

GLOBAL BUSINESS

Notes and Assignment

Professor Robin Matthews

The Global Business course is summarized in table below.

	THEORY	APPLICATION
<p>ANALYSIS</p> <p>The distinguishing aspect of the current phase of globalisation is interdependence within and between PESTEL systems. Business organizations are the information carriers of techno-science and ethics</p>	<ol style="list-style-type: none"> 1. Interdependence 2. Networks 3. Grammar 4. Information 5. Complexity 6. Risk 7. Trade 8. Product space 9. Deconstruction 10. Ethics <p style="text-align: center;">A</p>	<ol style="list-style-type: none"> 1. Phases of globalisation 2. Informationalism 3. New era, phase transitions, singularity 4. Difficulties of doing business 5. Corruption indices 6. The great recession 7. The EU and the Eurozone 8. Global organizations 9. Transnationality 10. Poor countries 11. Emerging markets 12. Ecological issues 13. Compassion 14. Empathy <p style="text-align: center;">D</p>
<p>CONSULTING</p> <p>All organizations/businesses are more or less global and MBA graduate should be able to say something incisive about any business/organization</p>	<ol style="list-style-type: none"> 1. The meta model; inner/outer dynamics, payoffs, grammar. 2. The enneagram model; system states, transition, evolution, change. <p style="text-align: center;">B</p>	<ol style="list-style-type: none"> 1. Group work analysis and creativity; group work leading to presentations (pm day 2) on global business theory and applications to describe what the group what the group considers to be the most important contextual issues faced in setting up new business activities 2. Individual work setting up a new business activity; strategic issues opportunities, risks, challenges, implementation, feasibility, outlook and so on. Please define a precise brief and check it out with colleagues. <p style="text-align: center;">E</p>
<p>CREATIVITY</p> <p>Imagination/intuition</p>	<ol style="list-style-type: none"> 1. Mindfulness 2. Meditation techniques and creativity 3. Meta cognition <p style="text-align: center;">C</p>	

Table 1: outline of the global business course

Briefly; it is top down, a taught session, bottom up, group work and group led plenary session leading to individual work.; issues in setting up a new activity in a global landscape.

It has 3 principal aspects; analytical, consulting and creativity. Each aspect can be thought of having a conceptual (theoretical) and a practical (applied) dimension. Theory versus practice is a frequently made distinction, but it

invites misinterpretation; practice = good/useful versus theory speculative/impractical). The correct interpretation is theory = conceptual versus practice = implementation.

The Jungian (Myers/Briggs) metaphor is a useful framework to describe business programmes; rational functions (thinking/analysis, feeling/ethics), irrational functions (sensation/instinct, intuition/creativity). Business Schools emphasise thinking function. The feeling function is addressed to a limited extent (a) in HR courses (though the term resource is an anachronism in that respect) via team building and emotional intelligence exercises and (b) tacking on to business ethics/responsibility courses as afterthoughts to their programmes. The sensation function (very important) is provided for by social activities (the Russian programme is great here), educational tourism (multi campus courses) and outward bound (scouting) excursions. Intuition/creativity is limited to stories about what celebrity business men (usually men) and entrepreneurs do. The *how* of creativity is mostly ignored. Mystical traditions from Buddhism, Sufism, Christianity, martial arts have begun to appear in mindfulness programmes. They have much to offer to the creative/intuitive function. Drama/dance have much to offer too.

How can for a global business programme take these considerations into account? The availability of MOOCS (massive on line open courses) brings new challenges for taught MBA programmes. What can they add? Group energy, individual energy; relating things and ideas that appear to be unrelated but are in fact related; interdependence is a defining characteristic of this phase of globalisation. In the limit high degrees of interdependence/connectedness lead to unity; everything is related. This implies inter- disciplinary. It implies that fact and values are related, ethics and science are related.

Analysis

1. Interdependence can be illustrated by networks (or matrices). Globalisation is a reflection of complex systems; large numbers of connected entities (variables, assets, activities, businesses, organizations) within systems and between systems (economic, political, technological, ecological, and so on). Entities are represented in a network by the nodes and linkages by connectors between them. Trade is a symptom of globalisation. Innovation and development is related to the size of a countries product space; the bigger the product space the greater the opportunity for incremental innovation.

