



GW-CIBER EXECUTIVE SUMMARY

FOCAL AREA DESCRIPTIONS & ACTIVITIES

The George Washington University Center for International Business Education and Research (GW-CIBER) contributes to the nation's capacity for international understanding and competitiveness through a distinctive set of activities in education, research, and outreach. Programming for 2018-2022 is designed to expand student learning opportunities in international business (IB), international studies, and foreign languages; foster new research in a broad range of fields related to IB; and build bridges among the academic, business, and policy communities in areas related to U.S. competitiveness. The George Washington University's (GW) strategic commitment to IB, international studies, and foreign languages – along with its central location in Washington, DC (DC) surrounded by prominent U.S. policymaking institutions, international organizations, foreign embassies, industry organizations, and non-governmental organizations (NGOs) – provides the bedrock necessary to meet the purpose of the authorizing statute.

Recognizing the shifting economic landscape in the U.S. and abroad, the conflicting attitudes toward globalization both within and across countries, and the changing needs of CIBER's stakeholders (students, faculty, business, and policy professionals), in the 2018-2022 grant cycle, the GW-CIBER offers an ambitious agenda of activities to address these new realities. It is built around the theme, **Institutions, Inclusive Globalization, and U.S. Competitiveness**, and leverages GW's faculty expertise from across the university, its access to international entities in DC (e.g., national/foreign governments, NGOs, multilateral organizations, and think tanks) and its potential to reach neighboring regions which could benefit from new and expanded IB programming.

Globalization is marked by increasing flows of goods, services, knowledge, ideas, and people across borders. Although globalization has lifted hundreds of millions of people, worldwide, out of extreme poverty and has raised living standards for a large part of the world's population, economic benefits have not accrued equally to all stakeholders. The U.S. unemployment rate has declined considerably as the country has emerged from the recent financial crisis, but the strong economy has not taken hold everywhere. For instance, since 2012, WV's payrolls have actually contracted, and the state has seen annualized real GDP growth of less than 0.3%¹. Rural counties in other parts of the country report similar statistics.

The fact that globalization is viewed in terms of *absolute gains* by some, and in terms of *relative gains (and losses)* by others, leads to increasingly discordant perspectives on economic policy, immigration, and the appropriate relationship among business, government, and society. In 2002, in a speech at Yale University, former UN Secretary-general Kofi Annan² suggested that this discordance can be addressed by,

¹ West Virginia University College of Business and Economics. 2017. West Virginia Economic Outlook: 2018- 2022. <https://business.wvu.edu/files/d/3f163046-ca45-4769-932d-af91cdf48c50/wv-economic-outlook-2018.pdf>

² "In Yale University Address, Secretary-General Pleads Cause of 'Inclusive Globalization'", New Haven, Oct. 2, 2002 (<https://www.un.org/press/en/2002/SGSM8412.doc.htm>)

what he termed, an **inclusive globalization**, a process in which government policies that facilitate globalization, such as the opening of markets, are paired with policies mitigating any resulting inequality in incomes, opportunities, and environmental impact. Given the growing polarization of society, the resulting political and demographic clashes, and the inevitability of continued globalization in one form or another, it is critical to figure out how to make globalization function well for more people.

GW-CIBER programming focuses on **institutions** as key constructs for understanding inclusive globalization and U.S. competitiveness. Institutions reflect “the rules of the game in a society or, more formally, the humanly devised constraints that shape human interaction,”³ and have a pronounced impact on the behaviors of individuals, the strategies and performance of firms, and the capabilities and competitiveness of countries. Institutions can be informal, such as customs, norms, and behavior patterns, or formal, such as laws and regulations—and both have a significant impact on strategic choices individuals and organizations make. For example, countries’ institutions related to foreign investment, R&D, property rights, education, infrastructure, and immigration combine to form ecosystems for innovation and entrepreneurship that can affect a city’s, region’s, or country’s ability to turn new ideas into commercial products. Similarly, policies and regulations affecting the financial sector can profoundly affect firms’ abilities to access finance, as well as their mix of debt and equity, and both factors ultimately affect a firm’s strategy and growth opportunities. Countries’ norms and laws on unionization, immigration, the enforceability of non-compete clauses, and other employee-centered institutions can directly impact the flexibility of a country’s labor markets and the strategies implemented by resident firms. For example, emerging markets’ institutional environments tend to be governed by informal institutions as much as by legally enforceable formal institutions, so U.S. multinationals must make major strategic adjustments to succeed in those markets. Importantly, these and other institutions affect not only individuals’ actions and resident firms’ strategies, but also the capabilities and competitiveness of entire countries.

