

# Globalization Lessons from the Review of Ohmae's *"The Next Global Stage: Challenges and Opportunities in Our Borderless World"*

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## Introduction

*The Next Global Stage: Challenges and Opportunities in Our Borderless World* is a book written by Kenichi Ohmae, a business strategist who has written many other books on business world. This book, *The Next Global Stage*, for short, explores the strategies used by different organizations, government and individuals to overcome the tough competition faced by the aforementioned in this global environment. In this essay, which, in one hand analyses this book and in the other interprets and suggests ways forward, the book will be reviewed intermingled with advocacy on the need for the world to join in the global train.

The format to be followed is summary, interpretation and personal opinion on the discourse. This may come point by point as each topic exposes an idea or a trend. At the end there will be a concluding part which might be called an executive summary. Different subheadings will be used to review the book with interjection of comments from the reviewer.

## Philosophizing Idea as All Embracing

Kenichi started *The Next Global Stage* with "idea" in his introduction. He succinctly presented idea as imagination that evolves and develops, triggered by circumstances. Changing world events has led thinkers to shift their stands substantially. All facets of human endeavour are affected - economic, political, social, corporate and personal. The cosmos is involved and deeply too. Anything that affects the stomach touches the very existence of humanity. World economy is it. Stomach and health are almost inseparable and they are the two factors shaping the upheavals that the world is encountering. Another cogent factor which comes as a result of trying to fulfill the first two is politics. Politics is a weapon to fight and win the war against stomach and health. If everybody feeds well (i.e. if the economy of the world satisfies everybody, which is impossible, though the book looks at its possibility) and everybody is healthy, nobody will be fighting for political positions.

The author has traveled far and wide. By the year 2004 when this book was written the author has traveled to 60 countries. One country alone, USA, he has visited 400 times and Korea and Taiwan 200 times each as a consultant, speaker, and vacationer. He concludes that "walking around, listening, looking and asking a question is still the best way to learn." (xvi). He is a native of Japan. For one to truly understand what is happening in this world he must be exposed to it by traveling and mixing up especially with the business world.

## Book Content

The book is divided into three parts of unequal chapters. Part I has 3 chapters namely The World Tour; Opening Night; and the End of Economics, covering 8 pages. Part II has 4 chapters – "Stage Directions" is its umbrella title. It includes Playmakers; Platforms for Progress; Out and About; and Breaking the Chains. It covers 112 pages. Part III has the "Script" denoting the content of its chapters. It has 3 chapters and a fourth as Postscript. The chapters are Reinventing Government; The Futures Market; The Next Stage; and Postscript which covers only 4 pages. Part III covers 81 pages.

The book explores the economic trends of the world, the characteristics of global economy, examines the failures of traditional economics, probes into platforms to meaningful global economic success, systems to use to achieve the anticipated outcome. All these involve changes and shift of ideologies. Not only did the book examine past attempts to revamp global economy and the impact it will have in society, it also suggests ways to make change a reality. Change and globalization are no more theories or concepts but something that could be practicalized. It is an important step to be followed.

Chapter one of *The Next Global Stage* is a rendezvous of success stories of countries who had the foresight of what to do. A leader without foresight is like a night train without beam light, it will eventually derail. Universal means of communication is one of the bedrocks for success in business. English language is basic in this but not limited, for knowledge of foreign languages apart from English (for those whose native language is non-English) is necessary. Japanese, Chinese, Russian and even Korean languages are important means of effective business transactions. Education is a tool in the hands of development, it should be taken seriously. Boundaries should be crossed to get the most competent personnel for any job. National barriers should be broken, if who the cap fits to produce a desired result in any establishment is a foreigner, go for him. Planning is also necessary.

Globalization or global economy is what many nations and people had wished to wish away but it has come to stay. Many countries have embraced it squarely e.g. Japan, Indonesia, United State of America, and Europe to mention but a few. There are a host of other countries not only the Third world countries who are the most disadvantaged, but others like Russia, China and India who have not embraced it fully. Swimming against the tide is not easy. Globalization is the movement of the world. It is so simple that little education puts you on the scene. It is borderless and needs only the “four C’s: communications, capital, corporations, and consumers” to reach its destination. Only physical humans have problems of crossing the border because of visa and security. Another factor that makes the global economy really global is that it is invisible, but not secretive. Money is spent without cash at hand. Global economy is cyber-connected and also measured in multiples (mergers could be the term). Ohmae summarizes the global economy this way “So the global economy is borderless, invisible, cyber connected, and measured in multiples” p. 24.

