

Comments from the Editor



Tamir Agmon
Editor

Globalization is going through a process of change. From a process of foreign direct investment (FDI), where everything that is not in the US and the other developed countries is denoted ‘foreign’, globalization is turning into a cooperative effort of equal partners where everybody, and therefore nobody, is foreign. In the past the literature on FDI focused on the issue of how to internalize the benefits and maximize the rents to the MNE, usually located in a developed country. The current globalization is focused on maximizing the value of all the participants.

The change in the nature of globalization is expressed in many dimensions. On the conceptual dimension there is a transition from the industrial organization paradigm of the 1960’s with its roots in the question: “Why do US firms invest abroad?” to a more systemic approach like the neoclassical international trade model. In the global markets of the world the focus is moving from the US and other developed countries’ multinational enterprises to a system of firms operating to maximize the welfare of all the participants in the system. To quote a recent interview with David Rubinstein, the co-founder of Carlyle, one of the largest private equity funds in the world: “American capitalism used to be GM, Ford, and IBM. Now it is Blackstone, TPG, KKR and Carlyle.” The success of the international private equity investments—almost \$30 billion was raised in the first nine months of 2006 for investment in China alone—reflects the supply of risk capital in the US, and the congruence of private equity investment with the development of domestic firms and interests in many of the target countries for investments like China, India, and many smaller countries.

The article of Christian Bellak focuses on the sustainability of FDI in smaller countries in Central and Eastern Europe. Bellak distinguishes between the interest of the investors who are looking for cost advantages and the interests of the receiving countries to develop a sustainable presence and a dynamic development path for the domestic firms, including wholly owned subsidiaries of foreign companies, suppliers and the like. The key to the analysis in my opinion is the realization that what FDI does is to begin a process of a change in the factor intensity of the countries in which the investment is located. A sustainable path of FDI means a sustainable path of a change in factor intensity.

An important component in the change process of factor intensity in many countries is expressed in changes in human capital and technology. Raj Aggarwal discusses the relations between globalization, technology, and the development of high-skilled human capital and how it should affect what we teach in international business. Aggarwal’s contribution focuses on knowledge management as a critical factor in building competitive advantage in the corporate level and a new comparative advantage in the country level. Clearly, the development of capability for knowledge management discussed by Aggarwal is a necessary condition to create a sustainable FDI in Central and Eastern European countries discussed by Bellak.

The brief impressionistic piece by Peter Antoniou is first-hand evidence to the processes of change in international business and globalization discussed in the first two articles in this issue of *AIB Insights*.

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*We look forward to your
comments and submissions.*

How to Attract Sustainable Foreign Direct Investment?¹



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Introduction

In the mid 2000s, the 29 Central- and East European Countries (CEECs) receive approximately as much foreign direct investment (FDI) inflows as China. Like China, the CEECs are quite heterogeneous countries – ranging from the advanced current EU members (New Member States, NMS) to the non-members like the Ukraine or Belarus or the Balkan countries.

Country heterogeneity points to the possibility of receiving different kinds of FDI according to factor endowment and hence comparative advantage.

As the CEECs have reached a more mature phase of transition, the more advanced CEECs have already experienced a relocation of initial FDI “further East.” “How to attract sustainable FDI?” therefore becomes an important question for further catching up in the more advanced CEECs, which are well equipped with human capital but lack capital and technology. This short note discusses some aspects of policies designed to make FDI more sustainable, once they have been attracted.

The question of how to attract sustainable FDI actually has to be split in two questions, namely: first, how to attract FDI and secondly, how to make it more sustainable. The reason is that both questions refer to different types of market failures and thus may require different types of policy interventions.

Sustainable FDI

Sustainable investment should be

thought of as the opposite of *footloose* FDI. Hence, sustainable FDI is investment that is *kept* in one location, but *changes* the value-added activities in reaction to changes of location factors like market instabilities or changes in trade costs, etc. On the contrary, *footloose* FDI *changes* the location but *keeps* the same value-added activities.

Whether sustainability is an important characteristic of FDI in a host country depends on its catching-up strategy, an issue to which we turn now.

