The significance and paradox of globalisation in the 21st century: the role of three major global institutions in selected areas

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Abstract: This paper examines globalisation, its significance, paradox and the cultural approaches used to understand this phenomenon. We look at how globalisation evolved, suggesting that a trend towards global interplay is not the outcome of modern times. We observe the role and process of financial institutions in three major global institutions in selected areas, and consider globalisation's effects in regional contexts and the impact on the world's economic system. The paper explores the role of politics as it affects globalisation in its allocation of goods and services. It concludes with the significance of culture as the central driving force perpetuating its paradox.

Keywords: globalisation; international economic organisations; regional policies; emerging markets; cultural change.

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1 Introduction

Globalisation, internationalisation, and global entrepreneurship have never been of such significance as they are today and it is indeed paradoxical that such a phenomenon could be so revered by some while dispersed by others. In many of his works, Streeten (2001) recorded up to 35 definitions of globalisation; multinational corporations see globalisation as producing a wide spread of democratisation and development for underdeveloped nations, and, of course, is good for business. Anti-globalists purport that globalisation manifests famines, wars, diseases, and to them, the only good thing about it is boosting profits for Transnational Corporations (TCs) who are indeed undemocratic. In contrast to this view, entrepreneurial enterprises and competition among them had an important role in fostering economic growth regionally and globally, providing a significant addition to real GDP growth and employment opportunities (OECD, 2002; Ayyagari *et al.*, 2003). Surely, globalisation provided more opportunities than threats for entrepreneurs to expand their business opportunities worldwide: Kumar and Liu (2005) used SWOT analysis – *i.e.*, strength, weaknesses, and opportunities – to prove this.

Globalisation is the comprehensive solution that many companies are now exploring. Many of the world's largest firms are truly global, and even their smaller counterparts increasingly participate in cross-border activities by subcontracting – having customers and joint venture partners collaborate with them around the globe (Adekola, 2005). The arena of international management and global entrepreneurship has never offered so many opportunities and challenges to individual managers, businesses, governments, and the academic community alike. The expansion of the global market has created a need for managers who are familiar with the problems of international trade such as culture, political structure, foreign exchange, geographical terrain, time, food, and technology, which indeed is a paradox in itself.

There is no country in the world today, including the USA, which is economically self-sufficient without some sort of interdependence with other countries. Society has quite often divided the world into north and south, rich and poor, communist and capitalist and many other convenient stratifications. Splitting the international community once more finds continuity around the process of globalisation and its institutions, which is perceived as both positive and negative at the same time. That is, rightful versus sinful regulatory institutions.

However, even a judicious observer would discern definite verdicts about globalisation. Because globalisation is becoming highly competitive, the international environment has created enormous challenges for managers. Hence, the paradox of something perceived to be so beneficial could be problematic in terms of obtaining the necessary skills to manage while maintaining cultural and national identity. More importantly, international management demands a contingency approach to the ever-changing environment. This means the choice of management system and style depends on the nature of the country and the people involved. So, is a Lithuanian or Nigerian Manager, for an example, ready to sacrifice cultural and national identity in the interest of globalisation? On the other hand, has a US or Japanese Manager relinquished his or her identity in pursuit of globalisation?

Globalisation is problematic to small and medium-sized firms who are planning to enter the international market. They face a difficult decision with regard to the choice of governance methods. According to Li and Qian (2003) the options available to a firm include internalisation and externalisation. Existing theories contradict each other about the strategic benefits of these options. This study compares these theories in the context of small and medium-sized technology-based enterprises. Findings from this study suggest that the merits of internalisation and externalisation vary with market contexts and the resources under the firm's control. Under certain conditions, one theory can be more powerful than the other.

In view of this from another context, Blair (2005) stated "In this modern world there is no security or prosperity at home unless we deal with the global challenges of conflict, terrorism, climate change, and poverty". He went on to say, "Self interest and mutual interest are inextricably linked".[1] As Blair put it in his speech about globalisation:

> "It all happens as a result of what people themselves are doing. Occasionally we debate globalisation as if it were something imposed by Governments or business on unwilling people. Wrong. It is the individual decisions of millions of people that is creating and driving globalisation. Globalisation is not something done to us. It is something we are, consciously or unconsciously doing to and for ourselves."

On a political context, to borrow from Tony Blair's speech again, "Nations are deeply connected at every level, of course, economically, but also now through communication, travel and technology". He also stated, "This is a world integrating at a fast rate, with enormous economic, cultural, and political consequences". The trend towards a single global economy is expanding markets and providing unlimited opportunities for international managers. To remain parallel and compatible to other technologies, for example, countries need to work together as more of a global economy. The course of the globalisation paradox could not have been very far-fetched from the impact of culture and ethical issues. Culture, as observed, is the sum total of beliefs, rules, techniques, institutions, and artefacts that characterise human populations (Adekola and Sergi, 2006). When considering the ethics of a company, one can view the conduct of an international organisation to determine if they neglect the correct procedures in order to gain an ethical consensus on the mainstream programmes they realise in less advantageous economies (Sergi, 2004; 2006).

