Emerging developments in international business
Entrepreneurial mindset key to success in global markets

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he be globally fit in the world today a company needs more than a well-developed organizational structure. The globally fit company needs agility, the ability to stretch and reach for opportunities and bend with the winds of change.

“Small companies need to think big and big companies need to think small in order to be more agile in competing in the global marketplace,” said Manuel Serapio addressing the 2008 Western Regional CIBER Conference. “It’s about creating an entrepreneurial mindset.”

Foreign markets beckon companies of all sizes and “we must get our students to understand how business is conducted abroad,” said Serapio. “This includes the nuts and bolts of international deal making: identifying opportunities; crafting strategies, structures and processes; accessing funding sources; and devising effective entry and exit strategies.”

He added, “At UC Denver, the focus is not just on the What, Where and Why of international business (IB) but more on the How of succeeding at it.” Key themes are influencing the scope, nature and style of international business education.

BRIC

“A reality of the world is that it is still a BRIC story: Brazil, Russia, India, China,” said Serapio. “The BRICs contribute close to 30 percent of global growth with China outdistancing the others.”

Robert Spich added, “The BRICs’ share of global trade has increased and will continue to increase as technology shifts internationally, as the centers of competitiveness move elsewhere and as more and more foreign direct investment (FDI) flows to BRICs’ shores.”

Sovereign wealth funds (SWF)

“The growing size and influence of sovereign funds is a phenomenon that has arisen in recent years,” said Spich. “They really smudge the boundaries between what is a nation-state, what are private and public interests, and how we deal with them.”

Gulf Cooperation Council Countries

(GCCs). “The six Gulf states of Kuwait, Bahrain, United Arab Emirates, Saudi Arabia, Oman and Qatar, formed the GCC in 1981,” said Serapio. “Strong links to the outside world, relative stability and well-developed banking and financial infrastructures have helped the GCC become a global business hub and a gateway into the region.”

Said Spich, “These countries are investing tremendous amounts of money in education (e.g., the $10 billion endowment into King Abdullah University of Science and Technology, slated to open in 2009). They’re scouring the world for academics and experts to come and set up new kinds of institutions. Most of the GCC countries, at least the non-fundamentalist ones, are modernizing and will become increasingly important players in the global economy.”
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International financial reporting standards (IFRS)

The worldwide movement to abandon country-specific accounting standards and adopt a single set of globally accepted standards is gathering momentum. According to a Deloitte White Paper, “IFRS apply to individual company and consolidated financial statements. Transitioning to IFRS is not just about changing accounting policies. Adoption impacts all aspects of a company, its financial reporting systems, internal controls, taxes, treasury, cash management, and legal framework, among others. Converting to IFRS requires a transformation that involves employees, processes, and systems. Planned and managed properly, the conversion can bring about substantial improvements in the performance of the finance function as well as better controls and reduced costs.”

Globalization of services

Innumerable small professional services firms are tapping offshore work delivery opportunities once accessible to only large corporations. As this activity accelerates, it is clear that “service sector firms will play a more prominent role in international business,” said Serapio.

Architecture and design firms are an example of globalization forces opening new vistas and pushing small firms outside of their domestic comfort zone. “Work is increasingly performed in different and dispersed locations by a diverse team of professionals and experts and for clients that are located in various markets,” said Serapio.

Recognizing new needs for new participants, “the UC Denver CIBER is working with the School of Architecture and Urban Planning as well as other professional schools to ensure that the graduate program has the necessary international exposure and expertise to take advantage of opportunities in the global marketplace.”

Key players

Bangladesh, Egypt, Indonesia are among other emerging economies that are smaller but still key players in the future economy of the world. “Three more themes are moving front and center,” said Serapio: “The competitive position of the US, trade and a possible NAFTA time out, and immigration.”

The audience asked . . .

Who should be teaching IB?

“You need a champion group to keep the international idea alive, to make sure it’s happening in each of the functional areas,” said Spich. “Without champions, the functional areas have a tendency to just continue to go deeper into their studies, creating isolated silos of specialization. One of the important functions of international business teaching is to create an opportunity to integrate business knowledge across functional areas and show the holistic nature of the management challenge,” said Spich. “Big picture first. Then you decide who teaches what.”

Is it important for general business departments to have at least a snapshot of what’s going on globally?

“The international dimension is not a functional area, it’s a context area,” said Spich. “It’s part of business. Today, international business IS the base case. Purely domestic firms are an increasing rarity.” •