Catching-up strategies for the CEECs

According to Rodrick (1996), the strategies of governments depend on the level of development of a country and the configuration of location advantages. Middle-income countries have two options:

- a. The *low-wage, low-tech option*, an example being the “Albania 1 Euro” initiative. “Its goal is to make Albania the most attractive location for foreign investment in the region by offering overseas firms entry to the Albanian market literally for 1 Euro” (Albinvest 2006). The justification is given as follows: “We recognise that the country is starting from a difficult position.” (Besides, this may be a good marketing trick.)
- b. The *high-wage, high-tech option*, an example being the IT industry cluster in Serbia (Vojvodina). The cluster comprises already 1,408 firms, thereof 835 software firms and 573 hardware firms (Latinovic 2006). Among them, there are prominent foreign multina-

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tional enterprises (MNEs) acting as lead firms. For example in 2005 Microsoft set up one of its four development centers worldwide in the Vojvodina. There is also a growing number of domestic firms profiting from outsourcing projects of foreign-owned MNEs.

The more advanced CEECs have already taken a decision in favour of the second strategy in the direction of knowledge-based economies.

Indeed, the New Member States (NMS) have been quickly climbing up the technology ladder. For example, the Vienna Institute

for International Economic Studies concluded in a study on the competitiveness of the CEECs that “a distinguishing feature of the new members is their strong performance in terms of human capital and business infrastructure.

... NMS have moved rapidly in changing the composition of industrial production and exports in the direction of a strong representation of medium-high tech industries. NMS are not particularly

competitive in labour-intensive, low skill industries” (Landesmann and Wörz 2006).

Any relevant policy scenario must take into account the existing factor endowment and industrial specialisation of the CEECs.

Factor endowment and the organization of production

There is largely a consensus that since human capital endowments are high in the advanced CEECs relative to endowments with fixed assets, a convergence of capital-endowments is needed for catching up.

Not only are endowment gaps between the EU and CEECs relevant, but also the gaps in factor endowment between the CEECs themselves determine industrial location, as has been pointed out in the introduction.

The large gaps in initial factor endowment in the CEECs vis-à-vis the EU as well as among the CEECs give rise to production fragmentation between “old” and “new” EU countries as well as between the more advanced and the less advanced CEECs.

The changing environment for FDI attraction

Since the early years of transition, the environment for FDI attraction has changed considerably. The more recent period of transition saw an erosion of certain location factors, which favours different types of FDI and a more sophisticated firm-internal division of labour (Bellak 2005). This implies also that investors become more “choosy” about location factors. Generally, competition for FDI has become tougher with the emergence of new competitor locations and the end of the privatisation process. The latter means that more greenfield FDI needs to be attracted, which is more difficult, etc. In this respect, the question of how production by MNEs is fragmented plays a key role.

The relevance of production fragmentation for FDI attraction policies

Buckley and Ghauri (2004) note that an important aspect of the globalisation strategies of MNEs is that “the increasingly sophisticated decision making of managers in MNEs is *slicing the activities of firms more finely* and in finding optimum locations for *each closely defined activity...*” (p. 81, emphasis added).

Concerning FDI attraction policies, two questions need to be answered. First, is government intervention justified at all? This question has been answered by several authors (e.g., Hanson 2001) on the basis of market failure specific to MNE production in the form of *externalities*, which may require policies to increase the amount of FDI, or on the basis of a lack of private supply, which may require the *provision of public goods* (e.g., a stable business environment).

Second, which location factors are sus-

“Large gaps in initial factor endowment in the CEECs vis-à-vis the EU as well as among the CEECs give rise to production fragmentation.”

ceptible to government intervention? In essence, the attraction of sustainable FDI can be thought of as matching the location factors of a host country with the value-added stages of foreign firms. The traditional and new trade theory as well as the new economic geography stress three groups of factors:

