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“Globalisation is what makes everything better, but...”

Exclusive interview with Dr. Parag Khanna, Senior Research Fellow, Lee Kuan Yew School of Public Policy, National University of Singapore and Global Contributor, CNN, Singapore

1. What do you see as the major trends and challenges for leadership which in the next 5 to 10 years will have a significant impact on business and society?

In my opinion, there are two things. Clearly the trends around the demographics, the trends around technology, the trends around competition are affecting everyone/everything everywhere. I do think those are the most important ones that also affects the next generation of leaders, such as those here at the stars symposium.

Just to focus on what it means for the next generation. It is very important to point out that I don't think that my prescriptions have changed over time, I think it's the same things I would have said ten years ago (and I did say ten years ago). However, it is not to say that it is not interesting, instead, it makes it more important that there are certain things that are always going to be true in the past, present and future.

The first one is mobility. Young leaders have to be willing to go anywhere, be anywhere, live anywhere and so forth – they have to be mobile. It is the time that young people have to adapt to different residency, different nationality, different status of employment. They have to navigate the legality and the migration system and figure out a way to do it to their advantage. No matter which country you are from, it is a very important part of successful leadership building.

How does this affect companies is a related point, because the companies that have the highest employee retention and loyalty are those that enable the mobility and the flourishing of the talent development of their workers. If you can look at surveys of the top-100 companies to work for, they are always the companies that have the most loyalty like McKinsey, Mars, Novartis or Google. They always invest on their staffs, such as paying for master program or send the staffs for rotations abroad and etc. Thus the firm becomes part of the identity of individuals, and it is interrelated with the mobility of young leaders.

The second one is obviously technology. Right now product managers actually get a higher salary on average than product developers. A coder makes less than

someone who works on marketing and sales because those people think like consumers and they come up with good ideas. But I think that over time that may change. Essentially people have to know the technology, not only be good at marketing it.

It is interesting that a lot of people say that the two global languages are English and Chinese. I'll tell you my wife disagrees. She says that the two global languages are English and code. Of course Chinese is very important, but even there are millions of people who start to learn Chinese, they will never be good at Chinese ground. However, they stand a better chance learning code. Code becomes a common language because everyone speaks it. So technology is the second factor which will have the most significant influence.

The third key trend would be the tri-sector or the multi-stakeholder mindset, which means to be prepared to work in the private sector, the public sector, the civil society sector, and understand the management culture, structures and the resources available and forming partnerships across the three (sectors). Don't pick one or the other, always be mindful and bridge all three at the same time.

2. If you could re-design the education system in the country where you live, what changes would you make to better promote the leadership skills of the younger generation?

Instead of telling you what changes I would like to make, I will tell you what I think the best system should look like, and I believe that everyone needs to learn and adapt to that system.

Firstly, it has to be project-based learning. Even at young age, children in progressive societies no longer just sit on chairs and face one direction at class. Instead, they should sit at round tables with chairs around the table (four or five tables in one classroom), and they are always working on a project. For example, how do children learn about biology? They start from planting things together, and each group has a pot in front of them, instead of looking at the chalk-board where a teacher draws a pot. In other words, everything has to be learning by doing.

Secondly, for younger students, a well-balanced curriculum is very important. They should not take one subject over the other. Moving towards older students, I think what is extremely important is the bridge to the professional world. Starting at the secondary or high school level, students need to understand the global, the economic and the professional implications of what they are learning – what is the role for someone with this skill; where is it needed right now; and what real world problems are companies and governments facing that relate to what they are studying and can they do projects to contribute to solve those problems. Some people call those internship. But if they are still in a school, they would be an “externship” – a term that my wife coined. An externship is that when you are

still studying in school and too young to go working at firms, firms comes to your classroom and give you challenges, and you think about these questions and write reports to solve some “real-world problems”.