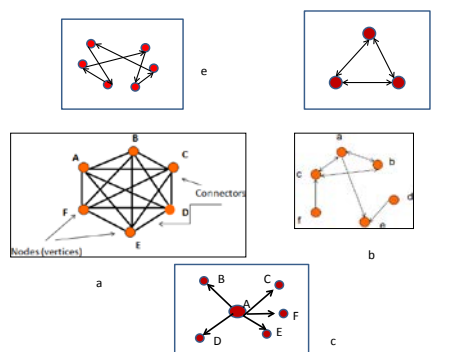


Figure 1: networks

2. Interdependence takes place in space time; in space interdependence is described as synergy (externalities positive and negative); interdependence in time is called feedback, blowback and mathematically is expressed by differential equations.
3. Synergy and feedback are illustrated by the connectors in figure 1. Networks also illustrate networks. The entities (nodes) represent the morphology of the grammar. Connections between the entities represent the grammar's syntax.
4. Grammar enables individuals and group to make sense of complex reality. The grammar of a system introduces stability. It introduces structure and facilitates communication. Grammar is loosely defined as *the rules of the game and artefacts (institutions, organizations, structures) that are expressions/representations of the rules*. Grammar evolves over time and has many dimensions. In any situation there are many grammars operating.

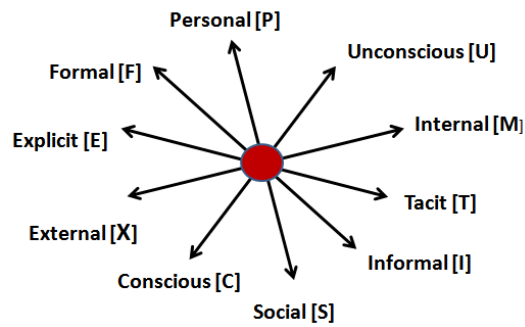


Figure 2: aspects of grammar

One way of summarizing the idea of techniques related to mindfulness and meditation is to say that they involve looking at one grammar through the lens of another grammar. All such techniques amount to this.

Consulting

The second aspect of the global business course is developing consulting skills. An MBA graduate should be able to go into any business, in any industry, at any time and immediately be able to say something incisive about it. He /she will not know the details of the business, that's not the point. The point is that he/she should be aware of the critical success factors, the significance of outer dynamics and should be sensitive to the mood or atmosphere. The enneagram methodology is used.

Creativity

The third aspect is creativity. The idea is that everyone has creative/imaginative/intuitive faculties. They are very close to what people have in mind when they talk about entrepreneurship. . Maybe creativity cannot be taught but it can be encouraged. To be creative is *to create something out of nothing*. The arts, design, scientific discovery are said to be creative. So is developing a new product, or structure, or way of doing or thinking about things, or explaining things.

One way of describing creativity is to say that it requires making a break from the conventional grammar. Think about it! The venue of the global business sessions is congenial to this. You are working with people from a different cultural background, in a different environment

Reflection is a way of escaping from conventional grammar. You are only able to do so momentarily. Life just couldn't function without an appropriate grammar. But creativity involves making a break, seeing things from the outside. See figure 2. Some educationalists use the phrase meta cognition to describe reflection. One of the best illustrations of reflection and metacognition I know of is figure 3.¹

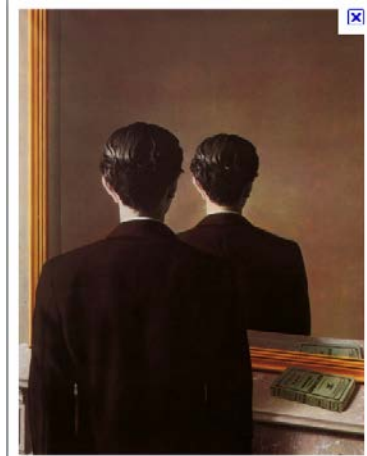


Figure 3: reflection (Magritte)

I use the koan² as a tool in this respect; creativity, making a break from the *conventional wisdom*, from grammar, from *normal science*; using intuition. Mandala's are sometimes used for encouraging reflection, creativity, intuition.

My friend David Boje invented the word antenarrative to describe what I am speaking about in relation to creativity; another metaphor (but we can only perceive about reality in terms of metaphors – *there's a thought*). You have met the idea of an antenarrative as *rich pictures*; that is, writing down thoughts, impressions, feelings, memories about a topic as they come, before processing them, before trying to make sense of them. Antenarratives, rich pictures are ways of tuning into intuitive faculties. Intuition is sometimes described as wisdom. Intuition becomes wisdom when it is tempered by reflection and analysis.

A. Applications

Developments in information and biotechnology means that possibly we are approaching what the physicists call an event horizon (or singularity). The ability of information and biotechnologies to generate algorithms (roughly speaking procedures for doing things) may outstrip people's capabilities to do so. What this means we can only guess. But it probably means that we have to think about intelligence and consciousness differently. I think that (the current phase of) globalisation and informationalism brings a new era. The salient aspect of the new era is interdependence. Things and events are interdependent; disciplines are interdependent; cooperation is perhaps the most important aspect of competition; spiritual, ethical, analytical, emotional aspects of things are interdependent.