If you cannot win them, join them is a popular saying that summarizes the global trend of events. Traditionalists thought that globalization would be impossible looking at the world as a very versed place, considering different languages of communication, deliberating on different monies, belief systems, and means of communication or connection. All these proved non-essential after few adamant people were bent on carrying out the experiment, it worked.

### **Economy: A Binding Global Factor**

The first real trial was e-commerce which, put in other words, is on economics which is the very sole of existence of humans. Nothing connects people so quickly than commerce. All human existence depends on commerce or economics and once a trial on this comes out favorably all other transactions align accordingly. The five major terms in economics - land, labour, production, demand and supply - are the core of e-commerce. Considerations of the effect of all these factors in one country or the other was taken cognizance of which raised an alarm to many countries. All the alarms were calmed down when a trial convinced many of the success of globalization. The world has changed dramatically. Rather than strangulating some countries or states, “The economy is no longer closed in a country, nor is the world an assembly of the autonomous and independent units of nations and regions” p.46. Economic theories are no more working out as proposed. Economic models established are no more working as precisely planned. This is because so many variables unforeseen are at work. Economists are confused and instead of working with mathematical precision they seem to be working on probability. The future is unpredictable we rather guess.

### **Change: An Inevitable Phenomenon**

Change is always needed but not easily acceptable. At a time gold and silver (the concrete objects) were measures of wealth. Trade by barter featured as the earliest means of trading. Other forms of placing value to items or commodities were put in place in different countries each unique with its own. None of these means of exchange augured well during time of its use. When paper money was introduced in the early 19<sup>th</sup> century it was viewed by many as “State sponsored robbery”. People always resist change but change is inevitable. Many people still wish the past to come alive. Is it possible to live in the past? Not with physical body or reality, it is only a mental dwelling. Each epoch struggles with its problems or challenges. Each period has its unique problems to tackle and the solution given then equates the wisdom of the people of that period. Paper money or coin may in future give way to plastic ATM cards for monetary transactions. Now it is localized or nationalized; the future problem will be to make the credit card global or international. This will not be an easy task since each country has its own currency. The first problem solution will be to have a unitary currency. Is it possible? Can it be possible? Will it be possible? Is domiciliary account a solution? Challenges, like change, will continue to unveil and this shows that there is development. Humans are not stagnant or

rather living things continue to grow in stature and, if reasoning beings, in wisdom. Our knowledge gives us wisdom to tackle adverse conditions.

### **Existing Paradigms**

Every epoch as has been said has its norms and culture. What has been could not continue to be otherwise there will be no progress. Looking at some economic theories one discovers that they are results or products of environments. Factories manufacture according to the need of the people as at that time. The early visionaries saw distance as a barrier. Goods were made for local consumption. Each state or country has their peculiar and unique needs which need to be custom made to satisfy it. Some economists of 16<sup>th</sup> and 17<sup>th</sup> centuries saw economics as ability to satisfy the needs of a particular state or nation. Trade heavily relied on bills or exchange. It was a linear model in which jobs, demand, supply, interest rates and money supply were related. Coming out of this shell was a Herculean task that needed an anvil and hammer to break.

With the inception of technology there was mass production of goods so there were more goods than local consumers. It dawned on people the need to look for market hence breaking of the enclosure, the barrier, the boundary. This, internet came to bridge. Interactions take place not only physically through the borders by travels but also through communication in cyberspace. Every kind of information is transferred. Other business transactions are done including politics and religion. A lot of things were not considered when some economists came up with their thoughts. An example is David Ricardo who brought the idea of Purchase Power Parity (PPP). “This teaches that rates of exchange are determined by the relative purchasing power of the currencies concerned. So if 100 units of currency A were needed to buy a list of commodities in market A, while the same group of commodities could be bought with only 150 units of currency B in its home market, the exchange rate between currencies A and B was 1 to 1:5”. Quoting Akrani (2010: 1):

The first original reference of PPP Theory was made by David Ricardo. However, Gustav Cassel popularized this theory in 1918. According to PPP theory, when exchange rates are of a fluctuating nature, the rate of exchange between two currencies in the long run will be fixed by their respective purchasing powers in their own nations