The new economy is built on information technology and the sharing of knowledge and intellectual capital. This process of globalisation and international agencies is also related to the new knowledge economy, though it is fundamentally different from the social and economic contexts of the past two centuries (see Wickramasinghe and Sharma, 2005). In a knowledge-based economy, a competitive advantage will be achieved by those countries that have the capacity to deliver quickly and have innovative forms of work organisations that raise productivity. In such an environment, Small and Medium-sized Enterprises (SMEs) have tremendous opportunities. To be a player in this competitive arena, a large investment in personnel and infrastructure is required. Technological, organisational, and marketing hurdles are also making it more difficult for SMEs to succeed in knowledge-based economies (Wickramansinghe and Sharma, 2005).

Following the introduction, Section 2 deals with the process of globalisation and international economic organisations, Section 3 analyses the specific case of the failure of the communist economic system and Section 4 is about the effect of culture in global and regional contexts. Section 5 offers final remarks. This article differs with conventional views in Washington and beyond on one basic point. We believe that international economic organisations may positively affect general interests in less developed and emerging economies to a noticeable degree by agreeing on specific policies with domestic actors. That is, by that refraining from assuming these organisations know what the best strategy and policy choices are for every country. If these organisations remain locked in the wrong approach they have adopted in the past, the chances for pragmatic economic policies in coming years will be set back.

2 Process of globalisation

The process of globalisation has been a gradual evolution over time; hence, merchants who traded internationally in the early 19th century saw themselves as agents of the progressive revolution. After World War I, attempts were made to establish global institutions to aid post-war reconstruction: increasing trade interdependence and the need of preventing conflicts exhorted political leaders despite discordances over the extent of national economic and political interests (Besley and Burgess, 2003; Bhalla 2002). By 1946, 34 nations had ratified the agreement and attended the inaugural meeting of the International Monetary Fund (IMF) and World Bank (WB) in Savannah, Georgia. The ability of these institutions to "direct and control the global economy that developed over the next half-century were, largely, extensions of American political-economic power" as indicated by Peet (2003, p.53). Though the IMF started playing its role, it was not until 1959, when currency convertibility was accepted by most countries (Meltzer, 1991).

From a financial perspective on the process, a triad of the IMF, the WB and the World Trade Organisation (WTO) became the order of globalisation. The first two institutions were created during the Bretton Woods meeting in 1944; the WTO (1995) is the after-effect of the aborted International Trade Organisation (ITO) at Bretton Woods and the General Agreement on Tariffs and Trade (GATT) in 1947.

Global is synonymous with multinational, intra-national, transnational, and cross-national, however, for the purpose of this discussion, the word *globalisation* will mostly be used. It is any activity of an organisation conducted beyond its national boundaries. Theoretically, globalisation involves factors of production such as land, labour, capital, technology, and entrepreneurship across ones sovereign national boundary. However, in practice, especially in the 21st century, globalisation has defied some of the theoretical frameworks that place restrictions on geographical boundaries. One theory of globalisation that the authors of this paper feel is still constant is that a managerial approach that works in one country does not necessarily work in another due to environmental, cultural, political, legal, economic, and climatic differences across countries (Dana, 2005).

Continuing with the process discussion, it should first be stated that a trend towards global interplay is not the outcome of modern times. Let us think about ancient trade routes – the Amber Road or the Silk Road, which were linking various regions of the world spreading from the Baltic Sea to the Mediterranean, Central Asia, and China (Wood, 2004). Trade routes were implying international trade as well as culture and civilisation linkages. Global trends have always existed, and what is occurring today is nothing different from what took place during ancient times. Over the last centuries, trade, finance, and technology flew from one side of the globe to the next, with the internet and high technology not yet existing in that history. In the case of small firms, they typically lack the necessary resources, such as money, information, and expertise, to upgrade their operations, resulting in low innovation rates, missed opportunities, and under-investment in productive technologies and best practices. In today's hyper-competitive marketplace, it is pivotal for firms to master the art of integrating disparate sources of knowledge (Daghfous, 2004). Consumers' wealth is much higher today than it was even decades ago. Consumers number more than six billion and they are increasingly demanding more in terms of quality, supply availability, and so forth. Nevertheless, the market sells and purchases what is available at any given point in time. Globalisation is quite different in qualitative and quantitative terms today, but the microeconomic principles remain constant.