One metaphor from making sense of interdependence is the network. A network consists of nodes (vertices) and linkages (edges). Networks are connected by synergies (in system states) and feedbacks (over time things that happen in one part of a system affect the rest of the system – think of aircraft landing, or the financial crisis that was first noticed in 2007 and spread world-wide affecting growth, employment, politics and so on).

Interdependence is one of the themes running through the applications. The great recession began in 2007 and looks likely (I think) to persist until 2020. Why? Essentially the wrong policies are being pursued in Europe and America. The real problem is lack of demand. A balance sheet recession exists, in which all sectors (especially in developed markets) are trying to pay off debt, hence reducing demand (consumption, investment, maintenance, imports) and governments are aggravating the situation by cutbacks, curtailing their demand. Morbid concentration on debt reduction is an example of using a dysfunctional grammar.

More fundamentally the problem is that problems are interdependent; solving them requires cooperation, yet governments treat them as if the problem of the great recession was an issue that can be solved independently,

² For use of the koan and also references to Boje's work on antenarratives see my website.

though competition rather than cooperation. There are movements in the right direction. But the inertia of conventional grammar is immense.

Inevitably (in my view) Greece will have to quit the Eurozone and very likely Portugal, Spain and perhaps Italy. My guess is Greece will quit in 2013 and others a year or so later. Essentially they have to increase their productivity and this can only be achieved in a politically feasible way, if they allow their currencies to depreciate. Depreciation will I expect be achieved by managing exits; imposing and managing upper and lower limits (by the *troika*, the ECB, the EU and the IMF). People don't talk much about the periphery of the Eurozone, the Baltics, Ireland and so on; essentially because their GNP's are small relative to the EZ as a whole.

Good metaphors for the organization of global businesses are

- (a) networks or matrices of activities made up of synergies and feedback effects and
- (b) transnationality, that is the idea of tradeoffs, balancing the need
 - i. to integrate activities and get synergies on the supply and demand sides (scale and scope economics and demand side increasing returns respectively).
 - ii. to be responsive to local conditions.

Essentially the problem of organizing global firms is an issue of grammar. Some aspects of grammar are more or less under the control of the firm (inner grammar), other aspects are out of the firms control (outer grammar).

Notice that the network metaphor can be interpreted to illustrate many things in the this section; the fact that 1-7 in box B in the table are interconnected; or that a global business is an interconnected relationship between national business units, functions in the value chain, organizations in the supply chain; or that grammar determines what aspect of a business we focus on (what do we choose as nodes) and how they are connected (vertices).

ASSIGNMENT

Prof Robin Matthews January 2015

We adapt the global business course every year, to bring it up to date. This is a short note on the philosophy and content. The assignment is always a big concern. It is in two parts, the first, a group presentation is a contextual preparation for the second individual part. The context is leading edge developments in the global business environment.

Group presentation section of the assignment

In the group presentation you will be asked (a) to outline at least two issues and (b) to consider their implications for setting up a business. Summarizing the purpose of the group work is to;

- i. Present issues for discussion in the plenary session on the second day of the programme.
- ii. Bridge theory and practical issues and provide a background context for the individual paper.

Individual part* of the assignment

The aim of the second part of the assignment is to write a paper on setting up a new business or a new activity in an existing business using the taught materials and some of the suggested reading.

I set out the brief for the individual work very generally.

Write a proposal for a new business or activity that will be globally competitive targeted at a group of investors (internal or external), who are interested in your conceptual rationale, capacity for both blue skies (creative thinking) and practicality. You can assume that the audience is educated academically and/or experientially in business at least to the MBA level. They are interested in investing in an activity that (a) builds on new ideas and

opportunities that you think may open up in the future, (b) the way your business proposal fits that future and (c) upside and downside risks associated with it.

You are asked to specify your own brief succinctly. We will give you advice on this during the session and you may wish to talk it over on Skype or via email later. Approach the paper on the following lines.

- i. Choose business area that involves competing domestically or abroad in global competitive environment.
- ii. Set out the rationale for your choice.
- iii. The business area being defined to include an entre-preneurial or intra-preneurial activity in some of the following a start up, leveraging an existing business into a new area, a new project, product, process, initiative (marketing, promoting, distributing etc.)
- iv. Consider the main strategic issues in doing so in the light of topics raised on the programme and related reading.
- v. Bridge theory and practice.
- vi. Consider issues such as culture, grammar and techno-science, feasibility, alternative scenarios for the future.