This theory did not take into consideration features that could account for the differences in price between the two markets. There could also be differences between the two markets on different days depending on demand and supply. There was also no consideration on the type of commodity whether they are the moveable ones like clothes, radio, pen etc. or the immovable ones like house and land. Value of currency was not also considered. There are flaws here and there with some theories propounded in those early periods of development that need to be critically looked into. When such a critical look is made and an insight into what should be done is foreseen, then comes resistance. Whether resistance or not there is need for a change. We cannot continue to do things the same way always and at the same time hope to produce a different result. To produce a different result, there should be a paradigm shift. This shift is what is bringing about globalization. We should not forget that habits formed are not easy to break. To break it another habit has to be formed. It is not easy to detoxicate a drunkard. It needs consistent and gradual process. Determination is a key role also to be exhibited for a change to come true well.

### **Dare It And Get It!**

Japan embraced change. It wasn't easy but the political and economic will were there. Government must be ready for a change. Organizations must be ready to embrace change. Individuals must comply and have the mindset for a change. Every attempt to remain at status quo has failed. Therefore there is need to try other ways. When Japan banned importation of American beef so as to beef up production of Japanese beef, they increased the price for American imported beef, the aim is to discourage Japanese buying expensive beef when a local substitute is available. Unfortunately for America there was an outbreak of herd disease and this led to a total ban of American beef in Japan. It had a consequence! A chain of restaurants specializing in a popular Japanese dish called GYUDON - “beef served with rice and a spicy soy sauce” closed down. As if this was not enough the disease that caused the ban was more pronounced in Japan than in America. The survival mission or revamping mission embarked by Japan nearly strangulated her because a lot of money was injected in the economy to help the industries to cope to produce enough for the country. Japan “exhausted much of its budget reserves in this idiotic ritual” p.70.

Habits have to be cut to form a new one. This is difficult to do but it has to be done. It is only when one invests that he reaps more. For one to grow he has to spread his wings, and this is globalization. Globalization means going out to acquire more knowledge, more wisdom, more means, more ways of doing things profitably. Globalization means exposure to the world. Do not hide in a corner, your country.

### **Merging or Globalization as Going Back to Creation**

When the world was created everything existing came from one source, the Almighty Creator, God (Bible, 1976: Genesis 1). When man started to procreate there was expansion. New territories were reached. There was no boundary but expansion. So from origin it was not intended that there will be a barrier between human being. Waters which is the real barrier that we have was not so intended. Places were known using the wind vane to point the four cardinal directions - East, West, North, and South. Names of individuals were used to denote their locations in the cardinal directions. On no account was the creator's intention to put demarcations or barriers between his creatures. This is man-made and anything made by man is bound to crumble. Man was made to be obedient to his maker but when mysteriously sin came into the world which led to the disobedience of man to his creator, man began to devise ways contrary to the plan of his creator. One of the results is segregation, creation of boundaries which we today call continents and countries. In the beginning was globalization and so what the world is trying to do today is to go back to Eden.

“In the beginning God created the heavens and the earth” (Bible.cc, 1984 - The Bible, the Book of Genesis, the first book of the Bible, chapter one verse one). The heaven is up and the earth is down where humans are. The earth was not divided into continents. There may be other worlds but not the earth. The earth should be one cosmic united existing entity without demarcations of any sort that alienated one individual from the other. There should be interconnectivity of idea, culture, communication, commerce and physical interference. There should be co-existence. How we look at the world affects what we do in it. We have divided the world geographically using the waters, the mountains and the vegetation; politically using governance, and economically by means of commerce or status - rich or poor. If these are just for location purposes that would have been alright but it is far from that. Making the world a global stage to succeed the world must be borderless.

### **Globalization: Antidote for Squabbles**

Many problems occur when countries try to protect their sovereignty. All kinds of laws are made to cover the States most of the times to the detriment of others especially if “the others” are not your colony. Even colonies are heavily taxed and in most cases there must be war before liberation.