Second, the rationale and logic of these events did not change radically, but simply evolved with the world. Thus, globalisation is the outcome neither of regulatory international organisations nor of TCs as many believe; it is an evolutionary process that changed over time, which has the tendency to adjust to new conditions such as domestic economic policies, institutional constraints, consumers' preferences, and technology advances.

Third, global institutions and TCs are expanding because the world requires regulation, thus the world will increasingly rely on them. As concerns TCs, they find their opportunity in a broader market. In sum, therefore, many observers lose sight of the correct causality regarding these processes. Production and efficiency expanded, with the quality and process of production helping to keep prices down to the advantage of the general well-being of many. Nevertheless, despite current success that is notable in China, India, and Central Europe as of late, corruption could endanger economic growth and force countries into economic troubles as it is the case of some African countries where national leaders have stockpiled personal fortune abroad, fact ample to permit Boyce and Ndikumana (2001) to speak of "severely indebted low-income governments", as opposed to what customary "severely indebted low-income countries". Boyce and Ndikumana (2001) have calculated the accumulated stock of capital flight for 25 sub-Saharan African countries over the period 1970–1996. It would have amounted to 19.2% of Angola's GDP and 12.2% for that of Mozambique; 3.8% for the 25 countries on average. Moreover, many small states have had a lack of financing, enough of which to diversify their economies, link with world trade, and obtain technologies, which directs us to the following fourth point.

Fourth, globalisation trade-offs exist in a closed society as well. The overall impact from globalisation could be a positive sum game for all, in spite of a negative impact which may show up for some participants in the short run. We cannot deny the long-term positive effects for all. With this being said, the other side of the coin is about political choices. Were progress on trade liberalisation achieved for those countries that face rich country's protectionism in the agriculture sector, flows of final aid would have been better allocated, meaningful national policies would have started, and current sub-Saharan African countries and others that are experiencing low per capita income would have grown at higher rates. Market reforms, democracy, less corruption, and the ability to attain the opportunities of the global economy are the way forward without losing sight of the fact that no issues individually are a panacea. For example, holding partially responsible regulatory institutions amid poor economic outcomes is certainly valid, yet one cannot neglect the most basic and positive forms of causality and direction of actual events since we live in a multifaceted world system. In addition, we should not fail to recognise that only the IMF and WTO are truly global institutions, while the WB has a regional or country vision of events (*e.g.*, Africa and the Balkans regions).

The WB consists of five specialised institutions created at different points in time after 1944, though it appears that the WB was 'a mere afterthought' of the IMF and that it was a US creation. The Bank had an interest in the reconstruction of Western Europe at the beginning of its activity. Its focus then shifted to Third World countries and to income distribution, fighting poverty during the 1950s, and lending from industrial infrastructure investments to agriculture.

In this new setting, the IMF should be concerned about short-term stabilisation programmes and the WB on long-term structural adjustment lending. Macroeconomic policy stabilisation and balance of payments adjustments followed a strong, rightist market-oriented approach after 1981. In addition, the debt crisis in the 1980s and increasing WB loans given contingently on policy reforms led to conditionality more extensive (often to 50 or more measures) with respect to the ten or even fewer policy measures requested by the IMF (*e.g.*, Lastra, 2002).

A change in the WB's attitude and a renewed emphasis on poverty issues was spurred on from within its own management and by the appointment of Barber Conable as President in 1986 (World Bank Archives). Furthermore, it has been under James D. Wolfensohn (1997 to 2005) that the WB supported an integrated approach to development in closer relationship with other institutions. The WB was trying to circle the criticisms and it "has appeared receptive to criticism" (Peet, 2003, p.134), more so than the IMF and the WTO. Recently, Easterly (2006) asserts that the western world has failed to accomplish its ill-formed plans because it assumes it knows what the best strategy and policy choices are for everyone. Although the impact of aid on growth diminishes as aid increases, and countries having stronger institutions may absorb aid more effectively (Clemens *et al.*, 2004), a big aid, per se, is not the sole answer, assert Berg and Qureshi (2005). Surely, scaling up development efforts at the country level must be conceived in a way that inspires country-owned poverty reduction strategies. That being said, current aid strategies provide neither accountability nor response, Easterly stresses. Yet we most often succeed against poverty through ground-level planning, listening to people other than corrupt dictators and "self-congratulatory bureaucrats" in judging international-aid projects, wrote Easterly (2006).

Most countries called upon the IMF to focus no longer on world macroeconomic stability but on economic growth instead, which was the novelty at that time. The WTO, operating since 1 January 1995, followed the GATT, which was signed on 15 November 1947, during the Havana Conference despite a measure produced in Geneva. This arrangement proved difficult in approving a definitive charter for the ITO, and states reverted to an international forum (*i.e.*, the GATT) for industrial countries to promote trade and prevent the pre-war protectionism. Eight negotiation rounds – the most important of them occurring during the Uruguay round (1986–1994) – were held to establish the WTO. This institution now accounts for most world trade.