A country’s **competitiveness** reflects the skills and productivity of its national workforce and the innovativeness of resident individuals and organizations (which enables the country to maintain strong competitiveness into the future). The outcome of strong competitiveness should be seen in the wealth and living standards of the country’s population, including such quality-of-life factors as social inclusivity and environmental sustainability.

The interplay among institutions, inclusive globalization, and competitiveness needs to be fully understood by current and future U.S. managers and businesses if they are to compete successfully in the global marketplace and secure scarce resources. Together, the theme of **Institutions, Inclusive Globalization, and U.S. Competitiveness** provides coherence for GW-CIBER programming, addressed through six overlapping focal areas reflecting these topics’ complexity and dynamism, as well as GW faculty’s expertise and research interests. The focal areas will be led by select faculty members from various GW departments, both in the business school and in allied fields such as economics, political science, international affairs, and public administration. Each one of these focal areas is important for IB and has critical implications for U.S. competitiveness.

³ North, D. 1990. *Institutions, Institutional Change, and Economic Performance*, Cambridge University Press

FOCAL AREA 1: TRADE, CAPITAL, AND INVESTMENT FLOWS

Since the early 1980s, an explosion in cross-border flows of goods, services, capital, labor, and knowhow—important globalization markers—have been considered crucial factors for economic growth and country competitiveness. By 2008, the global flow of trade had more than doubled⁴, with more countries pursuing export-led growth as well as trade liberalization. The 2008 global financial crisis and the following recession, however, marked a significant turn in the sentiment towards globalization. The public expressed growing concerns that it does not benefit all, and that market openness and economic interdependence create redistribution effects, leaving some worse off. Increased trade with labor-abundant countries, unfair trade practices, migration, and government failure to create social safety nets are associated with manufacturing job losses and income inequality in both developed and developing countries. The resulting backlash against globalization has led to rising protectionism and economic nationalism, and negative attitudes towards migrant labor. This focal area will explore the challenges of markets and movements of goods, services, capital, and labor and the implications of the fast-evolving protectionist policies. The emphasis will be on answering questions about how U.S. companies can navigate these hurdles and remain competitive and how various formal and informal institutions can mitigate the negative effects of globalization while promoting growth.

FOCAL AREA 2: LEVERAGING DIASPORA POPULATIONS

Diasporans – migrants and their descendants living outside their home countries of origin—are prevalent in the U.S., and these groups are able to connect with their home countries in ways not achievable in the past. As a result, diasporans have emerged as important change-makers, influencing both institutions and policies, in both their home and host countries, and improving both civil society and the commercial environment. Diaspora communities and their trans-national networks facilitate commerce by encouraging U.S. exports and investment by improved information flows and contract enforcement in international transactions with their home countries; diaspora entrepreneurs often enjoy preferential access to their country-of-origin markets. Thus, they can play key roles in opening and expanding U.S. business opportunities in those countries through entrepreneurship and playing leading roles in U.S. MNC operations there.

FOCAL AREA 3: INNOVATION, TECHNOLOGY, AND ENTREPRENEURSHIP

Innovation and entrepreneurial actions are perhaps the single greatest determinant of a firm's competitiveness, as well as the driving force behind national economic growth. Globally, innovation and entrepreneurship can potentially improve living standards dramatically; e.g., the innovations that spurred “mobile money” are contributing to financial inclusion in countries that lack a broad and deep financial infrastructure. At the same time, technological advances may be a major driver of increases in income inequality.⁵

⁴ Zoellick, R. An Inclusive & Sustainable Globalization. The World Bank, October 10, 2007

⁵ World Economic Outlook, “Gaining Momentum?” April 2017:

<http://www.imf.org/en/Publications/WEO/Issues/2017/04/04/world-economic-outlook-april-2017>