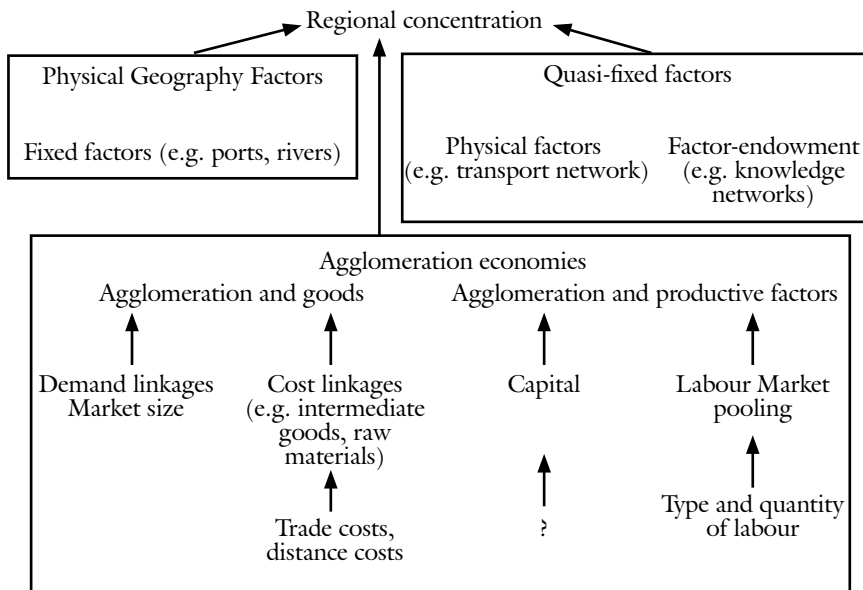
- Comparative advantage
- Economies of Scale
- Agglomeration

Figure 1 shows three groups of location factors, which can be influenced to a different degree. These three groups of factors can be used as policy channels, as empirical studies on the determinants of FDI in the CEECs demonstrate the importance of all three groups of factors.

Because of these different groups of location factors, policy makers need to have an understanding of the question “Why do firms locate where they locate?” to which we turn now.

Fig. 1: Location factors and their policy relevance

Based on Baldwin (2005)



Why do firms locate where they locate?

Companies are located in a given place mainly for four possible reasons, namely, historical accident, proximity to other firms, proximity to markets and efficiency reasons (Meyer-Stamer 2004; see also Baldwin 2005).

The neoclassical production location literature describes the relationships between a firm’s microeconomic efficiency behaviour and its location behaviour (e.g., McCann 2002). Arndt and Kierzkowski (2001) describe fragmentation as the physical separation of different parts (i.e., value-added

stages) of a production process. Venables (1999, p. 935) states that

(t)he term “fragmentation” has been coined to describe the phenomenon by which reductions in trade barriers and the costs of moving goods and information make it possible to break up an integrated production process, moving separate elements of the process to lower cost locations.

In an economy without spatial economic costs, firms will locate production according to comparative advantage and adjust production costlessly. In the real world,

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things are more complicated as there are trade costs and costs of production fragmentation. The implication for policy is that all three channels identified above are relevant policy channels. The importance of the three channels has been identified in various empirical studies.

A tentative answer

The above analysis emphasizes that the focus of policies aiming to make FDI sustainable should be the different value-added stages a host country tries to attract. In order to make FDI sustainable, CEEC governments need to increase the *coherence* between location factors and stages in the value-chain transferred by MNEs. While *pro-active* policies are needed to attract FDI into growth sectors, *re-active* policies are required to make FDI more sustainable via influencing the comparative advantage, transport infrastructure and agglomeration advantages. FDI attraction without a strategy to make the attracted FDI sustainable is probably not

worth the resources.

Are the current FDI-attraction policies of the CEECs the right sort of intervention to attract sustainable FDI? In my view the current FDI-attraction policies in the advanced CEECs are geared too much towards *incentives* and the provision of *general* location factors (e.g., Bellak and Leibrecht 2005). The focus of interventionist policies should be redirected towards the provision of more *specific bundles of location factors*, i.e., the “locational qualities,” for *closely defined value-added activities*.

However, such a strategy requires a strong regulatory basis and an institutional environment which is only emerging in the advanced CEECs and by no means is given at present in Romania or Bulgaria, the most recent EU members.

Finally, any government intervention should be evaluated on the basis of the impacts of FDI on the host country in question: competition effects, rents accruing to the host economy and the effects on host country firms.

¹ This contribution is based on a presentation at the Conference on *European Economic Integration: The Changing Landscape of FDI in Europe*, Vienna, November 2006, organized jointly by the EBRD and the Austrian Central Bank.

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Technology and International Business: What Should We Know and Teach?

Abstract

There is relatively little recognition of the wide significance of the inter-relationships between technology and international business. Further, in spite of its obvious wider impact, there has been little or no discussion among international business scholars of the impact of globalization of commerce on the nature of higher education. This short essay intends to start filling that gap and contends that the best way to respond to the twin challenges of technology and globalization is to realize that while teaching measurable and specific job skills are important in the short-run, higher education must focus on teaching the attitudes, skills, and knowledge helpful in developing career flexibility such as leadership skills, a good work ethic, and learning how to learn. Also, international business scholarship must better consider wider impacts of technology to stay relevant.