A most controversial aspect of the IMF's choices was the adoption of multiple exchange rates made by Latin American countries, and later by the Third World as well, although it was accepted on a case-by-case basis. This aspect resulted in the conditionality policy, that is, a power of surveillance granted under Article IV and expressed by the 'letter on multiple currency practices', and the 'letters of intent' recently (IMF, 2005). Until the mid-1970s, the IMF acted as a "kind of global Keynesian club" (Peet, 2003, p.68). However, following the IMF's loans to the UK in the mid-1970s, the Third World and post-Communist countries switched on the facilities provided by the

IMF as well. The oil crisis during the mid-1970s augmented deficits in the Third World and exacerbated the role of oil in the world economy (Odell, 1983; Energy Information Administration, 2005). Additionally, the debt crises in Latin America during the 1980s and in Asia during the 1990s were severe enough that three-quarters of the Latin American states and two-thirds of the African states were supervised by the IMF-WB by the mid-1980s. In Peet's words, "After 1977, the role of the IMF effectively changed from being a means of collaboration on exchange rates and payments, mainly among industrial countries, to being a means of First World control over Third World economic policy" (Peet, 2003, p.71). Overall, freedom of trade, international flows of investment, fiscal and monetary discipline, and exchange rate devaluations became the pillars of the IMF.

In reality, it is mounting the necessity to reform the IMF and a new emergency loans facility for crisis hit emerging markets. The proposal for a short-term lending mechanism for emerging markets was one a reform of the IMF and its operations set out by the IIF (Duncan, 2006) or for the IMF to do a better job policing the policies of the systematically important countries (Truman, 2006). Reforming the IMF should be critical in order to avoid that it 'slips into obscurity', as stated by the Governor of the Bank on England Mervyn King (2006). However, and this is this paper main conclusion, there is a growing international debate over IMF reforms to be able to work more closely with private sector financial institutions in the markets and in partnership with capital markets and nations, stated also Charles Dallara, IIF's Managing Director (Duncan, 2006). These approaches are in line with what in reality we are suggesting in this paper to transform international organisations in more efficient agencies of socioeconomic growth and worldwide financial stability. If Easterly (2006) is a very critical voice of international organisations that assume to be aware of best strategies and policy choices for everyone, Rodrigo de Rato, the IMF's Managing Director, having recently set out a very preliminary draft proposal to overhaul countries' voting rights and rearranging chairs, shares and simplify the quota formula in the running of the Fund (Truman, 2006), the institute threw its weight behind reforms that would give greater influence to emerging economies, reflecting their growing importance in the global economy today.

In *Capital and Collusion*, Root (2005) argued that institutions lessen everyday economic risks to levels low enough to make people receptive to opportunities for profit, stimulating developments in technology and science, but not so in developing countries. In these countries, institutions that specialise in sharing risk are scarce. These are countries where citizens hide their savings under mattresses and in teapots, creating a gap between a poor nation's savings and its investment. As a result, the developing world faces a growing disconnect between the value of its resources and the availability of finance.

3 The specific case of the failure of the communist economic system

The October Revolution in 1917, the Marxist-Leninist model, and Stalin's totalitarian dictatorship was easily observed by many, however, the main cause of the failure of communism economic attempts towards market forces lay in the basic notion of communism, for having been an anti-human social and economic system (Sachs and Rusmich, 2003), exerting a negative impact on economic culture, causing inefficiencies, and affecting cultural developments among workers and nomenclature. For example, Sachs and Rusmich (2003) distinguish between the bureaucracy in the West and in the East. The main line of their reasoning is that while bureaucrats are accountable to democratic and corporate organs in the West, Communist bureaucrats created rules themselves without any legal responsibility and they "acquired unlimited power over the object of their own care" (p.9). This led to get knowledge under communism and to guide the market economy afterward under the mainstream, or neoclassical, economic theory. While increasing productivity and introducing ineffective incentives have been a constant during communism, facing today's transformation in post-Communist countries based on simplistic theories, is difficult.

Communist thinking exerted an impact on modern neo-liberal tendencies by becoming aware of the irrationalities of the Communist economics that would eventually be critical in adjusting the trajectory of transition economics, and includes these in the world context calling upon the function of international regulatory bodies. Some failure in transition economics and the need to have effective global institutions offer a route to scrutinise in-house failures of the Communist economics and to compare beliefs in a way to reinterpret economic affairs.