With collaboration, which could be another word for globalization, there will be integration. One of its outcomes would also be the age long economic theory of division of labor which results in specialization and abundance of products since the producer has an advantage over the other. No one state can produce all that it needs. On the other hand, in some cases, no one state can consume all that it produces. Looking at it from another angle no one state produces the various items that it may need. Every country is not endowed with every resource that it may need. No one country or state has all the technologies that it needs. If you have enough manpower you may need others to train them in the technology you do not have. We should also remember that just as villages grow to be cities and cities become mega cities so do states grow in population and expand or disband. Complaints of marginalization and improper care may arise. Some States become over protective and selfish. They want to weld power unto themselves. To remove these entire debilitating tendencies one should think globally where strengths of others are tapped and knowledge of how to forge further is gained. Willingness to do this is part of its success.

### **Platforms to Belong in This Global Economy**

It is one thing to plan on what to do and it is another to have the enablement. The aim of this essay is to let people know that it is easy to follow and to belong. If you cannot win them it is better to join them. The paper also aims at giving the directive to follow to join in the race of global economy.

Already identified are willingness to change and engineering the mindset of the people towards change and the political will of the government. Akin to these is technological platform. "Platforms are a means of allowing companies or individuals to communicate with each other to get things done more quickly or more efficiently" p.127. Included in this is communication and technology to use. There are rules and regulations to be adopted which the participating bodies must adhere to. Platforms may not be the same verbatim but must have the same principles. One adapts it to his environment to solve real life problems. Change being a constant is not exclusive of platform. A known and worldwide platform is the internet with appropriate adaptations of computer software. Platform should be flexible enough to adapt to local and sectional conditions. Where this does not work it means going back to abandoned paradigm. Border crossing is no more a problem with cyber optics phone lines and the World Wide Web Technologies. There is need for a global brand and this is what many companies are today doing. You may have Sony (China) Sony (India), Sony (Germany) and so forth and so on. The brand name rings in people's ears but a caution should be on genuineness and quality of each brand of Sony. Once one brand made in one country is below expected standard, irrespective of the cost, the brand name dies everywhere. It is advisable to join the bandwagon!

### **How Do I Pay**

Identification of what to buy is one step the next is how to pay for it. This question borders on method, currency and delivery of the money to the recipient. Before delving into this, it will be nice to note that browsing the Net for goods to buy gives more assurance of the customer buying than in window shopping. So there is the tendency that the customer is bound to buy the product because he initiated it. The concern now is on how to remit the money and the currency of trade. The next concern is the delivery of the goods purchased via internet or phone.

Some technology companies have already solved this problem but the globality is not yet there. As the author of this book, Ohmae reported, Japan is leading in this. Developed countries can follow suit and gradually others follow. Combination of three currencies in one credit card is an innovation that is exciting and worthy of imitation. Exploration in this trend is worthwhile. "Sony's EDY (euro-dollar-yen) is a non-contact IC card-based technology where airline mileage and real money can be stored in its prepaid chip. A low-cost terminal can be attached to the USB port of any computer, and payment is easily made as with Mondex. A significant number of retail outlets in Japan are already equipped to accept the card," p178. The hurdle this faces is that the card reader and the money loader terminals should be installed literally in all corners of Japan. For this card also to be used worldwide the loader must be installed throughout the world. Many outlets in Japan are using it and hopefully with time the world may come to embrace it. Perhaps the currencies may be expanded to include others which eventually increase its value. This is one of the modes of payment in e-commerce quite different from a unit currency. Credit cards proliferate today. Let technologists improve on this. There is hope!

Smart phones are now in use in Japan adopting Sony's EDY technology. NTT DoCoMo and KDDI two Japanese mobile phone operators have joined in this e-wallet (electronic wallet) business. This phone which stores credit card information and stores "cash" in electronics form on its chip has become a means for payment in e-commerce. It could also be used to pay for goods through PC's with infrared ports. Where there is no infrared port in the PC the mobile phone could make the payment by accessing the PC's site through internet mode communications. Japanese railway companies have joined in the race by introducing "a non-contact IC-based payment card to go through the passenger gates at stations" (p.179) this is called SUICA (Super Urban Intelligent Card). It has convenience built in it because it is not just to be used to pay for the train fare it could also be used to buy newspapers or some candy within the premises. These two samples are realities of e-commerce payment. It has started there is no going back.