Introduction

There has been much discussion of the impact of globalization on business and commerce and even on business education – and these extensive discussions have been reflected in many publications and conferences. However, in spite of its obvious wider impact, there has been little or no discussion among international business scholars of the impact of the globalization of commerce on the nature of higher education. This short essay intends to start filling that gap.

Driven by the fundamental forces of technology and economics, globalization has been the major trend for the last few decades and is likely to continue for the foreseeable future, expanding its reach and influence. Regardless of our feelings on globalization, we must deal with it. While

globalization creates many new jobs and very attractive choices for consumers, it also creates some challenges as an increasingly wider range of jobs in the United States and other rich countries are being outsourced to people in poorer countries. In such an environment where many specific jobs in the US and other advanced countries may disappear, what should be the essential characteristics of college education? How can higher education best respond to the challenges posed by globalization? Higher education must respond to globalization in addition to its other challenges, many of them articulated in the recent “Spellings” report.

This essay contends that the best way to respond to the twin intertwined challenges of technological change and globalization is to realize that while teaching measurable

and specific job skills are important in the short-run, college education must focus on attitudes, skills, and knowledge helpful in developing career flexibility such as leadership skills, a good work ethic, and learning how to learn.

Economics of technology and globalization

In understanding the modern role of college education, we must start by examining the close and mutually reinforcing relationship between technology and globalization, the two major trends in modern times. While there has been wide discussion of each of these two major trends, there has been very little discussion of their relationship and what it means for education.

First, technology makes globalization easier and more possible. For example, there have been great advances in the technologies of communication, making it easier and cheaper to communicate internationally. We can use e-mail (free), watch TV feed instantly from overseas events (free), make international phone calls (almost free), and even travel overseas (getting ever cheaper in inflation adjusted terms). Information, market knowledge, and money are now transmitted across the globe instantly and freely at almost no cost. While this is a significant change in the transmission of intangibles that is making markets more efficient and has many important implications, technology is also creating changes in the transport of tangible goods. Because of advances in materials and engines, transportation costs for goods and people are also declining. At the same time, technology is making goods lighter and increasing their value to weight ratio, making more sense to transport them internationally. As one manifestation of this, it has been some time since most of us last bought an item of consumer electronics made in the US. So, besides information and money, goods and people are also being transported internationally at ever lower costs. Technology does indeed facilitate globalization by making it easier and cheaper!

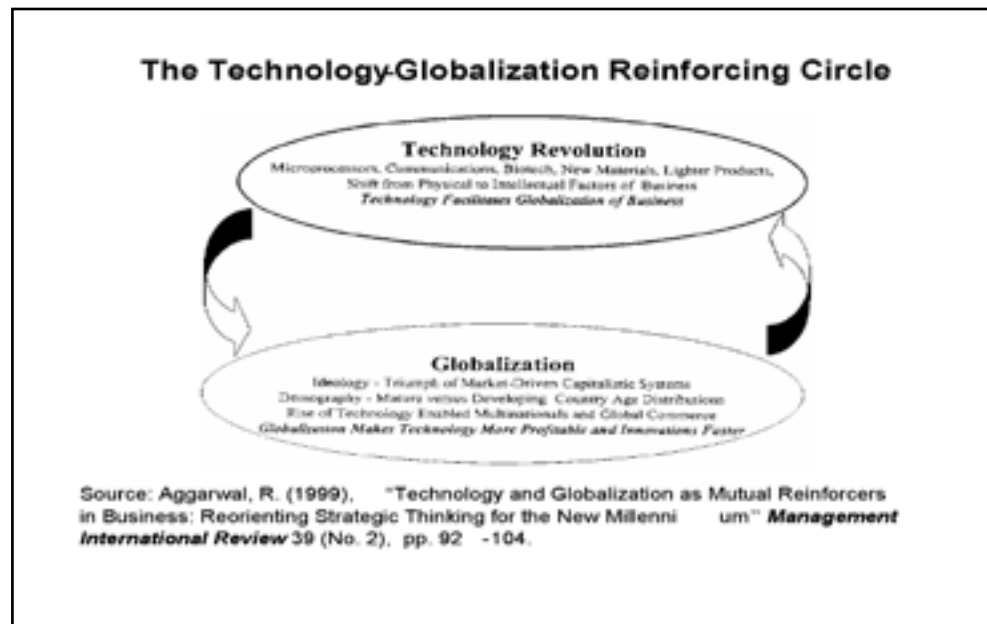
Second, globalization, in turn, increases the value and availability of technology.