Anti-globalists find fault with neo-liberal economics concerning Eastern Europe as well, whereby neo-liberalism would surely be the cause of failure concerning economic transformation. Anti-globalisation tinkerers and activists deem confidence of having had exhaustive knowledge of present days, certainty over the culpability of those economic institutions, and of chimerical alternative economic systems.

In neutrality, the world community should have tried introducing effective ways to hold all players accountable. For example, it has been argued by the proponents of globalisation that anti-globalists lack feasible alternatives to the market, while pro-market notions hold up the world economy. Economic organisations and neo-liberal corporate capitalism should have been perceived under the aim of regulating world linkages (IMF, WTO) and sidestepping regional lack of economic growth (WB), and economic events that are neither global or country specific, but undoubtedly not enforceable to yield the expected result for all sides. Meanwhile, right after the collapse of Russian communism in 1991, the Russian people were very eager to move towards democracy, and had Russian reformers had effective western support from the USA in particular, which would have been easy to offer, the reformers had a string possibility of transforming post-communist Russia. Instead, the exact opposite occurred, according to Sachs (2005). Regional economic organisations could also be blamed for the inefficiency of these international bodies, or the failure to prevent further state aid to less developed countries. However, we must become aware of two facts. First, international organisations have understood their operational mistakes and oversights, thus they began reforming themselves. For instance, it is good that the IMF recognised that the conditionality policy needed to be revised, so the Executive Board revised guidelines in September 2002 (firstly introduced in 1979, not in 1944) (IMF Fact Sheet, 2005). Even before that, the IMF had set up a permanent Independent Evaluation Office in 2001, and its new focal point shifted to distinguishing between what is relevant but not critical to the objectives of a programme, and also to improve the division of operations between the IMF and WB in ways that both would share conditionality policy when possible (Fabricius, 2002; Caballero, 2003; Sergi, 2003).

It is possible to say that the failure in Eastern Europe during the early 1990s did not tell the whole story. Eastern Europe underwent a new economic approach with over expectations of quick painless reforms when it should have been known that productivity and reallocation of resources take time to have positive effects. The failure should also be laid at the doorsteps of national leaders who should hold the Bank or the WTO responsible for outcomes. Reform output has been quite disappointing in the former Soviet bloc because of infelicitous sequencing of policy reforms. Simply, policy sequencing takes time and one cannot judge the reforms impulsively like in other reforming countries in Latin America during the 1980s and 1990s.

Rather than attempting to counteract globalisation and dismiss its regulatory institutions, a better approach is to develop linkages with the world economy, have stable national institutions, create an IT base, and let regulatory institutions be accountable and to work "shoulder-to-shoulder with clients" (Stern 2003, p.49). IT raises standards of living and creates new jobs and it cannot disown the view that central banks' institutional design and independence have increased the level of competition, increased globalisation deregulation, and prompted a political economy of low inflation. This tight policy brought about lower inflation in transition economies, decreasing to 10% in 2003 from 363.2% during 1990–1994 (Rogoff, 2003). All these are standard prescriptions of market ideology and the attempt of inhibiting them would be costly, at the least, taking into account our scarce economic knowledge concerning an alternative system.

One of the primary realities being realised concerns a prevailing misreading of global economics and consequently of global institutions. Globalisation is not a recent phenomenon; therefore, the world needs regulatory institutions. Instead of suspending these institutions as some have suggested, the world should have additional ones such as a world tax organisation. Secondly, saying these institutions alone are responsible for disappointing achievements in certain regions of the world is over being simplistic in its analysis, along with the fact these overly simplistic criticisms apply avant-garde economic notions imposed by the Washington Consensus of Williamson (1990), is also superficial because most economists around the world share free market notions (*i.e.*, free trade, economic stability, *etc.*). Third, it is a failure not to recognise that the WB first and the IMF later, started a process of rethinking their modus operandi, with the very first policy decision to revise guiding principles coming from presidents of the WB who have always been US citizens.

4 Effect of culture

It is commonly thought that cultural differences influence the competitive environment of international operations (Adekola and Sergi, 2006). These cultural differences have been changing as a result of social changes. For example, the impact of these social changes could be viewed from unsuspected cultural shift such as cigarette smoking, which could have an impact on an organisation's performance. Consider a country where cigarette smoking is very prevalent – Greece and Lithuania or other eastern European countries. With many employees who may smoke, the business might have to allow additional smoke breaks to keep their employees happy.

If an employee from Lithuania or Greece for example moves to Norway, for instance, where cigarette smoking is not as common, or to the USA where the rules have changed drastically in many cities who have implemented rules against cigarette smoking in the work place, that employee might not be happy with the rules. This is because smoking is addictive and he or she may not be able to handle going all day without having access to fulfil the nicotine urge. The businesses may find that such employee will try to sneak out for smoke breaks when the employee feels a cigarette is needed and consequently affecting productivity and the company's bottom line.

