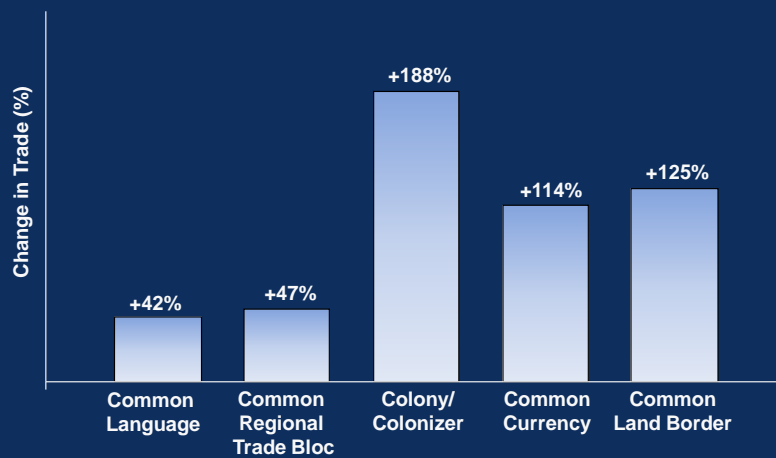
Source: United Nations COMTRADE Database, CIA World Factbook (2007 Data)

Belgium Bilateral Trade Map (with Belgium Proportional to its GDP)



Source: United Nations COMTRADE Database, CIA World Factbook (2007 Data)

Influences on Bilateral Trade



Why Look at Globalization and Society

- Not much debate among business academics (e.g., AACSB deans, SMS conference attendees)
- Post-crisis issues around market failures (and general reputation of business)
- Public opinion polls, anti-immigrant sentiments, media coverage
- Particular focus in developed countries on job losses
- Our students need to understand and be able to engage more broadly with such issues



What: Case Materials

Module	Case/Note	Focus	Market Failures/ Fears*
I. Introduction	Cemex	The test of ADDING Value	Small numbers/price collusion
II. Cross-country Differences (CAGE)	STAR TV	CAGE differences, focus on Culture	Fears of cultural homogenization
	Endesa de Chile	Administrative differences	Privatization and control shenanigans
	Indian Software	Economic differences	Offshoring and job losses
	Haier in the U.S.	Geographic (versus economic) differences	Emerging Chinese multinationals
	Mittal Steel	New game strategies	Nonmarket strategy
	Worldreader.org	International nonprofits	Bridging market failures

*Also final assignment for GLOBE



What? Conceptual Structure and Materials

Module	"Undergraduate"	"MBA"	"Doctoral"
I. Levels of Globalization	PG, Why the World Isn't Flat, FP (8p)	PG, Economic Evidence on Glob. of Mkts (11p)	Leamer, Review of World Is Flat, JEL (58p)
II. Cross-Country Differences and the CAGE Framework	PG, Distance Still Matters, HBR (9 p)	PG, Law of Distance, Ch 3 of World 3.0 (26p) (C) PG & Reiche, Natl. Cultural Differences and Multinatl. Business (18p) (A) PG & Hout, Diff. in Bus. Ownership and Governance around the World (18p)	(C) Hofstede & Hofstede, Cultures of the Mind (50p) (A) Hall and Soskice, Intro to Varieties of Capitalism (68p) (G) World Development Report, 2008 (50p) (E) Blinder, How Many U.S. Jobs Offshorable? (44p)
III. Globalization and Society		PG: ADDING Value by Opening Up, Ch 4 of World 3.0 (26p)	Held et al, cultural or env. chapter in Global Transformations (40-50p)
Conceptual Readings	17 pages	99 pages	315 pages



What Else?

- International diversity and mobility
- Subject to threshold effects
- Success depends on curricular content
- Only relevant for the very top of the business school pyramid

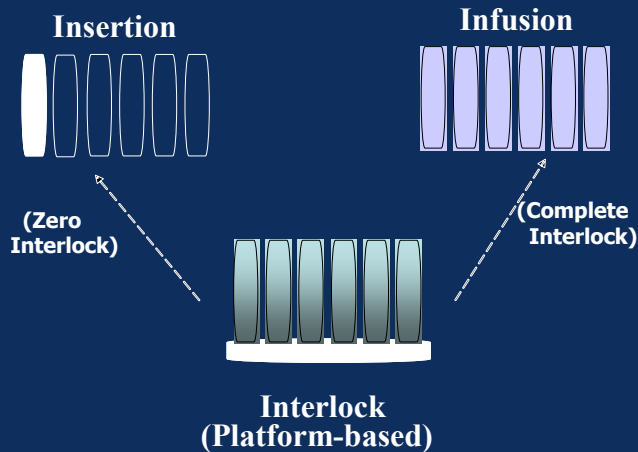


When

- Sequenced, starting immediately
- IESE expansion path
 - 2009: Optional seminar for first year MBAs
 - 2010: 12 session course inserted into 1st year
 - 2011: Further development of interlocks with other required courses (e.g., international accounting, marketing, supply chain management)
 - 2012: Possible integration with end-of-year capstone
 - 2013? Infusion of 10-20% global content into an increasing number of other required courses



Structure and Sequence



Next Steps

- Refurbishing of culture note
- Writing of intermediate level CAGE/distance note
- More material on globalization and society



Who

- 2010: PG plus strategy colleague
- 2011: Plus international HR colleague (and finance colleague in all early discussions)
- 2012: Injection of one additional functional specialty into teaching group
- 2012/2013 Integration with capstone course, faculty

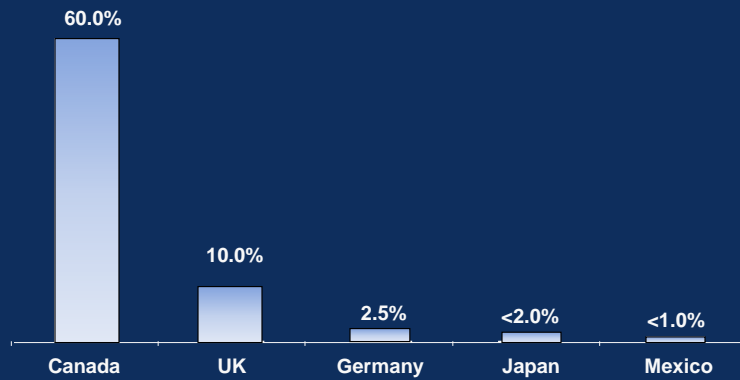


The Importance of Differences



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Foreign Presence of U.S. Firms with FDI in One Country: 1983-1996

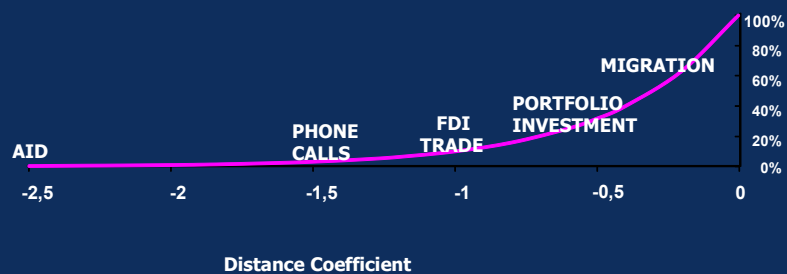


Source: Feinberg, Susan (September 2003), "The Expansion and Location Patterns of U.S. Multinationals"

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The Law of Distance: Geographic Distance

The Impact of a 10X Increase in Geographic Distance



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