Most people who travel internationally have noticed an interesting phenomenon. People seem to listen to very similar music in many if not all countries, especially as exemplified by the music popular with teenagers (harbingers of the next generation). This phenomenon is not limited to music; people now seem to dress similarly and increasingly buy similar goods and services (for example, note the global success of the Sony Walkman and now the Apple iPod). Globalization is increasingly integrating markets and tastes across the globe. This process increases the size of the markets for any new technology and the product based on it. Globalization also means that scientific people from many countries are increasingly contributing to the development of new technologies and related products. Thus, globalization accelerates the development of new technologies and increases the value of new technology by increasing its potential market. Globalization indeed supports and encourages the development of technology.

As this brief discussion indicates, technology makes globalization easier and more possible, i.e., technology facilitates globalization. But at the same time, globalization makes technology more valuable. So, as shown in figure 1, here is the circular and mutually reinforcing nature of the relationship between technology and globalization: Technology leads to more globalization and globalization makes technology more valuable and that leads to further advances in technology, which leads to more globalization, and that leads to more technology, and so on, in ever expanding mutually reinforcing cycles! Thus, we are most likely to see ever-increasing globalization.

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*...globalization accelerates
the development of new
technologies and increases
the value of new technology
by increasing its potential
market.*



The trend toward increasing globalization is not only powered by its mutually reinforcing relationship with technology; it is also supported by economic principles that show globalization creates new wealth. Globalization allows countries to trade and thus to specialize and focus on what they do best and most efficiently. This process of specialization powered by international trade and investment creates new wealth. This new wealth shows up not only as higher average income levels, albeit with a different distribution among socio-economic groups, but also as vast increases in the range and quality of available consumer goods. We increasingly buy Chinese-made electronics, Korean-made cars, Indian textiles and steel, and get computer help from somebody in India. The proportion of our consumption that originates overseas continues to increase.

Thus, there are three powerful forces supporting and increasing the pace of globalization: the wealth-creating effects of globalization, the enhancement of technology by globalization, and the facilitation of globalization by technology. These forces are mutually reinforcing and, thus, globalization is a powerful trend that is likely to be reversed only by equally powerful forces such as armed global conflict. As reversion

in globalization is unlikely and undesirable (especially given how that may happen), we must understand its major effects and learn and teach how to cope with them.

Selected major impacts of globalization

Globalization is re-shaping the global economy. The economies that arose and became powerful and important as a result of the industrial revolution, when machines supplemented human physical power, are being supplanted and perhaps being replaced by newer economies in this new age of information-driven economic growth and globalization where human brains are being supplemented by machines (computers). As in the past, because of the political economy of socio-economic changes, the most significant impact of new technologies is likely to be felt more keenly not in the economies where they are developed, but in different and newer economies.

For example, China and India (Chindia) are rising fast as new and large centers of economic growth – they are both highly populous countries growing at nearly double digit annual percentage rates, in contrast to the growth rates of traditional large

economies that average 2-3 percent for the US and 1-2 percent for Western Europe and Japan. Chindia was at least half of the world economy in the 1700s, and, with its recent re-rise, we are seeing a *re-orientation* of the global economy (pun intended). Growth in Chindia is augmented by growth rates of 4-6 percent in the rest of Asia and other emerging economies like Brazil, Russia, Poland, and many other formerly socialist countries. The shape of the world economy is being transformed profoundly and rather rapidly.

Indeed, technology, globalization, and the growth of international business have many social impacts. As an example, while the process of globalization of consumption creates new wealth and new jobs, it is also associated with the displacement of many workers in traditional but declining industries. These out of work folks form an important part of very vocal organizations lobbying against globalization, leading many scholars to forecast a slowing down of globalization.