Professor Geert Hofstede of The Netherlands in 1983 proposed that there are four dimensions of culture. Using these dimensions, it is possible to identify differences in management styles, organisational preferences, and motivation patterns. These dimensions explain how differences can affect the way in which managers from different cultures behave and perform individually and in a team. Often, multinationals see the cultural diversity within their operations as an area of difficulty rather than as an opportunity to build competitive advantage. For example, Japan and Africa are collective, making decisions as a group, whereas most of Europe and the USA are more individualistic. These examples demonstrate how differences between countries, their values and customs, are ultimately their society's ideas of what is right and acceptable in their culture and environment which sometimes create the complexities and paradox of globalisation.

In *Dynamic Leadership in Unstable and Unpredictable Environments,* Lubitz and Wickramasinghe (2006) stated that in unstable and unpredictable environments, leaders are forced to be decisive, making decisions that have far-reaching consequences. However, they neither have the luxury of time nor complete information to facilitate rapid decision-making. Effective leadership requires the combination of highly developed cognitive skills, a broad base of knowledge, and the prudent application of both to a given situation. The paper discusses how it is possible for a leader to be both prepared and ready for operating in complex environments.

This leads us to the issue of global paradox and national cultural identity. As with any development, there will in time, emerge a paradox. For example, often what at times began as a global business and social benefits, results in detriment or negative outcomes. In examining how a new view of globalisation is slowly appearing, we should consider how the values of globalisation such as the free flow of trade, competition, productivity, and investment across borders, can actually impose a conflicting relation with the social values in underdeveloped countries. The ongoing changes that occur on the international scene in the political, economic, cultural, and social levels at times can almost give rise to inconsistent relations with the traditional and contemporary values in some societies.

As an example, recently on the US National Public Radio station (Wilson, 2005), there was a discussion on how some developing countries are experiencing chronic healthcare shortage. "In the sense that when they most need the health care personnel, their physicians and nurses leave for green pasture to practice in Canada and the US after being educated in those less developed countries". A study published recently in the *New England Journal of Medicine* discovered that immigrants from India, the Philippines and Nigeria account for the largest number of foreign doctors working in the Western countries of UK, the USA and Canada (Wilson, 2005). Dr. Peter Ngatia, of the African Medical Research Foundation, says that part of the explanation is that in the competition, which has been established to benefit globalisation for skilled health professionals, Africa is losing. He went on to say, "It takes $150,000 to train a doctor here in Africa", Ngatia explains. "That doctor leaves after an internship, and Africa has lost not just a $150,000 but everything that goes with it."

A person should be able to do their studies and go and work anywhere in the world. That is what globalisation probably is all about. However by so doing, the weaker gets weaker and the stronger gets stronger. Is it possible that globalisation and its mastery that we are training the 21st century managers for, the intent of which is to benefit global society, is actually creating victims?

That being said, the undeveloped nation of Africa, with their resource of oil, is becoming a very lucrative sight for China. China has realised that energy is an instrumental product for their continued economic growth (Walsh, 2005) and there is a large quantity of oil in Africa. Hence, China in its search for energy sources has its eye set on Africa. This realisation is causing some marked concern in the USA and Europe as to China's growing economic power. China business is not only with oil in Africa. They have railways in Angola, roads in Rwanda, a port in Gabon and a dam in Sudan, all of which has tripled Chinas trade with Africa in the last five years. Business with Nigeria and South Africa has been on the upswing, and this year China is expected to overtake the UK as Africa's third largest trading partner. To show the comfortable relationship between Sudan and China, one could glean from the article, 'Sudan at the head of a global sweep to mop up world's oil resources' (Walsh, 2005). In the article, Mohamed Atif, the Sudanese deputy general manager stated, "Our agreement is an example to others", He went on to say, "The Chinese say they are communists and socialists but they are deeply involved in the capitalist system…".

For the past decade, the USA and other western countries have stayed clear of Africa when it comes to serious business such as Foreign Direct Investments or Manufacturing high level products as they once referred to it as 'the Dark Continent' due to its leaders' corrupt practices and, religious/political conflicts (Walsh, 2005). Interestingly, the Chinese see enormous symbiotic opportunities in this same continent. The dichotomy or contradictions here are evident – in fact, there are two.

Western indifference towards Africa and its corruption and conflict, may, ironically, be a gift to China. African governments tend to appreciate China's ability and practice of maintaining its communist attitude and keeping distant from Africa's domestic affairs. In contrast with the demands for transparency that accompany loans from international bodies such as IMF, Chinese help comes on a strictly 'no questions asked' basis. The irony here is that 'culture' as totally different as they are between these two nations may join them – China with their secretive, 'mind my own business attitude' and Africa with its oil riches and ingrained corrupt practices of doing business and disregard for human rights (Walsh, 2005).