A landmark innovation in goods/delivery has been put in place by Dell's collaboration with Fed Ex a renowned independent postal company. By this corporation the bureaucracy of order taking, procurement, vendor, and subcontractor is eliminated thereby allowing smooth running of business. Following in this arrangement is a plus to global economy. DHL is another reputable courier service company that is being used. Understandably other delivery service companies will be used worldwide in this global stage.

There will also be the technology of micro tags, an average of 0.5mm square tag. This will have all the information about owner and may have the possibility of inventory control. There will be no need to write barcodes on books or

even deface them as a form of identification. For fresh food, containers with regulated temperature, depending on the item, are used. Air freights are used for speedy delivery. Air travels now are no more luxury, not a funfair anymore.

### **Gains of Globalization**

Individuals rather than governments (for there may not be enough power for governments) stand to gain in unified one world. Poverty will be a thing of the past for there will be a variety on each person's table. Goods and foods from different countries all over the world are at your disposal. The world becomes borderless and therefore there will be physical human intermarriages and intermarriages of ideas, knowledge, technology, culture, religion and a lot more. What affects one affects the other. There will be no bickering, no aggravated anger and no power craziness. If well managed the world will be a utopia. Continents will not be as far as they are today. United we stand, divided we fall is a saying we should imbibe in this stance for global co-existence. Let us shift our base.

### **Comments**

There is no going back in globalization. Consciously or unconsciously the world is becoming an inseparable entity except by colour and by politics. Unity is the doctrine of globalization and the adage that "united we stand, divided we fall" holds sway. Economically, the world, when welded together as one, stands to gain a lot. When the bridge of inequality collapses as a result of sharing together, peace, unity, tolerance, and love will manifest. When the gap between the rich and the poor is bridged, poverty will vamoose and malnutrition, death as a result of poverty, illiteracy, robbery, hatred, and all kinds of atrocities will be drastically reduced if not eradicated. Everything that is good that brings good and harmony will be entrenched.

The above painted seemingly utopia is possible even though some people view it with an eye of impossibility. For instance, some economists are seriously canvassing the introduction of a common West African currency but "Nigeria has warned other West African countries that having common currency for the entire sub-region will be difficult to achieve. The Minister of finance, Dr. Ngozi Okonjo-Iweala, stated this at the 31st meeting of the convergence Council of Finance Ministers and governors of Central bank of West Africa nations, on Friday in Abuja" (Chiejina, 2013). Okonjo-Iweala told the participants that it would be difficult to establish a credible, viable and sustainable West African monetary union. Though Okonjo-Iweala was expressing doubt on the possibility of achieving this feat Sanusi Lamido Sanusi, the Governor of Central Bank of Nigeria said this at the 24<sup>th</sup> meeting of the governors of Central Banks of the West African Monetary Zone in February 2011 that,

The target date is 2015 and I do think we are well on course in meeting the convergence criteria in most countries. Liberia has already met all the criteria, The Gambia had met it before; we (Nigeria) have met it in 2006 and 2007. The difficulty is getting all countries to meet all criteria at the same time. I do think that before 2015, we would have met these targets (Sanusi, 2011:1).

The above statement gives a high hope of its success.

Chief Anthony Idigbe (SAN), on his interview by Nwannekanma (2013) on service delivery of courts in Nigeria, said that courts have not "found way to communicate with lawyers", service delivery to the public has been very poor, and technology platform of the court is appalling. To improve on these observed anomalies foreign inventions are needed.

Technology is making life simple for people and seemingly impossible things possible. The ATM Card is making cashless economy possible. The possibility of using Cards to buy goods from shops and stores, as is done in the developed countries, will soon reach the developing countries. The surmountable problem will be the Card readers that need to be put in place in all the practicing outlets. Since people use credit cards to board airplanes (to travel), to buy goods, to pay for taxes and for all kinds of debts, what makes cashless economy impossible? With globalization the technology to do them is available. Foreign eateries are sprouting everywhere in Nigeria, for example, Chicken George, Mr Biggs, Take-A-Bite, and others.

Legarde (2013), the International Monetary Fund (IMF) Chief, said that IMF projected economic growth for Sub-Sahara Africa to 5.25%, "a rate that places the region second only to Asia's booming economies and well above a world forecast of 3.6 per cent". This could be because China and other countries come for her mining products, and this is made possible because of cooperation which is enhanced by globalization. There is no transaction that could not be done if the world really becomes a community unless God disapproves of it.

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