Thus, the rise of globalization often leads to major upheavals in the roles of major economies and evokes strong feelings in their residents. However, regardless of our position on whether globalization is good or not, we must prepare to deal with the impact of globalization as it is unlikely to go away. Of particular relevance here and as indicated above, globalization not only redistributes wealth and jobs; it also changes the very nature of work—the topic of the next section.

Changing nature of work

In addition to its mutually reinforcing relationship with globalization, technology changes society and commerce in many other important ways as well. Most importantly, technology is changing our relationship to work, a very important aspect of our lives. We must deal with these significant changes especially as the march of technology (unlike the stock market) is relentless and fairly steadily exponential. According to Moore's Law, that has now held for over a quarter

century, computing power continues to double in power and halve in cost every 18 months. These continuing advances in the power and affordability of computing power have brought us enormous changes in both work and leisure. Our music and video entertainment is now delivered digitally—and with special effects! Most modern work is done on computers and can be done from anywhere. The sight of people working on their laptops in coffee shops has become fairly common. Indeed, people are working in airports and on airplanes, in car repair shops and doctor's waiting rooms, and almost everywhere, not just including waiting places, but also on beaches and other places and times usually associated with leisure. Indeed, when we travel domestically or internationally, it is usually not a problem signing on to the internet and taking care of work back at the home country office. This phenomenon illustrates just one power of the technology of the internet.

So, most modern work is done on computers and can be done from anywhere, even from an overseas location. Indeed, it is a relatively minor next step to imagine that some routine types of work can be done as well by residents of foreign countries! Thus, the movement to outsource many jobs to more specialized domestic companies in general and, more particularly here, from the rich countries to low wage foreign countries.

One impact of the outsourcing movement is that the nature of work in the rich countries is likely to keep changing. The rich countries will focus on the higher value-added components of most jobs, with the lower value-added components going overseas. For example, while routine low value-added jobs such as call centers, data entry, and low level programming are being outsourced from the US, we are getting more high value-added components from overseas, such as drawing up legal contracts and preparing industrial designs as indicated by the positive US balance of trade in service jobs. While people in routine low value-added jobs in the US and other advanced countries face possible job losses, those in high value-

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added service jobs face increased demand and higher salaries. As one result, the range of salaries in every profession and between professions continues to widen.

In addition, most modern work in this information age is not as easily observable as it was in the industrial age; so with few exceptions, the modern focus of supervision is on results and is decreasingly on being at a given physical place such as an office for a given time period. In fact, it seems that the corporate headquarters of Best Buy recently eliminated all mandatory meetings and work hours—all employees are assessed on

output, whether they work in an office or from remote locations such as hunting lodges or cafes. Many accounting and consulting firms are already realizing significant savings in real estate costs by providing only temporary offices for many of their workers—workers who spend most of their time in the field, at client offices or elsewhere. As another implication of work being increasingly done away from a given physical location, hierarchical management

processes, especially in the US and other developed countries, will have to evolve too to reflect the changed nature of modern work. Also, it is being widely forecast that due to the changing nature of the distribution of jobs, we are likely to change jobs and even careers more frequently.

Education for an uncertain global future

So, given increasing globalization and this changing nature of work, how should higher education change? What should it focus on? It seems that college education should reflect both short-term and long-term perspectives. It should focus on providing a good mix of theory and practice. The theory is very important to understand and adapt to changes in the work environ-

ment – to understand and anticipate what will be high value-added activities and what activities will be low value-added. A good theoretical framework will give students the bases for a long-term perspective. However, one cannot ignore the short-term—we all live in it! Put another way (by the economist John M. Keynes), “in the long run, we are all dead.” You need skills and knowledge that will get students a job to start with—so it is important to teach practical skills. The practical skills will help a student get a job, but the knowledge of theory and the ability to learn how to learn will help them keep working even in a changing environment.

In a changing work environment brought on by globalization and technology, there are other skill sets that are also becoming important. For example, given the rise of Chindia, it may be useful to teach students Mandarin and Hindi, and how to work with people from that region. More generally, skills and experiences useful in working effectively with people from other “foreign” countries are going to become increasingly important. While people are basically similar across countries, they express these basic values, desires, and traits very differently depending on their culture. So in this age of globalization, the skills, experiences, and languages useful in working across cultures and nationalities are becoming increasingly important.