Human rights activists warn that this forward moving expansionism simply offers assistance to rogue leaders and adds fuel to the fire of Africa's most disreputable governments. Earlier this year, Angola's president, Jose Eduardo dos Santos, head of a famously oil-rich but poverty-stricken country, received a 1.1 billion dollar line of credit from Beijing. Beijing also came to the rescue of Zimbabwe's embattled President, Robert Mugabe, presenting him with ornamental tiles for the roof of his palace and an honorary degree in recognition of his "remarkable contribution in the work of diplomacy and international relations" (Walsh, 2005).

Many, including the UK and the South Africans worry that communist China is not the right partner, since their culture fuels bribery and corruption. However, there is speculation that this perception is shifting, since China has recently deployed peacekeepers to UN missions in Liberia and Congo, suggesting that the Chinese are becoming more aware of their image.

Worlds Apart, written by Milanovic (2005), addressed the inequality between all citizens of the world. Inequality is shaped by complex forces often working in different directions. Milanovic, a top World Bank economist, looks at income distribution throughout the world using household survey data from over 100 countries. His study measure inequality among individuals, and discusses the relevant policies of first-world countries and non-governmental organisations. As is shown, inequality has increased between nations over the last half century, that is richer countries have generally grown faster than poorer countries. And yet the two most populous nations, China and India, have also grown fast. While a few poor countries are catching up with the rich world, the differences between the richest and poorest individuals around the globe are huge and likely growing (Milanovic, 2005).

On a smaller scale, consider the internet. With the inception of this superhighway of international communication systems, people all over the world revelled in its following miracles: It allow its users to keep in closer touch with distant family members and friends, and to find information in a fraction of a second. It provides opportunities to access rich educational and cultural resources that are otherwise unavailable to most people or may take much longer to locate at the library. It allows its users to obtain current and up-to-the-minute information, sometimes before the facts are even corroborated and it allow us to break the boundaries of time and distance. Paradoxically, the following could be said of this same factor of globalisation.

We no longer talk to people as personal interaction is becoming as extinct as the typewriter. It allows students to plagiarise papers and stay as far away from the library as possible. It allows us to break the boundaries of identity – one can visit a chat room anonymously and use words to communicate with each other, all the time not knowing who you are even writing with, and to a greater extent, finding ones life partner without the arduous courtship that solidifies a relationship before the actual 'I do 'till death do us part' as in not so long distance past before the advent of the internet. It allows one to be totally disconnected in class, meeting, or conference while text messaging friends and colleagues about plans for the evening, with total disregard for the professor or a speaker. The list goes on and on as the internet is an amazing tool; there is no doubt about that fact. However, it has replaced fundamental human interaction, which has previously being one of the mainstays of being a successful international or global manager. Like many technologies, the internet has romanced people with its newness and convenience, but it is causing a sense of dependency. In reality, this constructive wonder may end up causing semi-destruction to society. Citing some examples, high school children are making computer viruses in their homes while mom and dad are watching the 6:00 news. In August 2003, Jeffrey Parson, known online as 'teekid', was charged in US federal court for spreading a variant of the Blaster worm that reached international levels (MacNeil-Lehrer Productions, 2003). The 18-year-old senior from Hopkins High School, a suburb of Minneapolis in the USA, infected more than 7 000 computers and caused millions of damage to Microsoft, virtually crippling the internet for days, putting many businesses out of revenue-generating commission. What a paradox?

For approximately 11 months, between April 1990 and May 1991, computer hackers from The Netherlands penetrated 34 Department of Defence sites. The hackers had access to unclassified, sensitive information on such topics as military personnel performance reports, travel information, and personnel reductions; descriptions of the type and quantity of military equipment being moved and weapons systems development data (Stillman *et al*., 1996). Even though this information is unclassified, it remains very confidential and sensitive in times of international conflict.

In September 2001, Chinese police arrested the country's first internet hacker in a Wuhan hotel. The 19-year-old had been spending weeks attacking government-run websites. Ironically, the hacker, whose alias is 'Yu Hua', posted his contact details on a website, and police used those details to then track him down (Chinese Hacker Captured, 2005).

Eric Harris and Dylan Klebold, high school seniors and killers of 12 students, one teacher and themselves in the USA Columbine High School massacre in 1999, used the internet to find recipes to make pipe bombs and other explosives. They amassed an arsenal, which eventually included guns, knives, and 99 explosive devices. The intent was to kill hundreds of fellow students (Columbine High School Massacre, 2005). This is the ultimate paradox.