The third point is that universities and high schools have to be not only physical but also digital. It is the blended learning where students are learning in different places, it can be both online and in classrooms. We have already seen a number of university models that are evolving in that direction, for example, Coursera, and universities such as Arizona State University in America. If we have that today, imagine ten years from now – it will be everywhere.

3. What is the most valuable leadership lesson you have learned from your own experience?

The first one would be autonomy. Ultimately, a leader has to make a decision. Secondly, I believe in the collective leadership models. I think that governments and companies should be run in the way Switzerland's federal system and China's federal system is. For example, China has the central standing committee, where there are seven individuals and there is a one who is the first among equals – the President Xi, but there is still a committee. I believe that seven heads are better than one. Therefore, I think that governance needs to change to have collective leadership systems, and being a leader means drawing the strengths, talent and knowledge of a group of brilliant people, then making a decision that balances the interest.

Therefore, autonomy is the most important thing for leadership and collective leadership is the second. Autonomy means that ultimately a leader should have the freedom to exercise his or her choice. In the U.S., there is one leader, instead of seven (as in China), so the leader has autonomy but not a collective system that gives him (or her) the best advice and he (she) doesn't make decisions. Therefore, there is a lot of paralysis rather than actual decision making in the U.S., which I think is very problematic.

Thirdly, the multi-stakeholder impact or the triple bottom line which considers the social, political, environmental (and financial) impacts. In other words, (leaders should be) thinking through consequences with scenarios. Scenario thinking is very important to me.

4. As a global strategist and world traveler, also a Young Global Leader of the World Economic Forum, in your opinion, what makes it a successful leadership in a multicultural business environment?

We have already mentioned being mobile and able to adapt to different cultures in the multicultural business environment. There is one more thing I would like to add is, knowing different cultures and languages and understanding local

contexts are important. Here is an example, 75% of the Fortune 500 generate more revenues outside of the home market than in the home market. Therefore, the only way to succeed in the future business is to know not yourself, but to know others.

But only knowing different cultures is not enough, as an academic, I believe that the way to succeed is to find the common characteristics of those cultures. In other words, finding out what is the neutral perspective. We are living in a world where there may be great tensions and volatility across cultures and societies, it's not important just to speak different languages and know different cultures, the key is to figure out what is in common across them. Although I don't speak Mandarin Chinese or Arabic, but in my work, I'm able to figure out what it is that Arabs and Chinese and Europeans are simultaneously thinking and want to see happen. Therefore, knowledge of different cultures is useful, but more important is to figure out the commonality in those situations.

Connectography is a book about the realization that infrastructure and connectivity is a global public good and a global desire. It's not just something that Americans, or Chinese, or Indians want. There is something much deeper that unites everyone around it and that's why we made a whole book about it – because it's a neutral book. I don't write for Americans. I don't write for Chinese. I don't write for Arabs. I write for everyone. That's the point.

5. **In your new book, *Connectography*, you wrote that, “connectivity is the most revolutionary force of the twenty-first century” and “it is a world in which the most connected powers—and people—will win”. While, most of the countries who are in the center of the global connectivity-net are advanced economies (i.e. U.S. and Germany), or large economies (i.e. China). What are the opportunities for other developing economies which are at the periphery of the global net? And what are the risks they are facing to?**

Actually everyone benefits from connectivity substantially. For example, the trade between China and Africa grew 1800% from 2002 to 2012. Who benefited from it? Both countries. China obtains commodities at cheaper costs, while Africa receives money which they can use to stimulate urbanization, the infrastructure investment has increased at double-digit growth rates which Africa has never seen. Therefore, Africa gets connected to the global commodity market on its own terms and equal terms starting from about 20 years ago.

In addition, it is not just big states who play an important role and benefit in the globalized economy. Among the top-20 most open economies – ranked according to the openness to trade and finance, and flows of goods, services and people, 17 of them are small countries like Singapore, Switzerland and so on. Actually small countries have always been the winners from the connectivity.