In addition, as I explain in “Welcoming the Future: A Guide for the Intrepid Traveler” *Vital Speeches of the Day*, November 1, 1995, pp. 62-64, it is also important to teach our students to enjoy what they do (for one thing, it is the only way they will really be good at it); to help them acquire analytical and problem solving skills, develop the ability to be self-motivators, and be well-organized; to provide opportunities to practice leadership skills and to learn to deal with ethical issues and to be an honest and good person in the workplace; and to teach them to be prepared to take some risks and go out on a limb occasionally for their beliefs. Most importantly, college students must continually develop time and task management skills that allow them to

Many accounting and consulting firms are already realizing significant savings in real estate costs by providing only temporary offices for many of their workers

balance the merely urgent with the really important aspects of their jobs. They will also have to develop skills that are necessary to balance the ongoing needs of their personal and family life, work requirements, and continuing education. One way to prepare students for the acquisition of these skills is to provide them with opportunities for lots of non-classroom activities, including leadership opportunities and other activities with student organizations.

Of course, it always helps to have students that are lucky in their careers. But it is generally considered unwise to rely on luck alone, so how do you increase the odds of having lucky students? Teaching them to have a good work ethic and to be prepared for change is one way to do it – after all, it has been said that “luck is simply just hard work and preparation meeting a chance opportunity.” While in the short-run, students need specific job skills, in the long-run, career and job flexibility, learning how to learn, and the qualities and attitudes described here are going to be more important.

Conclusions

The mutually reinforcing fundamental forces of technology and economics are driving increasing levels of globalization. Consequently, whether we like it or not, globalization is here to stay; and most likely will even expand its reach and influence. While globalization creates many new jobs and wider and more attractive consumer choices, an expanding range of low value-added jobs in the United States and other rich countries are likely to be outsourced to people in poorer countries. Indeed, it seems that the major force underlying globalization and the changing nature of work

is technology and its relentless, irreversible, and exponential march forward. How should higher education prepare students to live in this era of increasingly rapid change?

More specifically, this essay asks the question, “In such an environment where many specific jobs in the US and other advanced nations may disappear, how should college education change?” This short essay contends that, in the long run, a good theoretical framework and learning how to learn, along with positive attitudes and a good work ethic, flexibility, ability to work in different cultures, and leadership skills, are likely to become more important than the very necessary short-run advantages clearly conferred by specific and detailed knowledge of a given field. A good college education should and must balance both these short- and long-run needs to be considered useful and successful. As this essay contends, our understanding of the social impact of international business must include the social and work-transforming role of technology; and the continuing growth of international business clearly has far wider implications than just in global commerce.

Finally, international business scholars must consider the impacts of technology in their work as technology and globalization are inextricably integrated in our era. While international business scholars have been reasonably successful in integrating cross-border factors such as culture and politics in their work, recent international business literature reflects relatively little integration of technology and international business. This must change for international business to continue to increase its importance as a relevant field of study.

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Endnotes

- 1 Specialization can indeed create not only wealth but many other advantages – some scholars claim that modern humans evolved to become dominant over the Neanderthals by their division of work between acquiring versus processing food and other resources.
- 2 We are only now approaching the levels of globalization (as measured by the percentages of national production moving across borders) that was achieved in the late 1800s and early 1900s and which was reversed by the two world wars in the last century.
- 3 There are many such examples in history. For example, while the industrial revolution was mainly “invented” in Europe, it contributed more significantly to the growth of the US economy. Similarly, while navigation science was “invented” by the Arab nations in the eleventh to the fourteenth centuries, its impact was much greater on Western European economies in the fifteenth to the nineteenth centuries.
- 4 Long waves of technological changes also lead inevitably to changes in the organization of societies. Some scholars claim that the end of serfdom and the later emancipation of women are results of the industrial revolution that made physical human labor less important. Similarly, some scholars are claiming that the recent information revolution has contributed significantly to the late twentieth century fall of centrally controlling socialist regimes and is now leading to the rise of the “creative classes” in many US and Western European cities.



Peter H. Antoniou¹

My 50th Trip to China 1989–2006

The first time I went to China was 2 weeks after the Tiananmen Square incident. My business partner and I were invited to give a series of lectures in China. We have been going to China 3-4 times annually ever since. Our 50th visit to China was in 2006. During this period we traversed from Yanji, close to the Korean border, to Guangzhou and Yunnan in the south, and as far west to Tibet. We went on numerous flights in tucks in airports and slept in local hotels, tasting undisclosed delicacies. We have witnessed the last industrial revolution of the last century spilling into the 21st.

