

Global Business



2017: THE END OF ATLANTIC GLOBALISATION

**Alexandra Skinner
speaks to SBS Swiss
Business School's Dr.
Bert Wolfs**

You are usually optimistic about the future when we speak, but this year you seem to look sad.

Well, sad isn't the right word, but I do see that Atlantic globalization has reached its limits. When I look at the increasing number of natural disasters, I feel that nature is reacting. Globalisation leads to specialisation and, in turn, more and more transportation. This leads to natural limits and I strongly believe that we have met these. The fact that 193 of the 195 United Nations Framework Convention on Climate Change (UNFCCC) have signed the Paris Agreement to address these issues shows me that governments worldwide also recognise the need for change, which makes me feel more optimistic. However, the losers of globalisation are also starting to make their voices heard. Brexit not accepting the Comprehensive Economic and Trade Agreement (CETA - the free trade agreement between EU and Canada), and the over indebted countries, are signs that their citizens don't consider global trade and free trade as an advantage anymore. This does make me sad, because it is free trade that will make countries and regions more prosperous.

So where are we moving too?

I strongly believe that the Brexit is the sign of the end of Atlantic globalization. The EU grew to 28 members and is the biggest peace project in the world. Within the union, the UK has traditionally been the member state that has played the role of pushing the rest of the EU towards the USA. As a result of the Brexit decision, which so far has made little impact except to increase uncertainty, the UK lost its leading role within the EU, which has now been adopted by Germany. We have seen this in the recent peace talks about Ukraine, and the increasing German interest in Africa. Germany has always been oriented towards an 'Ostpolitik' - a new eastern policy aimed at expanding commercial relations with the CIS countries and China. This is one of the fundamental elements of change.

It is predicted that by 2018, the Chinese GDP will be higher than the American. We are currently

witnessing the Chinese buy businesses in Europe extensively. Traditional airline catering companies, automotive companies, and even electricity suppliers are now owned by Chinese investors. On-the-other-hand, China is building the silk route economic belt, and Asian countries are investing heavily in improving the New Eurasian Land Bridge train infrastructure in their respective countries. The transformation of China from an industrial country to a services-driven economy is taking place, and that will put China in a globally dominant position

And India?

According to the Economic Times, "India's growth at 7.6% in 2015-16 is its fastest in five years". This growth is primarily coming from the financial services and real estate sectors, as well as increased trade. The more liberalised Indian trade policy allows for numerous opportunities, but is having little impact on the world economy. This lack of growth is a major concern. Cities such as New Delhi need to create 12 million new jobs - yearly. Urbanisation continues and cities will have more inhabitants than many countries. A proper infrastructure, more efficient means of travel, and clean air will be major challenges for city mayors and policy makers.

What about Africa?

According to the World Bank, there will be 2.8 billion people in Africa by 2060, representing a staggering 28 per cent of the 10 billion world population. This creates both big challenges and opportunities for local leaders. They must continue to promote investments and also improve the inter-African trade. In order to avoid a potential subsequent refugee crisis, we need to create work opportunities on the continent for all of these people. There are many very interesting, creative entrepreneurs in Africa, but we block their expansion possibilities by imposing high import duties in the developed world. This needs to change.



“Graduates need to be aware of the growing trend towards localisation.”



So, what are the consequences for MBA graduates?

Graduates need to be aware of the growing trend towards localisation. Governments are being increasingly asked to buy local again and, in the past five years alone, approximately 2000 measures have been taken to create obstacles for free world trade (World Trade Organisation). Digitalisation is transforming industries as well as robotics, and artificial intelligence and 3D printing are moving production to fully automated factories. Only companies that succeed to install flexible automation systems, where they can combine robots and people, will survive. According to a study, 'The Future of Employment: How susceptible are jobs to computerisation?' (Oxford Martin Programme on the Impacts of Future Technology), 47 per cent of current US jobs are at risk of being replaced by automation.

Does this mean the end for the MBA?

No, not at all. But the educational market is becoming more and more regulated and increasingly competitive. There are now different forms of MBA programmes and different delivery methods, with the focus being placed on shorter programmes and flexible delivery, to allow candidates to continue to work while they study. I am also pleased to see that more and more women are undertaking MBA degrees. In fact, a report from Forté Foundation found that women now make up 40 per cent of students at top MBA programmes.

Should Executive MBA and MBA programmes be adjusting their curriculums?

The world is changing, and so too is the world of business education. According to our own data, today the primary reason that students give for embarking on an EMBA or MBA is no longer to fast-track their career, but is instead driven by a desire to become an entrepreneur and launch their own business. Business schools therefore need to prepare them for an industry and working world '4.0', where there are increased e-commerce opportunities, but also associated cyber security and privacy risks. If MBA students can research and analyse data, and understand these risks, then they will be able to create winning, data-centered organisations.

I also strongly believe that today's students need to learn Chinese and computer coding.

China's rapidly growing economy means that students with Mandarin will have a distinct advantage in a global economy. Coding will be equally important and, in the future, being unable to code will be likened to not being able to read and write.

How is SBS Swiss Business School preparing its students?

We adapt the content of our lecturers and include recent events, such as the election of Mr. D. Trump in the US, into our educational programmes. For the EMBA, we invite economically underprivileged people to share their life experiences with students. We take students to a house for the homeless to listen to them and understand their life stories, and to try to find common patterns. This increasing inequality among the have and have nots creates both problems and opportunities for students. Each year Switzerland is listed among the most innovative countries in the world, but we need to strengthen our position and continue to focus. We include more creativity and innovation exercises in our courses.

So, what are the biggest challenges for managers in the coming years?

That is a difficult question. I strongly believe that finding good, qualified workers will be the main issue for corporations. The millennial generation has other ambitions in life. Their first priority is to find a good work-life balance, and having a full-time job comes second. Companies need to adjust to this and offer home office possibilities, more flexible working hours, and be able to accept that an employee will be absent at least one month a year for summer holidays. This requires a fundamental rethinking of our society and business models, and will be the main challenge facing corporations in 2017.

The middle-classes in advanced nations haven't seen an improvement in their wages, and are doubtful about what globalisation has brought them. We need to take their opinion into consideration and listen more seriously to them. Uncertainty will increase, and neither business nor stock markets like this, and so volatility will increase, resulting in a bigger business risks. It is time for leaders to fundamentally rethink the current model of globalisation and become more inclusive in their approach.

BIOGRAPHY

Bert Wolfs
is Academic
Dean of SBS
Swiss Business
School, Zurich,
Switzerland.