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Shedding further light on late globalization

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Shedding further light on late globalization

Romeo V. Turcan

Summary

In his essay on ‘What and/or Who is Late’, Nikhilesh Dholakia delineated inter alia “stage-setting contexts” or levels of analysis which could shed light on the phenomenon of late globalization, including its causes and effects. Indeed, these, especially the effects in contemporary context, are less understood and researched. To stimulate research on late globalization, Nikhilesh essay is a rich source for conceiving research questions. Herein I will try to do that. At meta-theoretical level, it is useful to understand the relationship between globalization and internationalization, or between outside-in and inside-out phenomena. At macro, nation-state level, the role of timing (being early or late) in terms of globalizing is an interesting area of inquiry; e.g., what are the benefits or downsides of late (early) globalizing? At meso level, the impact of late globalization on industries and sectors is yet to be well understood. As an outside-in phenomenon, how has late globalization driven and still drives the fragmentation of value chains within national borders? What are the effects of globalization on organizations and industries value chains? Furthermore, at meso level – context indeed matters and here might be nothing new. Nonetheless, we maintain that the role of context and institutions in globalization era needs more research by altering levels and units of analysis. At micro level, the enduring question yet remains: how does late globalization affect massively complex human and organizational behavior?

Keywords

Late globalization; Meta; Macro; Meso; Micro; De-globalization; De-internationalization

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Shedding further light on late globalization

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In his essay on 'What and/or Who is Late', Nikhilesh Dholakia delineated inter alia "stage-setting contexts" or levels of analysis which could shed light on the phenomenon of late globalization, including its causes and effects. Indeed, these, especially the effects in contemporary context, are less understood and researched. To stimulate research on late globalization, Nikhilesh essay is a rich source for conceiving research questions. Herein I will try to do that.

At meta-theoretical level, it is useful to understand the relationship between globalization and internationalization, or between outside-in and inside-out phenomena. Are they distinct, separate phenomena or two sides of the same coin (capitalism)? As Anthony Giddens in his book 'Runaway World: How Globalization is reshaping our lives' maintains, globalization is "what is out there', remote and far away", but at the same time "in here' phenomenon", influencing all aspects of our lives. Giddens suggests that globalization 'pushes downwards', creating new pressures for local autonomy; 'pulls away' power or influence from local communities and nations into the global arena, and 'squeezes sideways', creating new economic and cultural zones within and across nations. In this, Giddens refers to Daniel Bell who says that "the nation becomes not only too small to solve the big problems, but also too large to solve the small ones".

At macro, nation-state level, the role of timing (being early or late) in terms of globalizing is an interesting area of inquiry. What are the benefits or downsides of late (early) globalizing? It could be further argued that it might not be so much about timing as about whether to globalize or not in the first place? Should nations oppose globalizing and opt for protectionism, or open up, embrace globalization and integrate fully into global economy? Partly, the answers to these questions would depend on whether globalization is or is perceived to be a negative or positive phenomenon. Or as Anthony Giddens warns that globalization "...is by no means wholly benign in its consequences".

The above presupposes some sort of conscious (policy) decision about globalizing or not globalizing. What about being inadvertently or unintentionally late globalizer or not globalized at all (despite a policy discourse that states the opposite). It was interesting to observe the latter in late 2008, beginning of 2009, as financial crisis was unfolding. For example, the Republic of Moldova, which at the time of crisis was considered one of the poorest countries in the European Union, was ranked in early 2009 as the fifth most stable economy in the world, hence not affected (comparing to other nations) by global economic and financial crisis. Invulnerability to the global economic and financial crisis came from its non-globalized economy. Moldova's primitive financial system, low level of credit issuing, agricultural rather real based economy made Moldova less susceptible to the global financial and economic crisis.

At meso level, the impact of late globalization on industries and sectors is yet to be well understood. As an outside-in phenomenon, how has late globalization driven and still drives the fragmentation of value chains within national borders? What are the effects of globalization on organizations and industries value chains? This level also offers an opportunity to explore the interplay between globalization and internationalization. For example, local SMEs become captive to multinational enterprises and eventually follow these MNEs abroad, abandoning the national markets completely. Being constantly driven by economy of scale and scope, these MNEs reconfigure their own value chains, especially in times of crises. Some of the first victims of such reconfigurations are SMEs that de-internationalize as a result, going back home. Will their sectors be there and if yes, will there be room for them? Not only SMEs become victims of globalization, de-internationalization or withdrawal from international markets. In recent years, MNEs have been involved in back-shoring – reversing previous off-shoring by bringing manufacturing back home. Practitioners and policy makers acknowledge the relevance of back-shoring for MNEs and international trade policies as UNCTAD (2013) report on ‘Global Value Chains: Investment and Trade for Development’ states. Growing empirical data adds to the relevance of this phenomenon. For example, in Germany alone approximately 400 to 700 per year perform back-shoring activities. Despite compelling empirical evidence of de-internationalization, including back-shoring, academic research lags behind. At TBRP, one of our theory building research programme focuses on this, largely unexplored de-internationalization phenomenon.

Furthermore, at meso level – context indeed matters and here might be nothing new. Nonetheless, we maintain that the role of context and institutions in globalization era needs more research by altering levels and units of analysis. For example, we argue that focusing solely on how MNEs adapt to or are affected by international or target country contexts limits our contemporary understanding of globalization and internationalization and their effects. Investigating different forms of organizing or different organizations may generate interesting, sometime contradictory findings. For example, being late globalizers compared to MNEs, increasing number of internationally renowned universities has recently started to withdraw from emerging or developing international countries, the primary reason being the incompatibility between university autonomy and the context in the target, emerging country. Unwillingness to compromise on university freedom and autonomy, as Turcan and Gulieva (2016) argue, makes advanced – campus building, off-shoring – internationalization of universities to emerging or developing countries not only impossible, but also unethical. Such contradictory findings have an impact not only on internationalization and globalization policies and practices, but also question the explanatory power of extant foreign direct investment theories and models.

At micro level, the enduring question yet remains: how does late globalization affect massively complex human and organizational behavior?