For countries which are at the middle tier like Indonesia, Pakistan, Saudi Arabia or South Africa, they also benefit massively from openness, not only because they have raw materials to export, but because they need foreign investment, advanced technologies and skills to build better infrastructure, improve productivity and modernize their countries. All of those things come from openness. Even for the small and poor countries, they are not left behind in this movement, instead, they just have a long way to go. There is absolutely no one in the whole planet left behind.

Almost no one is getting worse in an aggregate basis. For example, although 10 million Americans lost their jobs in manufacturing in the last twenty five years, they are not worse on the whole because their cost of everything has gotten cheaper, their ability to be mobile is higher and their digital access to new skills is better. Most of them have new jobs. If it were not true that most Americans have new jobs, then America's unemployment rate would be 25%, but it is 5%. Obviously, the people who lost their jobs in manufacturing do have new jobs and their jobs are better. Therefore, it is not true that societies are being left behind, yet certain individuals do face the issues, and it is the job of policy makers to train them like what they do in Germany, Switzerland, China, Singapore or Korea. Unfortunately, policy makers in the U.S. do not do it well and that is why people complain so much. But I believe that those countries who need to improve do have the ability to strengthen their public systems.

Globalisation is what makes everything better. There are challenges for individuals, but on the whole everything gets better. Globalization creates conditions for dislocation and it is the job of policy to rectify the dislocation. This is what we need to be talking about – we can slow down certain aspects of globalization and create certain frictions. For example, we can say America needs to manufacture 10 million cars per year no matter what it costs (that is what Australia and Canada do). As long as the targets are set, we will do it even though it requires a lot of subsidies, it is inefficient and even illegal by WTO standards. We will do it anyway because we have to maintain high employment. I have total sympathy for that and I think that is a great idea. However, I don't think it is a good idea to say we are going to make less competitive cars but there is nothing wrong with saying we need to maintain employment. Therefore, policy makers need to figure out what jobs and what sectors should and can be preserved this time being. Meanwhile, they need to train people and protect these industries a little bit. That is what China does extremely well and also what India is trying to do. It is also what America is realising it should do.

I think that's perfectly fine as it is balance and moderation. I do not defend the view that there should be perfect open border laissez-faire capitalism. I completely disagree. To certain extent, we still have states, sovereignty and responsibility. Every government has responsibilities. Therefore, for African governments, I'm a big believer that they should protect certain industries and make foreign investors invest domestically as much as possible. This is what Zambia, Congo and Nigeria are doing to China. China is entering the African

market and buying many things, while African countries also ask China to build factories in Africa, train local workers and create more job opportunities, and improve basic infrastructures. That is what these countries should do, and I very strongly advocate it.

- 6. The McKinsey Global Institute published a report half a year ago, which shows how countries participate in inflows and outflows of goods, services, finance and etc. It calculates the Connectedness Index for various countries, and Singapore tops the ranking. Aside from the very unique advantages and disadvantages that Singapore have, there might be some valuable lessons that other developing countries could learn from Singapore, on how to enhance the global connectivity and how to gain larger value from it. As an expert who live in Singapore and work on the public policy issues, what would be your advice on it?**

Singapore is the only country in the world where connectivity is part of the national slogan – the agenda of the Singapore Economic Development Board says productivity, connectivity and creativity, which shows clearly that Singapore believes in connectivity and prizes connectivity (all small countries do). Singapore is the largest food importer per capita in the world, and all of its fuel comes from abroad. Therefore, it is important to have distributed systems of food and energy imports. Furthermore, Singapore is a small island that has already had about 17 internet cables and it is still building another 15 cables; Singapore also has large amount of (stored) generation capacity to meet its electricity demand at peak. Looking at Singapore's experiences, other countries could learn to well understand the connections among connectivity, dependence and resilience – the more connectivity you have the more resilience you can get.

This interview was conducted by Dr. Sophie Liu at the sidelines of stars Switzerland in September 2016 in Stein am Rhein.

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