The changes have been staggering. As a celebration of this anniversary and to reflect what has happened, I put together some of the things that have changed since my first visit to China. The contrast is astonishing in a short period of 17 years and continues to surprise me.

I listed these changes in a way to reflect the impact of events with no particular order. They are written in a 'from ... to' perspective. Here they are:

- bicycles to bottlenecks
- 5-story buildings to high rises
- hutongs to skyscrapers
- red land phones on long extension cords on the street to cellular for all
- small Christmas decoration to full blown New Year Festival
- home celebration for the new year to \$20,000 banquet per person
- monopoly money (FEC) for foreigners accessible at certain places to "we take any plastic or cash"
- survival to being rich is glorious
- old tattered bank notes to the new Yuan coins
- small weddings to limo and fireworks
- the big 3 things to aspire towards (TV, refrigerator and washer) to the new big 3 (house, car and trips)
- only phone in the courtyard to phone in every home
- the phone being the fax to email
- state retailing to department stores
- obligation service to smile while serving
- state salary to commission
- goods behind the counter and begging to get served to open viewing
- single lane to highway
- no tolls to tollbery (highway robbery through tolls)
- rail (as the main transport) to air
- state enterprises to cooperatives and private
- state owned enterprises to stock listed
- water buffalos to tractors
- starved people and kids to fat and obese
- fit to heart attacks
- hair short and straight to styled, curled and colored
- no jewelry to jade and gold
- Mao-issued blue uniforms to Armani suits
- plastic purses to \$1,500 designer ones
- badminton to golf
- swimming to polo and tennis
- hotel floor attendants who keep your key to magnetic cards

- red-hot water bottles to intricate kettles, ready to drink fountains
 - loud speakers announcing news to radios
 - no TV to DVD and plasma
 - 3 channels to 25 + CNN and HBO
 - cash to plastic
 - hot, slow, black smoke moving buses to smooth, fast ones with films on board and AC
 - bald tires on those few flights to frequent flier cards and on time departures
 - dust and lung challenge to clear skies
 - dark cities to lightshow
 - 13 light bulbs to read to 3 is enough
 - rice wine to grape wine and margaritas
 - “wait, I need to find a car” to “let’s take a taxi so I do not lose my parking space”
 - 48 m2 to 130m2 with a view and a retreat weekend villa
 - job for life to move for more cash
 - orange, thin, small towels to lush, monogrammed Turkish robes
 - blue tiled bathroom with yellow light to granite sink tops, marble floors and jacuzzi tub with a separate glass door shower
 - soap after you ask to 3x magnifying glass with light to shave
 - bean to feather pillows
 - dark, burned, carpeted halls to recessed lights with real art on the walls
 - street green grocers for daily usage to fried pre-packed for the week
 - bar soap for hair to scented conditioner
 - only friendship stores to Ferre, Cartie and Max Mara
 - Gold Pagoda to Davidoff
 - no private cars available to Benz, BMW, Ferrari and RR next to each other
 - smelling your way to the bathroom to perfuming yourself before you exit
 - unlocking the door of the never used business center to DSL line in your room
 - abacus to computer
 - old glass bottles full of tea leaves to monogrammed thermoses
 - bumper car taxis to surround sound, uniforms, CB radios and movies on board
 - lead point pencils in the plastic holder to handsome pen sets
 - nothing in hotel drawers to phone books and Bibles
 - simple diner to 4-story palace with live stock on site
 - purple, hard, crepe TP, long enough for 3 swipes to white, soft and perforated
 - carrying TP for need to soft tissue and Charmin
 - coach roaches on the walls to couches in the den
 - dusty walks to Braille sidewalks
 - street vendors to fast foods
 - washing dishes in the gutter to Styro-foam and correct disposable
 - dipping utensils into tea to clean before use to serving spoons and dish sterilizers
 - copy Vague (Vogue) to Cosmopolitan
 - boiled water and rice sold only by government issue chit to designer water
 - public toilets and baths to private Jacuzzi and hydro units
 - cots to full size beds
 - gambey to karaoke and foot massage
 - reknitting sweaters to dry cleaners
- I am very happy and thankful for the experience and am looking forward to the 100th time to see how the changes have evolved.
- Until then ...happy travels.

Endnote

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