*Both RANE and Kingston based students take part in the course. So there is a great opportunity to mix the presentation groups and the individual assignment may be a joint effort between a RANE and Kingston based student, in which case there will be a joint mark. We will need to agree how you do this with you during the session.

Expectation

If you put in 10 hours or so of intelligent work on the assignment you should expect get a good mark. We will advise you during the session both on the presentation and the individual work and tell you exactly what we are looking for.

At the end of the session you should be clear about the individual part. We are happy to look at drafts, plans before submission. We prefer to give advice beforehand rather than just commenting afterwards, "*We wish you had done this or that*".

We are interested in what you think. Not what you should think or what experts think. Use the global business course readings and notes. But include your own thinking, reflections from your own experience. Of course you have to give reasons, back things up, be scientific in the sense of including a bit of reflection, creative doubt into the picture: but try to say something original, in an original way, in an interesting way.

What differentiates Ivy League Institutions is that they encourage their students to think that what they have to say and what they think is interesting/significant/incisive and so on; *often it's not*. That's what we encourage you to do.

Indicative readings

The indicative reading will be revised and annotated. The GB sessions content such as articles/presentations below. You are asked to choose 2 or more from the list below AND/OR some other reading that will be supplied in your individual assignment.

1. Andrian, P & McKelvey, B., (2009) "From Gaussian to Paretian thinking". Organizational Science. Vol.20. No.6. 1053-1071.*
2. Bollier, David, (2013) The power curve society. The Aspen Institute.*
3. Doing Business 2013; Business regulations for small and medium size enterprises *
4. Carlesi Lorenzo, Braam Verster, and Felix Wenger, (2007). "The new dynamics of managing the corporate portfolio". McKinsey Quarterly, April. *
5. Bisson P et.al (2010).The global Grid McKinsey June. See appendices.

6. Ghoshal, S, (2007), "Bad Management Theories are Destroying Good Management Practices", *Sumantra Ghoshal on Management* edited by Birtenshaw, J. and G. Piramel,
7. Rice Gillian, (1999). Islamic Ethics and the Implications for Business Author(s): Source: Journal of Business Ethics, Vol. 18, No. 4 Feb. pp. 345-358. *
8. [Understanding Networks, Pt. 4: Ricardo Hausmann](#) and [Pt. 6: Albert-László Barabási](#); UTube presentation.
9. MacKie-Mason JK, Varian H. 1994. Economic FAQs About the Internet. *The Journal of Economic Perspectives* 8 (3): 75-96.
10. John Gray (2011) On the road to immortality. A review of [Transcend: Nine Steps to Living Well Forever](#) by Ray Kurzweil and Terry Grossman, M.D. and [The Singularity Is Near: When Humans Transcend Biology](#) by Ray Kurzweil*
11. Gleick, James (2011) How Google dominates us. A review of a number of recent publications New York review of books [August 18, 2011](#) *
12. Kurzweil, Ray (2014) Conversation with Ray Kurzweil <http://www.edge.org/conversation/the-singularity> Sunday Feb 09, 2014.
13. Matthews. 2008. The financial tower of babel. *
14. Rugman AM, Verbeke A. 2004. A Perspective on Regional and Global Strategies of Multinational Enterprises. *Journal of International Business Studies* 35 (1): 3-18.
15. Rugman, A. And R.Hodgetts, (2001). [European Management Journal](#), Volume 19, Number 4, August 2001 , pp. 333-343(11)
16. Fan, D.,C. Nyland and C.J. Zhu.(2009) *Integration-responsiveness* framework for *Chinese*. MNC's: an area for future study. www.buseco.monash.edu.au/mgt/research/working-papers
17. Varian Hal. How the web challenges managers. See Appendices
18. [Douglas R. Hofstadter - Singularity Summit at Stanford - YouTube](#)
19. Verbeke A. 2003. The Evolutionary View of the MNE and the Future of Internalization Theory. *Journal of International Business Studies* 34 (6, Decade Award Issue: Foreword from the Editor-in-Chief): 498-504.
20. Bisson, Peter, Elizabeth Stephenson, and S. Patrick Viguerie 2010. The Global Grid. The Mkinsey Journal. June. *
21. Matthews Robin 2013. Is Global Singularity Coming? Paper given at the 4th World Congress of Global Civilisation. December. See Appendices.
22. Matthews Robin (2014) Are we heading for Global environmental disaster? See Appendices.
23. Krugman , Paul, (2013) Gambling with civilisation, NewYork Review of Books November.
24. Roubini N Global insecurity and inequality See appendices.
25. RM Aspects of global business.