Here is a tool we have promoted to our children, with the intent of helping them become globally connected, as well as making them an effective international manager, which wound up being used as weapon of death. Lastly on examples for this paper, to some the most disturbing, devastating and offensive use of the web is to broadcast the beheading and other mutilations of innocent contract workers, journalists, and military troops shown on Islamic websites. Interestingly, a similar irony may be drawn with business globalisation.

Business globalisation represents advancement and progression, but in attempting to level the playing field to many countries through it, we may instead be creating a contradiction of exactly what it is we want to achieve for those less fortunate. In studying this further, although globalisation refers mainly to stronger economic, political, and cultural ties among many countries, it is becoming evident that globalisation is not universal in its appeal to all people of every nation and definitely not embraced by many people in the less developed countries. Anti-globalisation concerns are becoming more prevalent today in the less developed nations as we observed over a weekend of the 2005 APEC Summit in South Korea.

The current model, which to this point has been highly embraced, defines a fairly collective way of doing business globally, with some regard to different countries cultures and less regard to their stages of development. For instance, operators of financial institutions in Vilnius-Lithuania, Delhi-India, or Accra-Ghana will have to comply with the rules imposed by those people in London, Paris, or New York if they want to access international financial markets. As a result, it may be argued that the world will become one big market place dominated by the most powerful multinationals. There are important a cultural difference between countries that shape the existing multinational corporations themselves and the question is, whose interest should they serve? In the USA, for example, there is consensus that it is the shareholders. However, in Japan it is considered irresponsible to run companies exclusively in the interest of shareholders; other stakeholders and society at large have to be considered as well. This supports Hofstede's cultural differences of collectivistic and individualistic (Fremond and Capaul, 2001).

An example in this regard is a good research conducted by the authors of 'Globalisation – not a one-size-fits-all panacea: a critical assessment of the globalisation policies of Malaysia and Singapore'. They presented an analysis of the global experiences of Malaysia and Singapore and support the following issues on globalisation that to be successful, globalisation needs to be adapted to each country's specific socio-political circumstances. In terms of Malaysia and Singapore, the different circumstances include level of natural resources, population makeup, and income disparity, and level of economic and institutional development. It is not a cure-all that guarantees economic success. Malaysia needs to ensure continuing racial harmony; Singapore needs innovation and entrepreneurship to achieve sustainable growth; and both need to move up the value chain, focus on their competitive advantages, and build world-class or strong regional companies. It is both a state and a process. Therefore, countries should adopt the appropriate pace at which to open up their economy, although there is evidence that a gradual approach is preferable (Huang and Oh, 2004).

In the underdeveloped countries, foreign factors of production such as capital and technology have become the main determinants of economic progress and socio-political life. While the same world market promoted the expansion of development in Europe and the USA, it has a tendency to limit development in the dependent countries by restricting the flows of such factors, which in itself is a paradox. On another paradox of globalisation, *vis-à-vis*, global entrepreneurship, it is fitting to quote a former President of the USA, President Bill Clinton. In his 16 September 2005 interview with Larry King on Larry King Live, he said:

> "The US has 4 per cent of the world's people and 20 per cent of the world's wealth. Obviously, to sustain that, with competitors coming from China, competitors coming from India, where more than half the computer software in the world is made now, we have got to find more customers. We have to have more partners."

This buttresses the fact that "There is no country in the world today, including the USA, which is economically self-sufficient without some sort of interdependence with other countries". It is quite ironic that the USA is starting to kindly notice the economic importance of China, its former doormat.

5 Conclusion

When it comes to globalisation and global entrepreneurship, there are many questions to ponder as well as paradoxes: Should the balance between the freedom to operate and the accountability to shareholders and international community be the same everywhere? Alternatively, should managers/insiders be allowed more leeway in less efficient markets? Should we insist on compliance with international best practices or does this delay world economic growth? The international community is slowly becoming divided regarding the benefits of globalisation. Should there be universal rules or is it more important to preserve national and cultural values? A single global model may be inappropriate due to differences in cultural, social, and economic levels of development in the developed countries versus those in less developed countries. As the concept of globalisation and global entrepreneurship impresses on a society's choices and alternatives between their native values and the values of globalisation policies, the difficulties can swing from developing dynamism to absolute inconsistency that leads to economic stagnation, social dysfunction and less cultural value in some part of the world. Herein lays the challenge of participating with an international system while keeping one's national interests at heart. In the final analysis, the impact of culture cannot be ignored while dealing with globalisation since it drives the concept and the process.

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Note

1 14 November 2005 by Tony Blair, the Prime Minister of Great Britain while addressing the Lord Mayor's Banquet at the Guildhall in London.