

Singapore Management University

Institutional Knowledge at Singapore Management University

Perspectives@SMU

Centre for Management Practice

2-2013

The Road Well-Travelled: Internationalism and Globalisation

Singapore Management University

Follow this and additional works at: <https://ink.library.smu.edu.sg/pers>



Part of the [Business Administration, Management, and Operations Commons](#), and the [International Business Commons](#)

Citation

Singapore Management University. The Road Well-Travelled: Internationalism and Globalisation. (2013).
Available at: <https://ink.library.smu.edu.sg/pers/7>

This Journal Article is brought to you for free and open access by the Centre for Management Practice at Institutional Knowledge at Singapore Management University. It has been accepted for inclusion in Perspectives@SMU by an authorized administrator of Institutional Knowledge at Singapore Management University. For more information, please email cherylids@smu.edu.sg.

The Road Well-Travelled: Internationalism and Globalisation

Published: 27 Feb 2013



Internationalism and globalisation involve more than the number of companies and the variety of jurisdictions in which they operate.

For Stephen Wyatt, the transition to internationalism is a journey in which we are able to trace the evolution of firms making incrementally logical decisions and the natural consequence of where they are right now, whether they are incremental decisions seeking to maximise profitability or returns, or long term stability. And as those decisions continue incrementally, there is a continuum, or journey, along which they travel, that provides an opportunity to look back and review the path, while looking forward to consider outcomes and future steps.

The journey is a predictable one, he told Perceptions@SMU on the sidelines of the International CFO Forum recently. Firms are on a “known railway track” which allows us to observe their behaviour.

“We know where the train is and therefore we know if the train’s at risk of becoming derailed,” he declares.

An affiliate professor of Management Practice at SMU and executive director of the university’s Executive Development, Wyatt has spent 20 years addressing issues of competitive strategy in Asia, focusing on issues of national and corporate competitiveness and intelligence.

It’s how you do business

The journey to globalisation, however, involves more than the number of companies and where they operate. “When corporates travel to a globalised position from an internationalised phase, they choose to down play their home base because they perceive that it’s to their advantage to have a more neutral position, or wish to be perceived to have an embrative brand or personality or culture which imbues the firm, rather than being heavily anchored in one jurisdiction,” says Wyatt.

The approach to doing business is a basic tenet, he says. In the case of managers, “you are internationalising if you’re sending managers from your home base out to become expatriate managers. And to the extent that companies still rely on expatriates, they remain internationalised”.

Signs a firm has globalised rather than internationalised include the use of a global talent pool, setting them up on an equal basis and then integrating the talent pool. Take the example of a Chinese manager: recruited in China and successfully running the China operations, who is now posted to global headquarters to take on a C-suite role. That’s a clear sign that the firm is globalised, he opines.

However, says Wyatt, this doesn’t just apply to talent. “You could also look at the legal framework, such as contracts based on the local jurisdiction, use of the local currency in transactions, changes in the shareholder mix.”

When global firms’ local markets are run by locals and they’re performing well, rather than being an experiment between expatriates and locals, he adds, “I would say the company has made the transition to a globalised company.”

But companies operating at the frontiers of globalisation—that is, highly globalised companies—are aggressively pushing the envelope of performance returns and are now facing a situation that exposes them to ethical and direction breakdown, he says.

However that shouldn’t be interpreted as meaning that people are somehow becoming unethical or that corporate morals have gone feral. “It’s not a statement of ‘moral malaise’,” he adds.

Consider it a warning, says Wyatt, and a logical consequence of the steps they have taken to maximise their profitability. To overcome this risk, Wyatt says there’s an urgent need for heavy investment in leadership capabilities and quality building, including ethics, integrity, and a super ordinate higher level goal.

Closer to home

Singapore’s DBS, Singapore Airlines, Temasek, Malaysia’s MayBank, Petronas, Bread Talk, and even Japan’s fast food outlet Mosburger are all examples of what Wyatt would define as

'internationalised'. "They still retain a very strong identity and are linked to their home base and they kind of celebrate that," he says.

In the case of DBS, he says, the bank has obviously gone through the stage of calling itself 'DBS', and it's not the 'Development Bank of Singapore' any more. If you look at its portfolio of activities, its asset base, and the role of its headquarters, he explains, "It's still very, very 'Singapore'." Although he considers it to be an internationalised firm, it's not yet at the stage where it's going to be dual-listed in several countries or select a transaction base in the British Virgin Islands for the fiscal advantage. "It's still very much carrying the Singapore flag and uses Singapore in its DNA."

A firm proponent of the view that Southeast Asia-based firms can internationalise, and do it faster than many Western firms, Wyatt believes this is because there is an expectation of hunger and dynamic markets, whereas Western firms have historically internationalised on the basis of opportunism and 'incrementalism'.

"I think part of that dynamic environment is an economic structure that rewards action. We have grown up in an environment where if you do nothing, you effectively lose market share. Therefore you need to do something to stay ahead of the game and therefore grow faster," he elaborates on the expectation that drives faster internationalisation.

And the reason why firms should internationalise faster? Wyatt says it means they can use the observed learnings of other firms to greater effect.