FOCAL AREA 4: NATURAL RESOURCE MANAGEMENT, AND ENVIRONMENTAL SUSTAINABILITY

The petroleum industry is the world's largest, and one wherein the U.S. has become a major exporter, thanks to the shale revolution. It has also been a major source of job creation. Petroleum continues to be the global economy's most highly traded commodity, and U.S. competitiveness in the global economy will depend on deep understanding of these issues. As the largest sector in international trade, hydrocarbons (oil, gas, and coal) have substantial potential for connecting areas of natural resource discovery to the world economy. This is of particular benefit to landlocked regions that have been left behind by globalization, whether U.S. states such as West Virginia, or sub-Saharan African countries such as Uganda.

FOCAL AREA 5: THE INTERSECTION OF BUSINESS, GOVERNMENT, AND CIVIL SOCIETY

Relationships between business and government have become complicated in recent years, as the role of national governments in the business environment has changed in a myriad of ways. The intersection of business and civil society has changed throughout the world, as social movements have become more globalized and NGOs have, at times, taken on partnership roles with businesses, in addition to their more traditional roles. Also, civil society has become more vocal in its efforts to influence government policy toward the business and economic environment.

FOCAL AREA 6: POVERTY, INCOME INEQUALITY, AND ECONOMIC DEVELOPMENT

Development is of key interest to U.S. stakeholders. Issues related to developing and emerging economies, such as poverty, inequality, corruption, and civil strife, have enormous implications for U.S. businesses, which may be unequipped to operate in these markets. Emerging markets are characterized by non-existent or weak institutions, but at the same time offer enormous potential in consumer base and natural and labor resources. U.S. companies will benefit only if the economies of developing and emerging markets, as potential trade partners, are stable and strong enough to participate in the global marketplace. Further, some emerging markets (e.g., China and India) have been transforming themselves into new global economic powers, and their companies are becoming more and more competitive on the global arena, challenging their Western peers. Understanding how to navigate these markets of the emerging and developing world and cope with the challenges presented by this economic environment is vital for U.S. companies.

FOCAL AREA 7: BUSINESS LANGUAGES

Despite increased awareness of the value of language proficiency for success in IB, numerous challenges prevent the widespread teaching of Business Language (BL) courses in the U.S. The absence of high-quality BL teaching materials and a lack of guidance on effective teaching techniques pose key challenges, particularly in the less commonly taught languages. GW-CIBER's efforts can draw on the unique partnerships of language and business school faculty and the vast set of resources available in DC area. Focus will be on languages of developing countries that increasingly play critical roles in matters of international trade and U.S. security.

FOCAL AREA ACTIVITIES

Within each of these focal areas, GW-CIBER will offer integrated activities related to education, business training, and research, which will largely be carried out through an annual request-for-proposal (RFP) competition. Specifically, GW-CIBER will support faculty members to develop *innovative course materials*, design *programs to reach out to the professional community*, and undertake rigorous *research projects*. The RFP process will enable GW-CIBER to focus the content of its educational, outreach, and research activities toward specific issues that rise in importance as the global environment changes over the next four years. It will also promote interdisciplinary projects at the frontier of research and practice and draw on faculty from a wide range of departments. These activities can be organized in collaboration with partners to ensure program relevance, broaden the potential audience, and stretch federal dollars. Internal partners could include GW's disciplinary centers and area studies centers and external partners could include trade/business associations, international NGOs, local business or multinational corporations, or government agencies. Types of activities supported through the RFP process include:

- **Scholarly Research Support.** By funding field work, data acquisition, research assistance, faculty time, conference travel, academic workshop organization, and similar expenses, GWCIBER projects will create and disseminate new knowledge within each focal area.
- **Programming for the Business and Policy Communities.** GW-CIBER will support workshops, seminars, the development of policy papers, and other projects that will provide cutting edge insights for practitioner audiences.
- **Course and Materials Development and Dissemination.** GW-CIBER will support materials purchase, site visits, research assistants, and related activities to develop high quality courses and materials. Efforts will focus on adding global context to business courses and introducing business concepts to courses on international affairs, languages, and area studies.